



**THE VERY LARGE CASH CREATOR
(VLCC) STARTS TO SPIN AGAIN**

**LEHMAN ENERGY CONFERENCE
SEPTEMBER 4TH - 2003**

FORWARD LOOKING STATEMENTS

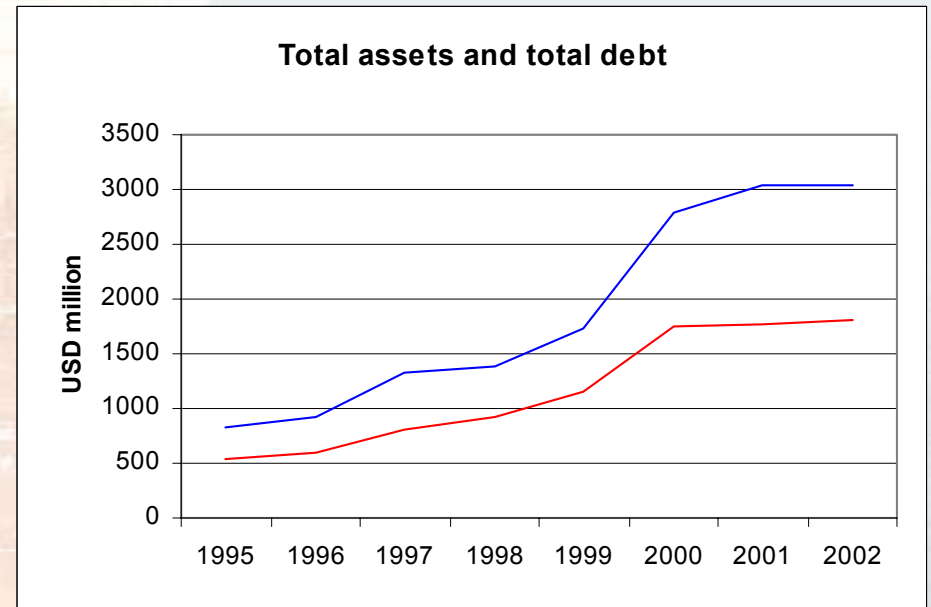
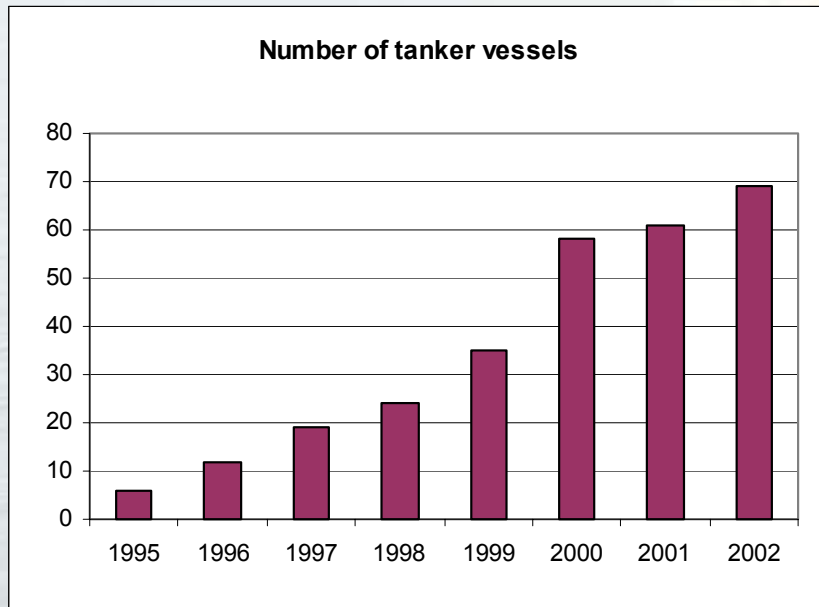
This presentation contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Frontline management's examination of historical operating trends. Although Frontline believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, Frontline cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in the Company's view, could cause actual results to differ materially from those discussed in this presentation include the strength of world economies and currencies, general market conditions including fluctuations in charter hire rates and vessel values, changes in demand in the tanker market as a result of changes in OPEC's petroleum production levels and world wide oil consumption and storage, changes in the Company's operating expenses including bunker prices, dry-docking and insurance costs, 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 or political events, and other important factors described from time to time in the reports filed by the Company with the United States Securities and Exchange Commission.

Expect the Unexpected

- Last year at the Conference everybody raised questions about Frontline's debt situation and the relationship to the banks.
- The last six months the company has :
 - Generated USD 334 mill in net income
 - Paid approx. USD 250 mill in dividend
 - Bought back 4 % of the stock
 - The share price is up more than 300 %.
 - (But still only 57 % of peak in 2001)

Frontline Development 1996-2002



- Accumulated USD 990 million in net income 1997-1H 2003
- Market cap USD 1.2 billion / EV 2.65 billion
- Accumulated dividend USD 5.00 per share 2001-1H 2003

The Fleet



39 VLCCs incl. 8 J/Vs
Equals 34.9 vessels on a 100% basis
Cash B/E USD 20,500 p/d



19 Suezmaxes
Cash B/E USD 14,300 p/d



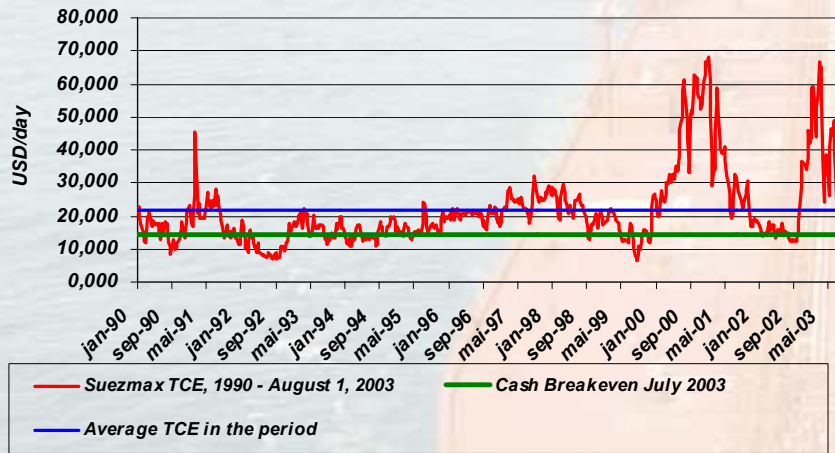
8 Suezmax OBOs
Cash B/E USD 13,200 p/d

- Oldest ship from 1990
- Average age: 7.3 years
- Industry average 10.0 years
- Double hull tonnage: 71 %
- Industry average 57 %

= 16.4 million dwt. or approximately 105 million barrels transport capacity.

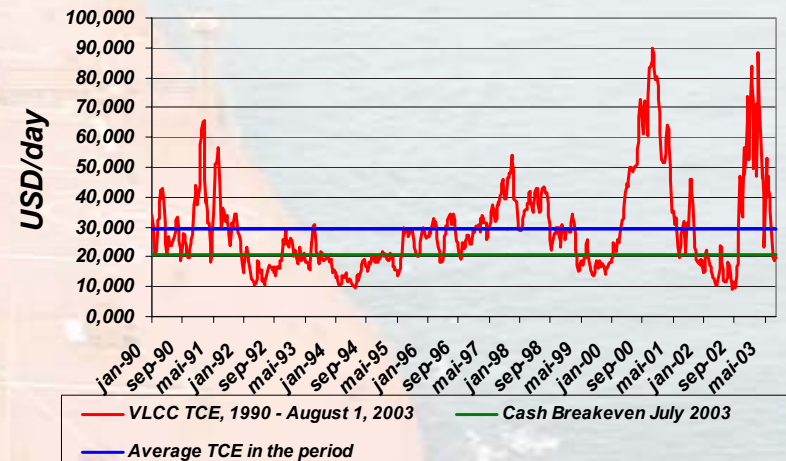
Low Break Even

Suezmax TCE versus Cash Breakeven



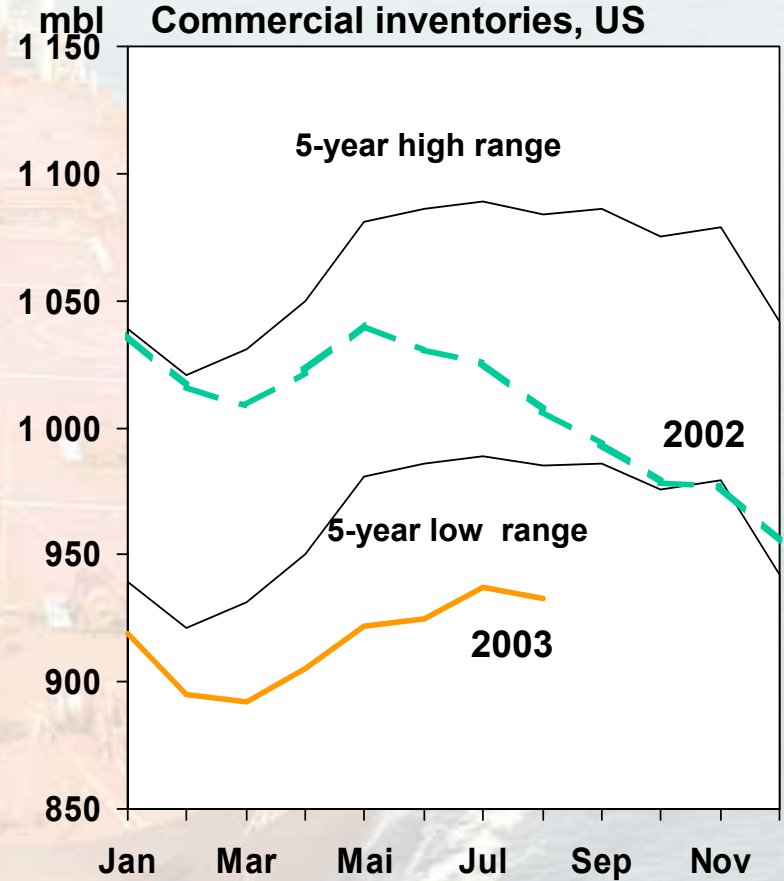
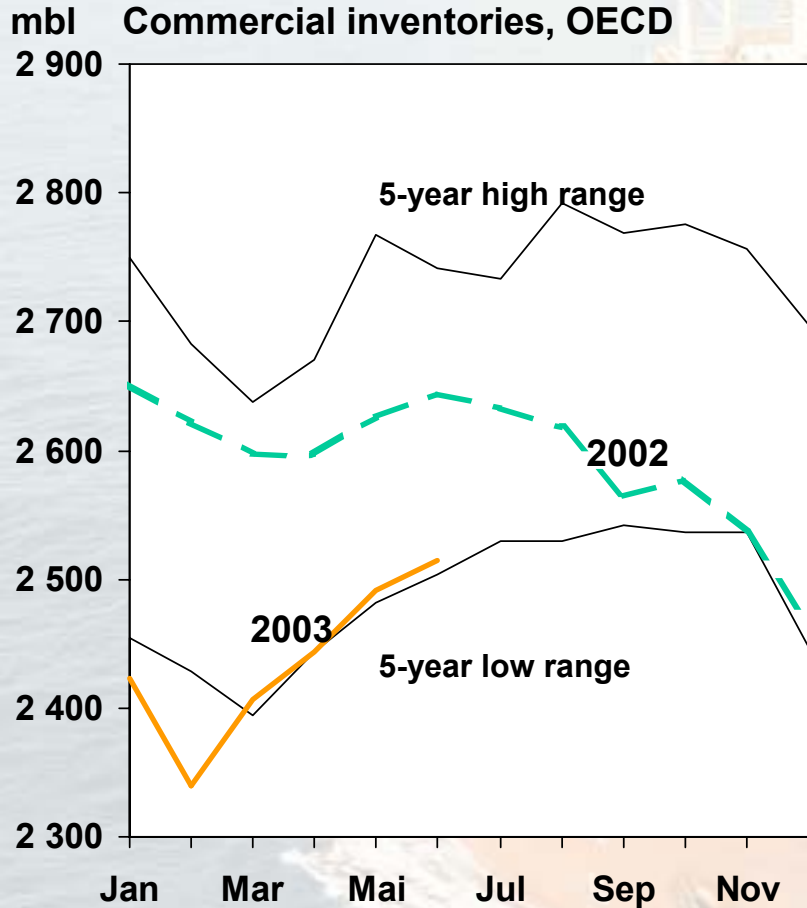
Average TCE VLCC's in the period 1990 – August 1, 2003 is USD 29,400 per day, as compared to P&L B/E August 2003 of USD 19,600 per day and cash B/E of USD 20,500 per day.

VLCC TCE versus Cash Breakeven



Average TCE Suezmax in the period 1990 – August 1, 2003 is USD 21,700 per day, as compared to P&L B/E August 2003 of USD 13,100 per day and cash B/E of USD 14,300 per day.

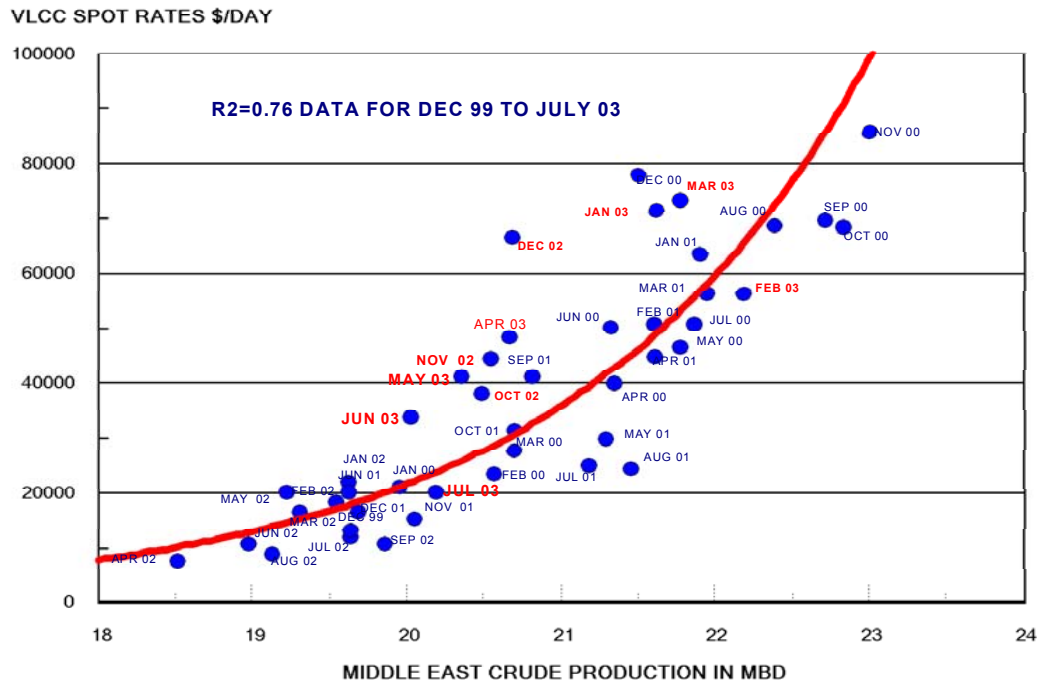
Tight Oil Market



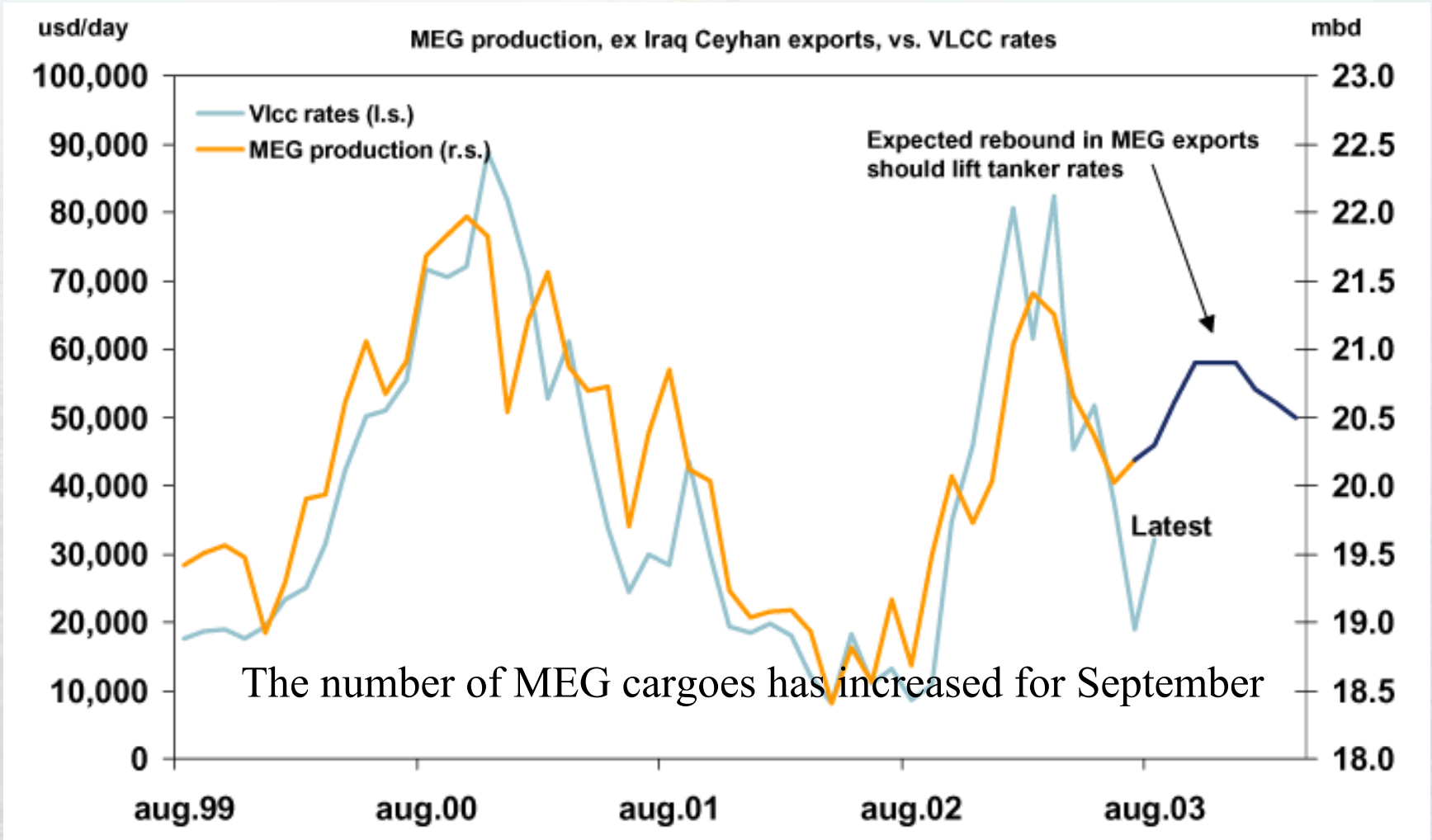
Source. P.F. Bassøe / IEA / DOE August 26, 2003

MEG Production Drives Tanker Rates

CORRELATION BETWEEN MIDDLE EAST OUTPUT AND VLCC RATES
MONTHLY DEC 1999 - JULY 2003

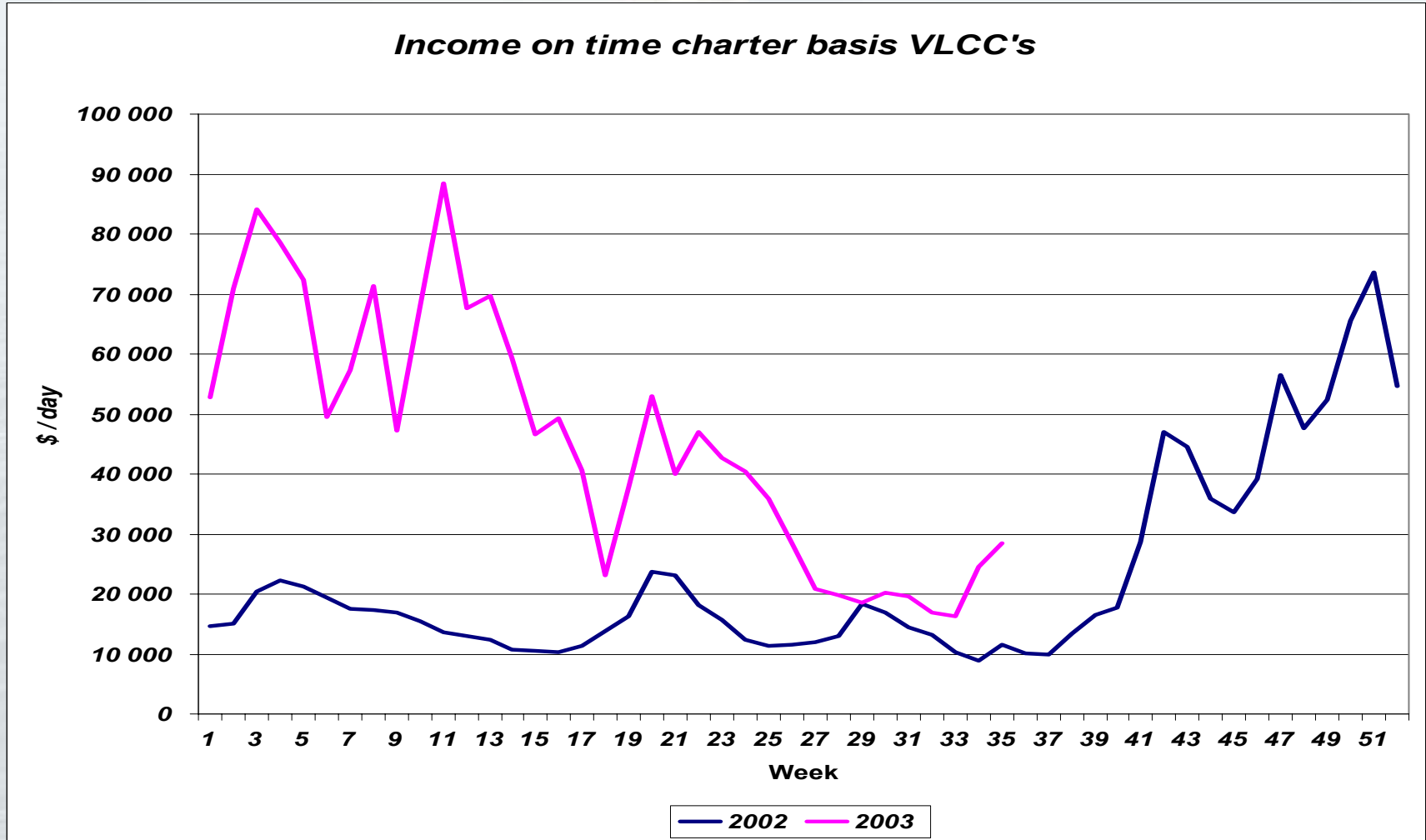


Trigger : More OPEC Production Coming




2003 vs. 2002

Ready for Winter Rally ?

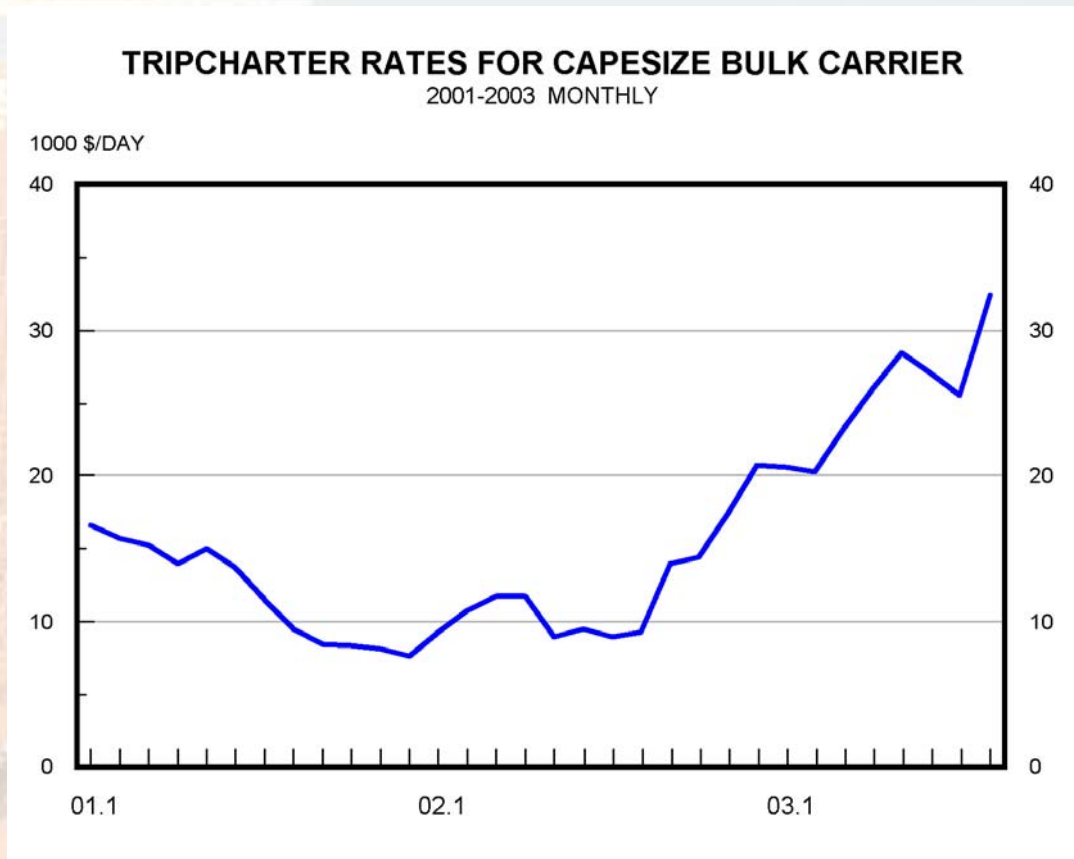


Additional Triggers II

- New EU rules cut 10 % of fleet from EU waters Oct. 2003
 - New IMO Rules ?
 - Q4 oil demand averagely 3.7 mbd higher than Q2
 - Increased general oil demand driven by China, India and US
 - Fuel switching - Nuclear shutdowns – LNG problems
 - High crack spreads
 - Possible political events (Iraq, Nigeria, Venezuela)
 - Weather (Demand – Production disruption)
 - Possible Energy "Panic"
- 
- A large oil tanker ship is shown from an aerial perspective, moving through the water and leaving a white wake. The ship is orange and white, with a complex superstructure of pipes and towers. The background is a light blue sky and greyish water.

The Dry Bulk OBO Hedge

- Frontline has 8 OBO Carriers.
- As of today 7 OBOs fixed dry
- The Bulk market has reached historic highs driven by China and grain.
- Current market:
 - Spot USD 35 – 40,000 p/d
 - TC 1 year USD 27,000 p/d
- 1 year TC secures repayment of OBO debt in two years
- If all OBOs fixed 1 year TC Net Income Contribution approximately USD 40 mill.



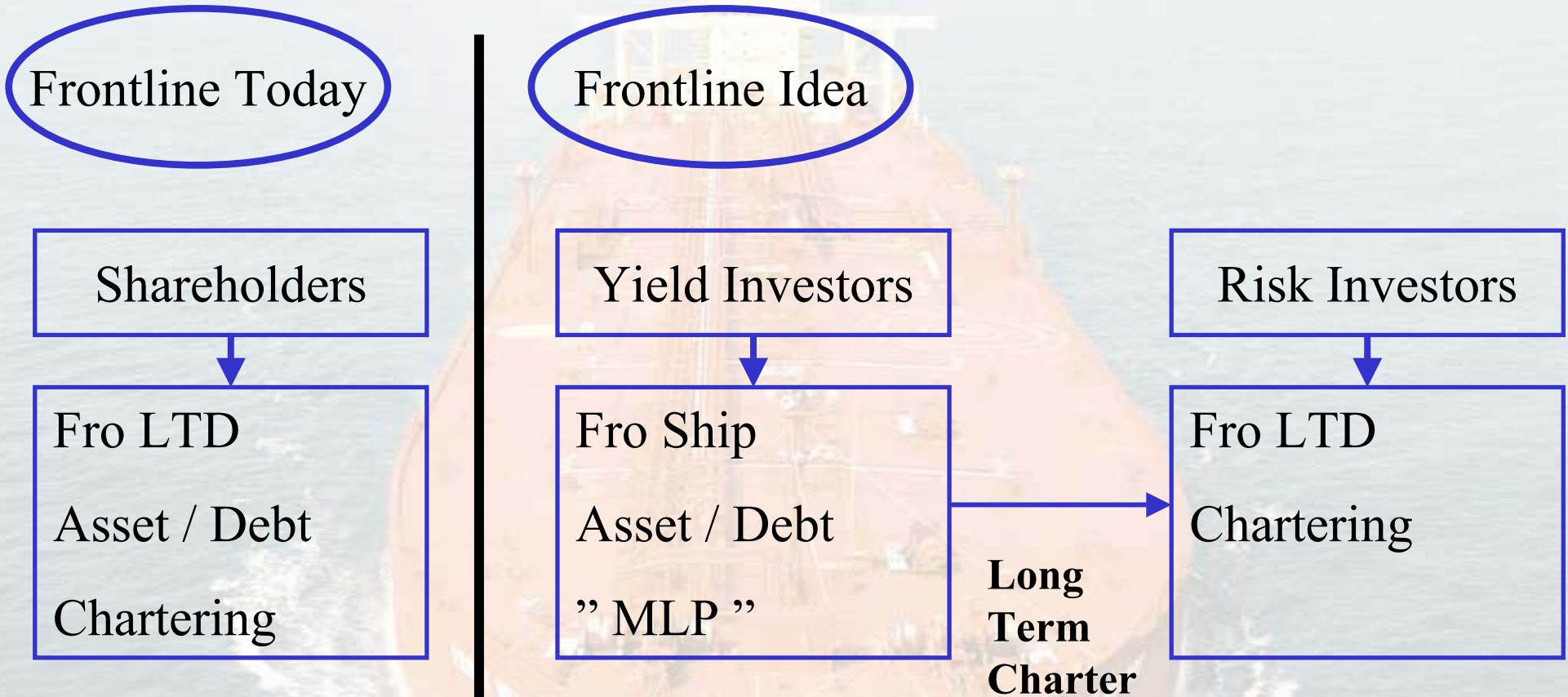
The Dividend Case


- Frontline has committed to seek a yearly cash dividend of USD 1.00 per share - equal to a yield of 6 %.
- To pay min. dividend the company need TCE :
 - VLCC USD 24,000 p/d
 - Suezmax USD 17,000 p/d
- Every USD +/- 1,000 on the rates can change dividend with approximately USD 0.25 per share.
- Remember 13-year average rates

Shipping a Low Priced Sector

	Current Share Price 9/2/03	Shares Outstanding (MM)	Market Cap (\$MM)	1H03 Earnings (\$MM)	2003E Earnings (\$MM)	P/E 2003 E
FRO	\$17,48	73,0	\$1 275,8	\$332,7	\$421,7	3,03
GMR	\$12,13	37,3	\$452,0	\$69,2	\$97,2	4,65
OMM	\$7,15	77,1	\$551,4	\$54,4	\$96,9	5,69
OSG	\$25,91	34,9	\$903,3	\$86,1	\$109,4	8,26
TK	\$45,05	40,5	\$1 825,6	\$185,9	\$278,5	6,55
Average						5,64

The "New Frontline" Idea

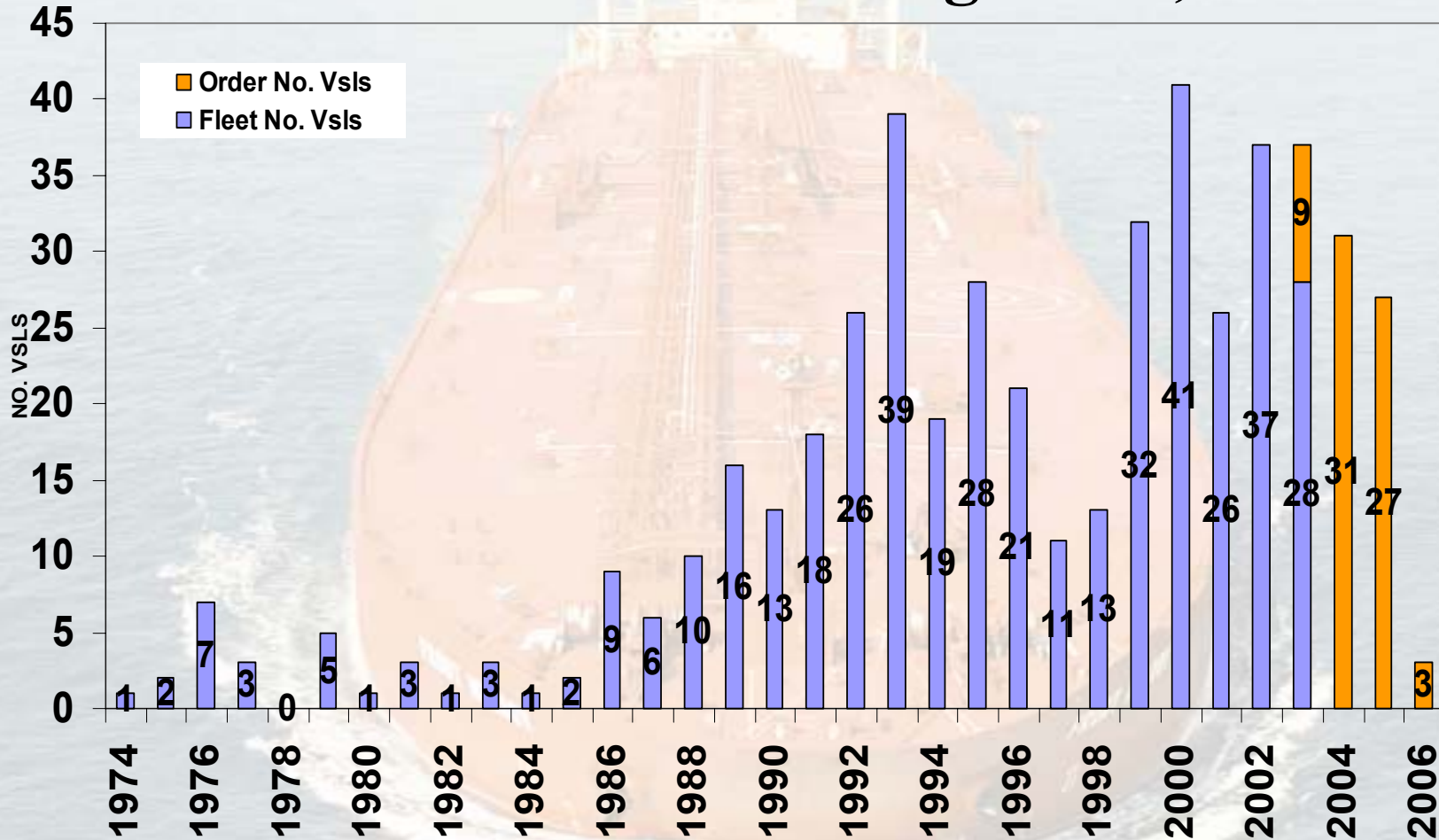




Appendixes

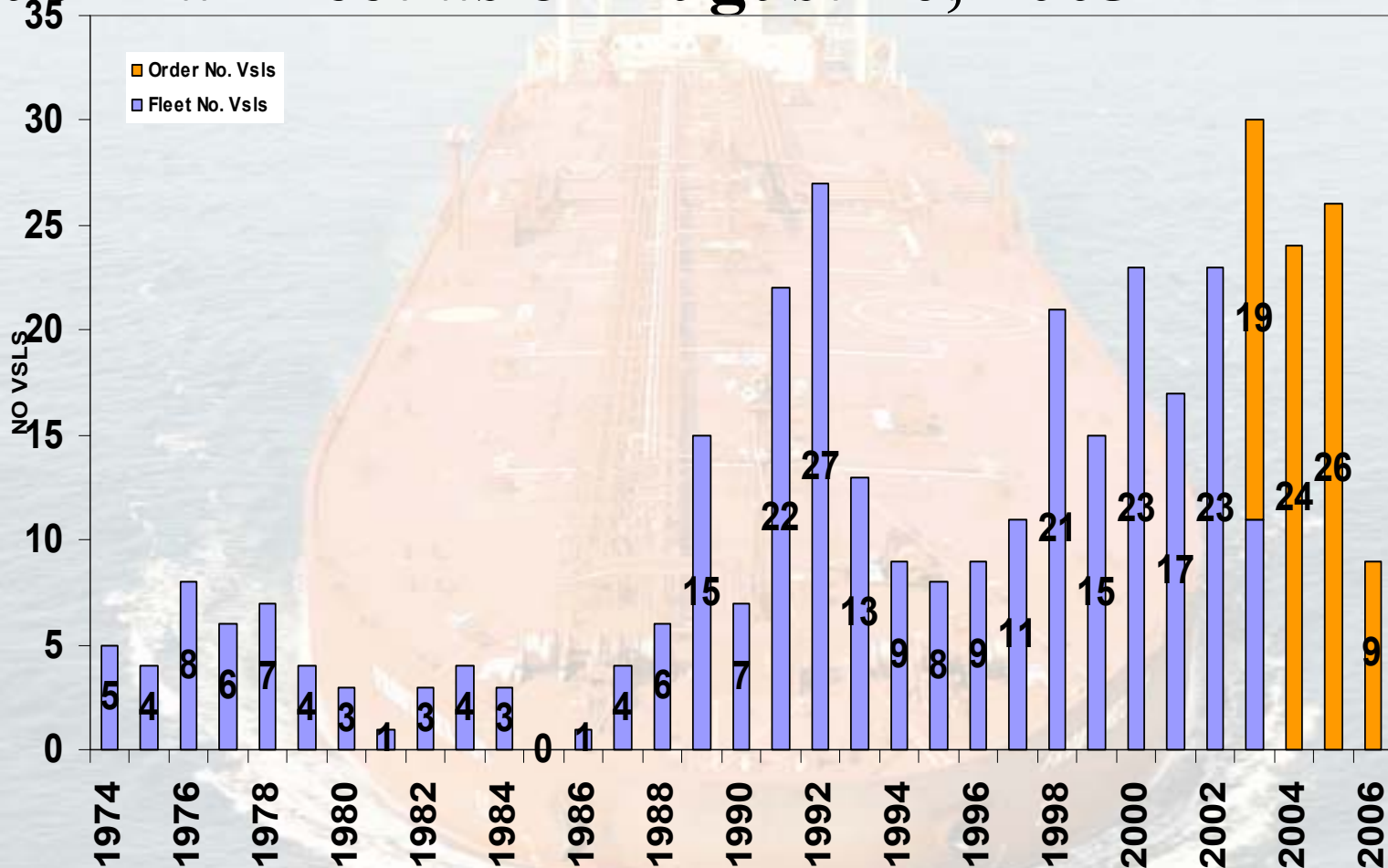
Newbuildings Versus Scrapping Candidates

VL/ULCC Fleet as of August 26, 2003



Newbuildings versus scrapping candidates

Suezmax fleet as of August 26, 2003



Supply VLCCs / Suezmaxes

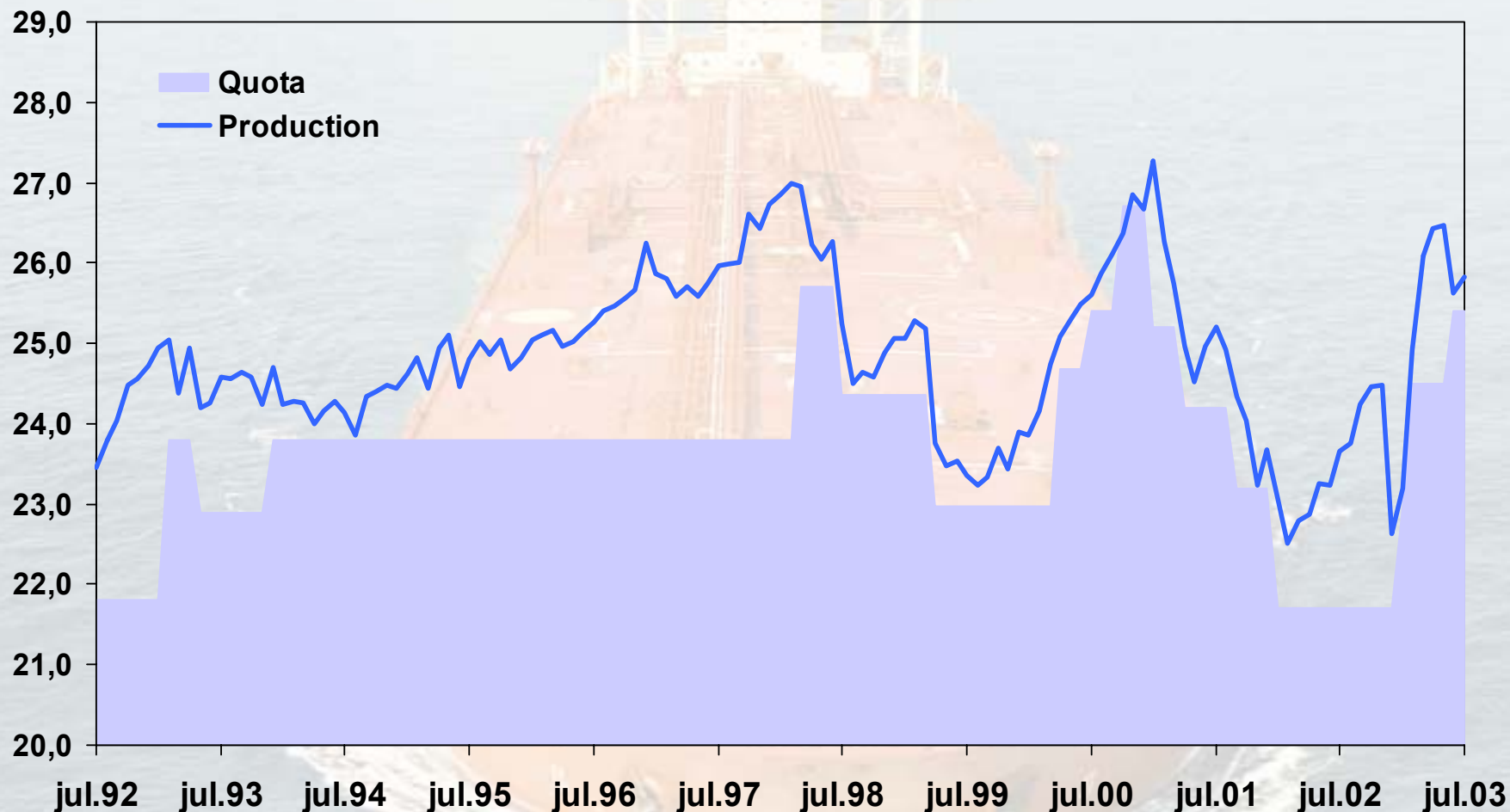
(No. of vessels)

<u>Building year</u>	VLCC's 200,000+ dwt	Of which	
		ULCC's*) 320,000 + dwt	Suezmaxes 120,000-200,000 dwt
1973 or earlier	0	0	0
1974-75	3	0	9
1976-77	10	3	14
1978-80	6	5	14
1981 or later	403	7	253
Fleet as at August 26, 2003	422	15	290
<u>On order</u>			
2003	9	0	19
2004	31		24
2005+	30		35
Total on order 2003-2006	70	0	78

*) Each ULCC representing an average of 400,000 Dwt

Source: P.F.Bassøe

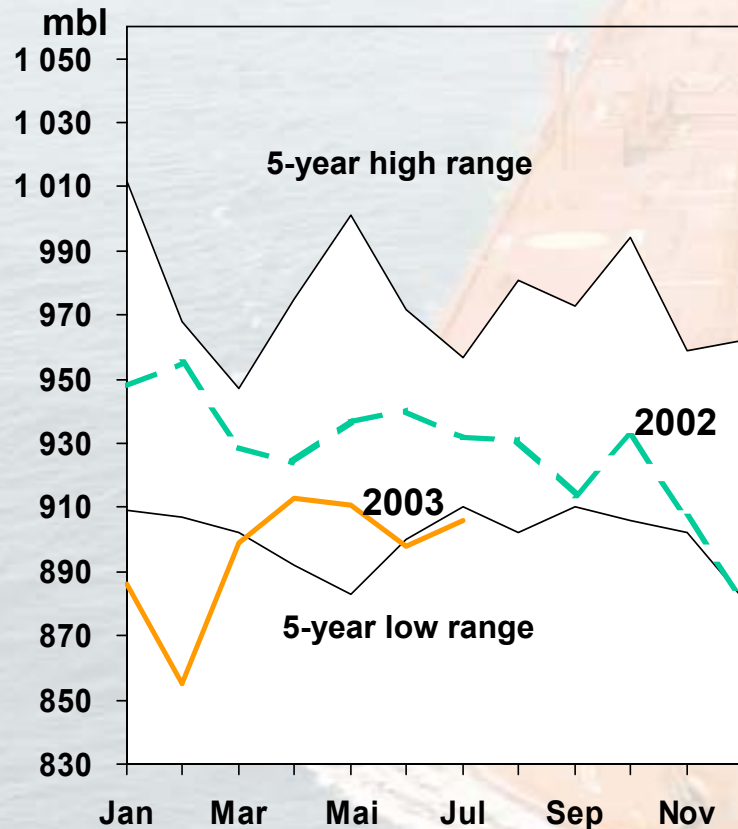
OPEC-10: Production vs Quotas (mbd)



Source: P.F. Basssøe / IEA, August 26, 2003

Oil Inventories, Europe and Asia

Commercial inventories, OECD Europe



Commercial inventories, OECD Asia

