

Ship Finance International LTD

Form 424B5

April 23, 2018

TABLE OF CONTENTS

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
4.875% Convertible Senior Notes due 2023	\$ 150,000,000	100%	\$ 150,000,000	\$ 18,675
Common Shares, par value \$.01 per share	(2)	(2)	(2)	(2)

(1)

This filing fee is calculated in accordance with Rule 457(r) and relates to the Registration Statement on Form F-3ASR (Registration No. 333-213782) filed by Ship Finance International Ltd. on September 30, 2016.

(2)

There are also being registered hereby an indeterminate number of common shares into which the 4.875% Convertible Senior Notes due 2023 may be converted. Pursuant to Rule 457(i) under the Securities Act, no separate registration fee is payable where convertible securities and the securities into which conversion is offered are registered at the same time and no additional consideration is to be received in connection with the exercise of the conversion privilege.

**TABLE OF CONTENTS**

Filed pursuant to Rule 424(b)(5)

Registration No. 333-213782

**PROSPECTUS SUPPLEMENT**

(To Prospectus dated September 26, 2016)

\$150,000,000

Ship Finance International Limited

4.875% Convertible Senior Notes due 2023

We are offering \$150,000,000 aggregate principal amount of our 4.875% Convertible Senior Notes due 2023 (the “notes”). The notes will bear interest at a rate equal to 4.875% per year. Interest on the notes will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, beginning August 1, 2018. Interest will accrue on the notes from the last date on which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, April 23, 2018. Unless earlier converted, redeemed or repurchased, the notes will mature on May 1, 2023. At maturity, we will pay the principal amount per note plus accrued and unpaid interest in whole in cash, or in part in common shares and in part in cash, at our election, as described in this prospectus supplement.

You may convert your notes, at your option, at any time prior to the close of business on the second scheduled trading day prior to the maturity date. Upon conversion, we will satisfy our conversion obligation by paying or delivering, as the case may be, cash, common shares or a combination of cash and our common shares, at our election, all as described in “Description of Notes—Conversion Rights—Settlement upon Conversion.”

The conversion rate will initially equal 52.8157 of our common shares per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$18.93 per common share), and will be subject to adjustment as described in this prospectus supplement. In addition, we will, in certain circumstances, increase the conversion rate for holders who convert their notes in connection with a make-whole fundamental change. See “Description of Notes—Conversion Rights—Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change.”

If 90% or more of the aggregate principal amount of the notes issued on the date of original issuance of the notes have been converted or repurchased, we may, at any time prior to the 61st scheduled trading day immediately preceding the stated maturity date and subject to certain exceptions, redeem all but not part of the remaining outstanding notes at a redemption price of 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

If a fundamental change occurs, you will have the right, at your option, to require us to repurchase your notes in cash at a price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The notes will be our senior, unsecured obligations and will rank equal in right of payment with our existing and future senior, unsecured debt, and will be senior in right of payment to any future debt that is expressly subordinated to the notes. The notes will be structurally subordinated to all debt and other liabilities and commitments of our subsidiaries, including trade payables and any guarantees that they may provide with respect to any of our existing or future debt, and will be effectively subordinated to any secured debt that we have incurred or may incur to the extent of the assets securing such debt.

Concurrently with this offering and by means of a separate prospectus supplement and accompanying prospectus, up to 7,000,000 of our common shares will be offered by selling shareholders, who will borrow such shares through lending arrangements from certain of the underwriters (or their respective affiliates), each of which is borrowing the shares either directly from SFL Capital II Ltd. (our wholly-owned subsidiary, which we refer to herein as SFLC) or from its affiliate, which in turn is borrowing the shares from SFLC. We refer to the entities that are borrowing shares from SFLC as the Share Borrowers. The borrowed shares are newly-issued shares issued in connection with this transaction and will be cancelled or held as treasury shares by us upon the expiration or the early termination of the share lending arrangements described herein (unless SFLC directs the borrowed shares to be delivered to a nominee).

We expect that the selling shareholders will sell the borrowed shares and use the resulting short position to establish their initial hedge with respect to their investments in the notes. The selling shareholders may effect such transactions by selling the borrowed shares at various prices from time to time through the Share Borrowers or their respective affiliates. The selling shareholders will receive all of the net proceeds from the sale of the borrowed shares, and neither we nor SFLC will receive any of those proceeds, but we will receive a one-time nominal fee of \$0.01 per share from SFLC for each newly issued share, and SFLC will receive a fee in respect of the borrowed shares from the Share Borrower for the use of the borrowed shares. The concurrent offering of the borrowed shares is conditioned upon the closing of this offering.

The notes will not be listed on any national securities exchange. Currently, there is no public market for the notes. Our common shares are listed on The New York Stock Exchange, or the NYSE, under the symbol "SFL." The last reported sale price of our common shares on the NYSE on April 18, 2018 was \$14.85 per share.

Investing in the notes involves a high degree of risk. Please read "Risk Factors" beginning on page S-13 of this prospectus supplement and similar sections in our filings with the Securities and Exchange Commission, or the Commission, incorporated by reference herein.

Neither the Commission nor any state securities commission has approved or disapproved the issuance 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.

	Public Offering Price(1)	Undewriting Discount	Proceeds, Before Expenses, To Us
Per note	100.0%	2.0%	98.0%
Total	\$ 150,000,000	\$ 3,000,000	\$ 147,000,000

(1)

Plus accrued interest, if any, from April 23, 2018 to the date of delivery.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to \$22,500,000 aggregate principal amount of additional notes at the public offering price less the underwriting discount, solely to cover over-allotments, if any.

The underwriters expect to deliver the notes sold on April 23, 2018.

Joint Book-Running Managers

Morgan Stanley Jefferies Citigroup

Co-Managers

DNB Markets SEAPORT GLOBAL SECURITIES BTIG

ABN AMRO ING

Prospectus Supplement dated April 19, 2018

---

TABLE OF CONTENTS

TABLE OF CONTENTS

Prospectus Supplement

<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	<u>S-ii</u>
<u>CAUTIONARY STATEMENT</u>	
<u>REGARDING FORWARD-LOOKING</u>	<u>S-iv</u>
<u>STATEMENTS</u>	
<u>MARKET AND INDUSTRY DATA</u>	<u>S-v</u>
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	<u>S-1</u>
<u>THE OFFERING</u>	<u>S-7</u>
<u>SELECTED FINANCIAL DATA</u>	<u>S-12</u>
<u>RISK FACTORS</u>	<u>S-13</u>
<u>USE OF PROCEEDS</u>	<u>S-24</u>
<u>CAPITALIZATION</u>	<u>S-25</u>
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	<u>S-26</u>
<u>DIVIDEND POLICY</u>	<u>S-27</u>
<u>PRICE RANGE OF OUR COMMON SHARES</u>	<u>S-28</u>
<u>DESCRIPTION OF NOTES</u>	<u>S-29</u>
<u>DESCRIPTION OF OTHER INDEBTEDNESS</u>	<u>S-57</u>
<u>DESCRIPTION OF SHARE LENDING AGREEMENTS</u>	<u>S-63</u>
<u>TAXATION</u>	<u>S-65</u>
<u>UNDERWRITING (CONFLICTS OF INTEREST)</u>	<u>S-76</u>
<u>EXPENSES</u>	<u>S-82</u>
<u>LEGAL MATTERS</u>	<u>S-82</u>
<u>EXPERTS</u>	<u>S-82</u>
<u>ENFORCEMENT OF CIVIL LIABILITIES</u>	<u>S-82</u>
<u>INFORMATION INCORPORATED BY REFERENCE</u>	<u>S-83</u>

Base Prospectus

<u>PROSPECTUS SUMMARY</u>	<u>1</u>
<u>RISK FACTORS</u>	<u>2</u>
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>3</u>
<u>USE OF PROCEEDS</u>	<u>5</u>
<u>PRICE RANGE OF OUR COMMON SHARES</u>	<u>6</u>
<u>CAPITALIZATION</u>	<u>7</u>
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	<u>8</u>
<u>ENFORCEMENT OF CIVIL LIABILITIES</u>	<u>9</u>
<u>SELLING SHAREHOLDERS</u>	<u>10</u>
<u>DESCRIPTION OF SHARE CAPITAL</u>	<u>11</u>
<u>DESCRIPTION OF DEBT SECURITIES</u>	<u>14</u>
<u>DESCRIPTION OF WARRANTS</u>	<u>19</u>
<u>DESCRIPTION OF PURCHASE CONTRACTS</u>	<u>20</u>

<u>DESCRIPTION OF UNITS</u>	<u>21</u>
<u>DESCRIPTION OF RIGHTS</u>	<u>22</u>
<u>PLAN OF DISTRIBUTION</u>	<u>23</u>
<u>EXPENSES</u>	<u>25</u>
<u>LEGAL MATTERS</u>	<u>26</u>
<u>EXPERTS</u>	<u>26</u>
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	<u>26</u>

S-i

---

## TABLE OF CONTENTS

### ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Commission utilizing a “shelf” registration process. This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and the notes 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 about the securities we may offer from time to time, some of which does not apply to this offering. Generally, 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 notes being offered hereby 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, “Information Incorporated by Reference” in this prospectus supplement and “Where You Can Find Additional Information” in the accompanying prospectus before investing in our notes.

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, other offering materials filed by us with the Commission, if any, or information contained in documents which you are referred to by this prospectus supplement or the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with different or additional information. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. See “Underwriting.” The information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus, or in any free writing prospectus or any other offering materials is accurate only as of the date of those documents or information, regardless of the time of delivery of the documents or information or the time of any sale of the securities. Our business, financial condition, results of operations and prospects may have changed since those dates.

We prepare our financial statements, including all of the financial statements included or incorporated by reference into 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 into 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 into 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.

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.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of notes and underlying common shares in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our or the underwriters’ behalf, to subscribe to or purchase any notes or underlying common shares, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See “Underwriting.”

The Bermuda Monetary Authority has given its consent for the issue and free transferability of our common shares to and between non-residents of Bermuda for exchange control purposes, provided our

S-ii

TABLE OF CONTENTS

shares remain listed on an appointed stock exchange, which includes the NYSE. Approvals or permissions given by the Bermuda Monetary Authority do not constitute a guarantee by the Bermuda Monetary Authority as to our performance or our creditworthiness. Accordingly, in giving such consent or permissions, the Bermuda Monetary Authority shall not be liable for the financial soundness, performance or default of our business or for the correctness of any opinions or statements expressed in this prospectus supplement or the accompanying prospectus. Certain issues and transfers of common shares or preference shares involving persons deemed resident in Bermuda for exchange control purposes may require the specific consent of the Bermuda Monetary Authority.

S-iii

---

TABLE OF CONTENTS

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 into 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 identify 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 into 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.

Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. We are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors that could cause actual results to differ materially from those contemplated. 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, but are not limited to:

- the strength of world economies;
- our ability to generate cash to service our indebtedness;
- the impact on us of any restructuring of the counterparties with whom we deal, including the ongoing restructuring of Seadrill Limited, or Seadrill;
- 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 successfully manage our planned growth properly, including accomplishing and integrating the acquisition of vessels or related businesses;
-



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 charter hire 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;

S-iv

---

TABLE OF CONTENTS

- changes in demand resulting from changes in the Organization of the Petroleum Exporting Countries' petroleum production levels and worldwide 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;
- 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;
- our inability to generate revenues from our profit sharing arrangements;
- 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, 2017, 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 or the documents incorporated by reference into 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.

#### MARKET AND INDUSTRY DATA

Certain market data contained in or incorporated by reference into this prospectus supplement or the accompanying prospectus are based on independent industry publications and reports by market research firms. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness. Some data are also based on our good faith estimates, which are derived from our review of internal surveys, as well as the independent sources referred to above.

S-v

---

**TABLE OF CONTENTS****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.

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 a large and diverse asset base across the maritime and offshore industries. As of April 17, 2018, our assets consisted of 10 crude oil tankers, 22 dry bulk carriers, 37 container vessels (including two chartered-in 19,200 TEU vessels), two car carriers, two jack-up drilling rigs, two ultra-deepwater drilling units, five offshore support vessels, two chemical tankers and two oil product tankers. Most of our vessels and rigs are employed under long term charters, which are generally contracted to expire between one and 14 years from now. We believe 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 December 31, 2017 and adjusted for subsequent vessel sales and charter cancellations was approximately \$3.1 billion, with an average remaining charter term of nearly five years, or more than eight 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, but increase our cash position. 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.

The following table sets forth summary information regarding our fleet as of March 31, 2018.

VESSEL	APPROXIMATE		FLAG	LEASE CLASSIFICATION	CHARTER EXPIRY DATE
	BUILT	DWT			
VLCCs					
Front Ariake	2001	299,000	BA	Capital lease	2023
Front Serenade	2002	299,000	LIB	Capital lease	2024
Front Hakata	2002	298,500	BA	Capital lease	2025
Front Stratus	2002	299,000	LIB	Capital lease	2025
Front Falcon	2002	309,000	BA	Capital lease	2025
Front Page	2002	299,000	LIB	Capital lease	2025
Front Energy	2004	305,000	MI	Capital lease	2027
Front Force	2004	305,000	MI	Capital lease	2027
Suezmaxes					
Glorycrown	2009	156,000	MI	n/a	n/a(4)
Everbright	2010	156,000	MI	n/a	n/a(4)

S-1

TABLE OF CONTENTS

VESSEL	APPROXIMATE		FLAG	LEASE CLASSIFICATION	CHARTER EXPIRY DATE	
	BUILT	DWT				
Product Tankers						
SFL Trinity	2017	114,000	MI	Operating lease	2024	
SFL Sabine	2017	114,000	MI	Operating lease	2024	
Chemical Tankers						
Maria Victoria V	2008	17,000	PAN	Operating lease	2021(1)	
SC Guangzhou	2008	17,000	PAN	Operating lease	2021(1)	
Capesize Dry Bulk Carriers						
Belgravia	2009	170,000	MI	Operating lease	2025(1)	
Battersea	2009	170,000	MI	Operating lease	2025(1)	
Golden Magnum	2009	180,000	HK	Operating lease	2025(1)	
Golden Beijing	2010	176,000	HK	Operating lease	2025(1)	
Golden Future	2010	176,000	HK	Operating lease	2025(1)	
Golden Zhejiang	2010	176,000	HK	Operating lease	2025(1)	
Golden Zhoushan	2011	176,000	HK	Operating lease	2025(1)	
KSL China	2013	180,000	MI	Operating lease	2025(1)	
Kamsarmax Dry Bulk Carriers						
Sinochart Beijing	2012	82,000	HK	Operating lease	2022	
Min Sheng 1	2012	82,000	HK	Operating lease	2022	
Handysize Dry Bulk Carriers						
SFL Spey	2011	34,000	HK	n/a	n/a(4)	
SFL Medway	2011	34,000	HK	n/a	n/a(4)	
SFL Trent	2012	34,000	HK	n/a	n/a(4)	
SFL Kent	2012	34,000	HK	n/a	n/a(4)	
SFL Tyne	2011	32,000	HK	n/a	n/a(4)	
SFL Clyde	2012	32,000	HK	n/a	n/a(4)	
SFL Dee	2013	32,000	HK	n/a	n/a(4)	
Supramax Dry Bulk Carriers						
SFL Hudson	2009	57,000	MI	Operating lease	2020	
SFL Yukon	2010	57,000	HK	Operating lease	2018	
SFL Sara	2011	57,000	HK	Operating lease	2019	
SFL Kate	2011	57,000	HK	Operating lease	2021	
SFL Humber	2012	57,000	HK	Operating lease	2022	
Container Vessels						
MSC Margarita	2001	5,800	TEU	LIB	Operating lease	2019(1)
MSC Vidhi	2002	5,800	TEU	LIB	Operating lease	2019(1)
MSC Vaishnavi R.	2002	4,100	TEU	LIB	Operating lease	2019(1)
MSC Julia R.	2002	4,100	TEU	LIB	Operating lease	2019(1)
MSC Arushi R.	2002	4,100	TEU	LIB	Operating lease	2019(1)

Edgar Filing: Ship Finance International LTD - Form 424B5

MSC Katya R.	2002	4,100	TEU	LIB	Operating lease	2019(1)
MSC Anisha R.	2002	4,100	TEU	LIB	Operating lease	2020(1)
MSC Vidisha R.	2002	4,100	TEU	LIB	Operating lease	2020(1)
MSC Zlata R.	2002	4,100	TEU	LIB	Operating lease	2020(1)

S-2

---

TABLE OF CONTENTS

VESSEL	APPROXIMATE		FLAG	LEASE CLASSIFICATION	CHARTER EXPIRY DATE	
	BUILT	DWT				
MSC Alice	2003	1,700	TEU	MI	Capital lease	2022
Heung-A Green	2005	1,700	TEU	MAL	Operating lease	2020(1)
Green Ace	2005	1,700	TEU	MAL	Operating lease	2020(1)
SFL Avon	2010	1,700	TEU	MI	n/a	n/a(4)
San Felipe	2014	8,700	TEU	MI	Operating lease	2021
San Felix	2014	8,700	TEU	MI	Operating lease	2021
San Fernando	2015	8,700	TEU	MI	Operating lease	2022
San Francisca	2015	8,700	TEU	MI	Operating lease	2022
Maersk Sarat	2015	9,500	TEU	LIB	Operating lease	2020
Maersk Skarstind	2016	9,500	TEU	LIB	Operating lease	2021
Maersk Shivling	2016	9,300	TEU	LIB	Operating lease	2021
MSC Anna	2016	19,200	TEU	LIB	Capital lease	2031(5)
MSC Viviana	2017	19,200	TEU	LIB	Capital lease	2032(5)
15 Container Vessels(6)						
Car Carriers						
Glovis Composer	2005	6,500	CEU	HK	n/a	n/a(4)
Glovis Conductor	2006	6,500	CEU	PAN	n/a	n/a(4)
Jack-Up Drilling Rigs						
Soehanah	2007	375	ft.	PAN	Operating lease	2018(1)
West Linus	2014	450	ft.	NOR	Capital lease	2029(1)
Ultra-Deepwater Drill Units						
West Hercules	2008	10,000	ft.	PAN	Capital lease	2024(1)(7)
West Taurus	2008	10,000	ft.	PAN	Capital lease	2024(1)(7)
Offshore Support Vessels						
Sea Leopard	1998	AHTS(2)		CYP	Capital lease	2027
Sea Cheetah	2007	AHTS(2)		CYP	Operating lease	2027
Sea Jaguar	2007	AHTS(2)		CYP	Operating lease	2027
Sea Halibut	2007	PSV(3)		CYP	Operating lease	2027
Sea Pike	2007	PSV(3)		CYP	Operating lease	2027

Key to Flags: BA—Bahamas, CYP—Cyprus, MAL—Malta, HK—Hong Kong, LIB—Liberia, MI—Marshall Islands, PAN—Panama, NOR—Norway.

Notes:

(1)

Charterer has purchase options during the term of the charter.

(2)

Anchor handling tug supply vessel (AHTS).

(3)

Platform supply vessel (PSV).

(4)

Currently employed on a short-term charter, trading in the spot market, or idle and being marketed for a new charter.

(5)

Vessel chartered-in.

(6)

In April 2018, the Company took delivery of the previously announced block acquisition of 15 feeder size container vessels, ranging from 1,100 TEU to 4,400 TEU, which immediately commenced their seven-year bareboat charter to a leading container line.

(7)

The period of the charters is subject to court approval of Seadrill's restructuring plan.

S-3

---



## TABLE OF CONTENTS

Our primary objective is to continue to grow our business through accretive acquisitions, which may include acquisitions of vessels and acquiring other companies, across a diverse range of marine and offshore asset classes. In doing so, our strategy is to expand and diversify our customer base and generate stable and increasing cash flows by chartering our assets primarily under medium to long-term bareboat or time charters.

We have paid dividends for 56 consecutive quarters, including the announced dividend payment of \$0.35 per share in respect of the quarter ending December 31, 2017, which was paid on March 27, 2018 to shareholders of record as of March 16, 2018. For the years ended December 31, 2015, 2016 and 2017, we paid aggregate dividends in cash to our shareholders in the amounts of \$162.6 million (\$1.74 per share), \$168.3 million (\$1.80 per share) and \$152.9 million (\$1.60 per share) respectively. Our ability to pay dividends is always subject to the discretion of our Board of Directors, the requirements of Bermuda law and the limitations contained in our bond and debt facilities and there can be no assurance we will continue to pay dividends in equal amounts, if at all. Please see “Risk Factors—Risks Related to the Notes and our Common Shares—Changes in our dividend policy could adversely affect holders of our common shares.”

### Corporate Debt and Dividend Structure

As of December 31, 2017, after giving pro forma effect to the issuance of the notes (assuming no exercise of the underwriters’ option to purchase additional notes), on a consolidated basis, we would have had approximately \$1.7 billion of debt outstanding. As of December 31, 2017, our subsidiaries, including our unconsolidated subsidiaries, had \$2.3 billion in total principal debt outstanding, of which \$1.9 billion was secured debt. The notes will be structurally subordinated in right of payment to the liabilities of our subsidiaries.

### Recent and Other Developments

#### Concurrent Transaction

Concurrently with this offering and by means of a separate prospectus supplement and accompanying prospectus, up to 7,000,000 of our common shares will be offered by selling shareholders, who will borrow such shares through lending arrangements from certain of the underwriters (or their respective affiliates), each of which is borrowing the shares either directly from SFLC or from its affiliate, which in turn is borrowing the shares from SFLC. We refer to the entities that are borrowing shares from SFLC as the Share Borrowers. The borrowed shares are newly-issued shares issued in connection with this transaction and will be cancelled or held as treasury shares held by us upon the expiration or the early termination of the share lending arrangements described herein (unless SFLC directs the borrowed shares to be delivered to a nominee). We expect that the selling shareholders will sell the borrowed shares and use the resulting short position to establish their initial hedge with respect to their investments in the notes. The selling shareholders may effect such transactions by selling the borrowed shares at various prices from time to time through the Share Borrowers or their respective affiliates. The concurrent offering of the borrowed shares is conditioned upon the closing of this offering.

The selling shareholders will receive all of the net proceeds from the sale of the borrowed shares, and neither we nor SFLC will receive any of those proceeds, but we will receive a one-time nominal fee of \$0.01 per share for each newly-issued share from SFLC, and SFLC will receive a fee in respect of the borrowed shares from the Share Borrower for the use of the borrowed shares. The Share Borrowers have agreed to pay SFLC an amount of cash equal to the aggregate dividend paid for any cash dividend or distribution we make in respect of the borrowed shares. See “Description of Share Lending Agreements” and “Underwriting.”

#### Seadrill Restructuring

In September 2017, Seadrill commenced Chapter 11 proceedings and filed prearranged cases in the U.S. Southern District of Texas. According to Seadrill, this is part of a comprehensive restructuring plan entered into with various creditors including us, certain third party and related party investors and substantially all their secured lenders on a recapitalization of Seadrill. Seadrill believes the comprehensive

S-4

---

## TABLE OF CONTENTS

restructuring plan will provide them with a five-year runway and a bridge to an industry recovery, facilitated by a \$1.06 billion capital injection, extended and re-profiled secured bank debt and debt for equity exchanges, all of which contribute to substantially reducing Seadrill's financial leverage.

As part of Seadrill's restructuring plan, we have agreed to reduce the contractual charter hire for three of our drilling rigs, West Hercules, West Taurus and West Linus, which are bareboat chartered to fully guaranteed affiliates of Seadrill, by approximately 29% for a period of five years, beginning January 2018, with the reduced amounts added back in the period thereafter. The term of the leases for two of the drilling rigs will also be extended by 13 months until December 2024. Concurrently, we have agreed with the banks that finance the rigs to extend the loans for a period of four years, starting from the original maturity date of each of the three separate loan facilities, with reduced amortization during the extension period compared to the current level. This extension is subject to approval of the restructuring plan by the court.

According to Seadrill Limited it has received near unanimous support for its Chapter 11 Plan of Reorganization (the "Plan") filed with the U.S. Bankruptcy Court for the Southern District of Texas and reorganization efforts. 99.8% of all voting creditors on the Plan aggregated across all creditors classes (excluding ballots cast by holders of interests) voted to accept the Plan. 86% of Seadrill shareholders also voted to accept the Plan. The Plan received approval from every single class of creditors and holders of interests entitled to vote, far exceeding the required thresholds and was approved by the court on April 17, 2018.

For further information on the Seadrill restructuring, please see our Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited condensed consolidated financial statements and related notes for the year ended December 31, 2017, included in our annual report on Form 20-F filed with the Commission on March 26, 2018 and incorporated by reference herein.

### Solship

The Company has five offshore supply vessels on long term charters to an indirect wholly-owned subsidiary of Solstad Farstad ASA (OSE:SOFF) ("Solstad Farstad"). While there are no performance guarantees from Solstad Farstad for these charters, the charters are guaranteed by the charterer's parent, Solship Invest 3 AS ("Solship"), which is wholly-owned by Solstad Farstad. With the severe downturn in the market for offshore support vessels, the financial situation of both the charterer and the charter guarantor (Solship) has deteriorated. Solship has recently engaged in discussions with its financial creditors, including the Company, regarding restructuring its capital structure and the outcome of these discussions is still pending. The Company and other major financial stakeholders in Solship have agreed to defer payment of any amounts owed to the respective parties until early May 2018 while the discussions are ongoing. Our estimated charter backlog relating to these five offshore supply vessels represents approximately 3% of our total estimated charter backlog as of December 31, 2017. We have provided a limited corporate guarantee of \$30 million under the related financing of the five vessels.

### Other Developments

In January 2018, Trym Otto Sjølie joined the Company as Chief Operating Officer. Mr. Sjølie has a background spanning 25 years in the shipping industry in diverse capacities, ranging from asset management, technical and operational management, chartering and engineering. Prior to joining the Company, Mr. Sjølie served as the Managing Director of a shipping fund with a diverse fleet of vessels across multiple asset classes. He previously worked for Höegh Autoliners, a leading international car carrier operator, from 1998 to 2010. Mr. Sjølie holds a Master of Science degree in Marine engineering and Naval Architecture from the Norwegian University of Science and Technology (NTNU) and a Master of Management Degree from BI Norwegian Business School.

In February 2018, the Company sold the 1999-built VLCC Front Circassia to an unrelated third party. The net sale proceeds were approximately \$17.5 million, and in addition, the Company will receive an interest bearing loan note of approximately \$8.9 million from Frontline Shipping as compensation for the early termination of the charter.

In March 2018, the Company agreed to acquire a fleet of 15 feeder size container vessels, ranging from 1,100 TEU to 4,400 TEU, along with long-term bareboat charters to a leading container line. The charter term will be seven years from delivery, with subsequent purchase obligations by the charterer. The vessels were delivered in April 2018.

TABLE OF CONTENTS

In March 2018, the Company announced that it has agreed to sell the 1,700 TEU container vessel SFL Avon to an unrelated third party. The net sales proceeds will be approximately \$12.5 million and delivery to the new owner is expected in May 2018.

In April 2018, the Company agreed to extend the charters for the two chemical tankers currently on charter to Sinochem Shipping Co. Ltd. by three years, until 2021.

Corporate Information

We are a holding company incorporated under the laws of Bermuda. We operate through our vessel owning and other subsidiaries incorporated in Bermuda, Liberia, Norway, Cyprus, Malta, the Marshall Islands and the United Kingdom. Our principal executive offices are located at Par-la-Ville Place, 14 Par-la-Ville Road, Hamilton, HM 08, Bermuda, and our telephone number is +1 (441) 295-9500. We maintain an internet site at <http://www.shipfinance.bm>. The information contained at our internet site is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider it a part of this prospectus supplement or the accompanying prospectus.

The information above concerning us is only a summary and does not purport to be comprehensive or complete. For additional information about us, you should refer to the information described in “Information Incorporated by Reference” in this prospectus supplement and “Where You Can Find Additional Information” in the accompanying prospectus.

S-6

---

TABLE OF CONTENTS

THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of Notes” section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes. As used in this section, “we,” “our,” and “us” refer to Ship Finance International Limited and not to any of its existing or future subsidiaries.

Issuer

Ship Finance International Limited, a Bermuda exempted company.

Notes

\$150,000,000 aggregate principal amount of 4.875% Convertible Senior Notes due 2023 (plus up to an additional \$22,500,000 aggregate principal amount to cover over-allotments).

Maturity

May 1, 2023, unless earlier converted, redeemed or repurchased. At maturity, we will pay the principal amount per note plus accrued and unpaid interest in whole in cash, or in part in common shares and in part in cash, at our election, as described in this prospectus supplement.

Offering Price

100%

Interest

4.875% per year. Interest will accrue on the notes from the last date on which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, April 23, 2018 and will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, beginning on August 1, 2018.

Conversion Rights

You may convert your notes, at your option, in integral multiples of \$1,000 principal amount, at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date.

Upon conversion, we will satisfy our conversion obligation by paying or delivering, as the case may be, cash, our common shares or a combination of cash and our common shares, at our election, all as described in “Description of Notes—Conversion Rights—Settlement upon Conversion.”

Upon conversion of your notes, we will deliver common shares and cash in lieu of fractional common shares, all as described in “Description of Notes—Conversion Rights—Settlement upon Conversion.”

The conversion rate will initially equal 52.8157 of our common shares per \$1,000 principal amount of notes (equivalent to a conversion price of approximately \$18.93 per common share), and will be subject to adjustment as described in this prospectus supplement. In addition, we will, in certain circumstances, increase the conversion rate for holders who convert their notes in connection with a make-whole fundamental change. See “Description of Notes—Conversion Rights—Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change.” Except in the limited circumstances described in “Description of Notes—Conversion Rights,” upon conversion, you will not receive any separate cash payment for accrued and unpaid interest, if any. Instead, our delivery to you of the consideration

S-7

---

TABLE OF CONTENTS

due upon conversion will be deemed to satisfy in full our obligation to pay the principal amount of your note and any accrued and unpaid interest on your note to, but excluding, the conversion date.

**Fundamental Change**

If a fundamental change occurs at any time prior to the maturity date, holders will have the right to require us to repurchase their notes in cash at a price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. See “Description of Notes—Fundamental Change Permits Holders to Require Us to Repurchase Notes.” In addition, every fundamental change is a make-whole fundamental change. As a result, we will, in certain circumstances, increase the conversion rate for holders who convert their notes on or after the effective date for a fundamental change and up to, and including, the later of the close of business on the business day immediately prior to the related fundamental change repurchase date and the close of business on the 35th business day immediately following the date we give notice to holders of the occurrence of the fundamental change. See “Description of Notes—Conversion Rights—Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change.”

**Redemption at Our Option**

At any time prior to the 61st scheduled trading day immediately preceding the scheduled maturity date, if 90% or more of the aggregate principal amount of the notes issued on the date of original issuance have been previously purchased or converted, we may redeem all but not part of the remaining outstanding notes at a redemption price, payable in cash, equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but not including, the redemption date; provided, however, that on or after February 1, 2023, we may only redeem the notes if we have elected stock settlement as the settlement method for conversions on or after February 1, 2023. See “Description of Notes—Optional Redemption.

**Additional Amounts**

All payments and deliveries made by us or any successor to us under or with respect to the notes, including, but not limited to, payments of principal, payments of interest and payments or deliveries, as the case may be, of cash, our common shares or a combination of cash and our common shares upon conversion, will be made without withholding or deductions, unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required by certain jurisdictions, we will pay such additional amounts as may be necessary to ensure that the net amount received by the holder after such withholding or deduction (and after deducting any taxes on the additional amounts) shall equal the amounts that would have been received by such holder had no such withholding or deduction been required, subject to certain exceptions set forth under “Description of Notes—Additional Amounts.”

S-8

---

## TABLE OF CONTENTS

### Ranking

The notes will be our senior, unsecured obligations and will rank equal in right of payment with our existing and future senior, unsecured debt, and will be senior in right of payment to any future debt that is expressly subordinated to the notes. The notes will be structurally subordinated to all debt and other liabilities and commitments of our subsidiaries, including trade payables and any guarantees that they may provide with respect to any of our existing or future debt, and will be effectively subordinated to any secured debt that we may incur to the extent of the assets securing such debt.

As of December 31, 2017, on a consolidated basis, we had approximately \$1.5 billion of debt principal outstanding, of which \$1081 million is secured indebtedness (all of which was at the subsidiary level, and none of which was subordinated indebtedness). As of December 31, 2017, after giving pro forma effect to the issuance of the notes (assuming no exercise of the underwriters' option to purchase additional notes), on a consolidated basis, we would have had approximately \$1.7 billion of debt outstanding. As of December 31, 2017, our subsidiaries, including our unconsolidated subsidiaries, had \$2.3 billion in total principal debt outstanding, of which \$1.9 billion was secured debt. The notes will be structurally subordinated in right of payment to the liabilities of our subsidiaries.

### Use of Proceeds

We estimate that the proceeds from this offering will be approximately \$146.7 million (or approximately \$168.7 million if the underwriters exercise their option to purchase additional notes with respect to the offering in full), after deducting underwriting discounts and commissions and estimated expenses of this offering of approximately \$3.3 million (or approximately \$3.8 million if the underwriters exercise their option to purchase additional notes with respect to the offering in full).

We intend to use the net proceeds from this offering for general corporate purposes, including working capital. We continuously evaluate potential transactions that we believe will be accretive to earnings, enhance shareholder value or are in the best interests of the Company. Any funds received may be used by us for any corporate purpose, which may include pursuit of other business combinations, the acquisition of vessels or related businesses, the expansion of our operations, repayment of existing debt, share repurchases, short term investments or other uses.

See "Risk Factors—Risks Related to the Notes and our Common Shares—We have not identified any specific use of the net proceeds of this offering of the notes," and "Use of Proceeds."

### Book-Entry Form

The notes will be issued in book-entry form and will be represented by permanent global notes deposited with, or on behalf of, The Depository Trust Company, or "DTC," and registered in the name of Cede & Co., as the nominee of DTC. Beneficial interests in the global notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such beneficial interests may be exchanged for certificated securities only in limited circumstances.

S-9

---

**TABLE OF CONTENTS**

**Absence of a Public Market For The Notes**

The notes are new securities, and there is currently no established market for the notes. We do not intend to apply for a listing of the notes on any securities exchange or for their inclusion in any automated dealer quotation system.

Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market for the notes. However, they are not obligated to do so, and they may discontinue any market-making with respect to the notes at any time and without warning.

**NYSE Symbol For Our Common Stock**

Our common shares are quoted under the symbol “SFL” on the NYSE.

**Trustee, Registrar, Transfer Agent, Paying Agent and Conversion Agent**

U.S. Bank National Association. We maintain banking relationships in the ordinary course of business with U.S. Bank National Association and its affiliates. See “Description of Notes—Trustee.”

**Important U.S. Federal Income Tax Consequences**

We may be treated as a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes. If we are treated as a PFIC for any taxable year, we will inform investors of our status. Prospective U.S. Holders should consult with their tax advisors as to the consequences of our being a PFIC for any taxable year, including the availability of, and whether or not to make, a QEF election, and should carefully review the information set forth under “Taxation—U.S. Taxation” for additional information.

For the U.S. federal income tax consequences of the holding, disposition and conversion of the notes, and the holding and disposition of our common shares, see “Taxation.”

**Concurrent Offering Of Borrowed Shares**

Concurrently with this offering, up to 7,000,000 of our common shares will be offered, by means of a separate prospectus supplement and accompanying prospectus, by selling shareholders, who will borrow such shares through a lending arrangement from certain of the underwriters (or their respective affiliates), each of which is borrowing the shares either directly from SFLC or from its affiliate, which in turn is borrowing the shares from SFLC. We refer to the entities that are borrowing shares from SFLC as the Share Borrowers. The borrowed shares are newly-issued shares issued in connection with this transaction and will be cancelled or held as treasury shares by us upon the expiration or the early termination of the share lending arrangements described herein (unless SFLC directs the borrowed shares to be delivered to a nominee). We expect that the selling shareholders will sell the borrowed shares and use the resulting short position to establish their initial hedge with respect to their investments in the notes. The selling shareholders may effect such transactions by selling the borrowed shares at various prices from time to time through the Share Borrowers or their respective affiliates. The concurrent offering of the borrowed shares is conditioned upon the closing of this offering.

S-10

---

**TABLE OF CONTENTS**

The selling shareholders will receive all of the net proceeds from the sale of the borrowed shares, and neither we nor SFLC will receive any of those proceeds, but we will receive a one-time nominal fee of \$0.01 per share from SFLC for each newly-issued share, and SFLC will receive a fee in respect of the borrowed shares from the Share Borrower for the use of the borrowed shares. Pursuant to the lending agreements between SFLC and each of the Share Borrowers, the Share Borrowers have agreed to pay SFLC an amount of cash equal to the aggregate dividend paid for any cash dividend or distribution we make in respect of the borrowed shares. See “Description of Share Lending Agreements” and “Underwriting.”

**Risk Factors**

Investing in the notes involves risks. Before deciding whether to invest in the notes, you should carefully consider the risks described under “Risk Factors” beginning on page S-13 of this prospectus supplement, as well as the other information included or incorporated by reference into this prospectus supplement, including our financial statements and the notes thereto.

S-11

---



**TABLE OF CONTENTS****SELECTED FINANCIAL DATA**

Our selected income statement and cash flow statement data with respect to the fiscal years ended December 31, 2017, 2016 and 2015 and our selected balance sheet data with respect to the fiscal years ended December 31, 2017 and 2016, which have been audited by MSPC, Certified Public Accountants and Advisors, A Professional Corporation, our independent registered public accounting firm, as indicated in their report incorporated by reference herein.

The selected income statement and cash flow statement data for the fiscal years ended December 31, 2014 and 2013 and the selected balance sheet data for the fiscal years ended December 31, 2015, 2014 and 2013 have been derived from our consolidated financial statements not included herein. The selected financial data set forth below should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements, including the related notes thereto, incorporated by reference herein, and “Item 5. Operating and Financial Review and Prospects” included in our annual report on Form 20-F for the year ended December 31, 2017, which are incorporated by reference herein. The summary historical financial information provided below does not purport to indicate results of operations as of any future date or for any future period.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(in thousands of dollars except common share and per share data)				
<b>Income Statement Data:</b>					
Total operating revenues	380,878	412,951	406,740	327,487	270,860
Net operating income	154,626	168,089	166,046	145,146	117,366
Net income	101,209	146,406	200,832	122,815	89,206
Earnings per share, basic	\$ 1.06	\$ 1.57	\$ 2.15	\$ 1.32	\$ 1.00
Earnings per share, diluted	\$ 1.03	\$ 1.50	\$ 1.88	\$ 1.24	\$ 0.99
Dividends declared	152,907	168,289	162,594	152,142	109,114
Dividends declared per share	\$ 1.60	\$ 1.80	\$ 1.74	\$ 1.63	\$ 1.17

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(in thousands of dollars except common share and per share data)				
<b>Balance Sheet Data (at end of period):</b>					
Cash and cash equivalents	153,052	62,382	70,175	50,818	58,641
Vessels and equipment, net (including newbuildings)	1,762,596	1,770,616	1,681,466	1,464,700	1,215,624
Investment in direct financing and sales-type leases (including current portion)	618,071	556,035	511,443	746,531	903,408
Investment in associated companies (including loans and receivables)	328,505	330,877	495,479	399,488	571,702
Total assets	3,012,082	2,937,377	3,032,554	3,004,596	3,004,505
Short and long term debt (including current portion)	1,504,007	1,552,874	1,634,205	1,695,501	1,695,401
Capital lease obligations (including current portion)	239,607	122,403	—	—	—
Share capital	1,109	1,015	93,468	93,404	93,260

Edgar Filing: Ship Finance International LTD - Form 424B5

Stockholders' equity	1,194,997	1,134,095	1,241,810	1,153,492	1,191,933
Common shares outstanding(1)	110,930,873	101,504,575	93,468,000	93,404,000	93,260,000
Weighted average common shares outstanding(1)	95,596,644	93,496,744	93,449,904	93,330,622	89,508,233
Cash Flow Data:					
Cash provided by operating activities	177,796	230,073	258,401	132,401	140,124
Cash provided by (used in) investing activities	48,362	39,399	(205,782)	(21,940)	(73,982)
Cash used in financing activities	(135,488)	(277,265)	(33,262)	(118,284)	(68,043)

Note 1: The number of common shares outstanding at December 31, 2017 and 2016 includes 8,000,000 shares issued as part of a share lending arrangement relating to the issue in October 2016 of senior unsecured convertible bonds. These shares are owned by the Company and will be returned on or before maturity of the bonds in 2021.

Accordingly, they are not included in the weighted average number of common shares outstanding at December 31, 2017 and 2016.

S-12

---

## TABLE OF CONTENTS

### RISK FACTORS

An investment in our notes involves a high degree of risk, including the risks we face described in the accompanying prospectus and the documents incorporated by reference herein. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein also contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face described in the accompanying prospectus and the documents incorporated by reference herein.

This prospectus supplement does not describe all of the risks of an investment in the notes. You should consult your own financial and legal advisors about the risks entailed by an investment in the notes and the suitability of your investment in the notes in light of your particular circumstances. Before you decide to invest in our securities, you should carefully consider the risks and the discussion of risks under the heading “Risk Factors” in the accompanying prospectus and in our annual report for the year ended December 31, 2017 on Form 20-F, filed with the Commission on March 26, 2018. In addition, you should carefully consider the risks set forth below, as well as other information included in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference into this prospectus supplement that summarize the risks that may materially affect our business. Please refer to the sections entitled “Information Incorporated by Reference” in this prospectus supplement and “Where You Can Find Additional Information” in the accompanying prospectus.

#### Risks Related to the Notes and Our Common Shares

We expect that the trading price of the notes will be significantly affected by the market price of our common shares, the general level of interest rates, and our credit quality, each of which may be volatile.

The market price of our common shares, as well as the general level of interest rates and our credit quality, will likely significantly affect the trading price of the notes. Each may be volatile and could fluctuate in a way that adversely affects the trading price of the notes and our shares.

We cannot predict whether the market price of our common shares will rise or fall. The market price of our common shares will be influenced by a number of factors, including general market conditions, variations in our operating results, earnings per share, cash flows, deferred revenue, other financial and non-financial metrics and other factors described in greater detail elsewhere in this section, many of which are beyond our control.

The market price of our common shares also could be affected by possible sales of common shares by investors who view the notes as an attractive means of equity participation in us and by hedging or arbitrage activity involving our common shares that we expect to develop as a result of the issuance of the notes, including in connection with the concurrent transaction. The hedging or arbitrage activity could, in turn, affect the trading prices of the notes.

We also cannot predict whether interest rates will rise or fall. During the term of the notes, interest rates will be influenced by a number of factors, most of which are beyond our control. However, if interest rates increase, the premium associated with the convertibility of the notes will increase, but the trading price of the notes will decrease, and if interest rates decrease, the premium associated with the convertibility of the notes will decrease, but the trading price of the notes will increase.

In addition, our credit quality may vary substantially during the term of the notes and will be influenced by a number of factors, including variations in our cash flows, our ability to comply with the covenants in our credit facilities and obtain waivers for any breaches and the amount of indebtedness we have outstanding. Any decrease in our credit quality is likely to negatively impact the trading price of the notes.

The notes are effectively subordinated to our secured debt and any liabilities of our subsidiaries.

The notes will rank senior in right of payment to any of our future indebtedness that is expressly subordinated in right of payment to the notes; equally in right of payment with any of our existing and

TABLE OF CONTENTS

future liabilities that are not so subordinated; effectively junior in right of payment to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries.

In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure debt will be available to pay obligations on the notes only after the secured debt has been repaid in full. There may not be sufficient assets remaining to pay amounts due on any or all of the notes then outstanding. The indenture governing the notes does not prohibit us from incurring additional senior debt or secured debt, nor does it prohibit any of our subsidiaries from incurring additional debt.

As of December 31, 2017, on a consolidated basis, we had approximately \$1.5 billion of debt principal outstanding, of which \$1081 million is secured indebtedness (all of which was at the subsidiary level, and none of which was subordinated indebtedness). As of December 31, 2017, after giving pro forma effect to the issuance of the notes (assuming no exercise of the underwriters' option to purchase additional notes), on a consolidated basis, we would have had approximately \$1.7 billion of debt outstanding. As of December 31, 2017, our subsidiaries, including our unconsolidated subsidiaries, had \$2.3 billion in total principal debt outstanding, of which \$1.9 billion was secured debt. The notes will be structurally subordinated in right of payment to the liabilities of our subsidiaries.

The notes are our obligations only and our operations are conducted through, and substantially all of our assets are held by, our subsidiaries.

The notes are our obligations exclusively and are not guaranteed by any of our subsidiaries. Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our ability to service our debt, including the notes, depends on the results of operations of our subsidiaries and upon the ability of such subsidiaries to provide us with cash, whether in the form of dividends, loans or otherwise, to pay amounts due on our obligations, including the notes. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the notes or to make any funds available for that purpose. In addition, dividends, loans or other distributions to us from such subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations. The notes will be structurally subordinated in right of payment to our subsidiaries' liabilities. We are highly leveraged and subject to restrictions in our financing agreements that impose constraints on our operating and financing flexibility.

We have significant indebtedness outstanding under our Norwegian kroner, or NOK, 900 million senior unsecured bonds due 2019, our NOK 500 million senior unsecured bonds due 2020 and our unsecured 5.75% Convertible Senior Notes due 2021. We have also entered into loan facilities that we have used to refinance existing indebtedness and to acquire additional vessels. We may need to refinance some or all of our indebtedness on maturity of our convertible notes, bonds or loan facilities and to acquire additional vessels in the future. We cannot assure you that we will be able to do so on terms acceptable to us or at all. If we cannot refinance our indebtedness, we will have to dedicate some or all of our cash flows, and we may be required to sell some of our assets, to pay the principal and interest on our indebtedness. In such a case, we may not be able to pay dividends to our shareholders and may not be able to grow our fleet as planned. We may incur additional debt in the future.

Our loan facilities and the indentures for our convertible notes and bonds subject us to limitations on our business and future financing activities, including:

- limitations on the incurrence of additional indebtedness, including issuance of additional guarantees;
- limitations on incurrence of liens;
- limitations on our ability to pay dividends and make other distributions; and
- limitations on our ability to renegotiate or amend our charters, management agreements and other material agreements.

S-14

---

TABLE OF CONTENTS

Further, our loan facilities contain financial covenants that require us to, among other things:

- provide additional security under the loan facility or prepay an amount of the loan facility as necessary to maintain the fair market value of our vessels securing the loan facility at not less than specified percentages (ranging from 100% to 150%) of the principal amount outstanding under the loan facility;
- maintain available cash on a consolidated basis of not less than \$25 million;
- maintain positive working capital on a consolidated basis; and
- maintain a ratio of total liabilities to adjusted total assets of less than 0.80.

Under the terms of our loan facilities, we may not make distributions to our shareholders if we do not satisfy these covenants or receive waivers from the lenders. We cannot assure you that we will be able to satisfy these covenants in the future.

Due to these restrictions, we may need to seek permission from our lenders in order to engage in some corporate actions. Our lenders' interests may be different from ours and we cannot guarantee that we will be able to obtain our lenders' permission when needed. This may prevent us from taking actions that are in our best interests.

Our debt service obligations require us to dedicate a substantial portion of our cash flows from operations to required payments on indebtedness and could limit our ability to obtain additional financing, make capital expenditures and acquisitions, and carry out other general corporate activities in the future. These obligations may also limit our flexibility in planning for, or reacting to, changes in our business and the shipping industry or detract from our ability to successfully withstand a downturn in our business or the economy generally. This may place us at a competitive disadvantage to other less leveraged competitors.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt because of factors beyond our control, including the failure of our existing profit sharing arrangements to generate revenues. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our subsidiaries may also be restricted by the terms of their credit facilities from distributing the necessary cash to us to pay our debt. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We may still incur substantially more debt or take other actions which would intensify the risks discussed above.

We and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. We will not be restricted under the terms of the indenture governing the notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the indenture governing the notes that could have the effect of diminishing our ability to make payments on the notes when due. Our existing credit facilities restrict our ability to incur additional indebtedness, including secured indebtedness, but if the facilities mature or are repaid, we may not be subject to such restrictions under the terms of any subsequent indebtedness.

TABLE OF CONTENTS

The notes and the indenture that will govern the notes will contain limited protections against certain types of important corporate events and may not protect your investment upon the occurrence of such corporate events and will not protect your investment upon the occurrence of other corporate events.

The indenture for the notes will not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity;
- protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;
- limit our ability to pledge assets to secure our existing or future debt;
- limit our ability to incur indebtedness that is equal in right of payment to the notes;
- limit our ability to incur indebtedness with a maturity date earlier than the maturity date of the notes;
- restrict the ability of our subsidiaries to issue securities or incur liability that would be structurally senior to our indebtedness;
- restrict our ability to purchase or prepay our securities; or
- restrict our ability to make investments or to purchase or pay dividends or make other payments in respect of our common shares or other securities ranking junior to the notes.

In addition, the indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change involving us except to the extent described under “Description of Notes—Fundamental Change Permits Holders to Require Us to Repurchase Notes,” “Description of Notes—Conversion Rights—Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change” and “Description of Notes—Consolidation, Merger and Sale of Assets.” Consequently, your rights under the notes may be substantially and adversely affected upon any fundamental change or if we or our subsidiaries take certain actions that could either increase the probability that we default on the notes or reduce the recovery that you are likely to receive upon any such default.

Regulatory actions and other events may adversely affect the trading price and liquidity of the notes.

We expect that many investors in, and potential purchasers of, the notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the notes. Investors would typically implement such a strategy by selling short the common shares underlying the notes and dynamically adjusting their short position while continuing to hold the notes. Investors may also implement this type of strategy by entering into swaps on our common shares in lieu of or in addition to short selling the common shares.

The Commission and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common shares). These rules and actions include Rule 201 of Commission Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a “Limit Up-Limit Down” program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain

regulatory reforms required by the Dodd-Frank Act. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the notes to effect short sales of our common shares or enter into swaps on our common shares could adversely affect the trading price and the liquidity of the notes.

In addition, if investors and potential purchasers seeking to employ a convertible arbitrage strategy are unable to borrow or enter into swaps on our common shares, in each case on commercially reasonable terms, the trading price and liquidity of the notes may be adversely affected.

S-16

---



TABLE OF CONTENTS

Future sales of our common shares in the public market, as well as sales of the borrowed shares in the concurrent offering, could lower the market price for our common shares and adversely impact the trading price of the notes. In the future, we may sell additional common shares to raise capital. In addition, a substantial number of common shares are reserved for issuance and upon the conversion of the notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common shares. Sales of a substantial number of common shares in the public market, including sales by any selling shareholder, or the perception that large sales could occur or the conversion into common shares of our 5.75% Convertible Senior Notes due 2021 or the perception that any such conversion could occur or the issuance, at our election, of our common shares (and cash) at maturity if we exercise the share settlement option of such convertible notes or the notes offered hereby, or the perception that such issuances could occur, could depress the market price of our common shares. Such future sales, or perception thereof, could also impair our ability to raise capital through future offerings of equity or equity-linked securities. As of April 17, 2018, we had 118,582,238 common shares outstanding, including the newly-issued shares offered in connection with the share lending arrangements described herein.

Concurrently with this offering and by means of a separate prospectus supplement and accompanying prospectus, up to 7,000,000 of our common shares will be offered by selling shareholders, who will borrow such shares through lending arrangements from certain of the underwriters (or their respective affiliates), each of which is borrowing the shares either directly from SFLC or from its affiliate, which in turn is borrowing the shares from SFLC. We refer to the entities that are borrowing shares from SFLC as the Share Borrowers. We expect that the selling shareholders will sell the borrowed shares and use the resulting short position to establish their initial hedge with respect to their investments in the notes. The selling shareholders may effect such transactions by selling the borrowed shares at various prices from time to time through the Share Borrowers or their respective affiliates. The selling shareholders will receive all of the net proceeds from the sale of the borrowed shares, and neither we nor SFLC will receive any of those proceeds, but we will receive a one-time nominal fee of \$0.01 per share from SFLC, and SFLC will receive a fee in respect of the borrowed shares from the Share Borrowers for the use of the borrowed shares. Pursuant to separate lending agreements between SFLC and the Share Borrowers, each Share Borrower has agreed to pay SFLC an amount of cash equal to the aggregate dividend paid for any cash dividend or distribution we make in respect of the borrowed shares.

All borrowed shares (or identical shares or, in certain circumstances, the cash value thereof) must be returned to SFLC or its nominee on or about the maturity date of the notes or, if earlier, on or about the date as of which all of the notes cease to be outstanding as a result of redemption, repurchase, conversion or other acquisition for value (or earlier in certain other circumstances). See “Description of Share Lending Agreements.” The existence of these arrangements, the short sales of our common shares effected in connection with the sale of the notes or any unwind of such short sales could cause the market price of our common shares to be lower over the term of these arrangements than it otherwise would have been, due to the effect of the increase in the number of our outstanding common shares being traded in the market or otherwise.

In addition, the existence of the notes also may encourage short selling by market participants because the conversion of the notes could depress our common share price. The price of our common shares could be affected by possible sales of our common shares by investors who view the notes as a more attractive means of equity participation in us or as a means to engage in hedging or arbitrage trading activity, which we expect to occur involving our common shares. This hedging or arbitrage could, in turn, affect the market price of the notes.

The adjustments by holders of the notes of their hedging positions in our common shares and the expectation thereof may have a negative effect on the market price of our common shares.

The short positions in our common shares resulting from the share lending arrangements and the sale of borrowed shares in the concurrent offering are expected to be used by the Share Borrowers to facilitate hedging, including through short sales of our common shares, by holders of the notes. The borrowed shares sold in the concurrent offering may be more or less than the number of shares that will be needed from time to time by the holders of the notes to hedge their exposure under the notes. Any buying or selling of shares of our common stock by the holders of the notes to adjust their hedging positions may affect the market price of our common shares.

## TABLE OF CONTENTS

Changes in the accounting guidelines relating to the borrowed shares sold in the concurrent offering could decrease our reported net loss or earnings per share and potentially affect our common share price.

Because the amount of borrowed shares sold in the concurrent offering (or in certain circumstances, the cash value thereof) must be returned to SFLC upon the expiration or early termination of the share lending arrangements pursuant to their terms (unless SFLC directs the borrowed shares to be delivered to a nominee), we believe that under U.S. GAAP, as presently in effect, the borrowed shares will not be considered outstanding for the purpose of computing and reporting our earnings or loss per share. If accounting guidelines were to change in the future, we may become required to treat the borrowed shares as outstanding for purposes of computing earnings or loss per share, and our reported earnings or loss per share would be reduced, which could affect the market price of our common shares. We may not have enough available cash or the ability to raise additional funds necessary to pay interest on the notes, to repurchase the notes upon a fundamental change or to settle conversions of the notes in cash.

The notes bear interest semi-annually at a rate of 4.875% per year. In addition, in certain circumstances, we are obligated to pay additional interest or special interest on the notes. If a fundamental change occurs, holders of the notes may require us to repurchase all or a portion of their notes in cash. The terms of our credit facilities may also restrict our ability to repurchase all or a portion of the notes upon a fundamental change in certain circumstances. Furthermore, upon conversion of any notes, unless we elect (or are required) to deliver solely common shares to settle the conversion (excluding cash in lieu of delivering fractional common shares), we must make cash payments in respect of the notes. Any of the cash payments described above could be significant, and we may not have enough available cash or be able to raise additional funds to make such payments when due. If we fail to pay interest on the notes, repurchase the notes when required or deliver the consideration due upon conversion, we will be in default under the indenture. See “Description of Notes—Interest,” “Description of Notes—Fundamental Change Permits Holders to Require Us to Repurchase Notes,” “Description of Notes—Conversion Rights—Settlement upon Conversion” and “Description of Notes—Events of Default.”

Upon conversion of the notes or if we exercise the share settlement option, you may receive less valuable consideration than expected because the value of our common shares may decline after you exercise your conversion right or we exercise such option but before we settle our conversion obligation or deliver shares with respect to the principal amount owed at maturity.

A converting holder will be exposed to fluctuations in the trading price of our common shares during the period from the date the holder elects to convert its notes until the date we settle our conversion obligation and, if we exercise the share settlement option, as described under “Description of Notes—Share Settlement Option at Maturity,” holders will be exposed to fluctuations in the trading price of our common shares after we make such election until the date we deliver shares in respect of the principal amount owed at maturity. We will have the option to pay or deliver, as the case may be, cash, shares of our common shares or a combination of cash and shares of common shares, at our election to settle our conversion option. If we elect to settle our conversion obligation solely in cash or in a combination of cash and common shares, then the amount of consideration that you will receive upon conversion of your notes will be determined by reference to the volume-weighted average prices of our common shares for each trading day in a 50 consecutive trading-day observation period. As described under “Description of Notes—Settlement upon Conversion,” this period would be (i) if the relevant conversion date occurs before February 1, 2023, the 50 consecutive trading days beginning on, and including, the second trading day after the conversion date; and (ii) if the relevant conversion date occurs on or after February 1, 2023, the 50 consecutive trading days beginning on, and including, the 51st scheduled trading day immediately preceding the maturity date. If we elect to exercise the share settlement option, the amount of cash you will receive at maturity will be determined by reference to the volume-weighted average prices of our common stock in the 50 consecutive trading day period beginning on the 51st scheduled trading day immediately preceding the maturity date. Accordingly, if the trading price of our common shares decreases during this period, or after this period and until we deliver the consideration due upon conversion or in respect of the principal amount owed at maturity, the amount or value of consideration you receive will be adversely affected. In addition, if the market price of our common shares on the date we deliver the consideration due upon conversion or in respect of the principal amount owed at maturity is below the average of the volume-weighted average price



**TABLE OF CONTENTS**

of our common shares during the relevant period, then the amount of cash or the value of any shares of our common shares that you will receive in satisfaction of our conversion obligation or our obligation to deliver cash and shares in respect of the principal amount owed at maturity will be less than the value used to determine the amount of cash or number of shares that you will receive.

The accounting method for convertible debt securities that may be settled in cash, such as the notes we are offering, could have a material effect on our reported financial results.

In May 2008, the Financial Accounting Standards Board, or FASB, issued FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement), which has subsequently been codified as Accounting Standards Codification 470-20, Debt with Conversion and Other Options, or ASC 470-20. ASC 470-20 requires an entity to separately account for the liability and equity components of convertible debt instruments whose conversion may be settled entirely or partially in cash (such as the notes we are offering) in a manner that reflects the issuer's economic interest cost for non-convertible debt.

The liability component of the notes we are offering will initially be valued at the fair value of a similar debt instrument that does not have an associated equity component and will be reflected as a liability in our consolidated balance sheet. The equity component of the notes we are offering will be included in the additional paid-in capital section of our stockholders' equity on our consolidated balance sheet, and the value of the equity component will be treated as original issue discount for purposes of accounting for the debt component. This original issue discount will be amortized to non-cash interest expense over the term of the notes, and we will record a greater amount of non-cash interest expense in current periods as a result of this amortization. Accordingly, we will report lower net income in our financial results because ASC 470-20 will require the interest expense associated with the notes to include both the current period's amortization of the debt discount and the notes' coupon interest, which could adversely affect our reported or future financial results, the trading price of our common shares and the trading price of the notes.

In addition, under certain circumstances, convertible debt instruments whose conversion may be settled entirely or partly in cash (such as the notes we are offering) are currently accounted for using the treasury stock method. Under this method, the shares issuable upon conversion of the notes are not included in the calculation of diluted earnings per share unless the conversion value of the notes exceeds their principal amount at the end of the relevant reporting period. If the conversion value exceeds their principal amount, then, for diluted earnings per share purposes, the notes are accounted for as if the number of common shares that would be necessary to settle the excess, if we elected to settle the excess in shares, are issued. The accounting standards in the future may not continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares, if any, issuable upon conversion of the notes, then our diluted earnings per share could be adversely affected.

The adjustment to the conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate you for any value that your notes lose as a result of such transaction.

If a make-whole fundamental change occurs prior to the maturity date, we will, under certain circumstances, increase the conversion rate by a number of additional common shares for notes converted in connection with such make-whole fundamental change. The increase in the conversion rate will be determined based on the date on which the make-whole fundamental change becomes effective and either the average of the last reported sale prices of our common shares over the five trading day period immediately preceding the effective date of the make-whole fundamental change or the cash price paid per common share in the transaction, in each case, as described below under "Description of Notes—Conversion Rights—Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change." The adjustment to the conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate you for any lost value of your notes as a result of such transaction.

In addition, if the average of the last reported sale price of our common shares over the five trading day period immediately preceding the effective date of the make-whole fundamental change or the cash price paid per common share in the make-whole fundamental change, as the case may be, is greater than \$150.00 per share or less than \$14.85 per share (in each case, subject to adjustment), no additional shares will be added to the conversion rate.

TABLE OF CONTENTS

Moreover, in no event will the conversion rate be increased pursuant to the make-whole fundamental change provisions to exceed 67.3400 common shares per \$1,000 principal amount of notes, subject to adjustment in the same manner, at the same time and for the same events for which we must adjust the conversion rate as set forth under “Description of Notes—Conversion Rights—Conversion Rate Adjustments.”

Our obligation to increase the conversion rate upon the occurrence of a make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

The conversion rate of the notes may not be adjusted for all dilutive events.

As described under “Description of the Notes—Conversion Rights—Conversion Rate Adjustments,” we will adjust the conversion rate of the notes for certain events, including, among others:

- the issuance of certain share and cash dividends on our common shares;
- the issuance of certain rights or warrants;
- certain subdivisions and combinations of our capital stock;
- certain distributions of capital stock, indebtedness or assets; and
- certain tender or exchange offers.

We will not adjust the conversion rate for other events, an issuance of our common shares for cash or in connection with an acquisition, that may dilute our common shares, thereby adversely affecting its market price. Because the trading price of the notes depends on the market price our common shares, any event that dilutes our common shares and adversely affects the market price of our common shares will likely also adversely affect the trading price of the notes.

We will not be obligated to purchase the notes upon the occurrence of all significant transactions that are likely to affect the market price of our common shares and/or the trading price of the notes.

Because the term fundamental change is limited to certain specified transactions, it does not include all events that could adversely affect our financial condition and/or the market price of our common shares and the trading price of the notes. For example, we will not be required to purchase any notes upon the occurrence of a transaction that would otherwise constitute a fundamental change, or in connection with certain types of transactions that would otherwise constitute a fundamental change, if more than 90% of the consideration received by holders of our common shares in the transaction(s) consists of common shares traded on the NYSE, The NASDAQ Global Market or The NASDAQ Global Select Market. Furthermore, certain other transactions, such as leveraged recapitalizations, refinancings, restructurings or certain acquisitions of other entities by us or our subsidiaries, would not constitute a fundamental change requiring us to purchase the notes or to increase the conversion rate, even though each of these transactions could increase the amount of our indebtedness or otherwise adversely affect our capital structure, thereby adversely affecting the holders of the notes.

We cannot assure you that an active trading market will develop for the notes.

Prior to this offering, there has been no trading market for the notes, and we do not intend to apply for listing of the notes on any securities exchange or to arrange for their quotation on any automated dealer quotation system. We have been informed by the initial purchasers that they intend to make a market in the notes after the offering is completed. However, the initial purchasers may cease their market-making at any time without notice. In addition, the liquidity of the trading market in the notes, and the trading price of the notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for

companies in our industry generally. As a result, we cannot assure you that an active trading market will develop for the notes. If an active trading market does not develop or is not maintained, the trading price and the liquidity of the notes may be adversely affected. In that case, you may not be able to sell your notes at a particular time, or you may not be able to sell your notes at a favorable price.

S-20

---

**TABLE OF CONTENTS**

As a holder of the notes, you will not be entitled to any rights with respect to our common shares, but you will be subject to all changes made with respect to our common shares.

If you hold notes, you will not be entitled to any rights with respect to our common shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common shares) until the conversion date for those notes (if we elect, or are required, to settle the conversion by delivering solely common shares, excluding cash in lieu of any fractional share), the last trading day of the relevant observation period (if we elect to pay and deliver, as the case may be, a combination of cash and common shares in respect of the relevant conversion, and common shares become due upon settlement of that conversion) or the second business day following the last trading day of the relevant determination period (if we elect to exercise our share settlement option, as described under “Description of Notes—Share Settlement Option at Maturity”), but you will be subject to all changes affecting our common shares. For example, in the event that an amendment is proposed to our articles of incorporation or bylaws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date you are deemed the record owner of the shares of our common shares, if any, due upon conversion or settlement at maturity, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common shares.

If securities analysts stop publishing research or reports about us or our business or if they downgrade our common shares, the market price of our common shares and, consequently, the trading price of the notes, could decline.

The market for our common shares relies in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. If any analyst who covers us downgrades our stock or lowers its future stock price targets or estimates of our operating results, our stock price could decline rapidly.

Furthermore, if any analyst ceases to cover our company, we could lose visibility in the market, which in turn could cause the market price of our common shares to decline.

We do not expect the notes to be rated, but if the notes are rated, they may receive a lower rating than anticipated, which would likely adversely affect the trading price of the notes.

We do not intend to seek a rating for the notes and believe it is unlikely that the notes will be rated. However, if one or more rating agencies rates the notes and assigns the notes a rating lower than the rating expected by investors, reduces its rating of the notes or announces its intention to put us on credit watch, the market price of our common shares and the trading price of the notes would likely decline. No report of any rating agency is incorporated by reference herein. Certain provisions in the indenture governing the notes could delay or prevent an otherwise beneficial takeover or takeover attempt of us.

Certain provisions in the notes and the indenture could make it more difficult or more expensive for a third party to acquire us. For example, if a takeover would constitute a fundamental change, holders of the notes will have the right to require us to repurchase their notes in cash. In addition, if a takeover constitutes a make-whole fundamental change, we may be required to increase the conversion rate for holders who convert their notes in connection with such takeover. In either case, and in other cases, our obligations under the notes and the indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management.

The notes will initially be held in book-entry form and, therefore, holders must rely on the procedures and the relevant clearing systems to exercise their rights and remedies.

Unless and until certificated notes are issued in exchange for book-entry interests in the notes, owners of the book-entry interests will not be considered owners or holders of notes. Instead, DTC, or its nominee, will be the sole holder of the notes. Payments of principal, interest and other amounts owing on or in respect of the notes in global form will be made to the paying agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants' accounts that hold book-entry interests in the notes in global form and credited by such participants to indirect participants. Unlike holders of the

S-21

---

TABLE OF CONTENTS

notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the notes. Instead, if a holder owns a book-entry interest, such holder will be permitted to act only to the extent such holder has received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure holders that the procedures implemented for the granting of such proxies will be sufficient to enable holders to vote on any requested actions on a timely basis.

We have not identified any specific use of the net proceeds of this offering of the notes.

Our board of directors and management will have broad discretion over the use of the proceeds we receive in this offering. We continuously evaluate potential transactions that we believe will be accretive to earnings, enhance shareholder value or are in the best interests of the Company. Any funds received may be used by us for any corporate purpose, which may include pursuit of other business combinations, the acquisition of vessels or related businesses, the expansion of our operations, repayment of existing debt, share repurchases, short term investments or other uses. The failure of our management to use the net proceeds from this offering of the notes effectively could have a material adverse effect on our business, and thereby adversely affect the holders of the notes.

The fundamental change repurchase feature of the notes may delay or prevent an otherwise beneficial attempt to take over our company.

The terms of the notes require us to repurchase the notes for cash at the option of the holder in the event of a fundamental change and in certain circumstances require us to increase the conversion rate for conversions in connection with a make-whole adjustment event. A takeover of our company may trigger an option of the holder to require us to repurchase the notes. These features may have the effect of delaying or preventing a takeover of our company that would otherwise be beneficial to investors in the notes.

Changes in our dividend policy could adversely affect holders of our common shares.

Any dividend on our common shares that we declare is at the discretion of our Board of Directors and subject to the requirements of Bermuda law. We cannot assure you that our dividend will not be reduced or eliminated in the future. Our profitability and corresponding ability to pay dividends is substantially affected by amounts we receive through charter hire and profit sharing payments from our charterers. Our entitlement to profit sharing payments, if any, is based on the financial performance of our vessels which is outside of our control. If our charter hire and profit sharing payments decrease substantially, we may not be able to continue to pay dividends at present levels, or at all. For example, our revenues from profit sharing payments decreased from \$51.5 million for the year ended December 31, 2016 to \$5.8 million for the year ended December 31, 2017. We are also subject to contractual limitations on our ability to pay dividends pursuant to certain debt agreements, and we may agree to additional limitations in the future. Additional factors that could affect our ability to pay dividends include statutory and contractual limitations on the ability of our subsidiaries to pay dividends to us, including under current or future debt arrangements.

Because we are a foreign corporation, you may not have the same rights as a shareholder in a U.S. corporation has. We are a Bermuda exempted company. Bermuda law may not as clearly establish your rights and the fiduciary responsibilities of our directors as do statutes and judicial precedent in some jurisdictions in the United States. In addition, most of our directors and officers are not resident in the United States and the majority of our assets are located outside of the United States. As a result, investors may have more difficulty in protecting their interests and enforcing judgments in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

You may be subject to tax if we make or fail to make certain adjustments to the conversion rate of the notes, even though you do not receive a corresponding cash distribution.

The conversion rate of the notes is subject to adjustment in certain circumstances, including the payment of certain cash dividends. If the conversion rate is adjusted as a result of a distribution that is

S-22

---



TABLE OF CONTENTS

taxable to our common shareholders, such as certain cash dividends, you may be deemed to have received a dividend subject to U.S. federal income tax without the receipt of any cash. In addition, a failure to adjust (or to adjust adequately) the conversion rate after an event that increases your proportionate interest in us could be treated as a deemed taxable dividend to you. If a make-whole fundamental change occurs prior to the maturity date of the notes, under some circumstances, we will increase the conversion rate for notes converted in connection with the make-whole fundamental change. Such increase may also be treated as a distribution subject to U.S. federal income tax as a dividend. See “Taxation.”

There is a risk that U.S. tax authorities could treat us as a “passive foreign investment company”, which would have adverse U.S. federal income tax consequences to U.S. shareholders.

A foreign corporation will be treated as a “passive foreign investment company,” or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of “passive income” or (2) at least 50% of the average value of the corporation’s assets produce or are held for the production of those types of “passive income.” For purposes of these tests, “passive income” includes dividends, interest and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute “passive income”, but income from bareboat charters does constitute “passive income.”

U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Under these rules, if our income from our time charters is considered to be passive rental income, rather than income from the performance of services, we will be considered to be a PFIC. We believe that it is more likely than not that our income from time charters will not be treated as passive rental income for purposes of determining whether we are a PFIC. Correspondingly, we believe that the assets that we own and operate in connection with the production of such income do not constitute passive assets for purposes of determining whether we are a PFIC. This position is principally based upon the positions that (1) our time charter income will constitute services income, rather than rental income, and (2) Frontline Management and Golden Ocean Management, which provide services to certain of our time-chartered vessels, will be respected as separate entities from Frontline Shipping Limited, or “Frontline Shipping,” (a subsidiary of Frontline) and the Golden Ocean Charterer, with which they are respectively affiliated. We do not believe that we will be treated as a PFIC for our 2017 taxable year. Nevertheless, for the 2018 taxable year and future taxable years, depending upon the relative amounts of income we derive from our various assets as well as their relative fair market values, we may be treated as a PFIC.

We note that there is no direct legal authority under the PFIC rules addressing our current and expected method of operation. Accordingly, no assurance can be given that the Internal Revenue Service, or the IRS, or a court of law will accept our position, and there is a significant risk that the IRS or a court of law could determine that we are a PFIC. Furthermore, even if we would not be a PFIC under the foregoing tests, no assurance can be given that we would not constitute a PFIC for any future taxable year if the nature and extent of our operations were to change.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders will, and holders of our notes may, face adverse U.S. federal income tax consequences. For example, U.S. non-corporate shareholders would not be eligible for the preferential rate on dividends that we pay.

S-23

---

TABLE OF CONTENTS

USE OF PROCEEDS

We estimate that the proceeds from this offering will be approximately \$146.7 million (or approximately \$168.7 million if the underwriters exercise their option to purchase additional notes with respect to the offering in full), after deducting the underwriters' estimated fees and expenses payable by us.

We intend to use the net proceeds from this offering for general corporate purposes, including working capital. We continuously evaluate potential transactions that we believe will be accretive to earnings, enhance shareholder value or are in the best interests of the Company. Any funds received may be used by us for any corporate purpose, which may include pursuit of other business combinations, the acquisition of vessels or related businesses, the expansion of our operations, repayment of existing debt, share repurchases, short term investments or other uses. See "Risk Factors—Risks Related to the Notes and our Common Shares—We have not identified any specific use of the net proceeds of this offering of the notes."

S-24

---

TABLE OF CONTENTS

## CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2017, on:

- an actual basis;
- an as adjusted basis to give effect to the redemption of approximately \$0.06 million aggregate principal amount of our Convertible Senior Notes due 2018 in February 2018 and the repayment of our remaining Convertible Senior Notes due 2018, for which we paid \$63.2 million in cash and issued 651,365 common shares of the Company, in February 2018; and
- an as further adjusted basis to give effect to this offering (without giving effect to the underwriters' option to purchase additional notes) and the application of the proceeds therefrom.

We have estimated that the net proceeds of this offering, without giving effect to the underwriters' option to purchase additional notes, after deducting the estimated underwriting fee will be approximately \$146,700,000.

There have been no other material adjustments to our capitalization since December 31, 2017, as so adjusted.

You should read the information below in conjunction with the section of this prospectus supplement entitled "Use of Proceeds" and the consolidated financial statements and related notes included in our annual report on Form 20-F for the year ended December 31, 2017, filed with the Commission on March 26, 2018 and incorporated by reference herein.

	As of December 31, 2017		As further adjusted for this offering
	Actual	As adjusted	
	(in thousands of U.S. dollars)		
Cash	\$ 153,052	\$ 89,834	\$ 236,534
Secured Bank Debt	\$ 1,081,204	\$ 1,081,204	\$ 1,081,204
NOK500 million Senior Unsecured Bonds due 2020	61,001	61,001	61,001
3.25% Convertible Senior Notes due 2018	63,218	—	—
5.75% Convertible Senior Notes due 2021	225,000	225,000	225,000
NOK900 million Senior Unsecured Bonds due 2019	92,477	92,477	92,477
4.875% Convertible Senior Notes due 2023 offered hereby(1)	—	—	150,000
Total debt(2)	\$ 1,522,900	\$ 1,459,682	\$ 1,609,682
Shareholders' equity(3)	\$ 1,194,997	\$ 1,258,151	\$ 1,254,851
Total capitalization(4)	\$ 2,564,845	\$ 2,627,999	\$ 2,627,999

(1) Disclosed at face value, subject to a final accounting determination following the completion of this offering.

(2) The total debt numbers do not include \$786 million of secured bank debt held in our non-consolidated subsidiaries, the majority of which is non-recourse to us.

(3)

150,000,000 common shares authorized, par value \$0.01 per share; as of December 31, 2017, 110,930,873 common shares issued and outstanding on an actual basis; 111,582,238 common shares issued and outstanding on an as adjusted and as further adjusted basis; 7,000,000 new common shares, the maximum number of common shares that may be offered in the concurrent offering of the common shares will be issued in connection with the share lending agreements; does not reflect the issuance of any common shares upon conversion of the notes offered hereby, or the unsecured 5.75% Senior Convertible Notes due 2021. Because the common shares issued in connection with the share lending agreements must generally be returned to SFLC upon the expiration or early termination of the share lending arrangements pursuant to their terms (unless SFLC directs the borrowed shares to be delivered to a nominee), we believe that under U.S. GAAP, as presently in effect, such borrowed shares will not be considered outstanding for the purpose of computing and reporting our earnings or loss per share.

(4)

The total capitalization equals total debt plus shareholders' equity less cash and cash equivalents.

S-25

---

TABLE OF CONTENTS

## RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our unaudited ratio of earnings to fixed charges for each of the fiscal years ended December 31, 2013, 2014, 2015, 2016, and 2017. We do not have any preferred stock outstanding and therefore does not pay any preference security dividends.

	For The Years Ended December 31,				
	2013	2014	2015	2016	2017
	(In thousands of U.S. dollars, except ratios)				
Earnings:					
Net income	\$ 89,206	\$ 122,815	\$ 200,832	\$ 146,406	\$ 101,209
Add: Fixed charges	87,482	86,371	70,987	73,087	91,605
Less: Interest capitalized	257	290	404	1,244	1,191
Total earnings	\$ 176,431	\$ 208,896	\$ 271,415	\$ 218,249	\$ 191,623
Fixed charges:					
Interest expensed and capitalized	\$ 76,177	\$ 75,100	\$ 59,374	\$ 62,115	\$ 82,591
Interest portion of rental expense(1)	—	—	—	—	—
Amortization and write-off of capitalized expenses relating to indebtedness	11,305	11,271	11,613	10,972	9,014
Total fixed charges	\$ 87,482	\$ 86,371	\$ 70,987	\$ 73,087	\$ 91,605
Ratio of earnings to fixed charges	2.02x	2.42x	3.82x	2.99x	2.09x

(1)

Interest portion of rental expense at an appropriate interest factor.

For purposes of computing the consolidated ratio of earnings to fixed charges, earnings consist of net income available to common stockholders plus interest expense and any amortization and write-off of capitalized expenses relating to indebtedness. Fixed charges consist of interest expense and capitalized, the interest portion of rental expense and amortization and write-off of capitalized expenses relating to indebtedness.

S-26

TABLE OF CONTENTSDIVIDEND POLICY

Our Board of Directors adopted a policy in May 2004 in connection with our public listing, whereby we seek to pay a regular quarterly dividend, the amount of which is based on our contracted revenues and growth prospects. Our goal is to increase our quarterly dividend as we grow our business, but the timing and amount of dividends, if any, is at the sole discretion of our Board of Directors and will depend upon, among other things, our operating results, financial condition, cash requirements, restrictions in terms of financing arrangements and other factors.

We have paid dividends for 56 consecutive quarters including the announced dividend payment of \$0.35 per share in respect of the quarter ending December 31, 2017, which was paid in cash on March 27, 2018 to shareholders of record as of March 16, 2018. For the years ended December 31, 2015, 2016 and 2017 and we paid aggregate dividends in cash to our shareholders in the amounts of \$162.6 million (\$1.74 per share), \$168.3 million (\$1.80 per share) and \$152.9 million (\$1.60 per share), respectively. Our ability to pay dividends is always subject to the discretion of our Board of Directors, the requirements of Bermuda law and the limitations contained in our bond and debt facilities and there can be no assurance we will continue to pay dividends in similar amounts, if at all. Please see “Risk Factors—Risks Related to the Notes and our Common Shares—Changes in our dividend policy could adversely affect holders of our common shares.”

We have paid the following cash dividends in 2013, 2014, 2015, 2016, 2017 and 2018:

Payment Date	Amount Per Share
2013	
June 28, 2013	\$ 0.39
September 27, 2013	\$ 0.39
December 30, 2013	\$ 0.39
2014	
March 28, 2014	\$ 0.40
June 30, 2014	\$ 0.41
September 30, 2014	\$ 0.41
December 30, 2014	\$ 0.41
2015	
March 27, 2015	\$ 0.42
June 30, 2015	\$ 0.43
September 30, 2015	\$ 0.44
December 30, 2015	\$ 0.45
2016	
March 31, 2016	\$ 0.45
June 29, 2016	\$ 0.45
September 29, 2016	\$ 0.45
December 29, 2016	\$ 0.45
2017	
March 30, 2017	\$ 0.45
June 30, 2017	\$ 0.45
September 29, 2017	\$ 0.35
December 29, 2017	\$ 0.35
2018	

March 27, 2018      \$ 0.35  
S-27

---

TABLE OF CONTENTS

## PRICE RANGE OF OUR COMMON SHARES

Our common shares were listed on the NYSE on June 15, 2004, and commenced trading on that date under the symbol "SFL". On April 17, 2018, there were 452 shareholders of record of our common shares.

The following table sets forth, for each of the five most recent full financial years, the high and low closing prices of our common shares on the NYSE.

Fiscal Year Ended December 31,	High	Low
2017	\$ 15.95	\$ 12.45
2016	\$ 16.57	\$ 10.31
2015	\$ 17.69	\$ 13.89
2014	\$ 19.82	\$ 13.11
2013	\$ 17.78	\$ 14.35

The following table sets forth, for each full financial quarter for the two most recent fiscal years, the high and low closing prices of our common shares on the NYSE.

Fiscal Year Ended December 31, 2018	High	Low
First quarter	\$ 15.90	\$ 14.05
Fiscal Year Ended December 31, 2017	High	Low
Fourth quarter	\$ 15.90	\$ 14.45
Third quarter	\$ 14.55	\$ 12.90
Second quarter	\$ 14.65	\$ 12.45
First quarter	\$ 15.95	\$ 14.25
Fiscal Year Ended December 31, 2016	High	Low
Fourth quarter	\$ 15.00	\$ 12.30
Third quarter	\$ 15.78	\$ 13.86
Second quarter	\$ 16.17	\$ 13.39
First quarter	\$ 16.57	\$ 10.31

The following table sets forth, for the most recent completed six months and for the month of April, the high and low closing prices for the common shares on the NYSE.

	High	Low
April 2018 (through and including April 18, 2018)	\$ 14.85	\$ 14.15
March 2018	\$ 14.90	\$ 14.05
February 2018	\$ 15.25	\$ 14.45
January 2018	\$ 15.90	\$ 15.20
December 2017	\$ 15.75	\$ 14.70
November 2017	\$ 15.90	\$ 14.85
October 2017	\$ 14.95	\$ 14.45

S-28



TABLE OF CONTENTS

DESCRIPTION OF NOTES

We will issue the notes under an indenture (the “indenture”) dated as of October 5, 2016, between us and U.S. Bank National Association, as trustee (the “trustee”), as supplemented by a supplemental indenture with respect to the notes, to be dated as of April 23, 2018, which we refer to as the supplemental indenture. We refer to the base indenture and the supplemental indenture, collectively, as the indenture. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended, which we refer to as the Trust Indenture Act. You may request a copy of the indenture (which includes the form of note) from us at the address set forth under “Where You Can Find More Information.”

The following description is a summary of the material provisions of the notes and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all of the provisions of the notes and the indenture, including the definitions of certain terms used in the indenture. Whenever particular provisions or defined terms of the indenture or the notes are referred to, these provisions or defined terms are incorporated in this prospectus supplement by reference. We urge you to read these documents because they, and not this description, define your rights as a holder of the notes.

For purposes of this description, references to “the Company,” “we,” “our” and “us” refer only to Ship Finance International Limited and not to its subsidiaries, unless stated otherwise.

General

The notes:

- will be our general unsecured, senior obligations;
- will initially be limited to an aggregate principal amount of \$150,000,000 (or \$22,500,000 if the underwriters exercise their option to purchase additional notes with respect to the offering in full);
- will bear cash interest from April 23, 2018, at an annual rate of 4.875% payable on February 1, May 1, August 1 and November 1 of each year, beginning on August 1, 2018;
- will be subject to redemption at our option at any time prior to the 61st scheduled trading day prior to the maturity date if 90% or more of the aggregate principal amount of notes issued as of the last date of original issuance of the notes shall have been previously purchased or converted at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date;
- will be subject to repurchase by us at the option of the holders following a fundamental change (as defined below under “—Fundamental Change Permits Holders to Require Us to Repurchase Notes”), at a price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date;
- will mature on May 1, 2023, unless earlier converted, redeemed or repurchased;
- will be issued in minimum denominations of \$1,000 principal amount and in integral multiples of \$1,000 in excess thereof; and
-

will be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form. See “—Book-Entry, Settlement and Clearance.”

The notes may be converted based on an initial conversion rate of 52.8157 shares of the Company’s common shares per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$18.93 per common share) at any time prior to the close of business on the second scheduled trading day prior to the maturity date. The conversion rate is subject to adjustment if certain events occur. Upon conversion of a note, we will satisfy our conversion obligation by paying or delivering, as the case may be, cash, our common shares or a combination of cash and our common shares, at our election, as described below under “—Conversion Rights—Settlement upon Conversion.” You will not receive any separate cash payment for interest, if any, accrued and unpaid to the conversion date (as defined below) except under the limited circumstances described below.

S-29

---

TABLE OF CONTENTS

The indenture will not limit the amount of debt that may be issued by us or our subsidiaries under the indenture or otherwise. The indenture will not contain any financial covenants and will not restrict us or any of our affiliates from paying dividends or issuing or repurchasing our other securities, including those junior to the notes. Other than the restrictions described under “—Consolidation, Merger and Sale of Assets” below and except for the provisions set forth under “—Fundamental Change Permits Holders to Require Us to Repurchase Notes” and “—Conversion Rights—Adjustment Shares Delivered upon Conversion upon a Make-Whole Fundamental Change,” the indenture will not contain any covenants or other provisions designed to afford holders of the notes protection in the event of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders or result in a decline in the credit rating of the notes (if the notes are rated at such time).

We may, without the consent of the holders, issue additional notes under the indenture with the same terms and with the same CUSIP numbers as the notes offered hereby in an unlimited aggregate principal amount; provided, however, that if any such additional notes are not fungible with the notes offered hereby for federal income tax purposes, then such additional notes will have a separate CUSIP number. We may also from time to time repurchase notes in open market purchases or negotiated transactions without giving prior notice to holders. Any notes repurchased by us will be retired and no longer outstanding under the indenture.

The notes will be issued in minimum denominations of \$1,000 principal amount and in integral multiples of \$1,000 in excess thereof. References to “a note” or “each note” in this prospectus supplement refer to \$1,000 principal amount of the notes.

We do not intend to list the notes on a national securities exchange or any interdealer quotation system.

Payments on the Notes; Paying Agent and Registrar; Transfer and Exchange

We will pay or cause to be paid the principal of and interest on notes in global form registered in the name of, or held by, The Depository Trust Company (“DTC”) or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

We will pay or cause to be paid the principal of any certificated notes at the office or agency designated by us for that purpose. We have initially designated the trustee as our paying agent and registrar and its agency in the continental United States as a place where notes may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the notes, and we may act as paying agent or registrar. Interest on certificated notes will be payable (i) to any holder of an aggregate principal amount of notes less than or equal to \$5.0 million, by check mailed to such holder, and (ii) to any holder of an aggregate principal amount of notes greater than \$5.0 million, either by check mailed to such holder or, upon application by such holder to the registrar not later than the relevant record date (as defined below), by wire transfer in immediately available funds to such holder’s account within the United States, which application shall remain in effect until such holder notifies, in writing, the registrar to the contrary.

A holder of certificated notes may transfer or exchange such notes at the office of the registrar in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. A holder of a beneficial interest in a note in global form may transfer or exchange such beneficial interest in accordance with the indenture and the applicable procedures of the depository. See “—Book-Entry, Settlement and Clearance.” No service charge will be imposed by us, the trustee or the registrar for any registration of transfer or exchange of notes, but we, the trustee or the registrar may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture.

The trustee and the registrar will not be required to transfer or exchange any note after we have delivered a redemption notice or after it has been surrendered for conversion or required repurchase.

The registered holder of a note will be treated as the owner of it for all purposes.

Interest

The notes will bear cash interest at a rate of 4.875% per year until maturity. Interest on the notes will accrue from the most recent date on which interest has been paid or duly provided for, or if no interest has

S-30

## TABLE OF CONTENTS

been paid or duly provided April 23, 2018. Interest will be payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year (each, an “interest payment date”), beginning August 1, 2018.

Interest will be paid to the person in whose name a note is registered at the close of business on the January 15, April 15, July 15 or October 15, as the case may be (each, a “record date”), immediately preceding the relevant interest payment date. Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date, the maturity date, the redemption date or earlier required repurchase date upon a fundamental change falls on a day that is not a business day, the required payment will be made on the next succeeding business day and no interest on such payment will accrue as a result of such delay. The term “business day” means any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York or banks located at the place of payment are authorized or required by law or executive order to close or be closed.

Unless the context requires otherwise, all references to interest in this description include special interest, if any, payable at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under “—Events of Default.”

### Ranking

The notes will be our senior, unsecured obligations and will rank equal in right of payment with our existing and future senior, unsecured debt, and will be senior in right of payment to any future debt that is expressly subordinated to the notes. The notes will be structurally subordinated to all debt and other liabilities and commitments of our subsidiaries, including trade payables and any guarantees that they may provide with respect to any of our existing or future debt, and will be effectively subordinated to any secured debt that we may incur to the extent of the assets securing such debt.

We currently conduct a substantial majority of our operations through our subsidiaries, and our subsidiaries generate a substantial majority of our operating income and cash flow. As a result, our cash flow and our ability to service our debt, including our ability to pay the principal of, and interest on, the notes, are dependent to a significant extent on the interest payments, dividends, distributions and other transfers that we receive from our subsidiaries, each of which may be limited by the terms of our subsidiaries’ financing agreements.

In addition, the indenture governing the notes will not restrict our ability to incur additional indebtedness, including secured indebtedness that would be effectively senior to our obligations under the notes, or the ability of our subsidiaries to incur additional liabilities, all of which would be structurally senior to our obligations under the notes. In the event of a bankruptcy, liquidation or dissolution of a subsidiary, the creditors of such subsidiary will be paid first, after which the subsidiary may not have sufficient assets remaining to make any payments to us as a shareholder or otherwise so that we can meet our obligations under the notes. In the event of a bankruptcy, liquidation, reorganization or other winding up of us, our assets that secure secured debt will be available to pay obligations on the notes only after all indebtedness under our secured debt has been repaid in full from such assets. In such event, there may not be sufficient assets remaining to pay amounts due on any or all of the notes then outstanding.

As of December 31, 2017, on a consolidated basis, we had approximately \$1.5 billion of debt principal outstanding, of which \$1081 million is secured indebtedness (all of which was at the subsidiary level, and none of which was subordinated indebtedness). As of December 31, 2017, after giving pro forma effect to the issuance of the notes (assuming no exercise of the underwriters’ option to purchase additional notes), on a consolidated basis, we would have had approximately \$1.7 billion of debt outstanding. As of December 31, 2017, our subsidiaries, including our unconsolidated subsidiaries, had \$2.3 billion in total principal debt outstanding, of which \$1.9 billion was secured debt. The notes will be structurally subordinated in right of payment to the liabilities of our subsidiaries.

### Optional Redemption

No sinking fund is provided for the notes. We may at any time prior to the 61st scheduled trading day immediately preceding the maturity date redeem all, but not part, of the notes outstanding if 90% or more

**TABLE OF CONTENTS**

of the aggregate principal amount of notes issued as of the last day of original issuance of the notes shall have been previously purchased or converted at a redemption price, payable in cash, equal to 100% of the principal amount of the notes to be redeemed plus accrued but unpaid interest, to but not including, the redemption date; provided however, that, on or after February 1, 2023, we may only elect to exercise our redemption option if we have elected physical settlement as the settlement method for conversions on or after February 1, 2023, as described below under “—Settlement upon Conversion.” We refer to this redemption right as the “call option.”

If we exercise the call option, we must notify the trustee, the conversion agent and the holders (in the case of the holders, through the facilities of DTC) no later than twenty business days before the redemption date (the “call option notice”).

For the avoidance of doubt, each holder may convert their notes after having received a call option notice at any time prior to the close of business on the business day immediately preceding the redemption date. Conversions during the period beginning on the issuance of a call option notice and ending at 5:00 p.m. (New York City time) on the business day immediately preceding the redemption date shall be settled through physical settlement.

No notes may be redeemed by us pursuant to the call option if the principal amount of the notes has been accelerated, and such acceleration has not been rescinded, on or prior to the redemption date (except in the case of an acceleration resulting from a default by us in the payment of the redemption price).

**Share Settlement Option at Maturity**

We may elect to satisfy our obligation with respect to the principal amount owed at maturity by exercising our option, which we refer to as the share settlement option, to deliver and pay common shares and cash, as described below, with respect to all, but not part, of the notes due at maturity, provided that on the maturity date, (i) no event described in clause (5) under “—Fundamental Change Permits Holders to Require Us to Repurchase Notes” has occurred, and (ii) no event of default as set forth in “—Events of Default” has occurred.

To exercise our share settlement option, we will give a notice (the “share settlement option notice”) to the trustee, the conversion agent and to the holders (in the case of the holders, sent through the facilities of DTC). The share settlement option notice shall be given not more than 90 nor less than 60 scheduled trading days prior to the stated maturity date.

If we exercise the share settlement option, in lieu of repaying the notes in cash on the stated maturity date, we shall, on the second business day following the last trading day of the determination period (as defined below):

- (a) issue or transfer and deliver to the relevant holder a number of whole common shares (rounded down) (the “maturity settlement shares”) equal to the product of (i) the conversion rate in effect on the valuation date (as defined below) and (ii) the principal amount of such holder’s notes divided by \$1,000;
- (b) pay to the relevant holder in cash an amount (the “maturity cash settlement amount”) equal to the amount (if any) by which the aggregate principal amount of such notes exceeds the product of (i) the current value (as defined below) of a common share and (ii) the whole number of common shares deliverable to such holder in accordance with (a) above in respect of such notes; and
- (c) pay to the relevant holder, in cash, any accrued and unpaid interest in respect of such notes to, but not including, the stated maturity date.

“Valuation date” means the second scheduled trading day immediately preceding the stated maturity date.

If we do not give a timely share settlement option notice in the manner required, or if, having given a share settlement option notice, prior to the stated maturity date (i) an event described in clause (5) under “—Fundamental Change Permits Holders to Require Us to Repurchase Notes” has occurred or (ii) an

TABLE OF CONTENTS

event of default or potential event of default occurs (it being understood that a failure to deliver the consideration required as a result of the share settlement option shall constitute an event of default), we will pay the amount owed on the stated maturity date in cash (and any share settlement option notice shall be annulled).

The “current value,” determined by us, in respect of a common share on the valuation date shall equal 99% of the average of the daily VWAPs per common share for the 50 consecutive trading day period beginning on, and including, the 51st scheduled trading day immediately preceding the maturity date.

If we elect to exercise the share settlement option with respect to the notes, the following provisions shall apply:

- The common shares to be issued or transferred and delivered as contemplated by the share settlement option notice shall be deemed to be issued or transferred and delivered as of the stated maturity date or, in the case of any additional maturity settlement shares (as defined below), as of the relevant share settlement reference date. We shall, no later than the delivery date of such new common shares, list the new common shares on the New York Stock Exchange, The NASDAQ Global Market or The NASDAQ Global Select Market (or any of their respective successors);

- we will pay any documentary, stamp or similar issue or transfer tax due on the issuance of the maturity settlement shares and any additional maturity settlement shares and such holder must pay all, if any, taxes arising because the holder requests such maturity settlement shares, or additional maturity settlement shares as the case may be, to be issued in a name other than the holder’s name or interest thereon in connection with such share settlement at maturity; and

- the maturity settlement shares will be fully paid and will, in all respects, rank pari passu with the fully paid common shares in issue on the stated maturity date or, in the case of additional maturity settlement shares, on the relevant share settlement reference date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such common shares or, as the case may be, additional maturity settlement shares will not be entitled to any rights, distributions or payments the record date (or other due date for the establishment of entitlement) for which falls prior to the stated maturity date or, as the case may be, the relevant share settlement reference date.

If the valuation date occurs after the record date for any event described under “—Conversion Rate Adjustments” below, but before the relevant adjustment becomes effective (such adjustment, a “share settlement retroactive adjustment”), then we shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the relevant holder, such additional number of common shares (if any) (the “additional maturity settlement shares”) as, together with the common shares issued or to be transferred and delivered on the stated maturity date, is equal to the number of common shares which would have been required to be issued or delivered on stated maturity date if the relevant adjustment to the conversion price had been made and become effective immediately prior to the valuation date. Additional maturity settlement shares will be delivered to holders not later than the later of (a) 10 business days following the date the relevant share settlement retroactive adjustment becomes effective (the “share settlement reference date”) and (b) the stated maturity date.

We covenant that we shall not take any action, and shall procure that no action is taken, that would result in an adjustment to the conversion price during the period beginning on, and including, the valuation date and ending on, and including, the stated maturity date.

Conversion Rights

General

Holders may convert their notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date. You may not convert your notes after the close of business on the business day immediately preceding the maturity date.

TABLE OF CONTENTS

The conversion rate will initially be 52.8157 of our common shares per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$18.93 per common share). Upon conversion of a note, we will pay or deliver or cause to be paid or delivered, as the case may be, cash, common shares or a combination of cash and our common shares, at our election, as set forth below under “—Settlement upon Conversion.”

The trustee will initially act as the conversion agent.

The conversion rate and the equivalent conversion price (which at all times will be equal to \$1,000 divided by the conversion rate at such time) in effect at any given time are referred to as the “applicable conversion rate” and the “applicable conversion price,” respectively.

You may convert fewer than all of your notes so long as the aggregate principal amount of notes that you convert equals \$1,000 or an integral multiple of \$1,000 in excess thereof.

If we call the notes for redemption, you may convert your notes only until the close of business on the business day prior to the redemption date unless we fail to pay the redemption price. If you submit notes for repurchase upon a fundamental change, you may convert such notes only if you first withdraw your repurchase notice.

Upon conversion, we will not make any separate cash payment for accrued and unpaid interest, except as described below. Instead, our delivery to you of the consideration due upon conversion will be deemed to satisfy in full our obligation to pay:

- the principal amount of your note; and

- accrued and unpaid interest, if any, on the notes held by you to, but excluding, the conversion date.

As a result, accrued and unpaid interest, if any, to, but excluding, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the preceding paragraph, if notes are converted after the close of business on a record date for the payment of interest but prior to the open of business (as defined below) on the corresponding interest payment date, holders of such notes at the close of business on such record date will receive the interest payable on such notes on the corresponding interest payment date notwithstanding the conversion. Notes, upon surrender for conversion during the period from the close of business on any record date to the open of business on the corresponding interest payment date, must be accompanied by funds equal to the amount of interest, if any, payable on the notes so converted on such interest payment date; provided that no such payment need be made:

- for conversions following the record date immediately preceding the maturity date;

- if we have specified a redemption date that is after a record date and on or prior to the business day immediately following the corresponding interest payment date and the conversion occurs after such record date and on or prior to the open of business on such interest payment date;

- if we have specified a fundamental change repurchase date that is after a record date and on or prior to the business day immediately following the corresponding interest payment date and the conversion occurs after such record date and on or prior to the open of business on such interest payment date; or

- to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such note.

“Close of business” means 5:00 p.m., New York City time. “Open of business” means 9:00 a.m., New York City time. If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any common shares upon the conversion, unless the tax is due because the holder requests that any shares be issued in a

name other than the holder's name, in which case the holder will pay that tax.

S-34

---



TABLE OF CONTENTS

Conversion Procedures

If you hold a beneficial interest in a global note, to convert you must comply with DTC's procedures for converting a beneficial interest in a global note and, if required, pay funds equal to the interest payable on the next interest payment date as described above and, if required, pay all taxes or duties, if any.

If you hold a certificated note, to convert that note, you must:

- complete and manually sign the conversion notice on the back of the note, or a facsimile of the conversion notice;
- deliver the conversion notice, which is irrevocable, and the note to the conversion agent;
- if required, furnish appropriate endorsements and transfer documents;
- if required, pay all transfer or similar taxes; and
- if required, pay funds equal to the interest payable on the next interest payment date as described above.

The date you comply with the relevant procedures described above will be the "conversion date" under the indenture. Each conversion will be deemed to have been effected as to any notes surrendered for conversion on the conversion date; provided, however, that the person in whose name any common shares shall be issuable upon such conversion will become the holder of record of such shares as of the close of business on the conversion date, in the case of physical settlement (as defined below), or the last trading day of the relevant observation period, in the case of combination settlement (as defined below).

Settlement upon Conversion

Upon conversion, we may choose to pay or deliver, as the case may be, cash ("cash settlement"), our common shares ("physical settlement") or a combination of cash and our common shares ("combination settlement"), as described below. We refer to each of these settlement methods as a "settlement method."

All conversions occurring on or after February 1, 2023 will be settled using the same settlement method. Except for any conversions whose conversion date occurs on or after February 1, 2023, we will use the same settlement method for all conversions occurring on the same conversion date, but we will not have any obligation to use the same settlement method with respect to conversions that occur on different conversion dates. For example, we may choose for any conversion of notes whose conversion date is before February 1, 2023 to settle with physical settlement and choose for any conversion of other notes converted on another conversion date before February 1, 2023 to settle with cash settlement or combination settlement.

If we elect a settlement method, we will inform converting holders, the trustee, the paying agent and the conversion agent (if other than the trustee) in writing, through the trustee (the trustee to send such notice to converting holders upon written instruction from us), of the settlement method we have selected no later than the close of business on the trading day immediately following the related conversion date (or, in the case of any conversions whose conversion date is on or after February 1, 2023, no later than the close of business on the second scheduled trading day immediately preceding February 1, 2023). If we do not timely elect a settlement method, then we will be deemed to have elected combination settlement with a specified dollar amount (as defined below) per \$1,000 principal amount of notes equal to \$1,000. If we elect combination settlement, but we do not timely notify converting holders of the specified dollar amount per \$1,000 principal amount of notes, then such specified dollar amount will be deemed to be \$1,000. It is our current intent to settle conversions through combination settlement with a specified dollar amount per \$1,000 principal amount of notes of \$1,000.

The type and amount of consideration due upon conversion will be computed by us as follows:

-

if we elect physical settlement, we will deliver, in respect of each \$1,000 principal amount of notes being converted, a number of whole common shares equal to the conversion rate (and cash in lieu of any fractional share as described below);

S-35

---

TABLE OF CONTENTS

- if we elect cash settlement, we will pay, in respect of each \$1,000 principal amount of notes being converted, cash in an amount equal to the sum of the daily conversion values for each of the 50 consecutive trading days in the relevant observation period; and

- if we elect (or are deemed to have elected) combination settlement, we will pay or deliver, as the case may be, in respect of each \$1,000 principal amount of notes being converted, a settlement amount consisting of cash and whole shares equal to the sum of the daily settlement amounts for each of the 50 consecutive trading days in the relevant observation period (and cash in lieu of any fractional share as described below).

The “daily settlement amount,” for each of the 50 consecutive trading days during the observation period, will consist of:

- cash equal to the lesser of:

- the maximum cash amount per \$1,000 principal amount of notes being converted to be received upon conversion (excluding cash in lieu of any fractional common share) as specified in the notice specifying our chosen settlement method, or deemed to be so specified (the “specified dollar amount”), divided by 50 (such quotient being referred to as the “daily measurement value”); and

- the daily conversion value (as defined below) on such trading day; and

- if such daily conversion value exceeds such daily measurement value, a number of common shares equal to (1) the difference between such daily conversion value and such daily measurement value, divided by (2) the daily VWAP for such trading day.

The “daily conversion value” means, for any trading day, (1) the product of (x) the conversion rate on such trading day and (y) the daily VWAP on such trading day, divided by (2) 50.

The “daily VWAP” means, for any trading day, the per share volume-weighted average price as displayed under the heading “Bloomberg VWAP” on Bloomberg page “SFL <equity> AQR” (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such trading day (or if such volume-weighted average price is unavailable, the market value of one of our common shares on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). The “daily VWAP” will be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

The “observation period” with respect to any note surrendered for conversion means:

- if the relevant conversion date occurs before February 1, 2023, the 50 consecutive trading-day period beginning on, and including, the second trading day after such conversion date; and

- if the relevant conversion date occurs on or after February 1, 2023, the 50 consecutive trading days beginning on, and including, the 51st scheduled trading day immediately preceding the maturity date.

“Trading day” means a day on which (i) there is no market disruption event (as defined below) and (ii) trading in our common shares generally occurs on The New York Stock Exchange or, if our common shares are not then listed on The New York Stock Exchange, on the principal other U.S. national or regional securities exchange on which our common shares are then listed or, if our common shares are not then listed on a U.S. national or regional securities exchange, on the principal other market on which our common shares are then listed or admitted for trading. If our common shares are not so listed or admitted for trading, “trading day” means a “business day.”

For the purposes of determining any observation period only, “market disruption event” means (i) a failure by the primary U.S. national or regional securities exchange or market on which our common shares are listed or admitted for trading to open for trading during its regular trading session or (ii) the occurrence or existence prior to 1:00 p.m., New York City time, on any scheduled trading day for our common shares

S-36

---

TABLE OF CONTENTS

for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in our common shares or in any options, contracts or future contracts relating to our common shares.

“Scheduled trading day” means a day that is scheduled to be a trading day on the principal U.S. national or regional securities exchange or market on which our common shares are listed or admitted for trading. If our common shares are not so listed or admitted for trading, “scheduled trading day” means a “business day.”

Except as described under “—Conversion Rate Adjustments,” “—Adjustment to Shares Delivered upon Conversion upon a Make-Whole Fundamental Change” and “—Recapitalizations, Reclassifications, Mergers and Other Changes of Our Common Shares,” we will pay or deliver, as the case may be, the consideration due upon conversion to converting holders on the second business day immediately following the last trading day of the applicable observation period, if we elect cash settlement or combination settlement, or on the second business day immediately following the relevant conversion date, if we elect physical settlement.

We will pay cash in lieu of delivering any fractional share, if any, otherwise issuable upon conversion based on the daily VWAP on the last trading day of the applicable observation period, in the case of combination settlement, or based on the daily VWAP on the relevant conversion date (or if such conversion date is not a trading day, the immediately preceding trading day), in the case of physical settlement.

Conversion Rate Adjustments

The conversion rate will be adjusted by us as described below, except that we will not make an adjustment to the conversion rate if each holder of the notes participates (other than in the case of a share split or share combination), at the same time and upon the same terms as holders of our common shares, and solely as a result of holding the notes, in the relevant transaction described below without having to convert its notes and as if it held a number of common shares equal to the applicable conversion rate, multiplied by the principal amount (expressed in thousands) of notes held by such holder.

(1)

If we exclusively issue to all or substantially all holders of our common shares common shares as a dividend or distribution on our common shares, or if we effect a share split or share combination, the conversion rate will be adjusted based on the following formula:

where:

CR0 =

the conversion rate in effect immediately prior to the open of business on the ex-dividend date (as defined below) of such dividend or distribution, or immediately prior to the open of business on the effective date (as defined below) of such share split or combination, as applicable;

CR1 =

the conversion rate in effect immediately after the open of business on such ex-dividend date or the open of business on such effective date;

OS0 =

the number of our common shares outstanding immediately prior to the open of business on such ex-dividend date or effective date; and

OS1 =

the number of our common shares outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

If any dividend, distribution, share split or share combination of the type described in this clause (1) is declared but not so paid or made, the conversion rate shall be immediately readjusted, effective as of the date our board of directors

or a committee thereof determines not to pay such dividend or distribution or effect such share split or share combination to the conversion rate that would then be in effect if such dividend or distribution or share split or share combination had not been declared or announced.

S-37

---

TABLE OF CONTENTS

(2)

If we issue to all or substantially all holders of our common shares any rights, options or warrants entitling them, for a period of not more than 60 calendar days after the record date of such issuance, to subscribe for or purchase our common shares, at a price per share less than the average of the last reported sale prices of our common shares for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, the conversion rate will be increased based on the following formula:

where:

CRO =

the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such issuance;

CR1 =

the conversion rate in effect immediately after the open of business on such ex-dividend date;

OS =

the number of our common shares outstanding immediately prior to the open of business on such ex-dividend date;

X =

the total number of our common shares issuable pursuant to such rights, options or warrants; and

Y =

the number of our common shares equal to the quotient of (i) the aggregate price payable to exercise such rights, options or warrants over (ii) the average of the last reported sale prices of our common shares over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of the issuance of such rights, options or warrants.

To the extent that our common shares are not delivered after the expiration of such rights, options or warrants, including because the issued rights, options or warrants were not exercised, the conversion rate shall be readjusted to the conversion rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of our common shares actually delivered. If such rights, options or warrants are not so issued, the conversion rate shall be readjusted to the conversion rate that would then be in effect if the ex-dividend date for such issuance had not occurred.

In determining whether any rights, options or warrants entitle the holders to subscribe for or purchase our common shares at a price per share less than the average of the last reported sale prices of our common shares for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement for an issuance, and in determining the aggregate price payable to exercise such rights, options or warrants, we shall take into account any consideration received by us for such rights, options or warrants and any amount payable on exercise thereof, the value of such consideration, if other than cash, to be determined by our board of directors.

(3)

If we distribute shares of our capital stock, evidences of our indebtedness, other assets or property of ours or rights, options or warrants to acquire our capital stock or other securities to all or substantially all holders of our common shares, excluding:

- dividends, distributions, rights, options or warrants as to which an adjustment was effected pursuant to clause (1) or (2) above;

- dividends or distributions paid exclusively in cash for which an adjustment was effected pursuant to clause (4) below; and

- spin-offs as to which the provisions set forth below in this clause (3) shall apply, then the conversion rate will be increased based on the following formula:

S-38

---



TABLE OF CONTENTS

where:

CR0 =

the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such distribution;

CR1 =

the conversion rate in effect immediately after the open of business on such ex-dividend date;

SP0 =

the average of the last reported sale prices of our common shares over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex-dividend date for such distribution; and

FMV =

the fair market value (as determined by our board of directors) of the shares of capital stock, evidences of indebtedness, assets, property, rights, options or warrants distributed with respect to each of our outstanding common shares on the ex-dividend date for such distribution.

If “FMV” (as defined above) is equal to or greater than the “SP0” (as defined above), in lieu of the foregoing increase, each holder of a note shall receive, in respect of each \$1,000 principal amount thereof, at the same time and upon the same terms as holders of our common shares, the amount and kind of shares of our capital stock, evidences of our indebtedness, other assets or property of ours or rights, options or warrants to acquire our capital stock or other securities that such holder would have received if such holder owned a number of our common shares equal to the conversion rate in effect on the record date for the distribution.

If any distribution of the type described in this clause (3) is not so paid or made, or if any rights, options or warrants are not exercised before their expiration date, the conversion rate shall be readjusted to be the conversion rate that would then be in effect if such distribution had not been declared.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common shares of shares of capital stock of any class or series, or similar equity interest, of or relating to an affiliate, a subsidiary or other business unit of ours, and such capital stock or similar equity interest is listed or quoted (or will be listed or quoted upon the consummation of the transaction) on a national securities exchange or a reasonably comparable non-U.S. equivalent, which we refer to as a “spin-off,” the conversion rate will be increased based on the following formula:

where:

CR0 =

the conversion rate in effect immediately prior to the open of business on the ex-dividend date of the spin-off;

CR1 =

the conversion rate in effect immediately after the open of business on the ex-dividend date of the spin-off;

FMV0 =

the average of the last reported sale prices of the capital stock or similar equity interest distributed to holders of our common shares applicable to one of our common shares (determined for purposes of the definition of last reported sale price as if such capital stock or similar equity interest were our common shares) over the first 10 consecutive trading day period after, and including, the ex-dividend date of the spin-off (the “valuation period”); and

MP0 =

the average of the last reported sale prices of our common shares over the valuation period.

The adjustment to the conversion rate under the preceding paragraph will be calculated by us as of the close of business on the last trading day of the valuation period but will be given effect as of immediately after the open of business on the ex-dividend date of the spin-off. Because we will make the adjustment to the conversion rate with retroactive effect, we will delay the settlement of any conversion of notes where the conversion date (in the case of physical settlement) or any trading day of the applicable observation period (in the case of cash settlement or combination settlement) occurs during the valuation period until the second business day after the last day of the valuation period. If any distribution of the type described in

S-39

---

TABLE OF CONTENTS

this clause (3) is declared but not so made, the conversion rate shall be immediately readjusted, effective as of the date our board of directors or a committee thereof determines not to make such distribution, to the conversion rate that would then be in effect if such distribution had not been declared.

(4)

If any cash dividend or distribution is made to all, or substantially all, holders of our outstanding common shares, the conversion rate will be increased based on the following formula:

where:

CR0 =

the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such dividend or distribution;

CR1 =

the conversion rate in effect immediately after the open of business on the ex-dividend date for such dividend or distribution;

SP0 =

the daily VWAP, as defined above, of our common shares on the trading day immediately preceding the ex-dividend date for such dividend or distribution; and

C =

the amount in cash per share we distribute to holders of our common shares.

If “C” (as defined above) is equal to or greater than “SP0” (as defined above), in lieu of the foregoing increase, each holder of a note shall receive, for each \$1,000 principal amount of notes, at the same time and upon the same terms as holders of our common shares, the amount of cash that such holder would have received if such holder owned a number of our common shares equal to the conversion rate on the record date for such cash dividend or distribution. If any dividend or distribution of the type described in this clause (4) is not so paid, the conversion rate shall be decreased to be the conversion rate that would then be in effect if such dividend or distribution had not been declared.

(5)

If we or any of our subsidiaries make a payment in respect of a tender offer or exchange offer for our common shares, to the extent that the cash and value of any other consideration included in the payment per common share exceeds the last reported sale price of our common shares on the trading day next succeeding the last date (the “expiration date”) on which tenders or exchanges may be made pursuant to such tender or exchange offer, the conversion rate will be increased based on the following formula:

where:

CR0 =

the conversion rate in effect immediately prior to the expiration time (as defined below);

CR1 =

the conversion rate in effect immediately after the expiration time;

AC =

the aggregate value of all cash and any other consideration (as determined by our board of directors) paid or payable

for shares purchased in such tender or exchange offer;

OS0 =

the number of our common shares outstanding immediately prior to the time (the “expiration time”) on the date such tender or exchange offer expires (prior to giving effect to the purchase of all shares accepted for purchase or exchange in such tender offer or exchange offer);

OS1 =

the number of our common shares outstanding immediately after the expiration time (after giving effect to the purchase of all shares accepted for purchase or exchange in such tender or exchange offer); and

SP1 =

the average of the last reported sale prices of our common shares over the 10 consecutive trading day period (the “averaging period”) commencing on the trading day next succeeding the date such tender or exchange offer expires.

S-40

---

TABLE OF CONTENTS

The adjustment to the conversion rate under this clause (5) will be calculated by us as of the close of business on the last trading day of the averaging period but will be given effect as of immediately after the expiration time. Because we will make the adjustment to the conversion rate with retroactive effect, we will delay the settlement of any conversion of notes where the conversion date (in the case of physical settlement) or any trading day of the applicable observation period (in the case of cash settlement or combination settlement) occurs during the averaging period until the second business day after the last day of the averaging period.

If the application of the foregoing formulas would result in a decrease in the conversion rate, then no adjustment to the conversion rate will be made (other than as a result of a share split, share combination or readjustment of the conversion rate as described in clause (1) above).

Notwithstanding the foregoing, if a conversion rate adjustment becomes effective on any ex-dividend date as described above, and a holder that has converted its notes on or after such ex-dividend date and on or prior to the related record date would be treated, on such record date, as the record holder of our common shares, if any, issuable upon such conversion based on an adjusted conversion rate for such ex-dividend date, then the conversion rate adjustment relating to such ex-dividend date will not be made for such converting holder. Instead, such holder will be treated as if such holder were, as of such record date, the record owner of such common shares on an unadjusted basis and will participate in the related dividend, distribution or other event giving rise to such adjustment.

As used in this “Conversion Rate Adjustments” section, “ex-dividend date” means the first date on which our common shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, and “effective date” means the first date on which our common shares trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable.

We are permitted, to the extent permitted by law and the rules of The New York Stock Exchange or any other securities exchange on which our common shares are then listed, to increase the conversion rate of the notes by any amount for a period of at least 20 business days if such increase is irrevocable during such 20 business days and our board of directors determines that such increase would be in our best interest. In addition, subject to those listing standards, we may (but are not required to) increase the conversion rate to avoid or diminish income tax to holders of our common shares or rights to purchase our common shares in connection with a dividend or distribution of shares (or rights to acquire shares) or similar event for U.S. federal income tax purposes. In each case, we will deliver to the trustee, the conversion agent and each holder of the notes notice of such increase at least 15 business days prior to the date such increase takes effect.

A holder may, in some circumstances, including a distribution of cash dividends to holders of our common shares, be deemed to have received a distribution subject to U.S. federal income tax as a result of an adjustment or the nonoccurrence of an adjustment to the conversion rate. For a discussion of the U.S. federal income tax considerations generally applicable to an adjustment to the conversion rate, see “Tax Considerations—U.S. Federal Income Tax Considerations.”

We do not currently have a rights plan in effect. To the extent that we have a rights plan in effect when you convert your notes, you will receive, in addition to any of our common shares otherwise issuable upon conversion, the rights under the rights plan, unless prior to the conversion date, the rights have separated from the common shares, in which case, and only in such case, the conversion rate will be adjusted at the time of separation as if we distributed to all holders of our common shares, shares of our capital stock, evidences of our indebtedness, other assets or property of ours or rights, options or warrants to acquire our capital stock or other securities as described in clause (3) above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

Notwithstanding any of the foregoing, the applicable conversion rate will not be adjusted:

- upon the issuance of any of our common shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in our common shares under any plan;



TABLE OF CONTENTS

- upon the issuance of any of our common shares or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;
- upon the issuance of any of our common shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet and outstanding as of the date the notes were first issued;
- for a change in the par value of our common shares; or
- for accrued and unpaid interest.

Adjustments to the applicable conversion rate will be calculated to the nearest 1/10,000th of a share, with five one-hundred-thousandths rounded upward (e.g., 0.76545 would be rounded up to 0.7655). No