

MEMORANDUM

To: All Option Members, Member Organizations and ROTs
 From: Market Watch
 Date: March 7, 2007
 Re: ****REVISED** Frontline Limited (FRO) - Stock Dividend**

Frontline Limited (FRO) 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 was Tuesday, March 6, 2007.**

On the ex-distribution date, the Options Clearing Corporation (OCC), did 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

Note: This FRO adjustment which occurred on March 6, 2007 was NOT to have the strike prices adjusted, as indicated on PHLX Memo #0525-07. All FRO strike prices prior to the ex-date should have remained unchanged; while the option symbol was changed from FRO to GFE. Beginning immediately, all GFE strike prices will match all FRO strike prices that were available for trading prior to the ex-date (which was Tuesday, March 6, 2007). In addition, all GFE strike prices listed on PHLX Memo #0525-07 will no longer be available for trading. The list of available GFE strike prices are displayed below.

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	20	CD	OD
FRO	MAR	22 1/2	CX	OX	GFE	MAR	22 1/2	CX	OX
FRO	MAR	25	CE	OE	GFE	MAR	25	CE	OE
FRO	MAR	30	CF	OF	GFE	MAR	30	CF	OF
FRO	MAR	35	CG	OG	GFE	MAR	35	CG	OG
FRO	MAR	40	CH	OH	GFE	MAR	40	CH	OH
FRO	MAR	45	CI	OI	GFE	MAR	45	CI	OI
FRO	APR	22 1/2	DX	PX	GFE	APR	22 1/2	DX	PX
FRO	APR	25	DE	PE	GFE	APR	25	DE	PE
FRO	APR	30	DF	PF	GFE	APR	30	DF	PF
FRO	APR	35	DG	PG	GFE	APR	35	DG	PG
FRO	APR	40	DH	PH	GFE	APR	40	DH	PH
FRO	APR	45	DI	PI	GFE	APR	45	DI	PI
FRO	APR	50	DJ	PJ	GFE	APR	50	DJ	PJ

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	MAY	25	EE	QE	GFE	MAY	25	EE	QE
FRO	MAY	30	EF	QF	GFE	MAY	30	EF	QF
FRO	MAY	35	EG	QG	GFE	MAY	35	EG	QG
FRO	MAY	40	EH	QH	GFE	MAY	40	EH	QH
FRO	MAY	45	EI	QI	GFE	MAY	45	EI	QI
FRO	MAY	50	EJ	QJ	GFE	MAY	50	EJ	QJ
FRO	MAY	55	EK	QK	GFE	MAY	55	EK	QK
FRO	AUG	22 1/2	HX	TX	GFE	AUG	22 1/2	HX	TX
FRO	AUG	25	HE	TE	GFE	AUG	25	HE	TE
FRO	AUG	30	HF	TF	GFE	AUG	30	HF	TF
FRO	AUG	35	HG	TG	GFE	AUG	35	HG	TG
FRO	AUG	40	HH	TH	GFE	AUG	40	HH	TH
FRO	AUG	45	HI	TI	GFE	AUG	45	HI	TI
FRO	AUG	50	HJ	TJ	GFE	AUG	50	HJ	TJ

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 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) 496-5380.