



PRESS RELEASE

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Frontline makes offer to ICB shareholders

- Frontline offers ICB shareholders two alternative ways to sell their ICB-shares:

Alternative 1: Swap each ICB-share for 3 Frontline shares.

Alternative 2: Sell each ICB-share for SEK 115 in cash. The cash alternative is limited to 25 percent of total ICB-shares outstanding, representing 7.037.078 shares.

Alternative 1 and 2 represent 19 percent and 21 percent premiums, respectively, over the latest publicly quoted ICB B-share trading price on August 28, 1997, the last trading day prior to the suspension of the shares from their respective stock exchanges.

The cash alternative represents a 16 percent premium relative to ICB's SEK 99 NAV per share, as set forth in the interim report dated June 30, 1997.

- The cash offer in alternative 2 is financed through a targeted placement of 21.000.000 new Frontline-shares at NOK 35 per share (SEK 36,75¹), adding a total of SEK 772 million in cash to the company. The placement is organised by a syndicate led by Alfred Berg and Carnegie.
- ICB shareholders are offered Frontline-shares with better liquidity than ICB-shares through alternative 1.
- Shareholders representing in excess of 35 percent of ICB's capital welcome Frontline's offer. Additionally, Frontline owns 2,6 percent of the shares in ICB.
- A merger of the two companies creates the world's largest modern fleet of VLCC and Suezmax vessels representing 44 ships totalling 8.440.000 dwt. including newbuildings.
- A combination of the two companies will lead to substantial economies of scale benefits in chartering, operations and administration.
- Frontline intends to seek a secondary listing for the Frontline-share on the Stockholm Stock Exchange, given a successful completion of the merger.

Frontline's Board of Directors decided on August 31, 1997, to extend a public offer to the shareholders of ICB Shipping AB ("ICB") to acquire all of ICB's outstanding shares. In addition, the board proposed an extraordinary shareholder meeting in Frontline to decide on the issuance of 84.444.927 new Frontline shares to be exchanged for ICB shares according to alternative 1 in the offer. Alternative 2, the cash offer, is mainly financed

¹ A 1,05 NOK/SEK exchange rate is used throughout this press release.



through a targeted placement of 21.000.000 new Frontline-shares. The targeted placement is supported by a previous authorisation by the ordinary shareholders meeting in Frontline.

ICB shareholders, representing in excess of 35 percent of the shares, welcome Frontline's offer. Additionally, Frontline currently owns 148.663 A-shares and 569.140 B-shares in ICB, representing 2,6 percent of the shares and 4,1 percent of the votes in the company.

The last trading price for ICB's B-share on August 28, 1997, the day prior to its suspension from the Stockholm Stock Exchange, was SEK 95 per share.² The last trading price for the Frontline-share, which is listed on the Oslo Stock Exchange, was SEK 37,8. Based on these prices, alternative 1 and 2 represent 19 and 21 percent premiums, respectively. The average closing prices during the period from August 1-28, 1997, were SEK 95,6 for the ICB B-share and SEK 36,2 for the Frontline-share. Based on these prices, alternative 1 and 2 represent 14 percent and 20 percent premiums, respectively. The cash alternative represents a 16 percent premium over ICB's SEK 99³ net asset value ("NAV") per share.

The total bid value, based on the latest Frontline share price, equals SEK 3.122 million, assuming 75 percent acceptance for alternative 1 and 25 percent acceptance for alternative 2.

Background and motivation

Frontline Ltd is a Bermuda registered company. The company operates a fleet of 24 vessels; nine OBO-vessels, five VLCC-vessels five Suezmax-vessels, three woodchip carriers and two drybulk vessels. 18 of the vessels are fully owned, two are partly owned and four chartered. The total tonnage amounts to 3.978.000 dwt. The fleet is largely modern, with the oldest vessel built in 1974, while 18 vessels are built in the 1990s. Frontline has in addition signed an agreement to purchase another Suezmax-vessel (see below).

ICB's fleet consists of 11 vessels; six VLCCs and five Suezmax tankers. Nine of these vessels are fully or partly owned by ICB. Two VLCCs are controlled through purchase options plus an agreement regarding marketing and operation of the vessels. The total tonnage amounts to 2.455.000 dwt and all the vessels are built in the 1990s.

In the industrial shipping sector, fleet size is gaining increasing importance, in particular in negotiations with major clients/charterers. Frontline and ICB combined will become one of the world's largest freight shipping companies, with a modern, high quality VLCC, Suezmax and OBO fleet. A merger of the two companies implies a more cost-effective operation of the combined fleet with economies of scale in chartering due to improved logistics and fleet allocation possibilities. The combined company will also increase its power and flexibility relative to suppliers and shipbuilders. The merger is expected to create cost savings in areas such as chartering, operations, management and administration.

Frontline will be financially strong following the merger due to recent equity placements, which is the basis for continued business expansion. The broadened shareholder base implies increased liquidity for the company's stock. The merger creates one of the world's largest publicly traded shipping companies, and institutional investors' interest in the Frontline share is expected to increase further.

² There were only four trading days for ICB's A-share during the period from August 1-28 and a total of 1.100 shares were traded. The latest quoted price for the A-share on August 27, 1997, was SEK 97. Alternative 1 and 2 represent 17 percent and 19 percent premiums, respectively, relative to this price.

³ Source: ICB's interim report dated June 30, 1997.



The offer

ICB's shareholders are offered two alternative ways to sell their ICB shares to Frontline:

Alternative 1: Each ICB share is swapped for 3 new Frontline shares.

Alternative 2: Sell each ICB share for SEK 115 in cash.

The cash alternative is limited to 25 percent of the total ICB shares outstanding, representing 7.037.078 shares. To the extent that the demand for alternative 2 exceeds the 25 percent limit, Frontline's board retains the right to increase the cash component beyond 25 percent.

Commission will not apply.

The offer is subject to the following conditions:

- That the offer is accepted to such degree that Frontline owns, directly or indirectly, more than 90 percent of the total outstanding shares in ICB. Frontline, however, retains the right to complete the offer even at a lower acceptance level.
- That sufficient financing for the cash alternative is secured through the above-mentioned targeted placement.
- That the merger, in Frontline's view, is not prevented or complicated by law, court decisions, by official action or by other circumstances beyond Frontline's control.
- That Frontline's shareholders, in an extraordinary shareholder meeting, support the board's proposal, regarding the issuance of new Frontline shares to be exchanged for ICB shares, and potential amendments to the company's bylaws.

Frontline will be positive to a completion of the offer, even at less than 90 percent acceptance, if the circumstances are deemed to be such that a long term combination of Frontline and ICB is feasible.

Tax consequences for ICB shareholders

The so-called structural rule (Swedish: strukturregeln) does apply for Swedish shareholders. This implies that the difference between the purchase price and retained compensation in the offer represent taxable capital income.

Listing

The Frontline-share is listed at the Oslo Stock Exchange. Frontline intends to seek a secondary listing for the Frontline share on the Stockholm Stock Exchange, given a successful completion of the merger.

ICB Ltd

Based on the announcement of Frontline's offer, Frontline's board will ask ICB Ltd to extend the subscription period for the transfer of shares in ICB AB to ICB Ltd until the subscription period for the current offer is completed and Frontline has announced whether the offer will be completed or not. Should ICB Ltd's transfer from ICB AB reach a completion, and ICB Ltd thereby becoming owner of ICB shares during the subscription



period for Frontline's offer, Frontline retains the right to expand the offer to include shares in ICB Ltd, or Swedish Depository Shares representing such shares.

Should Frontline complete the offer holding less than 90 percent of the total shares in ICB, Frontline will then consider the offer from ICB Ltd.

Financing

The cash alternative in the offer will mainly be financed through a targeted placement of 21.000.000 new Frontline-shares. The placement is organised by a syndicate led by Alfred Berg and Carnegie on the basis of shareholder approval. Shares are offered at NOK 35 per share adding a total of SEK 772 million to the company.

Frontline acquires M/S Sea Spirit

Frontline has reached an agreement with Fourways Marine Ltd., a company indirectly controlled by John Fredriksen, regarding the purchase of the Suezmax tanker M/S Sea Spirit. The vessel is built in 1993 and totals 147.000 dwt. The price will equal an amount totalling USD 1 million below the average value of the vessel as quoted by three independent appraisers. The vessel will be financed through the issuance of new Frontline shares valued at NOK 35 per share, plus the transfer of loans and liabilities to Frontline. The issuance of Frontline shares in connection with the purchase of the vessel is not to exceed 3.000.000 shares, and will, together with the placement of 21.000.000 shares to international institutions, fall within the limits of shareholder authorisation equalling 25.277.993 shares.

The ownership of Frontline's main shareholder

After the share issuance in connection with the acquisition of M/S Sea Spirit and the placement to the international institutions, John Fredriksen's ownership in Frontline equals 65.142.000 shares, representing 49.3 percent of the shares and votes. If the merger with ICB is completed and all shareholders in ICB accept alternative 1, the main shareholders ownership will total 30.1 percent of the shares and the votes.



Financial effects of the merger

MSEK	Frontline	ICB	The combined company pro forma	
			100% shares	75% shares + 25% cash
1996, 12 months				
Revenues	1.222	781	2.003	2.003
Income after financial dispositions	-97	287	208	151
Earnings per share, SEK	-2,07	10,27	1,1	0,9
1997, 6 months				
Revenues	900	469	1.369	1.369
Income after financial dispositions	13	151	173	144
Earnings per share, SEK	0,13	5,37	0,81	0,75
June 30, 1997				
Total assets	6.909	4.313	12.075	12.086
Shareholders' Equity	2.573	2.399	6.833	6.035
Liquid assets	428	645	1.073	1.073
Book value of fleet	6.170	3.345	10.368	10.379
Solidity	37%	55%	57%	50%
Number of shares, millions	98,28	28,15	213,73	192,62
Equity per share, SEK	26,2	83,1	32,0	31,3

When performing the pro forma calculations, Frontline's equity placements after June 30, 1997 have been considered. The total number of shares has increased by 31,0 million and has raised approximately SEK 1.068 million. The pro forma calculation does not include the acquisition of M/S Sea Spirit. The effect of this acquisition on the company's key figures is deemed to be marginal.

Frontline's income statement items for January-June 1997 have been recalculated from USD using an average exchange rate for the period equal to SEK/USD 7,53. The balance sheet has been recalculated from USD as per June 30, 1997 using a SEK/USD 7,72 exchange rate.

The income statement items for 1996 and 1997 assumes that both the acquisition of ICB as well as the equity placements taking place since June 30, 1997, occurred at the beginning of their respective years. A 7,0 percent interest is assumed on cash positions. No synergies or structural costs are assumed.

The acquisition is assumed to have taken place on June 30, 1997 for balance sheet purposes. The difference between the acquisition price and book equity (Goodwill) in ICB is applied to the fleet. A 15-year amortisation period is assumed for excess values (Goodwill), representing SEK 58 million annually for the cash alternative and SEK 57 million for the share alternative.



Preliminary time schedule

Extraordinary shareholder meeting in Frontline	about September 20, 1997
Distribution of prospectus	about September 25, 1997
Subscription period	about September 30-October 21, 1997

Information regarding compensation for the offer will be announced as soon as Frontline has announced that all conditions for the offer are satisfied or as soon as Frontline decides to complete the offer. Information regarding compensation will commence as soon as possible after such announcement or decision. Frontline preserves the right to extend the subscription period and delay information regarding compensation.

Advisors

Alfred Berg and Carnegie are advisors to Frontline in connection with the offer.

Oslo, September 1, 1997

Frontline Ltd
Board of Directors

Questions should be directed at:

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