

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: March 6, 2007

**Re: Frontline Limited (FRO) - 10.71% Stock Dividend**

Frontline Limited (FRO) has declared a distribution of shares of Common Stock of Ship Finance International Limited (SFL) payable to shareholders of record on Thursday, March 8, 2007. The distribution ratio will be 0.1071 shares SFL per 1 share of FRO. Distribution date for the stock dividend will be Thursday, March 22, 2007. **Ex-distribution date for the stock dividend will be Tuesday, March 6, 2007.**

On the ex-distribution date, the Options Clearing Corporation (OCC), will not adjust the strike prices for FRO.

**EFFECTIVE DATE:** Tuesday, March 6, 2007  
**SYMBOLS:** FRO becomes GFE  
**STRIKE PRICES:** No Change  
**POS/EXERCISE LIMIT:** No Change  
**MULTIPLIER:** 100\*(eg., Premium of 1.00 = \$100)  
**NUMBER OF CONTRACTS:** No Change

**NEW DELIVERABLE**

- PER CONTRACT:**
- 1) 100 Frontline Ltd. (FRO) Common Shares
  - 2) 10 Ship Finance International, Ltd. (SFL) Common Shares
  - 3) Cash in lieu of 0.71 fractional SFL Shares

The resulting list of adjusted strike prices and symbols is as shown on the following pages:

Frontline Limited (FRO) (Before 3/6/2007) (100 shrs FRO)					Frontline Limited (GFE) (Beginning 3/6/2007) (See new deliverable above)				
			Calls	Puts				Calls	Puts
FRO	MAR	20	CD	OD	GFE	MAR	18 1/8	CU	OU
FRO	MAR	22 1/2	CX	OX	GFE	MAR	20 3/8	CV	OV
FRO	MAR	25	CE	OE	GFE	MAR	22 5/8	CW	OW
FRO	MAR	30	CF	OF	GFE	MAR	27 1/8	CX	OX
FRO	MAR	35	CG	OG	GFE	MAR	31 5/8	CY	OY
FRO	MAR	40	CH	OH	GFE	MAR	36 1/8	CZ	OZ
FRO	MAR	45	CI	OI	GFE	MAR	40 5/8	CA	OA
FRO	APR	22 1/2	DX	PX	GFE	APR	20 3/8	DV	PV
FRO	APR	25	DE	PE	GFE	APR	22 5/8	DW	PW
FRO	APR	30	DF	PF	GFE	APR	27 1/8	DX	PX
FRO	APR	35	DG	PG	GFE	APR	31 5/8	DY	PY
FRO	APR	40	DH	PH	GFE	APR	36 1/8	DZ	PZ
FRO	APR	45	DI	PI	GFE	APR	40 5/8	DA	PA
FRO	APR	50	DJ	PJ	GFE	APR	45 1/8	DB	PB
FRO	MAY	25	EE	QE	GFE	MAY	22 5/8	EW	QW
FRO	MAY	30	EF	QF	GFE	MAY	27 1/8	EX	QX
FRO	MAY	35	EG	QG	GFE	MAY	31 5/8	EY	QY
FRO	MAY	40	EH	QH	GFE	MAY	36 1/8	EZ	QZ
FRO	MAY	45	EI	QI	GFE	MAY	40 5/8	EA	QA
FRO	MAY	50	EJ	QJ	GFE	MAY	45 1/8	EB	QB
FRO	MAY	55	EK	QK	GFE	MAY	49 5/8	EC	QC

Frontline Limited (FRO)					Frontline Limited (GFE)				
(Before 3/6/2007)					(Beginning 3/6/2007)				
(100 shrs FRO)					<b>(See new deliverable above)</b>				
			Calls	Puts				Calls	Puts
FRO	AUG	22 1/2	HX	TX	GFE	AUG	20 3/8	HV	TV
FRO	AUG	25	HE	TE	GFE	AUG	22 5/8	HW	TW
FRO	AUG	30	HF	TF	GFE	AUG	27 1/8	HX	TX
FRO	AUG	35	HG	TG	GFE	AUG	31 5/8	HY	TY
FRO	AUG	40	HH	TH	GFE	AUG	36 1/8	HZ	TZ
FRO	AUG	45	HI	TI	GFE	AUG	40 5/8	HA	TA
FRO	AUG	50	HJ	TJ	GFE	AUG	45 1/8	HB	TB

**Any additional FRO series that are added prior to the ex-date will also be adjusted in the manner described above.**

The new FRO option contracts representing 100 shares of FRO, will be admitted to trading on Wednesday, March 7, 2007. Strike prices and expiration months will be announced on a separate release prior to that date.

The bids and offers for listed options are usually expressed in price per share of the underlying security. If the unit of trading is 100 shares, a bid of 2 would indicate a dollar premium of \$200.00 per contract. If, however, the unit of trading is 110.71, a bid of 2 would indicate a dollar premium of \$221.42.00.

Brokers must advise their customers of this fact in connection with the adjusted GFE options. Brokers are cautioned to be certain that customers entering closing transactions make the proper description of the options. Failure to do this could result in closing out an existing position in the adjusted series. Customers should also be advised that if they are 'covered writers', they must retain and not liquidate the additional shares of FRO if they are to remain fully covered. Customers initiating opening writing positions in FRO on or after Tuesday, March 6, 2007 must own 110.71 shares of FRO common stock for each contract held in order to be fully covered. Commencing on March 7, 2007 and thereafter, customers purchasing 100 shares of FRO and selling one option should be certain to sell 'NEW' contracts to avoid being uncovered writers.

Customers should be advised that Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.