



Ship Finance International Limited 4Q 2009 results

February 26, 2010

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, data contained in the Company's records and other data available from third parties. 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 our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies, fluctuations in currencies and interest rates, general market conditions including fluctuations in charter hire rates and vessel values, changes in demand in the markets in which we operate, changes in demand resulting from changes in OPEC's petroleum production levels and world wide oil consumption and storage, developments regarding the technologies relating to oil exploration, changes in market demand in countries which import commodities and finished goods and changes in the amount and location of the production of those commodities and finished goods, increased inspection procedures and more restrictive import and export controls, changes in our operating expenses, including bunker prices, drydocking and insurance costs, performance of our charterers and other counterparties with whom we deal, timely delivery of vessels under construction within the contracted price, 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 Securities and Exchange Commission.

4Q 2009 highlights

- **Declared a quarterly dividend of \$0.30 dividend per share**
 - 7.7% dividend yield⁽¹⁾
 - 24 consecutive quarters with dividend payments

- **Reported 4Q 2009 net income of \$62.4m (\$0.80/share)**
 - Including \$24.7m gain related to the Suezmax *Glorycrown*
 - Gross charter hire of \$202.8m (\$2.60/share) including associated companies

- **\$5.7m (\$0.07/share) profit share accumulated in 4Q 2009**
 - \$33m accumulated in 2009 and will be payable in March 2010
 - \$480m aggregate profit share last six years

(1) Announced quarterly cash dividend, annualized / SFL share price \$15.64 (February 25, 2010)

4Q 2009 highlights

- **Delivery of a Suezmax newbuilding in November 2009**
 - Chartered to North China Shipping Holdings Co. Ltd. for five years
 - \$40.5m upfront payment by charterer
 - \$16,700 net per day + purchase obligation at the end of the charter

- **Sale of single hull VLCC Front Vanadis**
 - The charterer exercised a fixed price purchase option of \$11.7m
 - Delivered to new owner in November 2009
 - Net cash proceeds to Ship Finance after debt repayment was approximately \$1.2m

- **Sale of VLCC Front Vista**
 - Sold to a subsidiary of Frontline Ltd. for \$58.5m, including compensation for termination of charter
 - Delivered in February 2010
 - Net cash proceeds of \$22m after debt repayment

Substantial charter backlog

- **Nominal values⁽¹⁾ as per December 31, 2009**
- **Excluding any profit sharing**
- **Virtually no exposure to escalating operating expenses**

Total charter payments



\$6.9 bn (\$89/share)

Net cash flow from charters⁽²⁾



\$6.1 bn (\$77/share)

Average term of charters⁽³⁾



12.6 years

(1) Assuming certain call options are not exercised. Including vessels to be delivered, but excluding assets subsequently sold

(2) Cash flow net of vessel operating expenses.

(3) Weighted by charter revenue.

SFL operational performance

- **Pro-forma illustration of cash flow** ⁽¹⁾
 - Not as accounted for under US GAAP
 - Used as an internal guideline to assess the Company's performance
 - Excluding extraordinary and non-cash items

	4Q 2009		3Q 2009	
	\$ mill.	\$/share ⁽²⁾	\$ mill.	\$/share ⁽²⁾
Fixed charter hire				
VLCC	57.8	0.74	60.7	0.79
Suezmax	11.8	0.15	11.2	0.14
Chemical Tankers	1.5	0.02	1.5	0.02
Container	11.3	0.14	11.1	0.14
Dry bulk incl. OBOs	15.6	0.20	15.6	0.20
Offshore	104.9	1.34	105.4	1.37
Sum fixed charter hire	202.8	2.60	205.4	2.66
Vessel operation expenses and G&A	(25.0)	(0.32)	(26.5)	(0.34)
EBITDA⁽³⁾ excluding profit share	177.8	2.28	179.0	2.32
Accumulated profit share	5.7	0.07	4.8	0.06
EBITDA including accumulated profit share	183.6	2.35	183.7	2.38

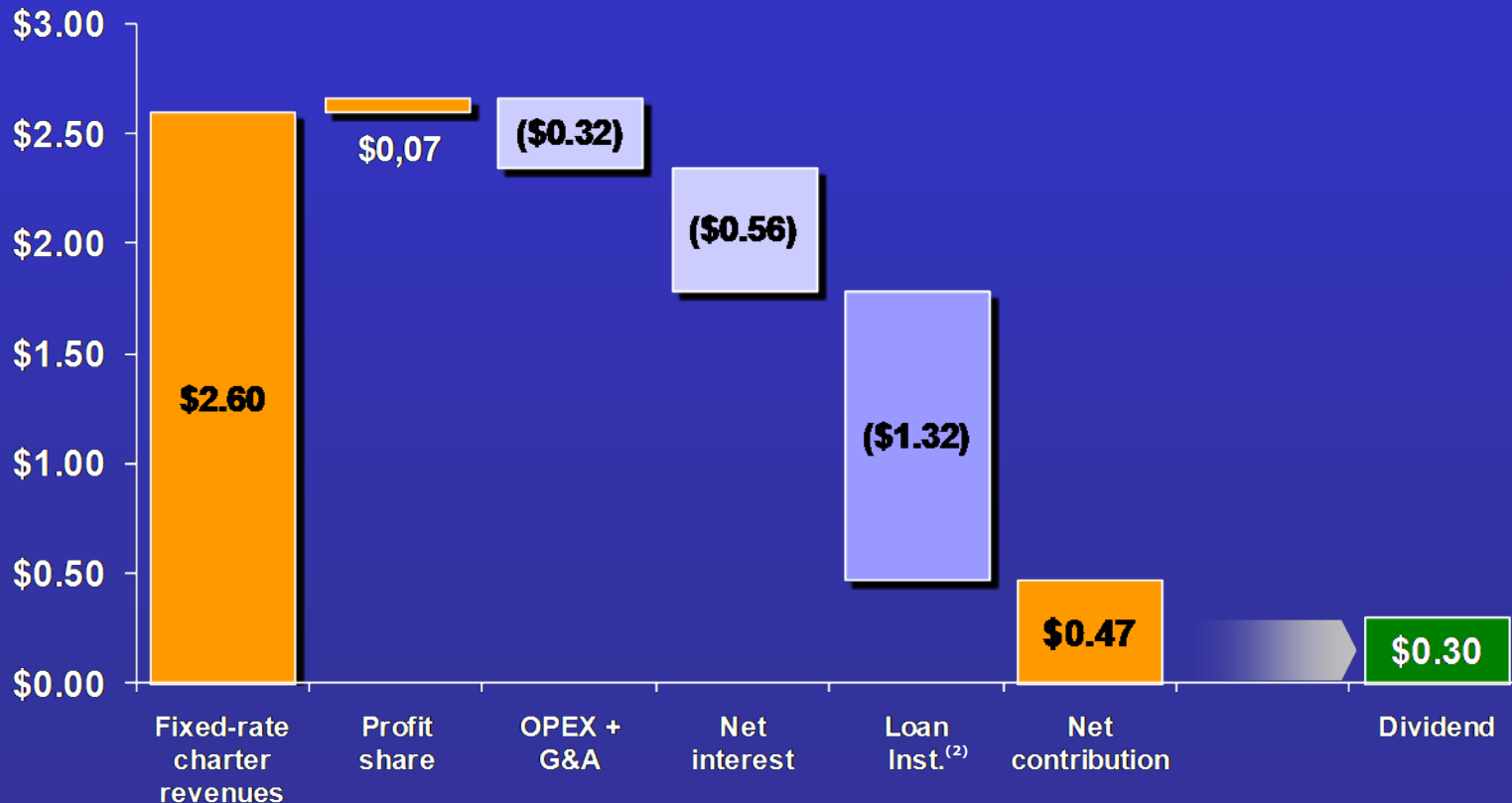
(1) Including cash flow from three 100% owned subsidiaries accounted for as 'investment in associate'

(2) Per share numbers are based on the weighted average outstanding numbers of shares in the respective quarter

(3) On this slide 'EBITDA' is defined as gross charter hire received less Vessel operation expenses and General & Administrative expenses

4Q-09 contribution from projects⁽¹⁾

- **Large performing fleet and significant cash-flow in 4Q 2009**
 - \$2.35/share EBITDA-equivalent
 - \$0.47/share net cash-flow from projects after interest and debt amortization



(1) Not as accounted per US GAAP - used as an internal guideline to assess the Company's core business.

(2) Ordinary installments relating to the Company's projects. Excluding prepayments and a \$17m reduction in a corporate revolving credit facility.

Profit & Loss

INCOME STATEMENT <i>(in thousands of \$ except per share data)</i>	Three months ended		Twelve months ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
Charter revenues - operating lease	17,631	19,252	71,881	75,209
Charter revenues - finance lease	135,233	111,475	450,707	483,480
Revenues classified as Repayment of investment in finance leases	(78,500)	(45,098)	(210,386)	(211,305)
Profit share income	5,748	15,651	33,018	110,962
Total operating revenues	80,112	101,280	345,220	458,346
Gain / (loss) on sale of assets	24,702	-	24,721	17,377
Vessel operating expenses	(22,005)	(25,505)	(91,493)	(100,447)
Administrative expenses	(3,002)	(2,584)	(12,192)	(9,836)
Depreciation	(7,638)	(7,522)	(30,236)	(28,038)
Vessel impairment adjustments	-	-	(26,756)	-
Total operating expenses	(32,645)	(35,611)	(160,677)	(138,321)
Operating income	72,169	65,669	209,264	337,402
Results in associate⁽¹⁾	18,000	15,247	75,629	22,799
Interest income	64	1,071	240	3,478
Interest expense	(27,265)	(33,885)	(117,075)	(127,192)
Other financial items	(207)	135	(1,625)	(349)
Impairment adjustment to investment	-	-	(7,110)	-
Mark to Market of Derivatives	1,673	(45,155)	12,675	(54,527)
Gain on re-purchase of Company Bonds	(2,001)	-	20,600	-
Taxes	-	-	-	-
Net income	62,433	3,082	192,598	181,611
Basic earnings per share (\$)	0.80	0.04	2.59	2.50
Weighted average number of shares	78,043,558	72,743,737	74,399,126	72,743,737
Common shares outstanding	78,194,699	72,743,737	78,194,699	72,743,737

Part of charter hire from assets classified as finance leases. Not included in 'total operating revenues', but included in the cash flow statement

Net income from subsidiaries accounted for as 'investment in associate'

(1) Three of our 100% owned subsidiaries, owning four of our units are accounted for as 'Investment in associate', and only the net income from these subsidiaries is therefore included in our consolidated Income Statement.

Balance Sheet

BALANCE SHEET <i>(in thousands of \$)</i>	Dec 31, 2009	Dec 31, 2008
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	84,186	46,075
Restricted cash	4,101	60,103
Amount due from related parties	33,861	45,442
Other current assets	143,109	179,922
<i>Long term</i>		
Newbuildings	71,047	69,400
Vessels and equipment, net	556,607	586,816
Investment in finance leases	1,653,826	1,916,510
Investment in associate ⁽¹⁾	444,435	420,977
Deferred charges	7,927	14,696
Other long-term assets	2,329	8,545
Total assets	3,001,428	3,348,486
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	266,041	385,577
Other current liabilities	26,919	101,193
Amount due to related parties	26,922	6,472
<i>Long term</i>		
Long term interest bearing debt	1,843,408	2,209,939
Other long term liabilities	88,809	127,955
Stockholders' equity ⁽²⁾	749,329	517,350
Total liabilities and stockholders' equity	3,001,428	3,348,486

'Stockholder's equity' in subsidiaries accounted for as 'investment in associate'⁽³⁾

(1) Three of our 100% owned subsidiaries, owning four of our units, are accounted for as 'Investment in associate'.

(2) As of Dec 31, 2009 'Stockholders' equity' excludes \$206.5 million of deferred equity which is being recognized over time.

Cash flow Statement

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Twelve months ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
OPERATING ACTIVITIES				
Net income	62,433	3,082	192,598	181,611
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortisation	8,197	8,387	32,860	31,048
Asset impairment adjustments	-	-	33,866	-
Adjustment of financial derivatives to market value	(1,673)	45,155	(12,675)	54,527
Gain on sale of assets	(24,702)	-	(24,721)	(17,377)
Result in associate	(18,000)	(15,247)	(75,629)	(22,799)
Stock based compensation	425	333	1,392	1,457
Gain on re-purchase of Company Bonds	2,001	-	(20,600)	-
Other	(65)	175	(477)	(2,956)
Change in operating assets and liabilities	(16,117)	35,009	(1,092)	(14,125)
Net cash provided by operating activities	12,499	76,894	125,522	211,386
INVESTING ACTIVITIES				
Repayment of investments in finance leases	78,241	44,855	209,369	210,348
Restricted cash released/(placed)	813	(23,763)	56,002	(33,120)
Proceeds from sale of vessel/new buildings	11,466	-	163,086	23,005
Received in respect of terminated contract	-	1,845	-	1,845
Net investment in newbuildings	(47,773)	(3,779)	(71,468)	(22,395)
Purchase of vessels	-	(30,099)	(0)	(164,200)
Cash received from/(Investment in) associates	18,700	(296,585)	68,000	(442,891)
Purchase of short term investment	-	-	-	-
Other assets / investments	(4)	(72)	(921)	(6,537)
Net cash (used in) provided by investing activities	61,443	(307,598)	424,068	(433,945)
FINANCING ACTIVITIES				
Repurchase of shares	-	-	-	-
Proceeds from long and short term debt	-	240,500	134,500	576,973
Expenses paid in connection with securing finance	-	537	(752)	(1,551)
Repayment of long and short term debt	(75,535)	(71,112)	(446,060)	(251,451)
Re-purchase of Company bonds	-	-	(125,405)	-
Cash settlement of derivatives	3,619	(11,804)	(14,666)	(10,655)
Cash received from share issue	18	-	16,472	-
Cash dividends paid	(10,712)	-	(75,568)	(122,937)
Net cash provided by (used in) financing activities	(82,610)	158,121	(511,479)	190,379
Net (decrease) increase in cash and cash equivalents	(8,668)	(72,583)	38,111	(32,180)
Cash and cash equivalents at start of period	92,854	118,658	46,075	78,255
Cash and cash equivalents at end of period	84,186	46,075	84,186	46,075

Part of charter hire from assets classified as finance leases.

Net cash flow to/from our subsidiaries accounted for as 'Investment in associate'

Investment in associates

Selected 4Q 2009 income statement figures

<i>(in thousands of \$)</i>	SFL West Polaris Limited	SFL Deepwater Ltd	Front Shadow Inc	Total
Charter revenues - finance lease	31,996	58,691	723	91,410
Revenues classified as Repayment of investment in finance leases	(18,073)	(36,722)	(456)	(55,251)
Total operating expenses	(1)	(1)	-	(2)
Interest expense	(8,470)	(9,568)	(39)	(18,077)
Other items	(2)	(76)	(1)	(79)
Net income	5,450	12,324	227	18,000

Part of charter hire from assets classified as finance leases. Not included in 'total operating revenues', but included in the cash flow statement

'Net income' included in the Company's P&L under 'Results in Associate'

Selected 4Q 2009 balance sheet figures

<i>(in thousands of \$)</i>	SFL West Polaris Limited	SFL Deepwater Ltd	Front Shadow Inc	Total
Cash and cash equivalents	1	2	-	3
Investment in finance leases	763,611	1,548,270	23,444	2,335,325
Other assets	41,080	66,056	64	107,200
Total assets	804,692	1,614,328	23,508	2,442,528
Short term and current portion of long term interest bearing debt	72,250	155,833	2,060	230,143
Other current liabilities	5,153	8,284	1,394	14,831
Long term interest bearing debt	546,458	1,099,417	14,460	1,660,335
Other long term liabilities	31,630	1,785	2,600	36,015
Stockholders equity	149,201	349,009	2,994	501,204
Total liabilities and stockholders' equity	804,692	1,614,328	23,508	2,442,528

'Stockholder's equity' included in the Company's balance sheet under 'investment in associate'

Financing and liquidity

- **\$84.2m in available cash per December 31, 2009**
- **Financing**
 - \$2.1bn consolidated interest bearing debt, including bond loan
 - \$1.9bn of bank loans in subsidiaries accounted for as 'Investment in associate'
 - No refinancing needs in the near term and compliance with all bank covenants
- **New five-year \$675m syndicated loan facility**
 - Refinancing of existing loan facility maturing in 2011
 - Secured by 26 vessels on time charter to Frontline
 - The new facility is already significantly oversubscribed and closing is expected in March 2010
- **Financing of Suezmax newbuildings**
 - \$42.6m financing on each of *Glorycrown* and *Everbright*
 - Expected drawdown in 1Q 2010

Newbuildings and capital expenditures

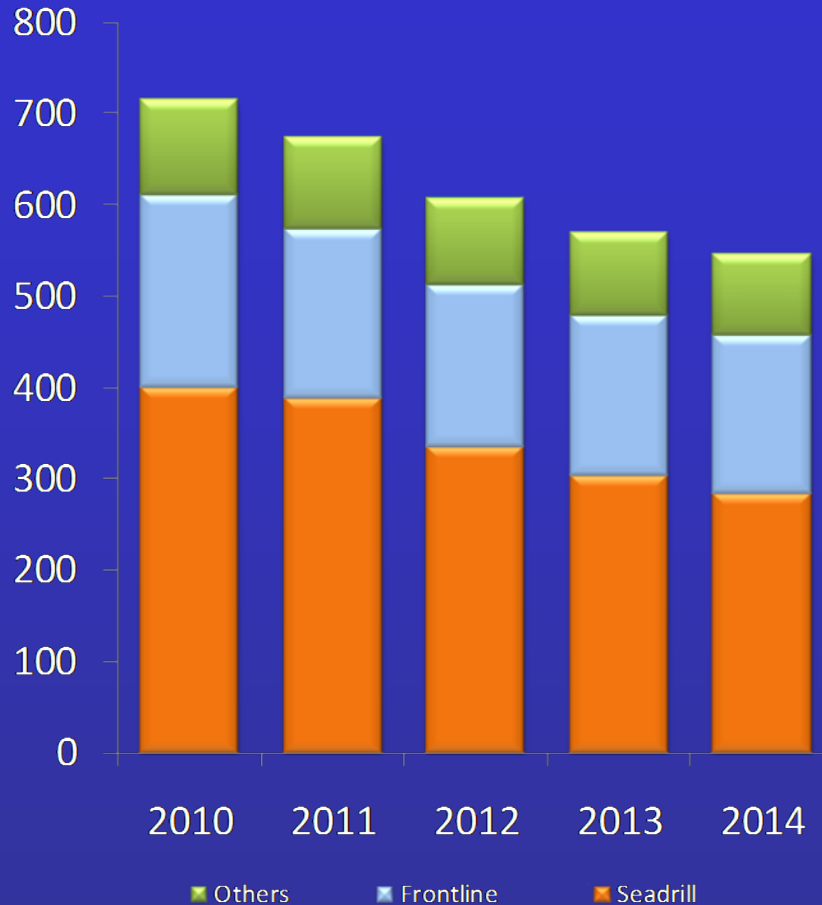
- At December 31, 2009 the gross estimated capital commitments was \$223m

	2010	2011	2012	Total
Tankers	\$47 mill.	-	-	\$47 mill.
Dry bulk	\$25 mill.	\$75 mill.	\$49 mill.	\$149 mill.
Container	\$27 mill.	-	-	\$27 mill.
Gross investment	\$99 mill.	\$75 mill.	\$49 mill.	\$223 mill.

- \$46.7m is related to a Suezmax newbuilding in 1Q 2010**
 - \$36.4m positive cash effect expected, after \$40.5m upfront payment by the charterer and a \$42.6m bank financing
- Conversion from container to bulkers**
 - Three 32,000dwt newbuilding contracts with signed agreements
 - Four 34,000dwt newbuilding contracts with agreement in principle, final contracts to be signed shortly
 - Opportunistic move in order to maximize value for SFL shareholders

Contracted cash flow (EBITDA)⁽¹⁾

\$ in millions



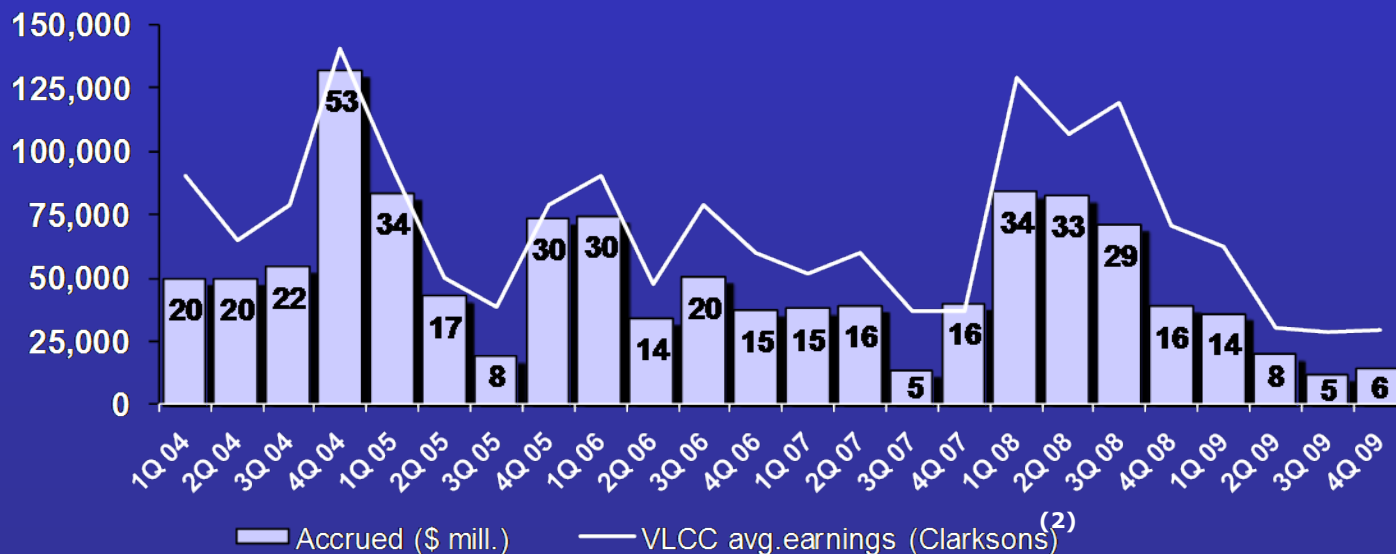
- Seadrill charters:
 - 100% Seadrill Ltd. guarantee
 - All ultra-deepwater units are sub-chartered to major oil companies
 - Frontloaded charter rate and loan repayment
- Frontline charters:
 - 100% Frontline Ltd. guarantee⁽²⁾
 - Profit split agreement has generated average ~\$80m incremental cash flow per year
 - \$62m cash deposits as security for charter payments⁽²⁾

(1) As of December 31, 2009 assuming certain call options are not exercised. Excluding future profit share.
 (2) Following restructuring of agreements and excluding six non-double hull vessels

24 quarters with profit share

- **Capturing incremental cash flow in strong markets**
 - 20 % profit share of tankers/OBO earnings in excess of base charter rates
- **Quarterly average Profit Share⁽¹⁾ of \$20m or \$0.25 per share from 2004**
 - SFL has received \$480m in aggregate profit share payments

VLCC \$/day



(1) 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.
 (2) Adjusted 1 month to compensate for estimated time between fixing and loading.

Summary

- **Reported quarterly net income of \$62.4m (\$0.80/share)**
 - Including \$24.7m gain related to the Suezmax Glorycrown

- **Quarterly cash dividend of \$0.30/share**
 - 7.7% dividend yield⁽¹⁾

- **Charter backlog supports long-term dividend capacity**
 - \$6.9bn (\$89/share) fixed-rate charter backlog
 - More than 12 years weighted average term of charters

- **Ship Finance is well positioned to take advantage of interesting new opportunities**
 - Demonstrated access to the financing market
 - We remain committed to building our long-term distribution capacity

(1) Announced quarterly cash dividend, annualized / SFL share price \$15.64 (February 25, 2010)