Ship Finance International LIMITED

Ship Finance International Limited
4Q 2006 results

February 27, 2007

Ship Finance International LIMITED

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

- 4Q 2006 Highlights and subsequent events
- 4Q 2006 Financial Results
- Ship Finance overview
- Q & A

- Appendix
  - Ship Finance customers and asset
  - Accounting: Sales Type Leases and Deferred Equity

Highlights - I

- A cash dividend of $0.54 per share has been declared
  - $2.09 per share declared in 2006 – up 4.5% from 2005
- Total operating revenues for the fourth quarter were $118.4m ($1.63/share)
  - 415.2m ($5.71/share) total operating revenues in 2006
- Net income for the fourth quarter was $57.8m ($0.79/share)
  - 180.8m ($2.48/share) net income in 2006
- $78.9 million ($1.08/share) profit share for 2006
  - $35.9m was included in the P&L for 4Q 2006 based on US GAAP, of which $15.0m accumulated in 4Q06
- Strong liquidity position provides basis for growth
  - Cash and cash equivalents: $56.6m plus $12.9m restricted cash reported per Dec. 31, 2006
  - In addition, there is $8.4m of available cash and cash equivalents in 100% owned subsidiaries accounted for as ‘investments in associates’
  - Available undrawn credit lines: $146.7m per Dec. 31, 2006

Highlights - II

- Number of single-hull vessels reduced from 18 to 11 vessels in 3 months

- Single-hull VLCC "Front Tobago" was sold and delivered to its new owner in December 2006
  - Gross sales price: $45.0m
  - $12.2m net cash proceeds to Ship Finance, after repayment of associated debt and compensation payment to Frontline for the cancellation of the charter

- Sale of six Suezmax single-hull vessels
  - Gross sales price: $221.7m
  - Approximately $130m net cash proceeds to Ship Finance, after repayment of associated debt and compensation payments to Frontline for the cancellation of the charters

- New short-term charter for the 1,700 TEU conainer vessel "Sea Beta"
  - Previous charter to PAN Logistics in Australia was cancelled by Ship Finance in Q4 2006
    - Claim under $2.7m bank guarantee for costs and reduced revenues
    - New T/C-rate of $12,500 per day until June 2007
    - Charterer's extension options: $13,500 per day for the first three months and $14,500 per day for the next three months

Highlights - III

- The first in a series of 5 container vessels to Horizon Lines was delivered to Ship Finance on November 30, 2006
  - 12 year bareboat charters to Horizon Lines
  - Horizon Lines has purchase options, first time after 5 years
  - The remaining 4 vessels will be delivered in 1Q 07 and 2Q 07
- Acquisition of a newbuilding jack-up drilling rig
  - $210m purchase price
  - Delivery from the shipyard in Q3 2007
  - 15 year charter to Seadrill with purchase options
- Acquisition of two newbuilding 170,000 dwt dry bulk vessels
  - $160m total delivered cost price ($80m per vessel)
  - Deliverery from the shipyard in 4Q 2008 and 1Q 2009.
  - 15 year charter to Golden Ocean with purchase options
- Frontline has decided to distribute all its remaining shares in Ship Finance to its shareholders as a dividend
  - 8.1 million shares (11.1%)
  - Distributed on or about March 22, 2007

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Profit & Loss

Ship Finance consolidated*

2005 Oct-Dec	2006 Oct-Dec	INCOME STATEMENT *(in thousands of $ except per share data)*	2006 Jan-Dec	2005 Jan-Dec *(audited)*
143,159	**118,433**	**Total operating revenue**	**415,248**	**437,510**
1,875	324	(Gain) loss on sale of assets	(9,807)	654
601	179	Voyage expenses	1,736	3,600
27,511	30,469	Ship operating expenses	117,957	110,240
824	3,886	Administrative expenses	6,564	2,447
5,225	2,857	Depreciation	14,490	19,907
34,161	**37,391**	**Total operating expenses**	**140,747**	**136,194**
107,123	**80,718**	**Operating income**	**284,308**	**300,662**
1,010	818	Interest income	3,978	3,343
(27,694)	(27,200)	Interest expense	(108,101)	(111,935)
-	2,292	Results in associate	4,206	-
2,666	1,206	Other financial items	(3,771)	17,528
(32)	14	Foreign currency exchange gain (loss)	219	(52)
-	(42)	Taxes	(42)	-
83,073	**57,806**	**Net income**	**180,797**	**209,546**
$1.11	**$0.79**	**Basic earnings per share ($)**	**$2.48**	**$2.84**
74,606,272	**72,743,737**	**Weighted average number of shares**	**72,764,285**	**74,560,108**
74,600,837	**72,743,737**	**Common shares outstanding**	**72,743,737**	**73,143,737**

* Two 100% owned subsidiaries accounted for as ‘investments in associates’

Balance Sheet

Ship Finance consolidated*

BALANCE SHEET *(in thousands of $)*	2006 Dec 31	2005 Dec 31 *(audited)*
ASSETS		
Short term		
Cash and cash equivalents	56,641	32,857
Restricted cash	12,937	1,575
Amount due from related parties	63,024	79,416
Other current assets	143,014	109,092
Long term		
Newbuildings and vessel purchase options	7,658	-
Vessels and equipment, net	238,891	315,220
Investment in finance leases	1,783,550	1,818,344
Investments in associates	55,307	-
Deferred charges	15,912	17,846
Other long-term assets	20,739	19,563
Total assets	**2,397,673**	**2,393,913**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short term		
Short term and current portion of long term interest bearing debt	119,606	122,519
Other current liabilities	13,925	12,201
Amount due to related parties	14,410	-
Long term		
Long term interest bearing debt	1,640,459	1,671,138
Other long term liabilities	8,743	26,533
Stockholders' equity	600,530	561,522
Total liabilities and stockholders' equity	**2,397,673**	**2,393,913**

* Two 100% owned subsidiaries accounted for as 'investments in associates'

Cash Flow Statement

Ship Finance consolidated*

2005 Oct-Dec	2006 Oct-Dec	STATEMENT OF CASHFLOWS *(in thousands of $)*	2006 Jan-Dec	2005 Jan-Dec *(audited)*
		OPERATING ACTIVITIES		
83,073	57,806	Net income	180,797	209,546
		Adjustments to reconcile net income to net cash provided by operating activities		
5,916	2,636	Depreciation and amortization	12,733	36,431
-	-	Unrealised foreign currency exchange (gain) loss	-	
(2,861)	(963)	Adjustment of financial derivatives to market value	6,376	(14,732)
1,895	-	(Gain) loss on sale of assets	(26,469)	654
-	(2,292)	Result in associate	(4,206)	-
-	49	Stock options	49	-
187	(70)	Other	(401)	(4,708)
(50,803)	(21,363)	Change in operating assets and liabilities	24,686	53,643
37,407	**35,803**	**Net cash provided by operating activities**	**193,565**	**280,834**
		INVESTING ACTIVITIES		
21,736	31,620	Repayment of investments in finance leases	125,509	94,777
1,289	(2,013)	Net maturities (placement) of restricted cash	(11,362)	3,804
-	-	Sale of investment in finance lease	-	
21	-	Acquisition of subsidiaries, net of cash acquired	(34,810)	(518,182)
-	35,140	Proceeds from sale of vessels	75,606	229,800
994	(56,750)	Purchase of vessels	(56,750)	(79,772)
-	(3,000)	Purchase of short term investments	(3,000)	-
-	2,723	Investment in newbuildings	(7,658)	-
-	(41)	Investment in associated companies	(51,101)	-
24,040	**7,679**	**Net cash provided by (used in) investing activities**	**36,434**	**(269,573)**
		FINANCING ACTIVITIES		
(27,210)	-	Repurchase of shares	(7,212)	(33,083)
-	91,588	Proceeds from long-term debt	147,588	1,571,429
(26)	219	Debt fees paid	(1,047)	(7,346)
(31,630)	(70,071)	Repayment of long-term debt	(180,852)	(1,253,503)
(36,663)	(38,554)	Cash dividends paid	(149,123)	(148,864)
(2,005)	(1,644)	Deemed dividends paid	(15,569)	(136,230)
(97,534)	**(18,462)**	**Net cash provided by (used in) financing activities**	**(206,215)**	**(7,597)**
(36,087)	**25,020**	**Net (decrease) increase in cash and cash equivalents**	**23,784**	**3,664**
68,944	**31,621**	**Cash and cash equivalents at start of period**	**32,857**	**29,193**
32,857	**56,641**	**Cash and cash equivalents at end of period**	**56,641**	**32,857**

* Two 100% owned subsidiaries accounted for as ‘investments in associates’

Investments in associates

- Two 100% owned subsidiaries are accounted for as 'investments in associates'
  - Rig Finance Ltd. (jack-up drilling rig "West Ceres")
  - Front Shadow Inc. (dry bulk vessel "Golden Shadow")

INCOME STATEMENT *(in thousands of $)*	**2006 Jan-Dec Rig Finance**	**2006 Jan-Dec Front Shadow**	**2006 Jan-Dec Total**
Total operating revenue	9,410	694	10,104
Total operating expenses	46	9	55
Operating income	**9,364**	**685**	**10,049**
Interest expense	(5,401)	(422)	(5,823)
Other financial items	(24)	4	(20)
Net income	**3,939**	**267**	**4,206**

- Vessels have been in operation only a part of the year
  - "West Ceres" from July 2006 and "Golden Shadow" from September 2006

- A part of the charter rate payment is classified as "repayment of investment in finance leases" under US GAAP, and appears in the cash flow statement only
  - Rig Finance: $11.3m for the year 2006
  - Front Shadow: $0.4m for the year 2006

Pro-Forma: Cashflow Contribution

- Pro-forma illustration of cashflow from 100% owned vessels on long-term charters
  - Not as accounted per US GAAP
  - Used as an internal guideline to assess the Company's core business

	$ million 2006	Per share 2006
Fixed contribution from charters: (1)		
VLCC	268	$ 3.68
Suezmax and OBOs	165	$ 2.27
Container (2)	16	$ 0.21
Dry bulk (2)	2	$ 0.02
Offshore (2)	21	$ 0.28
Sum fixed contributions from charters	471	$ 6.48
Vessel operating expenses / G&A	126	$ 1.74
Contribution before profit share	345	$ 4.74
Profit share	79	$ 1.08
Contribution after profit share	424	$ 5.83

(1) Fixed revenue per day multiplied by number of days

(2) Some of the assets were in operation only parts of the year

Unique Order Backlog

- Nominal values[1] as per December 31, 2006
- Excluding any profit sharing

Total charter payments	$5.5 billion
EBITDA[2] from charters	$4.2 billion
Average tenor of charters[3]	14.3 years

(1) Excluding vessels announced sold and including new acquisitions. Assuming certain call options are not exercised
(2) Cash flow net of vessel operating expenses. EBITDA is not a US GAAP measure
(3) Weighted by charter revenue

A Fleet of >11 Million DWT

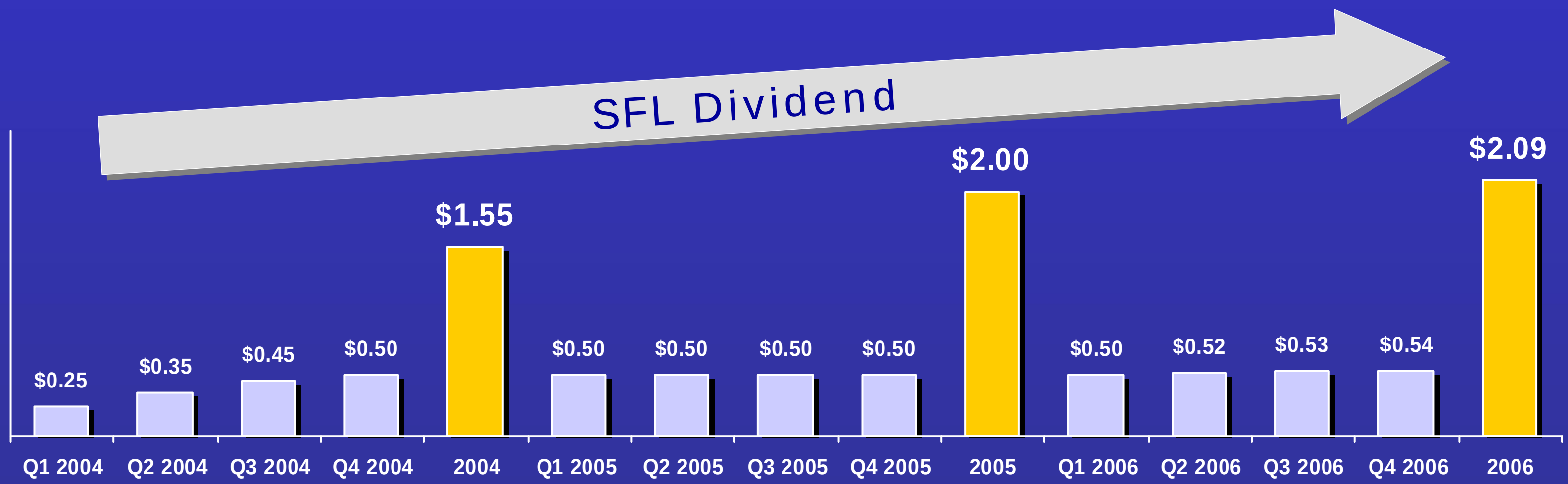
Vessel Type	No. of Assets[1]	Avg. Age
VLCC	27 vessels	9 yrs
Suezmax [1]	10 vessels	9 yrs
Suezmax OBO	8 vessels	15 yrs
Drybulk [1]	3 vessels	3 yrs
Containers [1]	7 vessels	0 yrs
Jack-up drilling rigs [1]	2 rigs	0 yrs

One of the world's largest owners of marine based assets

(1) Includes vessels to be delivered and excludes 6 single hull vessels recently announced sold.

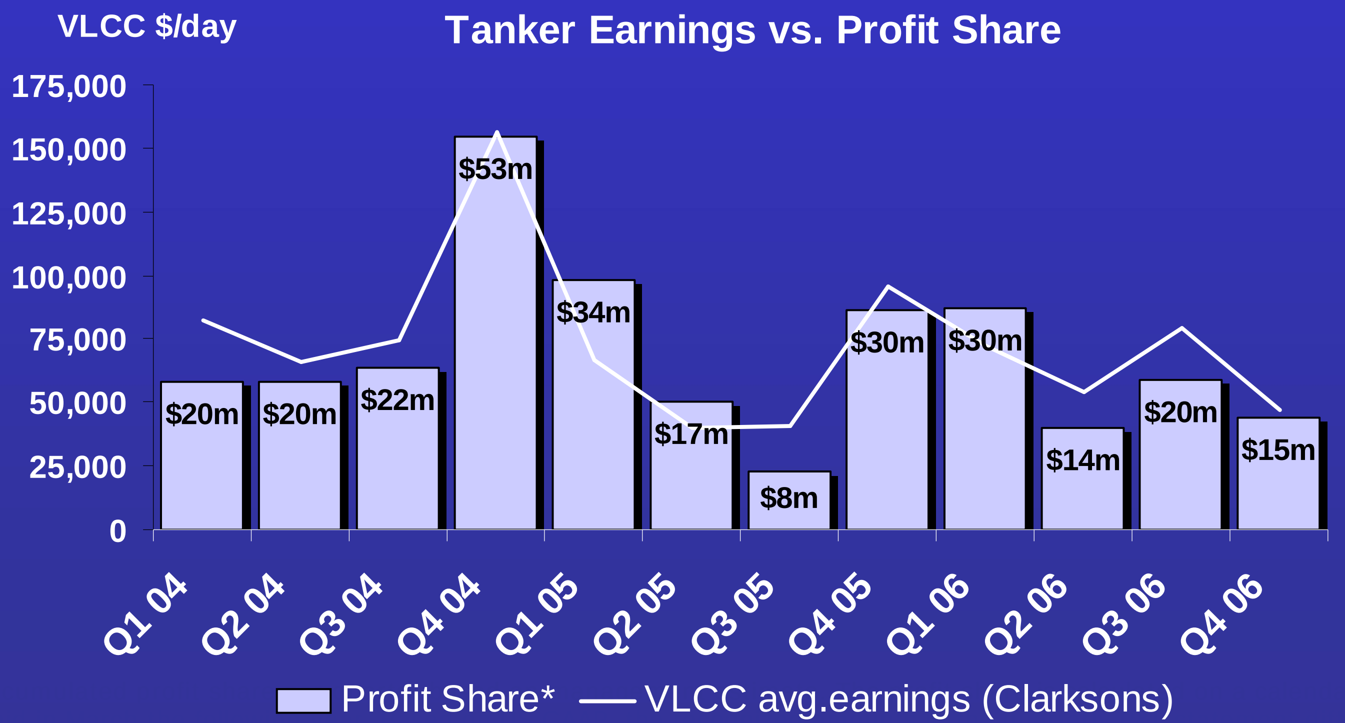
Dividend Policy

- Declared dividend of $0.54 per share for 4Q 2006
- $2.09 per share in 2006 – up 4.5% from 2005
- Significant cash flow retained for debt repayment and acquisitions
- New transactions expected to increase dividend capacity



Capturing Incremental Cash Flow in Strong Markets

- 20 % profit share of tanker 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 $23.5m or $0.32 per share



Financing

§ $1,760m in loans* outstanding per December 31, 2006

- $1,311m bank loans*
- $449m bond loan
- More than 60% of interest rate exposure fixed through swaps, fixed interest rates or interest compensation clauses with charterers

§ Several new projects financed on ”stand alone” basis with no or limited recourse to Ship Finance

§ Significant capital available as equity in new projects

- $130m net cash proceeds expected from the sale of six single-hull tankers
- $79m profit share payment due from Frontline in March 2007

* Excluding $178m financing in subsidiaries accounted for as ‘investment in associates’

Summary

§ Highest fixed-rate charter backlog in the industry

- Upside potential through profit sharing and residual value

§ Quarterly dividend increased to $0.54/share

- New projects expected to grow the dividend capacity

§ Announced >$1.1 billion of acquisitions over the last twelve months

- Significant growth opportunities in large, diverse markets

§ Strong liquidity position

Ship Finance has capacity to make >$1bn of new gross investments without raising additional equity

Appendix

- Ship Finance customers and assets
- Accounting: Sales Type Leases and Deferred Equity

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Current Customers

	Marine Assets	Type of Charter	Avg. Remaining Charter [1]
FRONTLINE	§ 27 x VLCCs § 8 x Suezmaxes § 8 x OBOs	Time Charter	12.3 years
HORIZON LINES	§ 5 x 2,824 TEU Containerships	Bareboat Charter	12.0 years
Seadrill	§ 2 x Jack-up drilling rigs	Bareboat Charter	14.8 years
GOLDEN OCEAN	§ 2 x Capesize § 1 x Panamax	Bareboat Charter	13.2 years
HEUNG-A SHIPPING CO., Ltd	§ 1x 1,700 TEU Containership	Time Charter	2.4 years
GOLD STAR LINE LTD	§ 1x 1,700 TEU Containership	Short-Term Time Charter	0.5 years

(1) As of December 31, 2006. Excluding vessels announced sold and including new acquisitions. Certain assets are subject to call options by charterers.

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Frontline: 7-20 year Contracts

§ 43 vessels on charter*
- 27 VLCCs
- 8 Suezmaxes*
- 8 Suezmax OBOs

§ Long term charters
- 90% of remaining life of the vessels
- Fixed rate technical management agreements
- $237m cash deposit as security for charter payments*

§ Current average minimum charter rates
- $26,294 per day for VLCCs
- $20,700 per day for Suezmaxes and Suezmax OBOs

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

* Excluding six single-hull vessels recently announced sold

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Horizon : 12 year Contracts

- Five newbuilding 2,824 teu container vessels
  - $280m transaction
  - 1 vessel delivered, the remaining vessels to be delivered during 1Q and 2Q 2007
- Bareboat charter to Horizon Lines LLC
  - 12 years plus 3 years option
  - Guaranteed by Horizon Lines Inc.
  - Purchase options
- Horizon Lines Inc. listed on NYSE
  - Ticker: HRZ
  - Market Cap. $1.0 billion (1)
- Financing
  - $210m non-recourse bank facility
  - $70m equity contribution

(1) As of February 26, 2007

Seadrill: 15-year Charters

- 2 Newbuilding Jack-up Rigs
  - $420m investments
  - First rig delivered in June 2006
  - Second delivery expected in Q3 2007
- 15 year bareboat charter to Seadrill
  - Accelerated rate structure
  - Purchase options
- Seadrill Ltd. listed on Oslo Stock Exchange
  - Ticker: SDRL
  - Market Cap. $6.4 billion (1)
- Financing
  - Approximately 80% financing in each transaction
  - Only limited recourse to SFL

(1) As of February 26, 2007

Other Contracts and Assets

§ **Golden Ocean**

- 2 x N/B Capesize (4Q08/1Q09) with 15 year bareboat charters
- 1 x 1997 Panamax with 10 year bareboat charter
- Golden Ocean is listed on Oslo Stock Exchange – Mkt.Cap: $470 million (1)

§ **Sea Alfa / Sea Beta**

- 1,700 TEU container vessels built in 2005
- Sea Alfa – T/C to Heung A until May 09
- Sea Beta – T/C to Gold Star Line until June 07

§ **2 x Suezmax newbuildings**

- Delivery 1Q and 3Q 2009
- Very attractive terms
- Intention to fix the vessels on medium to long term charters prior to delivery

(1) As of February 12, 2007

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, independet 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 December 31, 2006, the non-amortized portion of the deferred equity contribution was $237.2 million.