



Ship Finance International Limited 4Q 2007 results

February 14, 2008

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 2007 Highlights and subsequent events
- 4Q 2007 Financial results
- Q & A

- **Appendix**
 - Ship Finance overview
 - Accounting: Finance Leases and Deferred Equity

Highlights

- **Quarterly cash dividend of \$0.55 per share**
 - 8.0% dividend yield⁽¹⁾
 - Dividend yield represents a 4.3% premium over 10-year US treasury rate⁽²⁾

- **Net income for the third quarter of \$52m (\$0.72/share)**
 - \$16m (\$0.22/share) profit share accumulated during the quarter, up from \$6m (\$0.08/share) in 3Q 07
 - \$6.0m (\$0.08/share) non-cash negative adjustment in mark-to-market of derivatives, mainly due to lower interest rates compared to third quarter

- **Increased fixed-rate charter hire**
 - Excluding profit share, net fixed-rate contribution⁽³⁾ from operations was \$108m (\$1.49/share) up 2.6% compared to third quarter

- **Continued reduction of non-double hull tankers**
 - 3 additional vessels sales announced in 4Q07
 - Following the sales, SFL will have an operating fleet of 57 vessels and only six non-double hull vessels remaining

(1) Announced dividend, annualized / SFL share price \$27.56 (Feb 13, 2008)

(2) 10-year U.S. treasury yield rate of 3.70% (Feb 13, 2008)

(3) Fixed-rate charter hire, net of vessel operating expenses, G&A costs and excluding profit share

Highlights

- **Six offshore supply vessels in operation as of January 2008**
 - All vessels are on 12-year bareboat charters to Deep Sea Supply
 - The charters represent a total charter backlog of \$337m as per December 31, 2007

- **New 12-year bareboat charters for two container vessels**
 - Charter to an Asia-based regional liner company
 - The charters represent a contribution to our fixed-rate charter backlog of \$117m

- **Initiated a share-repurchase program**
 - 692,000 shares accumulated so far, of which 349,000 in 4Q07
 - Utilized "Equity Total Return Swaps" to finance the program
 - \$0.9m gain in mark-to-market of derivatives in 4Q07 related to the share-repurchase program

- **SFL will implement a dividend reinvestment plan and direct stock purchase plan**
 - We have a large number of retail shareholders in the U.S.
 - Popular investment tools for individual shareholders who wish to invest in shares in the Company on a regular basis

Profit & Loss

INCOME STATEMENT (1) <i>(in thousands of \$ except per share data)</i>	Three months ended		Twelve months ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006 <i>(audited)</i>
Charter revenues - operating lease	19,251	10,384	55,680	58,019
Charter revenues - finance lease	117,872	113,901	461,943	426,131
- less revenues classified as Repayment of investment in finance leases (2)	(46,228)	(37,279)	(173,193)	(136,760)
Profit share income	31,354	35,914	52,527	78,923
Other operating income	21	96	1,835	(1,655)
Total operating revenues (2)	122,270	123,016	398,792	424,658
Gain / -loss on sale of assets	6,573	(324)	41,669	9,806
Voyage expenses	204	179	921	1,736
Ship operating expenses	26,201	30,469	106,240	117,957
Administrative expenses	2,578	3,805	7,783	6,584
Depreciation	8,362	2,857	20,636	14,490
Total operating expenses	37,345	37,310	135,580	140,767
Operating income	91,498	85,382	304,881	293,697
Interest income	1,468	819	6,781	3,978
Interest expense	(34,681)	(29,877)	(130,401)	(113,588)
Results in associate	233	243	923	267
Other financial items	(6,162)	1,269	(14,460)	(3,733)
Foreign currency exchange gain / -loss	4	12	(17)	219
Taxes	-	(42)	-	(42)
Net income	52,360	57,806	167,707	180,798
Basic earnings per share (\$)	\$0.72	\$0.79	\$2.31	\$2.48
Weighted average number of shares	72,743,737	72,743,737	72,743,737	72,764,285
Common shares outstanding	72,743,737	72,743,737	72,743,737	72,743,737

1) Excluding a 100% owned subsidiary accounted for as 'investments in associates'

2) For all vessels on finance lease, the fixed charter payments are split in three elements; 'Interest income', 'Repayment of investment in finance leases' and 'Service income'. The 'Interest income' and the 'Service income' are included in the Company's Income Statement. 'Repayment of investment in finance leases' is not included in the Total operating revenues in the Income Statement, and appears in the Statement of Cashflows and in the Balance Sheet as a reduction of the balance "Investment in finance leases"

Balance Sheet

BALANCE SHEET (1)	December 31, 2007	December 31, 2006
<i>(in thousands of \$)</i>		<i>(audited)</i>
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	78,255	64,569
Restricted cash	26,983	12,937
Amount due from related parties	42,014	63,024
Other current assets	186,343	166,623
<i>Long term</i>		
Newbuildings and vessel purchase options	46,259	7,658
Vessels and equipment, net	583,244	238,891
Investment in finance leases	1,963,470	1,958,691
Investment in associate	4,530	3,698
Deferred charges	16,922	16,848
Other long-term assets	2,008	20,738
Total assets	2,950,028	2,553,677
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	179,428	144,451
Other current liabilities	42,804	14,793
Amount due to related parties	5,693	14,411
<i>Long term</i>		
Long term interest bearing debt	2,090,566	1,770,749
Other long term liabilities	17,060	8,743
Stockholders' equity (2)	614,477	600,530
Total liabilities and stockholders' equity	2,950,028	2,553,677

1) Excluding a 100% owned subsidiary accounted for as 'investments in associates'

2) As of December 31, 2007 Stockholders' equity excludes \$226 million of deferred equity which is being recognized over time. In connection with the initial and subsequent acquisitions of vessels from Frontline, 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. This deferred equity is amortized to Stockholders' equity in line with the charter payments received from Frontline.

Cashflow Statement

STATEMENT OF CASHFLOWS (1) <i>(in thousands of \$)</i>	Three months ended		Twelve months ended	
	December 31, 2007	December 31, 2006	December 31, 2007	Dec. 31, 2006 <i>(audited)</i>
OPERATING ACTIVITIES				
Net income	52,360	57,806	167,707	180,798
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortisation	8,830	3,710	23,554	17,559
Adjustment of financial derivatives to market value	5,545	(963)	12,557	6,375
Gain on sale of assets	(6,573)	-	(41,669)	(26,469)
Result in associate	(234)	(2,292)	(923)	(4,205)
Stock based compensation	315	49	785	49
Other	(22,893)	(1,070)	(51,278)	(5,140)
Change in operating assets and liabilities	(3,572)	(17,292)	91,684	24,530
Net cash provided by operating activities	33,778	39,948	202,417	193,497
INVESTING ACTIVITIES				
Repayment of investments in finance leases	46,228	37,279	173,193	136,760
Net placement of restricted cash	(4,313)	(2,013)	(14,046)	(11,362)
Proceeds from sale of vessel/new buildings	23,832	37,863	152,659	75,606
Acquisition of subsidiaries, net of cash acquired	-	-	-	(34,810)
Net investment in newbuildings	(2,246)	(56,750)	(47,383)	(7,658)
Purchase of vessels	(26,987)	-	(644,287)	(266,750)
Investment in associate companies	(1)	2,008	92	508
Purchase of short term investment	-	-	3,000	(3,000)
Other investments	-	(3,000)	(2,008)	-
Net cash (used in) provided by investing activities	36,513	15,387	(378,780)	(110,706)
FINANCING ACTIVITIES				
Repurchase of shares	-	-	-	(7,212)
Proceeds from long-term debt	57,125	91,588	620,225	312,588
Expenses paid in connection with securing finance	(329)	219	(3,432)	(1,047)
Repayment of long-term debt	(54,264)	(74,050)	(265,430)	(190,716)
Cash dividends paid	(39,997)	(38,554)	(159,335)	(149,123)
Deemed dividends paid	0	(1,644)	(1,979)	(15,569)
Net cash provided by (used in) financing activities	(37,465)	(22,441)	190,049	(51,079)
Net (decrease) increase in cash and cash equivalents	32,826	32,894	13,686	31,712
Cash and cash equivalents at start of period	45,429	31,675	64,569	32,857
Cash and cash equivalents at end of period	78,255	64,569	78,255	64,569

(1) Excluding a 100% owned subsidiaries accounted for as 'investments in associates'

SFL operational performance

■ Pro-forma illustration of cash flow ⁽¹⁾

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

	4Q 07		3Q 07		Change
	\$ mill.	\$/share	\$ mill.	\$/share	
Fixed contribution from Charters ⁽²⁾					
VLCC	64	0.88	64	0.88	0.0%
Suezmax	14	0.20	15	0.20	(2.9)%
Container	13	0.18	12	0.17	7.1%
Dry bulk incl. OBOs	16	0.22	16	0.22	0.0%
Offshore	31	0.42	26	0.36	17.8%
Sum fixed contributions from charters	138	1.90	133	1.83	3.8%
Vessel operation expenses / G&A	(29)	(0.40)	(27)	(0.38)	5.7%
Contribution BITDA ⁽³⁾ before profit share	109	1.50	106	1.45	3.3%
Accumulated profit share	16	0.22	5	0.07	195.1%
Contribution BITDA after profit share	125	1.72	111	1.52	12.7%

(1) Including a 100% owned subsidiary not consolidated based on US GAAP

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

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

Growth and Diversification

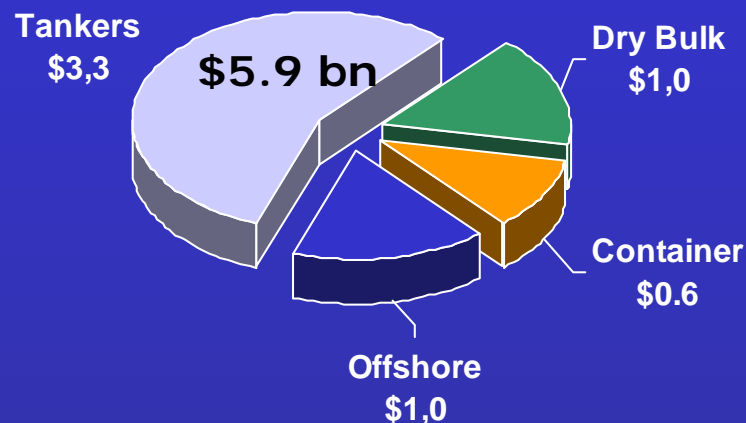
Asset Base in 2004

\$ 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)

2008	2009	2010	Total
\$327m	\$276m	\$98m	\$701m

(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 December 31, 2007
- Excluding any profit sharing

Total charter payments



\$5.6 bn (\$77/share)

Cash flow from charters⁽²⁾



\$4.5 bn (\$61/share)

Average tenor of charters⁽³⁾



13.5 years

(1) Adjusted for announced acquisitions and sales. Assuming certain call options are not exercised.

(2) Cash flow net of vessel operating expenses (EBITDA).

(3) Weighted by charter revenue.

Dividends

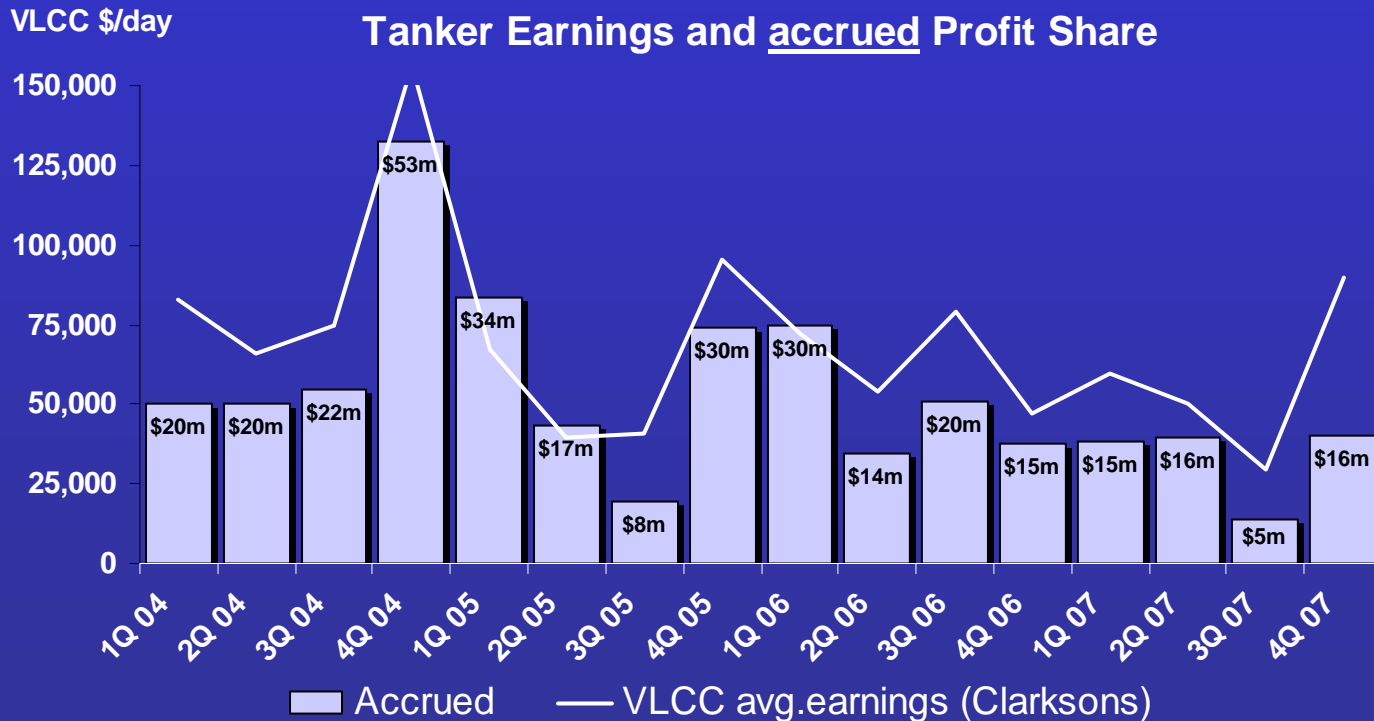
- \$0.55 dividend per share for 4Q 2007 = 8.0% dividend yield*
- \$2.20 per share on trailing 4 quarter basis
- Significant cashflow retained for debt repayment and acquisitions
- New transactions expected to increase dividend capacity



* Latest announced dividend (annualized) / SFL share price \$27.56 (Feb 13, 2008)

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 \$20.9m 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 may differ from the pro-forma management estimate.

Profit share - sensitivity

2008 – Profit share estimate vs. VLCC market rates



* Forward market rates as quoted by Imarex (Feb 11, 2008). 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

Financing

- **\$2.3 bn interest bearing debt per December 31, 2007**
 - \$1.8 bn bank loans
 - \$0.5 bn bond loan
 - Approximately 70% of interest rate exposure fixed⁽¹⁾

- **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**
 - \$79m net cash⁽²⁾ per December 31, 2007
 - \$53m profit share for 2007 to be received from Frontline in 1Q08
 - \$40m estimated net proceeds from sale of single hull vessels in 1Q08
 - \$85m available under a revolving credit facility
 - Several vessels without any loans attached

(1) Combination of fixed interest rates, interest rate swaps or interest compensation clauses with charterers

(2) Excluding \$27.0m of restricted cash, but including \$1.1m cash in a 100% owned subsidiary which is not consolidated based on US GAAP

Summary

- **Net income for the fourth quarter of \$52.4m (\$0.72/share)**
 - Profit share increased to \$16.1m, up from \$5.5m in second quarter
 - 4Q07 numbers includes \$15.2m profit share from 1Q07
 - \$6.0m negative non-cash mark-to-market of interest rate swaps

- **Improved operational performance in the quarter**
 - Cash contribution from operations, after vessel operating expenses and G&A costs, increased 13% to \$125m (including profit share)

- **Significant growth opportunities in large, diverse markets**
 - Announced approximately \$1.1 billion of new transactions in 2007
 - 12 non-double hull vessels sold and effectively replaced by new projects with a longer-term predictable cash-flow
 - Strong liquidity position to fund equity portion in new investments, and several projects in the pipeline

- **Quarterly dividend is maintained at a high level of \$0.55/share**
 - 8.0% dividend yield*
 - New projects expected to grow the dividend capacity

Appendix

- **Ship Finance customers and assets**
- **Accounting: Finance Leases and Deferred Equity**

69 vessels and >11 Million DWT

	Marine Assets	Type of Charter	Avg. Remaining Charter ⁽¹⁾
	<ul style="list-style-type: none"> 25 x VLCCs 6 x Suezmaxes 8 x OBOs 	Time Charter	11.8 years
	<ul style="list-style-type: none"> 5 x 2,824 TEU Containerships 	Bareboat Charter	11.2 years
	<ul style="list-style-type: none"> 2 x Jack-up drilling rigs 	Bareboat Charter	14.0 years
	<ul style="list-style-type: none"> 2 x Capesize 1 x Panamax 	Bareboat Charter	12.9 years
	<ul style="list-style-type: none"> 3 x seismic vessels 	Bareboat Charter	12.0 years
	<ul style="list-style-type: none"> 6 x offshore supply vessels 	Bareboat Charter	11.8 years
 	<ul style="list-style-type: none"> 1 x VLCC 3 x 1,700 TEU 2 x Suezmaxes 5 x Containerships 	Bareboat (hire/purchase) Time/Bareboat Charters Newbuildings Newbuildings	2.8 years 0.5 – 12 years - -

(1) As of December 31, 2007 and adjusted for subsequent transactions. Certain assets are subject to call options by charterers.

Appendix

- **Ship Finance customers and assets**
- **Accounting: Finance Leases and Deferred Equity**

Finance lease accounting

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

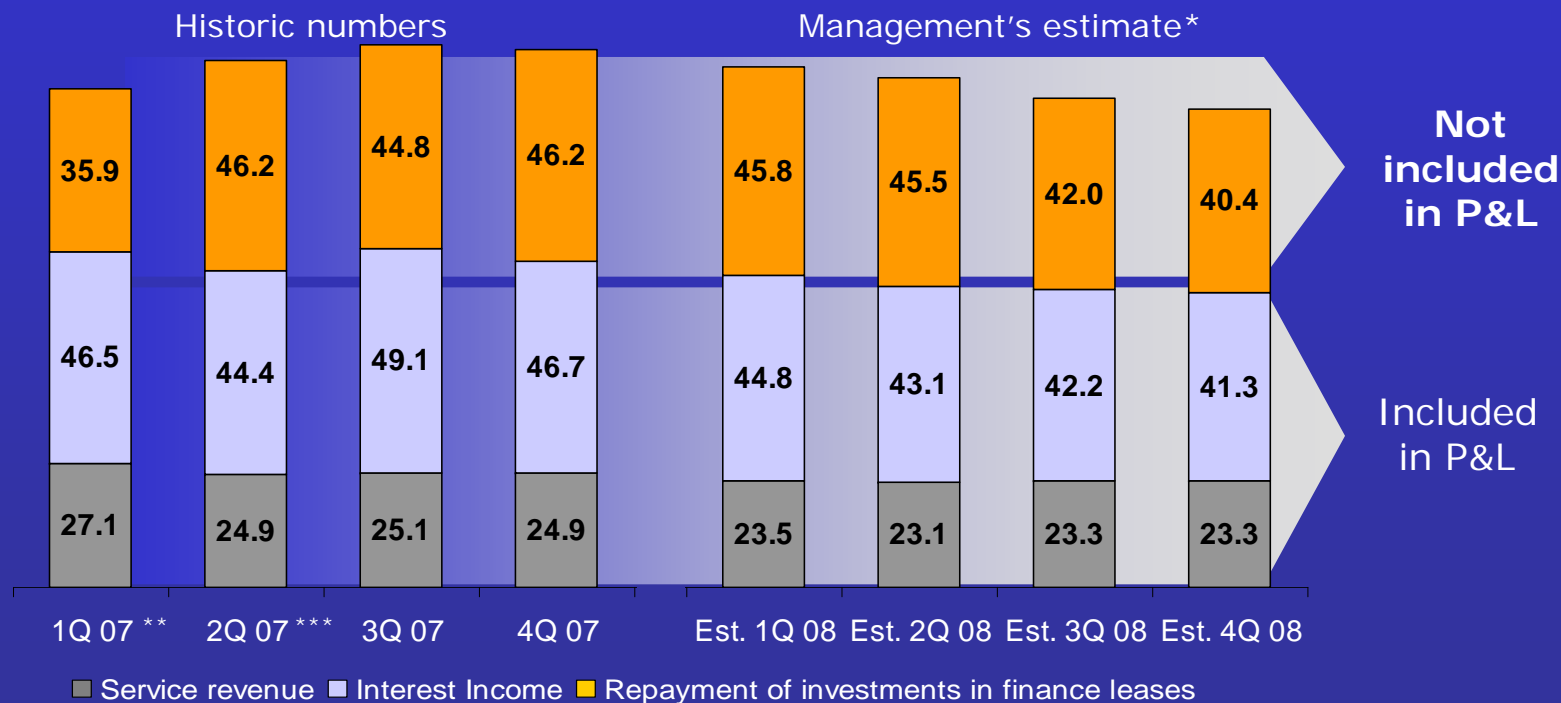
- Charter revenues are split in 3 parts:
 - Service Income
 - OPEX component of the charter (\$6,500 per day)
 - Included in 'Total operating revenues' in the Income statement
 - Applicable for Frontline charters only

 - 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 December 31, 2007, the non-amortized portion of the deferred equity contribution was \$226 million.