



**Ship Finance International Limited
3Q 2007 results**

November 15, 2007

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 2007 Highlights and subsequent events**
- **3Q 2007 Financial results**
- **Q & A**

- **Appendix**
 - Ship Finance overview
 - Frontline – profit share agreement
 - Accounting: Finance Leases and Deferred Equity

Highlights - I

- **A quarterly cash dividend of \$ 0.55 per share has been declared**
 - 8.4% dividend yield*

- **Net income for the third quarter of \$20.6m (\$0.28/share)**
 - \$5.5m (\$0.07/share) profit share accumulated during the quarter, down from \$15.7m (\$0.22/share) in second quarter
 - \$7.2m (\$0.10/share) non-cash negative adjustment in mark-to-market of interest/bond swaps

- **Improved operational performance**
 - Excluding profit share, fixed-rate charter hire increased to \$132.8m (\$1.83/share), up 15% compared to second quarter
 - Adjusted for vessel operating expenses and G&A costs, and excluding profit share, the cash contribution from operations was \$105.4m (\$1.45/share) up 20% compared to second quarter

- **The Board of Directors has approved a share repurchase program for up to 7 million shares**
 - Intention to finance all or part of this by the use of total return swaps (TRS)

* Announced dividend, annualized / SFL share price \$26.35 as of November 14, 2007

Highlights - II

- **Delivery of second jack-up drilling rig, West Prospero**
 - Delivery from the yard took place on June 29, 2007
 - In full operation in 3Q 2007

- **Acquisition of a 1,700 teu container vessel built in 2003**
 - Delivery to Ship Finance in late August 2007
 - \$32.5 m purchase price, funded from our cash reserves
 - On time-charter to CSAV until 4Q 2008

- **Acquisition of 7 offshore supply vessels**
 - 4 x anchor handling/tug supply vessels and 3 x platform supply vessels
 - 12 year bareboat charters back to Deep Sea Supply
 - Delivery to Ship Finance in September (4 vessels), October (1 vessel) 2007
 - The last two vessels are expected to be delivered in December 07

- **Sale of single hull VLCC, Front Duchess**
 - Sold to an unrelated third party with expected delivery in 1Q 2008
 - \$21.9m net cash effect (after compensation to Frontline and debt prepayment)
 - Approximately \$2.6 million book profit (in 1Q 2008)

Profit & Loss SFL consolidated*

INCOME STATEMENT <i>(in thousands of \$ except per share data)</i>	Three months ended		Nine months ended		Twelve months ended
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	Dec. 31, 2006 <i>(audited)</i>
Total operating revenues (1)	93,431	121,796	276,522	296,815	424,658
Gain on sale of assets	-	-	35,096	10,131	9,806
Voyage expenses	120	461	717	1,557	1,736
Ship operating expenses	25,810	30,164	80,039	87,488	117,957
Administrative expenses	1,482	1,219	5,203	2,677	6,584
Depreciation	6,079	3,628	12,274	11,633	14,490
Total operating expenses	33,491	35,472	98,233	103,355	140,767
Operating income	59,940	86,324	213,385	203,591	293,697
Interest income	1,010	769	5,312	3,159	3,978
Interest expense	-26,534	-27,366	-95,721	-80,901	-113,588
Results in associate	227	1,987	689	1,914	267
Other financial items	-14,124	-16,028	-8,298	-4,976	-3,733
Foreign currency exchange gain (loss)	46	36	-21	205	219
Taxes	-	-	-	-	-42
Net income	20,565	45,722	115,346	122,992	180,798
Basic earnings per share (\$)	\$0.28	\$0.63	\$1.59	\$1.69	\$2.48
Weighted average number of shares	72,743,737	72,743,737	72,743,737	72,771,210	72,764,285
Common shares outstanding	72,743,737	72,743,737	72,743,737	72,743,737	72,743,737

* One 100% owned subsidiary accounted for as 'investments in associates'

Balance Sheet

SFL consolidated*

BALANCE SHEET <i>(in thousands of \$)</i>	September 30, 2007	September 30, 2006	December 31, 2006 <i>(audited)</i>
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	45,426	31,621	64,569
Restricted cash	22,670	10,924	12,937
Amount due from related parties	16,271	44,703	63,024
Other current assets	197,828	138,075	166,623
<i>Long term</i>			
Newbuildings and vessel purchase options	45,705	10,382	7,658
Vessels and equipment, net	562,119	238,492	238,891
Investment in finance leases	2,004,724	1,785,667	1,958,691
Investment in associate	4,296	52,975	3,698
Deferred charges	17,413	16,909	16,848
Other long-term assets	22,069	20,167	20,738
Total assets	2,938,521	2,349,915	2,553,677
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	189,742	134,776	144,451
Other current liabilities	31,247	19,569	14,793
Amount due to related parties	5,353	11,113	14,411
<i>Long term</i>			
Long term interest bearing debt	2,077,390	1,603,772	1,770,749
Other long term liabilities	25,175	9,139	8,743
Stockholders' equity	609,614	571,546	600,530
Total liabilities and stockholders' equity	2,938,521	2,349,915	2,553,677

* One 100% owned subsidiary accounted for as 'investments in associates'

Cashflow Statement

SFL consolidated*

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Nine months ended		Twelve months ended
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006	Dec. 31, 2006 <i>(audited)</i>
OPERATING ACTIVITIES					
Net income	20,568	45,722	115,346	122,992	180,798
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortisation	6,771	4,519	14,724	13,836	17,559
Adjustment of financial derivatives to market value	13,995	16,260	7,012	7,339	6,375
Gain on sale of assets	-	-	-35,095	-26,469	-26,469
Result in associate	-226	-1,987	-689	-1,914	-4,205
Stock based compensation	159	-	470	-	49
Other	-12,757	-1,319	-28,385	-4,070	-5,140
Change in operating assets and liabilities	-10,531	-34,226	87,596	46,047	24,530
Net cash provided by operating activities	17,979	28,967	160,979	157,761	193,497
INVESTING ACTIVITIES					
Repayment of investments in finance leases	44,839	31,485	126,965	93,889	136,760
Net placement of restricted cash	-10,963	-77	-9,733	-9,349	-11,362
Sale of vessel	-13,191	-	128,827	40,466	75,606
Acquisition of subsidiaries, net of cash acquired	-	-	-	-34,810	-34,810
Net investment in newbuildings	-37,220	-10,382	-37,479	-10,381	-7,658
Purchase of vessels	-194,458	-	-617,300	-	-266,750
Investment in associate companies	-	-5,093	92	-51,060	508
Purchase of short term investment	4	-	3,000	-	-3,000
Other investments	-	-	-2,008	-	-
Net cash (used in) provided by investing activities	-210,989	15,933	-407,636	28,755	-110,706
FINANCING ACTIVITIES					
Repurchase of shares	-	-	-	-7,212	-7,212
Proceeds from long-term debt	226,750	31,000	563,100	56,000	312,588
Debt fees paid	-1,198	-1,179	-3,103	-1,266	-1,047
Repayment of long-term debt	-46,177	-37,676	-211,166	-110,780	-190,716
Cash dividends paid	-40,055	-37,827	-119,338	-110,569	-149,123
Deemed dividends paid	-	-944	-1,979	-13,925	-15,569
Net cash provided by (used in) financing activities	139,320	-46,626	227,514	-187,752	-51,079
Net (decrease) increase in cash and cash equivalents	-53,690	-1,726	-19,143	-1,237	31,712
Cash and cash equivalents at start of period	99,116	33,347	64,569	32,857	32,857
Cash and cash equivalents at end of period	45,426	31,621	45,426	31,621	64,569

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

SFL operational performance

▪ Pro-forma illustration of cash flow

- Not as accounted per US GAAP
- Used as an internal guideline to assess the Company's core business
- Excluding extraordinary and non-cash items

	<u>3Q 07</u>		<u>2Q 07</u>		<u>Change</u>
	\$ mill.	\$/share	\$ mill.	\$/share	
Fixed contribution from Charters					
VLCC	64	0.88	64	0.88	0%
Suezmax	15	0.20	15	0.20	0%
Container	12	0.17	10	0.14	20%
Dry bulk incl. OBOs	16	0.22	16	0.22	0%
Offshore	26	0.36	10	0.14	154%
Sum fixed contributions from charters	133	1.83	115	1.58	16%
Vessel operation expenses / G&A	(27)	(0.38)	(27)	(0.38)	1%
Contribution BITDA before profit share	106	1.45	88	1.21	20%
Accumulated profit share	5	0.07	16	0.07	(65)%
Contribution BITDA after profit share	111	1.52	104	1.43	7%

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

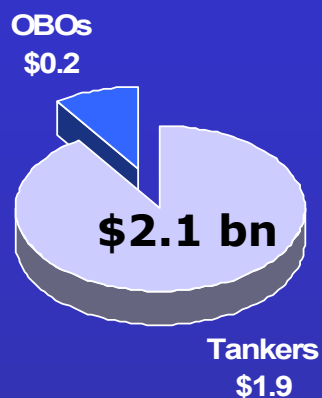
(2) Some of the assets were in operation only parts of the quarter

(3) Cash contribution before interest, taxes, depreciation and amortization

Growth and Diversification

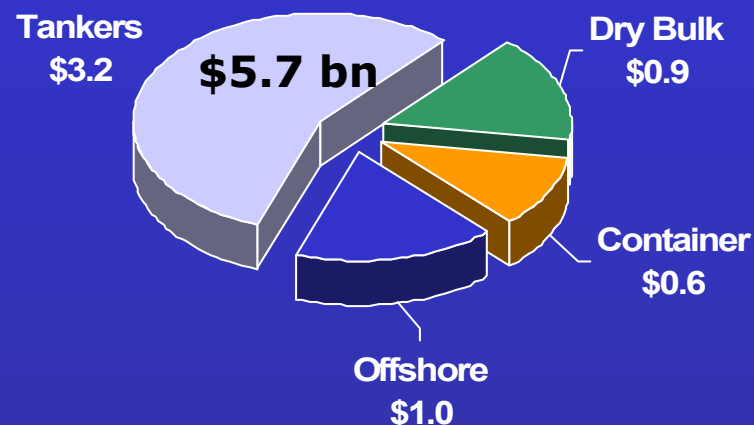
Asset Base in 2004

\$ in billions



Pro Forma Current Asset Base (1)

\$ in billions



Key areas of Growth

- Offshore market
- Container market
- Tankers and bulkers

Remaining capital commitments (2)

4Q 07	2008	2009	2010	Total
\$138m	\$323m	\$168m	\$98m	\$727m

(1) Pro forma for all vessels contracted for delivery. OBO's included in dry bulk segment
 (2) Separate financing arrangements are already in place for several of these investments

Unique Order Backlog

- **Nominal values⁽¹⁾ as per September 30, 2007**
- **Excluding any profit sharing**

Total charter payments



\$5.6 billion

Cash flow from charters⁽²⁾



\$4.4 billion

Average tenor of charters⁽³⁾



13.6 years

(1) Not adjusted for acquisitions and sales announced after 9/30/07. Assuming certain call options are not exercised.

(2) Cash flow net of vessel operating expenses.

(3) Weighted by charter revenue.

Dividends

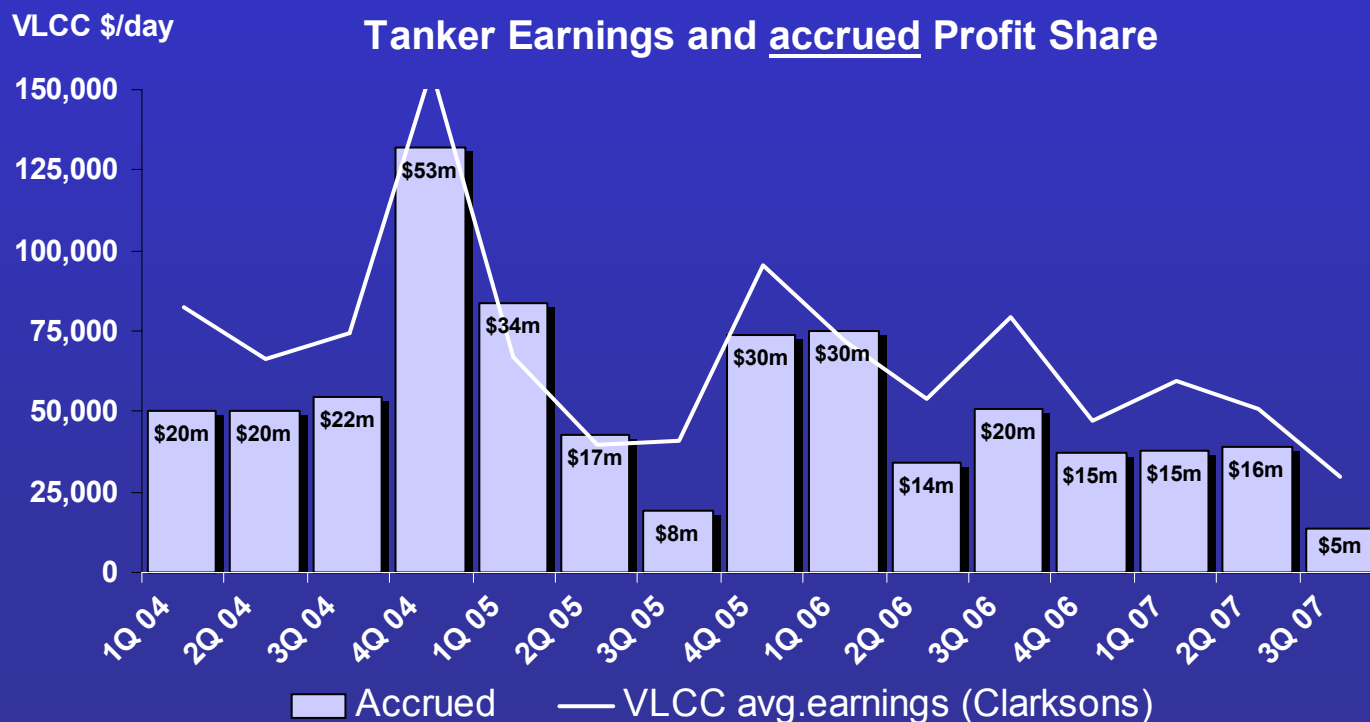
- **\$0.55 dividend per share for 3Q 2007 = 8.4% dividend yield***
- **\$2.19 per share on trailing 4 quarter basis**
- **Significant cashflow retained for debt repayment and acquisitions**
- **New transactions expected to increase dividend capacity**



* Latest announced dividend, annualized / SFL share price \$26.35 as of November 14, 2007

Profit share = Incremental cashflow

- **Capturing incremental cashflow in strong markets**
 - 20 % profit share of tankers/OBO earnings in excess of base charter rates
 - Spot tanker market exposure represents upside for SFL shareholders
- **Quarterly average Profit Share* of \$21.2m or \$0.29 per share from 1Q 2004**



* The profit share is paid on an annual basis. Pro-forma accumulated profit share per quarter based on management estimate. Based on US GAAP, the recognized amounts in the quarterly P&L statement differs from the pro-forma management estimate.

Financing

- **\$2.3 bn interest bearing debt per September 30, 2007**
 - \$1.8 bn bank loans
 - \$0.5 bn bond loan
 - Approximately 70% 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**
 - Improves investors’ position and reduces risk for Ship Finance
 - Focus on continued diversification of fleet and customer base

- **Significant capital available as equity in new projects**
 - \$46m net cash per September 30, 2007
 - \$120m available under a credit facility
 - Several vessels without any loans attached

Summary

- **Net income for the third quarter of \$20.6m (\$0.28/share)**
 - Profit share reduced to \$5.5m, down from \$15.7m in second quarter
 - Including \$7.2m negative non-cash mark-to-market of swaps

- **Improved operational performance in the quarter**
 - Excluding profit share, fixed-rate charter hire increased 15% to \$132.8m
 - Cash contribution from operations, after vessel operating expenses and G&A costs, increased 20% to \$105.4m (excluding profit share)

- **Significant growth opportunities in large, diverse markets**
 - Strong liquidity position to fund equity portion in investments
 - Several projects in the pipeline

- **Quarterly dividend is maintained at a high level of \$0.55/share**
 - 8.4% dividend yield(1)
 - New projects expected to grow the dividend capacity

Appendix

- **Ship Finance customers and assets**
- **Frontline – profit share agreement**
- **Accounting: Finance Leases and Deferred Equity**

73 vessels and >11 Million DWT

	Marine Assets	Type of Charter	Avg. Remaining Charter ⁽¹⁾
	<ul style="list-style-type: none"> 26 x VLCCs 8 x Suezmaxes 8 x OBOs 	Time Charter	11.7 years
	<ul style="list-style-type: none"> 5 x 2,824 TEU Containerships 	Bareboat Charter	11.5 years
	<ul style="list-style-type: none"> 2 x Jack-up drilling rigs 	Bareboat Charter	14.3 years
	<ul style="list-style-type: none"> 2 x Capesize 1 x Panamax 	Bareboat Charter	13.0 years
	<ul style="list-style-type: none"> 3 x seismic vessels 	Bareboat Charter	12.0 years
	<ul style="list-style-type: none"> 7 x offshore supply vessels 	Bareboat Charter	12.0 years
	<ul style="list-style-type: none"> 1 x VLCC 3 x 1,700 TEU 2 x Suezmaxes 5 x Containerships 	<ul style="list-style-type: none"> Bareboat (hire/purchase) Time Charter Newbuildings Newbuildings 	<ul style="list-style-type: none"> 3.1 years 0.3 – 1.6 years - -

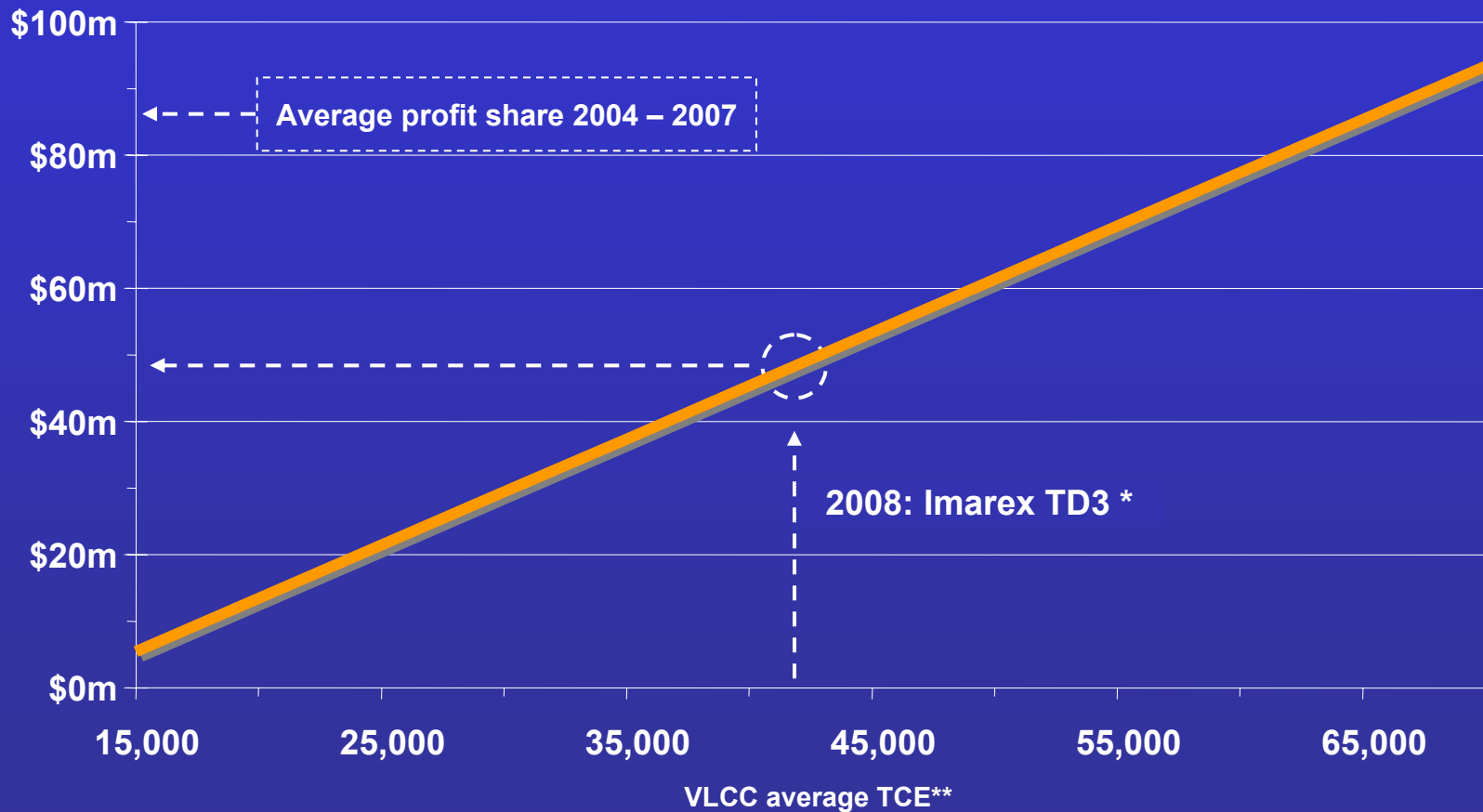
(1) As of September 30, 2007 and including new acquisitions. Certain assets are subject to call options by charterers.

Appendix

- **Ship Finance customers and assets**
- **Frontline – profit share agreement**
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Profit share - sensitivity

2008 – Profit share estimate vs. VLCC market rates



* Forward market rates as quoted by Imarex (11/14/2007). TD3 is a representative VLCC round trip from the Arabian Gulf to Japan.

** Time charter equivalent earnings. Ratio between VLCC and Suezmax of 1.26, based on historical average

The Frontline agreement

- **42 vessels on charter to 'bankruptcy remote' subsidiaries of Frontline**
 - 26 VLCCs
 - 8 Suezmax tankers
 - 8 Oil/bulk/ore vessels
- **Up to 20 year remaining charters**
 - Frontline does not have any purchase options
 - 9 vessels without double hull – these charters can be terminated in 2010
- **Supported by \$232 million cash deposits**
 - Reducing by \$5.3-7.0m if sale of vessels
 - Cash deposit can only be used to pay SFL and for voyage expenses relating to the SFL vessels
- **SFL can terminate the charters if cash deposit falls below \$55m**
 - No dividends up to Frontline if cash deposit <100%
- **Fixed-rate management agreement**
 - \$6,500 per day per vessel
 - Until end of charter - no cost escalation
 - Can only be terminated by SFL

Appendix

- **Ship Finance customers and assets**
- **Frontline – profit share agreement**
- **Accounting: Finance Leases and Deferred Equity**

Finance lease accounting

- **Charters to Frontline, Seadrill, Golden Ocean and TMT are classified as finance leases**

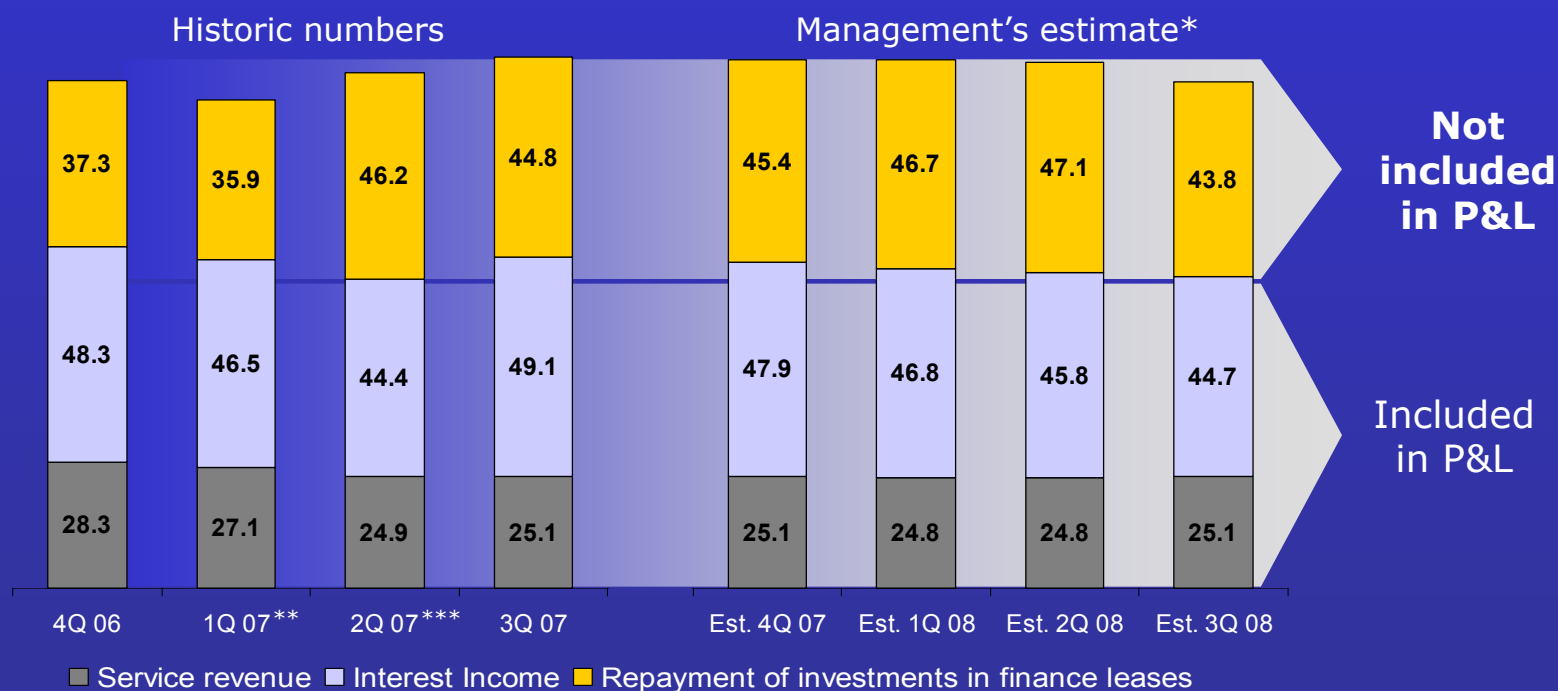
- **Charter revenues are split in 3 parts:**
 - Service Income
 - OPEX component of the charter (\$6,500 per day)
 - Included in 'Total operating revenues' in the Income statement
 - Applicable for Frontline charters only

 - Interest income
 - The 'interest component' of the charter payment
 - Calculated essentially as the interest expense in an annuity
 - Included in 'Total operating revenues' in the Income statement

 - Repayment of investment in finance lease
 - The 'capital component' of the charter payment
 - Calculated essentially as the repayment of principal in an annuity
 - Not included in the Income statement, but appears in 'Investing Activities' in the Statement of cashflows

Finance leases - accounting

- Vessels/rigs chartered to Frontline, Seadrill and TMT are accounted for as finance leases
- The numbers below reflects the aggregate fixed charter hire payments from those charters classified as finance leases, excluding any profit share



* The management's estimate is based on current lease schedules which again are based on various assumptions. These assumptions and therefore the lease schedules may change over time for any vessel. The management's estimate only includes lease schedules for assets on the balance sheet as of September 30, 2007.

** Includes Rig Finance Ltd. In the preliminary 3Q06 and 4Q06 reports, this subsidiary was treated as 'investment in associate'

*** In 2Q07 an extraordinary charter payment of \$ 12.5m has been recorded as 'repayment of investments in finance lease' in connection with the sale of Front Vanadis

Accounting - Deferred Equity

- Ship Finance has accounted for the difference between the historical cost of the vessels 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 September 30, 2007, the non-amortized portion of the deferred equity contribution was \$230 million.