

Ship Finance International LTD  
Form 424B5  
January 24, 2013  
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**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-170598**

**The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to the notes has become effective under the Securities Act of 1933, as amended. This preliminary prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion**

**Preliminary Prospectus Supplement dated January 24, 2013**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus dated November 12, 2010)**

**\$100,000,000**

## **Ship Finance International Limited**

### **Common Shares**

Up to \$100.0 million of common shares, par value \$1.00 per share, of Ship Finance International Limited are being offered pursuant to this prospectus supplement and the accompanying prospectus, which will be loaned by our wholly-owned subsidiary, SFL Capital II Ltd., which we refer to as SFLC, to Deutsche Bank AG, London Branch, which we refer to as the share borrower, an affiliate of Deutsche Bank Securities Inc., the underwriter for this offering (which shares we refer to as the borrowed shares) pursuant to a share lending agreement, which we refer to as the SFLC Share Lending Agreement. None of the borrowed shares are newly-issued common shares. Instead, SFLC is borrowing the shares from Hemen Holding Ltd., or Hemen, an affiliate of ours and our largest shareholder. Neither we, nor SFLC nor Hemen will receive any proceeds from the sale of the borrowed shares in this offering. The share borrower or its affiliates will receive all the proceeds from the sale of the borrowed shares.

We have been informed by Deutsche Bank Securities Inc. that it or its affiliates intend to use the short position created by the share loan and the concurrent short sales of the borrowed shares to facilitate transactions by which investors in our % convertible senior notes due 2018, which we refer to as our convertible notes, and that are being offered in a concurrent offering pursuant to a separate prospectus supplement and accompanying prospectus, and our other convertible notes may hedge their investments through short sales or privately negotiated derivatives transactions.

The borrowed shares may be offered for sale in transactions that may include block sales, sales on The New York Stock Exchange, sales in the over-the-counter market, sales pursuant to negotiated transactions or otherwise. The total number of shares that the share borrower can borrow under the SFLC Share Lending Agreement is limited to a maximum of \$100.0 million borrowed shares. \$70.0 million of the \$100.0 million of

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borrowed shares will be initially offered at \$ \_\_\_\_\_ per share (we refer to these as the fixed-price borrowed shares) and the remaining borrowed shares are expected to be subsequently sold at prevailing market prices at the time of sale or at negotiated prices. See Description of the Share Lending Agreement; Concurrent Offering of Convertible Notes and Underwriting; Conflicts of Interest.

Concurrently with this offering, \$250.0 million aggregate principal amount of convertible notes are being offered pursuant to a separate prospectus supplement and accompanying prospectus. The closing of the offering of the fixed-price borrowed shares pursuant to this prospectus supplement and the accompanying prospectus is contingent upon the closing of the concurrent convertible notes offering, and the closing of the concurrent offering of our convertible notes is contingent upon the closing of the offering of the fixed-price borrowed shares hereunder.

Our common shares are listed on The New York Stock Exchange under the symbol SFL. The last reported sale price of our common shares on The New York Stock Exchange on January 23, 2013 was \$17.71 per share.

**Investing in our common shares involves a high degree of risk. See Risk Factors beginning on page S-11 of this prospectus supplement.**

**None of the Securities and Exchange Commission, or the Commission, any state securities regulators, the Bermuda Monetary Authority or any other regulatory body has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The underwriter expects to deliver the fixed-price borrowed shares sold on the date hereof to investors in book-entry form through The Depository Trust Company on or about January \_\_\_\_\_, 2013.

## Deutsche Bank Securities

January \_\_\_\_\_, 2013

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**PROSPECTUS**

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**YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE INTO THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS OR IN ANY FREE WRITING PROSPECTUS FILED BY US WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. NEITHER WE NOR THE UNDERWRITER HAS AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT OR ADDITIONAL INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR INCONSISTENT INFORMATION, YOU SHOULD NOT RELY ON IT. NEITHER WE NOR THE UNDERWRITER ARE MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER AND SALE IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION IN THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS, ANY FREE WRITING PROSPECTUS OR ANY DOCUMENT INCORPORATED BY REFERENCE IS ACCURATE AS OF ANY DATE OTHER THAN THEIR RESPECTIVE DATES. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THOSE DATES.**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and the common shares offered hereby, and also adds to and updates information contained in the accompanying base prospectus and the documents incorporated by reference into this prospectus supplement and the base prospectus. The second part, the base prospectus, gives more general information and disclosure about us. When we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. This prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference include important information about us, the common shares being offered and other information you should know before investing. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading, "Where You Can Find Additional Information" before investing in our common shares.

We prepare our financial statements, including all of the financial statements included or incorporated by reference in this prospectus supplement, in U.S. dollars and in conformity with accounting principles generally accepted in the United States, or U.S. GAAP. We have a fiscal year end of December 31.

Any statement made in this prospectus supplement, the accompanying prospectus or in a document incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

The common shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 and the Exchange Control Act 1972 and related regulations of Bermuda which regulate the sale of securities in Bermuda. In addition, specific permission is required from the Bermuda Monetary Authority, or the BMA, pursuant to the provisions of the Exchange Control Act 1972 and related regulations for all issuances and transfers of securities of Bermuda companies, other than in cases where the BMA has granted a general permission. The BMA in its policy dated June 1, 2005 provides that where any equity securities, including our common shares, of a Bermuda company are listed on an appointed stock exchange, general permission is given for the issue and subsequent transfer of any securities of a company from and/or to a non-resident, for as long as any equity securities of such company remain so listed. The New York Stock Exchange is deemed to be an appointed stock exchange under Bermuda law.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of our securities.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Matters discussed in this prospectus supplement, the accompanying prospectus and the documents that we have filed with the Commission that are incorporated by reference in this prospectus supplement may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include, but are not limited to, statements concerning plans, objectives, goals, strategies, future events or performance, underlying assumptions and other statements, which are other than statements of historical facts.

We desire to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are including this cautionary statement pursuant to this safe harbor legislation. This prospectus supplement and any other written or oral statements made by us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. The words believe, anticipate, intend, estimate, forecast, project, plan, potential, may, should, expect and similar expressions are used in forward-looking statements.

The forward-looking statements in this prospectus supplement, the accompanying prospectus and the documents that we have filed with the Commission that are incorporated by reference in this prospectus supplement are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors and matters discussed elsewhere herein, 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;

our ability to generate cash to service our indebtedness;

our ability to continue to satisfy our financial and other covenants, or obtain waivers relating to such covenants from our lenders, under our credit facilities;

our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities;

our counterparties' ability or willingness to honor their obligations under agreements with us;

fluctuations in currencies and interest rates;

general market conditions including fluctuations in charterhire rates and vessel values;

changes in supply and generally the number, size and form of providers of goods and services in the markets in which we operate;

changes in demand in the markets in which we operate;

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changes in demand resulting from changes in the Organization of the Petroleum Exporting Countries petroleum production levels and world-wide oil consumption and storage;

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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;

the imposition of sanctions by the Office of Foreign Assets Control of the Department of the U.S. Treasury or pursuant to other applicable laws or regulations against us or any of our subsidiaries;

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;

piracy or political events; and

other important factors described under the heading "Risk Factors" in this prospectus supplement, in the accompanying prospectus and in our annual report on Form 20-F for the year ended December 31, 2011, as well as those described from time to time in the reports filed by us with the Commission.

This prospectus supplement may contain assumptions, expectations, projections, intentions and beliefs about future events. These statements are intended as forward-looking statements. We may also from time to time make forward-looking statements in our periodic reports that we will file with the Commission, in other information sent to our security holders, and in other written materials. We caution that assumptions, expectations, projections, intentions and beliefs about future events may and often do vary from actual results and the differences can be material.

We undertake no obligation to publicly update or revise any forward-looking statement contained in this prospectus supplement, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus supplement might not occur, and our actual results could differ materially from those anticipated in these forward-looking statements.





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**PROSPECTUS SUPPLEMENT SUMMARY**

*This section summarizes some of the information that is contained in this prospectus supplement, the accompanying prospectus or in other documents incorporated by reference into this prospectus supplement. As an investor or prospective investor in the notes, you should review carefully the risk factors and the more detailed information that appear in this prospectus supplement, the accompanying prospectus, any free writing prospectus that may be provided to you in connection with the offering of the notes or that are contained in the documents that we incorporate by reference into this prospectus supplement.*

*Unless otherwise indicated or if the context otherwise requires, as used in this prospectus supplement, the terms *we*, *our*, *us*, and *the Company* refer to Ship Finance International Limited and all of its subsidiaries. Unless otherwise specifically indicated, all indebtedness amounts specified in this prospectus supplement and accompanying prospectus reflect the face amount of such indebtedness, which differs in certain circumstances from the amounts recorded in our financial statements due to certain applicable discounts under U.S. GAAP.*

*We use the term *deadweight*, or *dwt*, in describing the size of vessels. *Dwt*, expressed in metric tons each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry. We use the term *twenty-foot equivalent units*, or *TEU*, in describing container vessels to refer to the number of standard twenty foot containers that the vessel can carry. We use the term *car equivalent unit*, or *CEU*, in describing the size of car carriers and number of cars they have the capacity to transport.*

**Ship Finance International Limited**

We are a global international ship-owning company with one of the largest and most diverse asset bases across the maritime and offshore industries. As of January 21, 2013, we own and operate 62 vessels and drilling units across the tanker, drybulk, car carrier, container and offshore sectors. In the tanker and drybulk sectors we own and operate 25 crude-oil tankers, one oil/bulk/ore carrier, or OBO, 11 drybulk carriers and two chemical tankers. In the container and car-carrier sectors we own and operate 9 container vessels and two car carriers; we also charter-in two container vessels. In the offshore sector we own and operate six offshore supply vessels, one jack-up drilling rig and three ultra-deepwater drilling units.

In addition to our operating fleet, we have entered into agreements for the construction of one Handysize drybulk vessel and four 4,800 TEU container vessels, which are expected to be delivered to us during 2013 and 2014. All of these vessels are scheduled to be employed on medium- to long-term charters when they are delivered to us.

Apart from seven container vessels and four drybulk vessels on short-term charters, the vessels in our fleet, including our five newbuildings, have charters attached to them, which are generally contracted to expire between two and 14 years from now. These existing charters provide us with significant and stable base cash flows and high asset utilization, subject to the full performance of the obligations of our counterparties under their agreements with us. The fixed-rate charter backlog as of September 30, 2012 and adjusted for subsequent charter cancellations and vessel acquisitions was approximately \$5.4 billion, with an average remaining charter term of 6.8 years, or 10.2 years if weighted by charter revenue. Some of our charters include purchase options on behalf of the charterer, which if exercised would reduce our remaining charter coverage and contracted cash flow. The amount of actual revenues earned and the actual periods during which revenues are earned may be different from the backlog projections due to various factors including, off-hire caused by unscheduled repairs, maintenance and other factors.

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The following table sets forth summary information regarding our fleet as of January 23, 2013. All of our very large crude carriers, or VLCCs, Suezmaxes, chemical tankers and our OBO are double-hull vessels.

Vessel	Built	Dwt./ft./TEU/CEU	Flag	Lease Classification	Charter Termination Date	
<b>VLCCs</b>						
Front Century	1998	311,000 Dwt.	MI	Capital lease	2021	
Front Champion	1998	311,000 Dwt.	BA	Capital lease	2022	
Front Vanguard	1998	300,000 Dwt.	MI	Capital lease	2021	
Front Circassia	1999	306,000 Dwt.	MI	Capital lease	2021	
Front Opalia	1999	302,000 Dwt.	MI	Capital lease	2022	
Front Comanche	1999	300,000 Dwt.	LIB	Capital lease	2022	
Golden Victory	1999	300,000 Dwt.	MI	Capital lease	2022	
Front Commerce	1999	300,000 Dwt.	LIB	Capital lease	2022	
Front Scilla	2000	303,000 Dwt.	MI	Capital lease	2023	
Front Ariake	2001	299,000 Dwt.	BA	Capital lease	2023	
Front Serenade	2002	299,000 Dwt.	LIB	Capital lease	2024	
Front Hakata	2002	298,000 Dwt.	BA	Capital lease	2025	
Front Stratus	2002	299,000 Dwt.	LIB	Capital lease	2025	
Front Falcon	2002	309,000 Dwt.	BA	Capital lease	2025	
Front Page	2002	299,000 Dwt.	LIB	Capital lease	2025	
Front Energy	2004	305,000 Dwt.	CYP	Capital lease	2027	
Front Force	2004	305,000 Dwt.	MI	Capital lease	2027	
<b>Suezmaxes</b>						
Front Pride	1993	150,000 Dwt.	MI	Capital lease	2017	
Front Glory	1995	150,000 Dwt.	MI	Capital lease	2018	
Front Splendour	1995	150,000 Dwt.	MI	Capital lease	2019	
Front Ardenne	1997	153,000 Dwt.	MI	Capital lease	2020	
Front Brabant	1998	153,000 Dwt.	MI	Capital lease	2021	
Mindanao	1998	159,000 Dwt.	SG	Capital lease	2021	
Glorycrown	2009	156,000 Dwt.	HK	Capital lease	2014	(1)
Everbright	2010	156,000 Dwt.	HK	Capital lease	2015	(1)
<b>Chemical Tankers</b>						
Maria Victoria V	2008	17,000 Dwt.	PAN	Operating lease	2018	(1)
SC Guangzhou	2008	17,000 Dwt.	PAN	Operating lease	2018	(1)
<b>OBO Carriers</b>						
Front Guider	1991	169,000 Dwt.	SG	Capital lease	2015	
<b>Handysize Drybulk Carriers</b>						
SFL Spey	2011	34,000 Dwt.	HK	n/a	n/a	(2)
SFL Medway	2011	34,000 Dwt.	HK	n/a	n/a	(2)
SFL Trent	2012	34,000 Dwt.	HK	n/a	n/a	(2)
SFL Kent	2012	34,000 Dwt.	HK	n/a	n/a	(2)
Western Australia	2012	32,000 Dwt.	HK	Operating Lease	2015	
Western Houston	2012	32,000 Dwt.	HK	Operating Lease	2015	
TBN/Western Copenhagen (NB)	2013	32,000 Dwt.	HK	n/a	2016	(3)
<b>Supramax Drybulk Carriers</b>						
SFL Hudson	2009	57,000 Dwt.	MI	Operating lease	2020	
SFL Yukon	2010	57,000 Dwt.	HK	Operating lease	2018	



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<b>Vessel</b>	<b>Built</b>	<b>Dwt./ft./TEU/CEU</b>	<b>Flag</b>	<b>Lease Classification</b>	<b>Charter Termination Date</b>	
SFL Sara	2011	57,000 Dwt.	HK	Operating lease	2019	
SFL Kate	2011	57,000 Dwt.	HK	Operating lease	2021	
SFL Humber	2012	57,000 Dwt.	HK	Operating lease	2022	
<b>Containerships</b>						
SFL Europa	2003	1,700 TEU	MI	n/a	n/a	(2)
Heung-A Green	2005	1,700 TEU	MAL	Operating lease	2020	(1)
Green Ace	2005	1,700 TEU	MAL	Operating lease	2020	(1)
SFL Hunter	2006	2,800 TEU	MI	n/a	n/a	(2)
SFL Hawk	2007	2,800 TEU	MI	n/a	n/a	