Petroleum Geo-Services ASA

A Clearer Image

PGS ANNUAL REVIEW 2007

Petroleum Geo-Services is a focused geophysical company providing a broad range of seismic and reservoir services, including aquisition, processing, interpretation and field evaluation. The company also possesses the world's most extensive multi-client data library. PGS operates on a worldwide basis with headquarters at Lysaker, Norway.

Contents

FINANCIAL CALENDAR 2008

Annual General Meeting – May 7, 2008
Q1 2008 Earnings Release – May 8, 2008
Q2 2008 Earnings Release – July 25, 2008
Q3 2008 Earnings Release – Oct 24, 2008

2008 DEVELOPMENTS

January through March 2008

- *Ramform Victory* was delivered to METI in January 2008 after yard maintenance, upgrades and 10-year classing through most of the fourth quarter of 2007. The remaining portion of the vessel sale proceeds and start-up fees was received in the first quarter of 2008.
- In March 2008, PGS took delivery of *Ramform Sovereign*, replacing the *Ramform Victory*.
- In January 2008 PGS announced that all outstanding shares of Arrow are owned and fully paid for.
- PGS' President and CEO since 2002, Svein Rennemo, will retire from his position April 1, 2008.
- In February 2008 the Board appointed Jon Erik Reinhardsen as new President and CEO of PGS with effect from April 1, 2008.

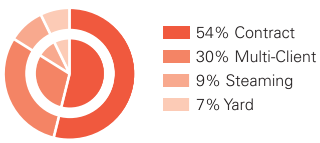
PGS BUSINESS AREAS / OFFICES

MARINE

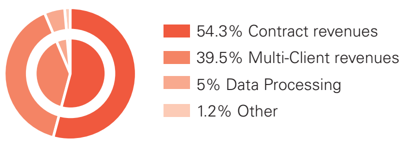
Key figures in USD million (2005 and 2004 are based on US GAAP)

	2007	2006	2005	2004
Revenues	1 273.8	1 044.5	724.7	570.8
Operating profit	526.5	357.2	154.5	(35.0)
Total assets	2 460.9	1 138.1	797.3	795.1
Head count	1 593	1 381	1 192	1 115

Vessel utilisation 2007
In percent of total streamer months



Revenues 2007
Split of total revenues in percent



DATA PROCESSING AND TECHNOLOGY

Data Processing and Technology is an integrated part of PGS' business and provides full seismic data processing services to the global E&P customer base. With 20 land based data processing centers, as of December 31, 2007 PGS has experience in every major sedimentary basin around the globe and is truly able to leverage global presence with local power.

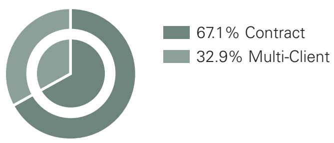
ONSHORE

Key figures in USD million (2005 and 2004 are based on US GAAP)

	2007	2006	2005	2004
Revenues	246.4	236.4	152.5	133.2
Operating profit	11.3	29.4	(9.8)	(4.5)
Total assets	**161.7**	**133.4**	**98.8**	**90.5**
Head count	1 375	1 589	3 237	1 011

Revenues 2007

Split of total revenues in percent



KEY FINANCIAL FIGURES

In USD million	2007	2006	2005*	2004*
Revenues	1 519.9	1 308.4	888.0	707.5
Adjusted EBITDA	800.8	614.3	324.4	224.6
Operating profit	494.5	359.5	130.2	(68.3)
Net income	470.8	397.7	112.6	(134.7)
EPS[1)]	2.65	2.19	0.63	(0.75)
Cashflow from operations	687.3	575.8	280.7	282.4
Capex	(270.0)	(165.4)	(90.4)	(62.4)
Multi-client investments	(288.7)	(120.7)	(55.7)	(41.1)
Total assets	2 875.0	1 369.3	1 717.6	1 852.2
Multi-client library	173.9	92.8	146.2	244.7
Cash	204.7	142.7	144.0	168.4
Shareholders equity	740.7	603.7	329.3	222.9
Net interest bearing debt	1 172.7	195.5	828.7	995.3

(* based on US GAAP)

NON FINANCIAL NUMBERS

	2007	2006	2005	2004
Head count	3 223	3 168	4 618	2 382
LTIF	0.65	0.31	0.33	0.44
TRCF	2.55	2.34	2.19	2.40
Change in share price OSE[1)]	15%	137%	65%	46%
Change in share price NYSE[2)]	–	127%	50%	2%

[1)] PGS delisted its existing shares in relation to the financial restructuring November 5th 2003 and issued 20 million new shares November 6th 2003. The shares were later split 3:1 on June 8th 2005 and again in 3:1 December 18th 2006

[2)] The PGS share was relisted on NYSE December 17th 2004. The Company decided to delist from NYSE effective July 20th 2007 and deregistration effective October 18th 2007.

Highlights 2007

- Entered into an agreement to sell *Ramform Victory* to the Japanese Ministry of Economy, Trade and Industry (METI) along with a four year service agreement. As advance payments for the vessel and start-up services, PGS has in 2007 received prepayments of USD 120.6 millions
- Launched the GeoStreamer®, which represents a change in streamer technology Acquired MTEM Limited (MTEM) a provider of electromagnetic (EM) services for a price of USD 277.1 million on a debt free basis
- Acquired MTEM Limited (MTEM) a provider of electro-magnetic (EM) services for a price of USD 277.1 million on a debt free basis
- Delisted from New York Stock Exchange effective July 20, 2007 with deregistration from the US Security and Exchange Commission effective October 18
- Refinanced the Company's senior secured credit facility with an eight-year USD 600 million term loan B and a five-year USD 350 million revolving credit facility
- Acquired Roxicon Geogrids AS (Roxicon) for USD 13.1 million and created a MegaSurvey centre of excellence in Stavanger
- Acquired Applied Geophysical Services, Inc. (AGS) to strengthen PGS depth imaging capabilities and add on to current data processing technology. The Company paid USD 54.8 million for AGS, including transaction costs
- Acquired Arrow Seismic ASA (Arrow) to expand the fleet with quality assets. The mandatory offer was NOK 96 per share corresponding to a total value of the share capital of USD 431.2 million, including transaction costs
- Issued USD 400 million convertible notes due 2012, proceeds used to secure permanent financing of the Arrow acquisition at favorable terms while increasing financial flexibility
- Completed the acquisition phase of the Crystal I wide-azimuth survey in Gulf of Mexico two months ahead of schedule. Crystal II has commenced and data will be ready for final delivery late 2008
- Achieved a strong full-year operating cash flow of USD 687.3 million, while mitigating the increase in net interest bearing debt due to acquisitions to USD 977.2 million
- Marine seismic contract operating profit margins increased more than 17%, compared to 2006
- Achieved very high pre-funding levels (127% of capitalized multi-client investments) and strong multi-client late sales of USD 218.8 million

Record Year – Strong 2008 Outlook

2007 was another excellent year for PGS with substantial increase in revenues, operating profit and cash flow.

SVEIN RENNEMO
PRESIDENT AND CEO

We built further momentum in executing our strategy of technology-oriented growth both organically and through acquisitions. The 2008 outlook is strong.

2007 proved the strengths of PGS as a dedicated geophysical services company. We improved our Marine contract EBIT margin further despite strong industry wide cost inflation and extensive yard stays in the fourth quarter. The longer term cooperation and support agreement with the Japanese Ministry of Economy, Trade and Industry (METI) represents a recognition of PGS' unique capabilities. Our reentry into the Gulf of Mexico with the Crystal I wide-azimuth survey was executed faster, at lower cost and higher prefunding than expected, confirming the effective rebuilding of our strengths in multi-client.

Our Onshore operation performed below expectations in 2007 due to lower activity and weak project continuity in Africa and adverse weather conditions in the US. Enhanced focus on multi-client activity in North America proved successful and will continue.

PGS launched several new step changing technologies in 2007. A milestone in streamer technology is our new GeoStreamer® – the first ever dual sensor streamer, which gives better penetration, enhanced resolution and improved operational efficiency. Demand for this technology has surpassed all expectations and all planned acquisition capacity in 2008 is already sold out. We continued to build our position in fiber optics/ permanent monitoring making the ambition of two pilot installations this year a realistic one.

"This is good news and positive drivers for an advanced seismic operator like PGS".

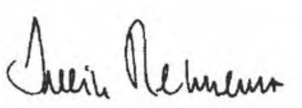
PGS 2008 OUTLOOK

Our organic growth strategy also builds on our current areas of strengths – a leadership in 3D marine acquisition through the Ramform vessel fleet and proven operational capabilities. In an industry where delays and cost overruns are prevalent it is gratifying for PGS to get delivery of *Ramform Sovereign* on time and budget in March this year and to see the *Ramform Sterling* on schedule for Q2 2009 delivery.

We completed four strategic acquisitions during 2007. Arrow Seismic provides an important supplement to our high-end seismic fleet. PGS will gain access to two state of the art 10-12 streamer new-build vessels at attractive cost and delivery times. The acquisition of MTEM accelerates our entry into the EM market and with a technology highly complimentary to PGS' own development of towed EM. Data processing is a business arena where PGS has unproven potential compared to its strongest competitors. We have a strong ambition to improve our data processing capabilities both organically and through acquisitions. In 2007 we executed on this strategy organically and through acquiring Applied Geophysical Services (AGS), enhancing our depth imaging capabilities. We also further boosted our strengths and expanded our multi-client MegaSurvey product through the acquisition of Roxicon Geogrids.

The seismic industry will continue to be positively impacted by a strong rise in E&P spending. There are to date no indications that oil companies are having decisive success in breaking the downward trend in reserve replacement ratios and more advanced seismic technologies take on increased importance in the effort to get more out of mature areas while reducing the added risk from rapidly climbing drilling cost.

This is good news and positive drivers for an advanced seismic operator like PGS.



Svein Rennemo
President and
Chief Executive Officer*

*Svein Rennemo retired from his position April 1, 2008, replaced by Jon Erik Reinhardsen.

Creating Value Through Performance – Technology – Differentiation

PGS is a focused and dedicated geophysical company, one of the three largest in the world. The Company operates through the business units Marine, Data Processing and Technology and Onshore.

MARINE

DATA PROCESSING AND TECHNOLOGY

ONSHORE

PGS was established in 1991 with the merger of Geoteam and Nopec. It was among the leading companies worldwide to develop and industrialize marine 3D seismic. The Company now has a competitive edge through the Ramform vessel fleet with proven operational capabilities, superior efficiency and leading technology.

In 2001 PGS towed the world's first 16 streamer spread and the Company holds the industry record in terms of towing and handling number of streamers. This advantage will be enhanced further after delivery of the new *Ramform Sovereign* in March 2008, the world's most advanced seismic vessel, capable of towing 22 streamers with a spread of 1.3 kilometers.

PGS has the world's largest multi-client library covering 373 000 square kilometers of 3D data and 98 000 line kilometers of 2D data. In addition PGS has integrated an additional 169 000 square kilometers of third party data to build total MegaSurvey coverage of 326 000 square kilometers.

PGS provides a broad range of geophysical and reservoir services globally, including seismic and electromagnetic data acquisition, processing and interpretation and field evaluation. PGS operates through its three business units, Marine, Data Processing and Technology (DP&T) and Onshore. In the Marine segment PGS acquires seismic data, processes and interprets it and conducts marketing and selling activities of the finished products worldwide to oil and natural gas companies. They buy the data to determine the size and structure of reservoirs, and to help them manage the production of reservoirs. DP&T is managed as a separate organization, but its financial results are reported as a part of Marine. The DP&T unit provides full seismic data processing services to the global exploration and production (E&P) customer base, from national and international oil companies through to small independents. PGS Onshore conducts seismic acquisitions on land, in shallow water and transition zones.

PGS head office is at Lysaker, Norway. PGS is represented in 28 different countries with larger regional offices in London, Houston and Singapore. At year end 2007 PGS had 3 223 full time employees. Revenues for 2007 were approximately USD 1.5 billion.

Market Outlook 2008

The global marine seismic fleet was at full capacity utilization in 2007. Demand is expected to increase further in 2008, outweighing increase of marine seismic capacity and resulting in further improved prices. However, as the industry is operating at full capacity, we experience significant cost inflation, which we expect to continue in 2008.

MARINE

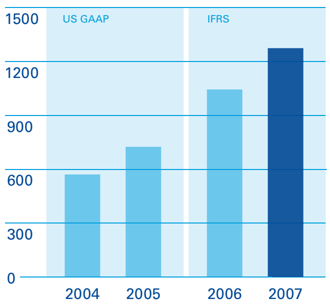
PGS BUSINESS UNIT MARINE acquires, processes, interprets, markets and sells seismic data worldwide that is used by oil and natural gas companies to help find oil and natural gas, to determine the size and structure of the reservoirs, and to help them manage the production of reservoirs.

In March 2008, PGS took delivery of Ramform Sovereign, the world's most advanced seismic vessel.

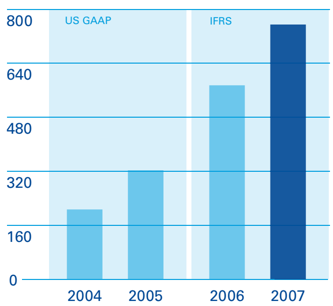
Marine Market Leadership

Fleet Expansion
Operational Performance
Multi-Client Library
PGS Equity

Marine Revenues
in USD million



Marine Adjusted EBITDA
in USD million



PGS' Marine Streamer Fleet Consists of:

- 6 Ramform vessels capable of towing up to 22 streamers
- 5 Classic streamer vessels capable of towing 4 to 8 streamers
- 1 2D vessel
- 3 2D/source vessels from the acquisition of Arrow Seismic

The PGS fleet is growing and the new *Ramform Sovereign* was delivered in March 2008. It is a state of the art purpose build seismic vessel capable of towing 22 streamers. The second vessel in the Ramform S-class series, *Ramform Sterling*, is currently ahead of schedule and is expected to be delivered on time in Q2 2009.

After the acquisition of Arrow Seismic in second half of 2007 PGS will gain access to three 2D/source vessels and two new high-end 3D vessels. The new-builds are scheduled to be delivered in Q2 and Q4 2009.

PGS are among the world's largest companies acquiring marine seismic data and own the largest international marine multi-client library. The Company also has extensive data processing activities.

2007 Operational Performance

Marine had revenues of USD 1 273.8 million in 2007, an increase of 22% compared to 2006. Revenues from contract seismic acquisition increased by 9% to USD 691.8 million. Despite less capacity allocated to contract

RAMFORM VICTORY has been renamed Shigen and was delivered to METI in January 2008.

METI AGREEMENT

METI Agreement – Innovative Business Model

In March 2007 PGS entered into a Head of Agreement with the Japanese Ministry of Economy Trade and Industry (METI). The final agreement was signed in May 2007 and it included a sale and flag change of the 3D vessel *Ramform Victory* and the continued provision by PGS of intellectual property and technical and operational services.

The vessel will be used by METI in a planned 10 year seismic campaign to carry out numerous surveys mainly on the Japanese Continental Shelf. The sales price of the vessel including support and start up fees is USD 225 million. Out of this 10% was received when the contract was signed, 50% upon completion of modifications in December 2007, and 40% after 30 days of the vessel delivery in January 2008. The vessel has now been renamed *"Shigen"* which means natural resources. The sale is preconditioned on a service agreement between

seismic in 2007, revenues increased compared to 2006, primarily due to improvement in the market for marine contract seismic and strong operating performance. Multi-client revenues were USD 503.9 million, up 43% compared to 2007. Gulf of Mexico, Europe and Brazil were the main contributors to multi-client revenues in 2007.

Pre-funding as a percentage of cash investments in multi-client data decreased to 140% in 2007 compared to 149% in 2006, at the same time, capitalized cash investments increased from USD 88.3 million to 218.6 million. In 2007, PGS used 74% of active vessel time to acquire contract seismic, and 36% to acquire multi-client seismic. This compares to approximately 83% and 17% respectively in 2006. Given the strong demand for vessel capacity, the Company expects to utilize approximately 15% of the active vessel time for multi-client acquisition in 2008.

At December 31, 2007, the order backlog in Marine was USD 807 million, compared to USD 512 million as of December 31, 2006.

2007 HSE Performance

Marine had a Lost Time Incidents Frequency (LTIF) of 0.63 per million man hours in 2007, compared to a LTIF of 0.49 in 2006, and a Total Recordable Case Frequency (TRCF) of 2.20 per million man hours, compared to a 1.48 in 2006.

Market and Market Position

PGS Marine has a market share of approximately 28%, measured by acquired square kilometers of 3D seismic. The main competitors are WesternGeco and CGGVeritas.

Multi-Client Library

PGS own a substantial library of marine multi-client seismic data in most of the major oil and gas basins of the world, including the Gulf of Mexico, the North Sea, West Africa, Brazil and the Asia Pacific region. The marine multi-client data library comprises 373 000 square kilometers of 3D and 98 000 line kilometers of recent 2D seismic.

PGS Equity

PGS Equity has the objective to capture additional value from the existing multi-client library. The Company intend to build a portfolio of minority stakes in smaller E&P companies and manage those investments actively. It will also be a vehicle for attractive use of PGS resources such as vessels, data processing and technology. The ultimate intention is to monetize these investments at an appro-

PGS and the Japan Oil, Gas and Metals National Corporation (JOGMEC), which has been appointed by METI in agreement with PGS, for technical and operational support providing PGS with an exclusive right to provide such services relating to the *Shigen* during the survey period. The commercial terms of the agreement will be fixed for four years. The service agreement consists of technical support, operation consulting and training, in addition to licensing of various advanced PGS seismic technology products.

With this project PGS is assisting METI in opening up for seismic surveying in a very interesting area, and at the same time securing both a consistent financial return and an excellent position to develop further business.

PGS WILL GAIN access to two state-of-the-art 10-12 streamer new-build vessels, after the acquisition of Arrow Seismic.

priate point in the value growth curve. In this context it is important to emphasize that the investments will be non-competitive with respect to our client base.

HD3D®

HD3D® seismic is a premium seismic data product. HD3D® delivers the highest resolution, highest quality 3D data products to address a broad range of challenges, related both to exploration and time-lapse reservoir monitoring (4D).

PGS intends to grow and consolidate its HD3D® strengths by developing new technologies that further improve efficiencies and that fully exploit the potential value of properly sampled seismic data.

Goals and Strategies

In Marine PGS aims to capture value from the Company's strong operating platform and expected market upturn by using its productivity leadership, increasing streamer count and maximizing capacity utilization.

PGS will focus on value-added products and services such as HD3D®, wide-azimuth, multi-azimuth and MegaSurveys, while increasing multi-client investments, including new investments in the Gulf of Mexico.

In the long-term, PGS aims to grow its market share.

Outlook 2008

In Marine PGS expects contract revenues to grow substantially in 2008 compared to 2007 and the Company expects the towed streamer contract EBIT margin to increase. The main driver behind the margin increase is further price increases, which more than offsets industry wide cost inflation and substantially increase in investments in organization and technology.

PGS expects to use somewhat less of the 3D fleet capacity for multi-client acquisition in 2008 compared to 2007. The change is a result of significant contract

ARROW SEISMIC

Arrow Acquisition – Expanding Fleet With Quality Assets

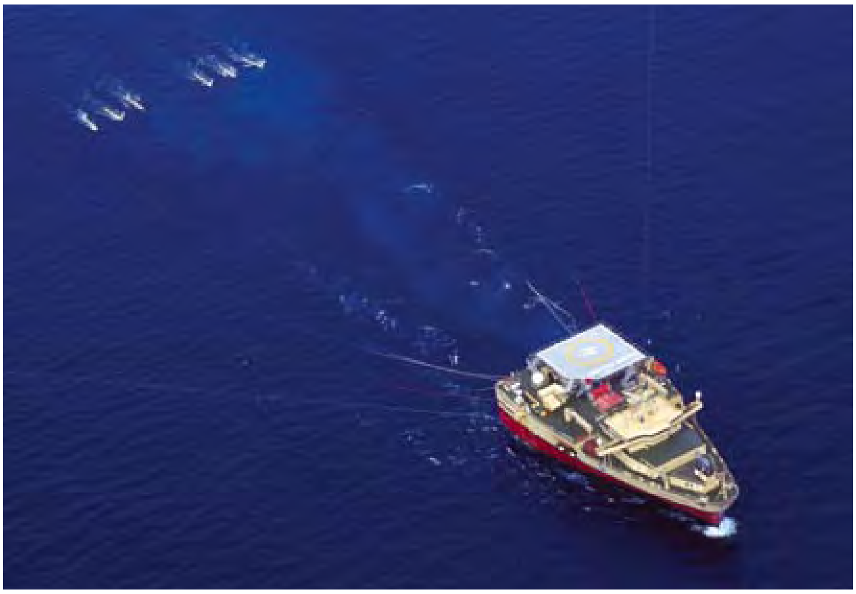
The strong seismic market has attracted new players, leading to fragmentation of the industry. A flow of new companies has resulted in speculations of larger seismic players increasing capacity by acquiring newcomers. PGS has evaluated all possible takeover targets.

PGS acquired Arrow Seismic in November 2007. In our opinion Arrow Seismic was the best choice and it is in line with PGS' strategy of growth in the high-end segment of the seismic market. PGS will gain access to two state-of-the-art 10-12 streamer new-build vessels at costs and delivery times which are attractive compared to alternative new-build projects. The power of these vessels are comparable to the Ramform V-class. The two new-build 3D vessels are scheduled for delivery in Q2 and Q4 2009. PGS will also gain access to three source/2D vessels. With the expected increased activity on wide-azimuth surveys, these vessels will be effectively utilized by PGS and leave the Company less dependent on chartered capacity. One of the source vessels is in operation, while conversion work on the two other is expected to be done in 2008.

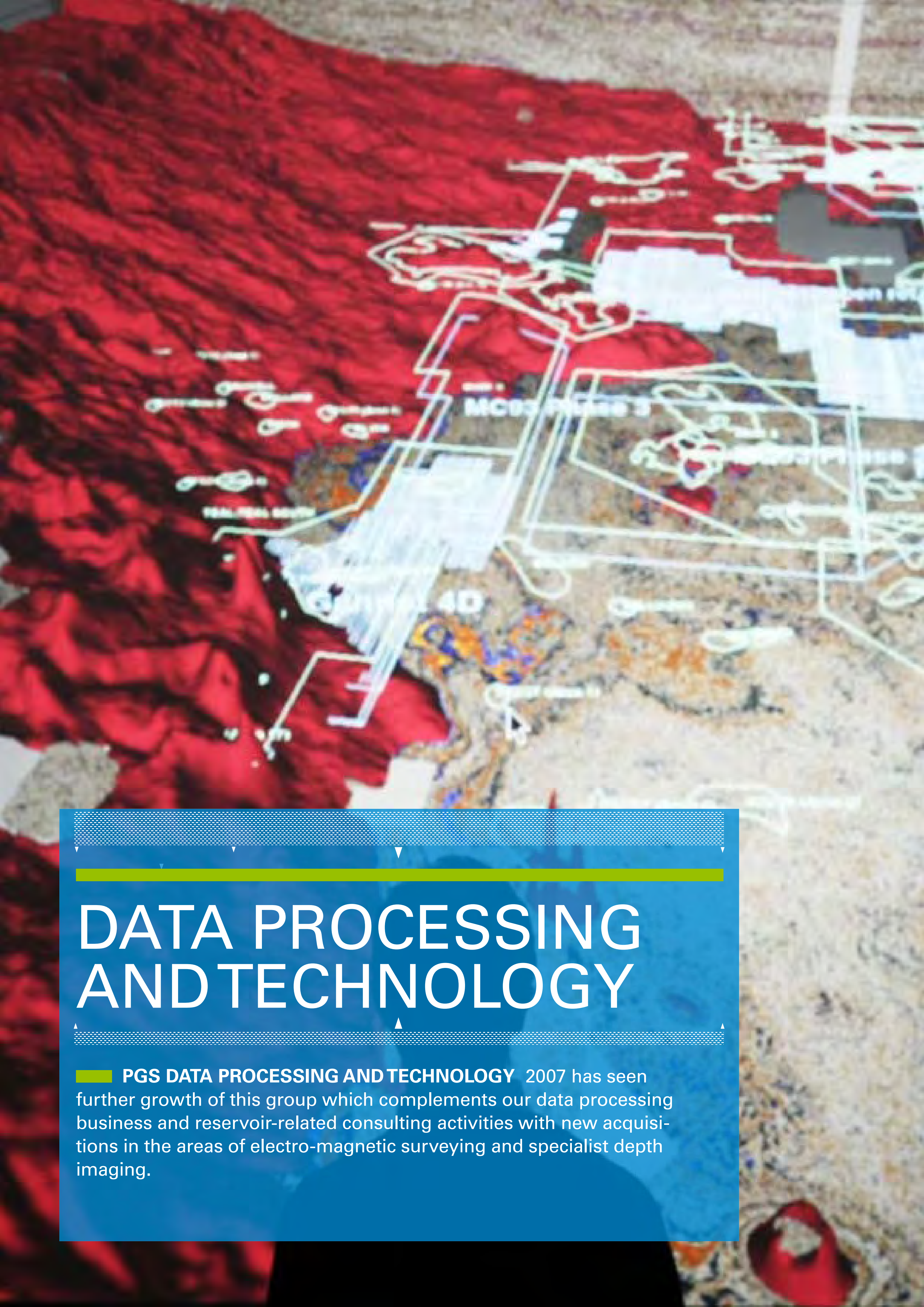
Due to early delivery these vessels enable us to capture effectively the strength in the seismic market. The acquisition of Arrow Seismic is an important step in our fleet renewal for the coming years.

awards in 2007. Multi-client investments are expected to be marginally lower than 2007. Substantially more reprocessing, 2D and more chartered in vessels is expected to offset most of the impact of using a smaller part of our 3D fleet for multi-client. Multi-client late sales are expected to be higher than in 2007.

Marine capital expenditures are expected to increase substantially, primarily as a result of the Company's new-build and conversion programs.



SEISMIC MARINE aquisition conducted by a PGS Ramform vessel.



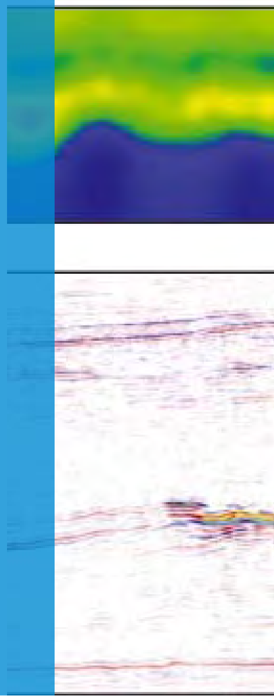
DATA PROCESSING AND TECHNOLOGY

PGS DATA PROCESSING AND TECHNOLOGY 2007 has seen further growth of this group which complements our data processing business and reservoir-related consulting activities with new acquisitions in the areas of electro-magnetic surveying and specialist depth imaging.

As of December 31, 2007 PGS had 20 data processing centres world wide.

Technology Differentiation

Data Processing
Reservoir Services
Geoscience & Engineering
Commercialization & New Ventures



DATA PROCESSING

- Data Processing represents a significant component part of the multi-client services value chain

In November 2006 PGS formed a new global entity called PGS Data Processing & Technology. The group includes the Data Processing unit and the Geoscience & Engineering organization.

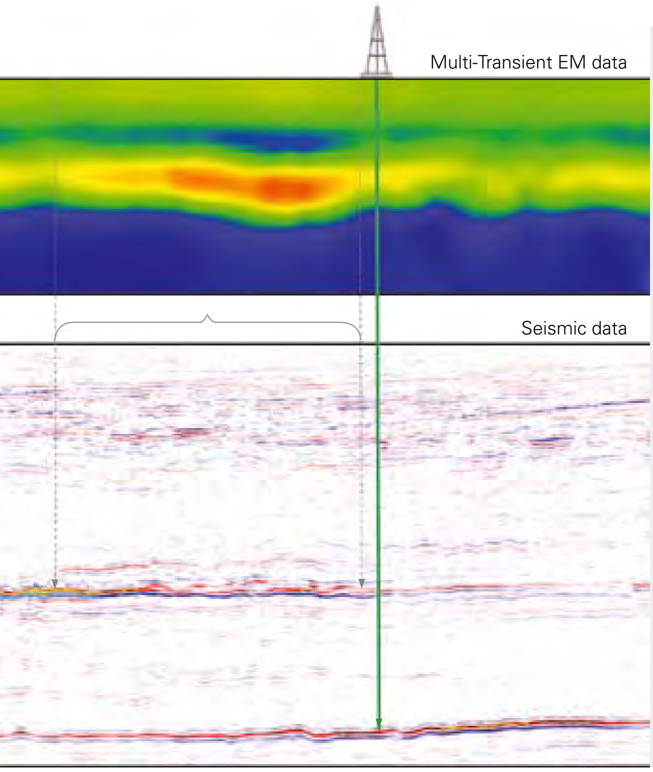
Technology development and deployment is conducted by the Geoscience & Engineering organization with a global responsibility for research and development, as well as geophysical support for the seismic operations. The Commercialization & New Ventures Group is also a part of PGS Data Processing & Technology and it was formed early 2007, with the overall responsibility for introducing new technology products to the market.

Data Processing

Data Processing is an integrated part of PGS' business and provides full seismic data processing services to the global E&P customer base, from national oil companies, international oil companies through to small independents. With 20 land based data processing centers, as of December 31, 2007, PGS has experience in every major sedimentary basin around the globe and is truly able to leverage global presence with local power.

Through global seismic data processing operations PGS can provide:

- Onboard (vessel based) seismic data processing 24/7 for reduced delivery cycle-time and enhanced real-time quality control for PGS data acquisition
- In-house dedicated seismic data processing centers and services



RESERVOIR SERVICES

NORTH SEA VIKING GRABEN
Comparison of the results from seismic data with Multi-Transient electromagnetic data over this prospect illu-strates the value of combining the two complementary techniques. The seismic indicates amplitudes brightening towards the fault (on left), whilst this trend is opposite to the EM trend, where the bright spot is closer to the old (dry) well. The EM response could be due to increased resistivity in the target, or increased thickness; both potentially indicating increased quantity of hydrocarbons (higher saturation or thicker pay). The existing well location appears to be too far to the right to pick up this prospect. Additionally, there is a fault running down to the left which can be seen on the seismic and is also seen in the Multi-Transient EM data.

MTEM Defines Extent of Potential Hydrocarbon Charge

To accelerate the entry into the high growth EM market, PGS purchased the UK based company MTEM Limited (Multi-Transient EM) in June 2007. MTEM technology is differentiated from that used by a group of competitors in that for the marine environment it is cable, rather than node based, which allows real-time quality control and data storage. Furthermore, the patented method is applicable onshore and in any depth of water, and comes

- 2D and 3D time imaging services for land, marine and transition zone seismic surveys
- 3D high fidelity depth imaging services for land, marine and transition zone seismic surveys
- Time-lapse (4D) reservoir monitoring seismic data processing
- Wide-azimuth and multi-azimuth seismic processing,
- Multi-component seismic processing services
- HD3D® seismic processing
- GeoStreamer® seismic processing

PGS' stated ambition is to be a top tier data processing service provider. The high technology depth imaging segment is a key focus area for growth, and an important contribution to reaching the goal was realized through the acquisition of Applied Geophysical Services (AGS). The company specializes in delivering depth imaging services to the oil and gas industry using proprietary, fast 3D beam migration technology. This compliments and widens PGS' technology portfolio delivering industry differentiating, near real-time, velocity depth modeling capability.

The data processing compute capacity is organized within Data Processing as a global computer resources operation. The largest computer centers, MegaCenters, are located in Houston Texas, London UK and Kuala Lumpur Malaysia, the latter newly opened in 2007. The Kuala Lumpur MegaCenter is already the second largest compute facility and is designed for 350% growth. These major compute hubs are connected through high capacity bandwidth to form a 'virtual' on demand compute resource for PGS' geophysicists located around the globe. This allows the Company to better serve our customers, to provide local presence and leverage a world wide compute resource.

NEW MEGACENTER
The Kuala Lumpur MegaCenter in Cyberjaya achieved MSC Malaysia status on opening. Sverre Strandenes, Group President Data Processing and Technology (right) receives the certificate from Matthew Barsing (Multimedia Development Corporation) during the opening tour.

Data Processing also represents a significant component part of the multiclient services value chain, providing timely delivery of clearer images of the subsurface for reservoir interpretation to the customers for all new data. Additionally, continual advancements in geophysical processing technology lead to

GeoStreamer® – A Step Change in Marine Seismic

from a distinct and separate research stream than the CSEM method used by many competitors. PGS Multi-Transient EM had two onshore crews active during 2007 and it conducted a marine campaign in October in the North Sea. By the close of 2007, operations were integrated into PGS and enable Multi-Transient EM to benefit from PGS' global infrastructure.

In June 2007 PGS launched a unique dual-sensor streamer to significant acclaim and market interest. Conventional streamers only record the pressure wave which is a combination of up- and down-going waves. The water surface acts like a perfect mirror and sends back, with a reverse polarity, all the waves that are emerging from the depths of the earth. This phenomenon generates interferences that are particularly damaging for some frequencies. To mitigate this problem conventional streamers are towed relatively shallow, which preserves the higher frequency range at the expense of weaker low frequencies.

The GeoStreamer® contains velocity sensors (geophones) in addition to the standard pressure sensors (hydrophones). The collocation of these two sensors allows for the separation of up-going and down-going waves. The water surface interferences can therefore be eliminated and the entire frequency range is preserved. Consequently the GeoStreamer® can be towed at a greater depth, which offers a quieter environment and an improved signal-to-noise ratio. This in turns increases operational efficiency due to the extended weather window.
The larger bandwidth means both better penetration, which is particularly

continuous improvements of the final seismic image. Reprocessing of existing library data is a key step in maximizing investments in the multi-client library. As such PGS rejuvenates its asset base by regularly applying new technology to existing datasets to increase the late sale potential and to enhance the value to the customers.

Reservoir Services

PGS Reservoir is a leading team of sub-surface technical and commercial interpretation experts, providing skills that are integral to PGS multi-client, MegaSurvey, electromagnetic and equity businesses and also interpretation services for key PGS clients. The team is internationally recognized for ultra large-scale regional interpretation projects, for its ability to evaluate and manage exploration and production assets and for providing services to governments in managing exploration licensing rounds.

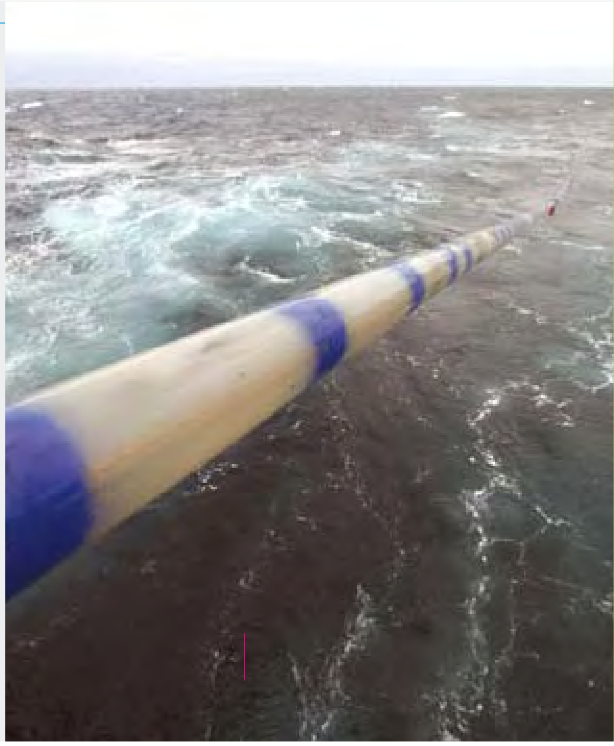
Located in eight countries, the technical staff of professional geoscientists, petrophysicists and reservoir engineers work in integrated multi-disciplinary teams tailored to meet the client requirements. The clients are national, independent and major oil companies, governments and financial institutions. Through these projects, PGS has gained a depth of knowledge of petroleum basins around the globe and an ability to assess the variety of sub-surface risks the company faces.

Geoscience & Engineering

The R&D activity in PGS is focused on seismic data acquisition and processing as well as electromagnetic (EM) technology. The R&D teams support a worldwide network of data processing centers with leading edge technology. This includes the development and the implementation of seismic processing and imaging methods for advanced acquisition techniques like GeoStreamer and multi- and wide-azimuth surveys. PGS develops and maintains its proprietary state-of-the-art 3D-visualization system holoSeis and the comprehensive seismic modeling and survey planning software package Nucleus. A significant R&D effort is dedicated to advanced and efficient marine acquisition technology. This includes streamer systems, seismic source technology as well as towing systems for large streamer spreads. Research into the feasibility of towed EM surveying is proving positive with a system now under development. PGS has larger R&D departments in the US, UK, Norway, and Australia. Additional R&D groups

▼ SEISMIC

appealing for deep, sub-salt or sub-basalt exploration and higher resolution, which benefits complex stratigraphic plays. In addition, the up- and down-going waves can be used in combination to improve attenuation of multiple energy and imaging of the subsurface. The GeoStreamer® technology is now field-proven, rugged and only has upsides. By all accounts it represents a step change in marine seismic.



THE GEOSTREAMER
The GeoStreamer gives better penetration, enhanced resolution and improved operational efficiency

have recently been established in The Netherlands, Sweden, and Singapore.

Innovation
Early 2007 Commercialization & New Ventures was established to strengthen PGS innovation value chain from idea generation to commercial launch. Ideas can be captured both internally and external to PGS. PGS is investing in a significant portfolio of technology R&D projects which need to be supported with sufficient resources and expertise in commercialization.

Life of Field Seismic
PGS has a unique fiber-optical technology for deep water permanent seismic monitoring systems named OptoSeis®. Fiber-optical systems will be more cost-beneficial over the lifetime of the deployment than an electrical system, and the technology has created strong interest amongst oil companies. Seismic monitoring of the fields will improve recovery, and can give the field-owners a very high return on investment. Our customer surveys estimates a significant emerging market to be established in what is called Life-of-Field-Seismic (LoFS). As of December 31, 2007 PGS is engaged in two different pilot projects of permanent deployment of fiber-optical on the seabed deepwater Gulf of Mexico, and the North Sea respectively.

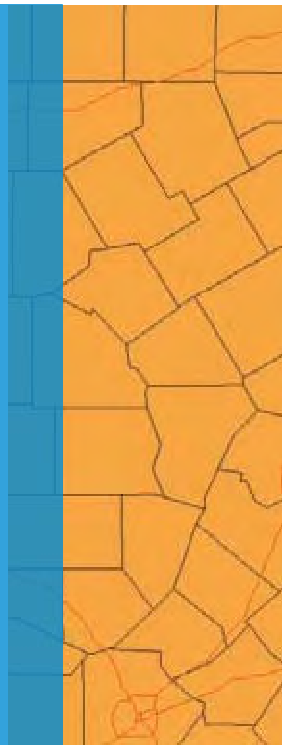
Intellectual Property
PGS' patents, trademarks, service marks, copyrights and licenses protect the Company's proprietary technology, including the Ramform seismic vessels, Multi-Transient Electro Magnetic (MTEM), GeoStreamer® , OptoSeis® and HD3D® seismic solution software. PGS' intellectual property rights collectively represent a material asset to the business. As of December 31, 2007, PGS held 131 different patents under the laws of the US, the UK and Norway. PGS has significantly increased the number of patents filed the last year in alignment with the increased focus on competitive advantage through technological differentiators. PGS was granted 49 patents last year.

ONSHORE

PGS ONSHORE consists of all seismic acquisition operations on land, in shallow water and in transition zone environments, and includes an onshore multi-client library.

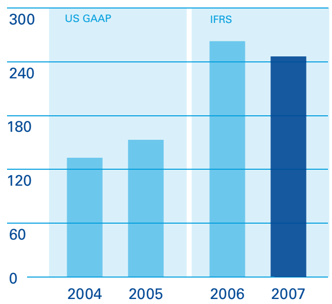
In 2006 PGS started acquiring contract seismic data with vibroseis crews in Libya.

Growing Profitability

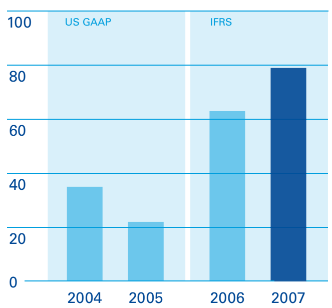


Multi-Client Library
EM Surveying
Competitive Advantage

Revenues
in USD million



Adjusted EBITDA
in USD million



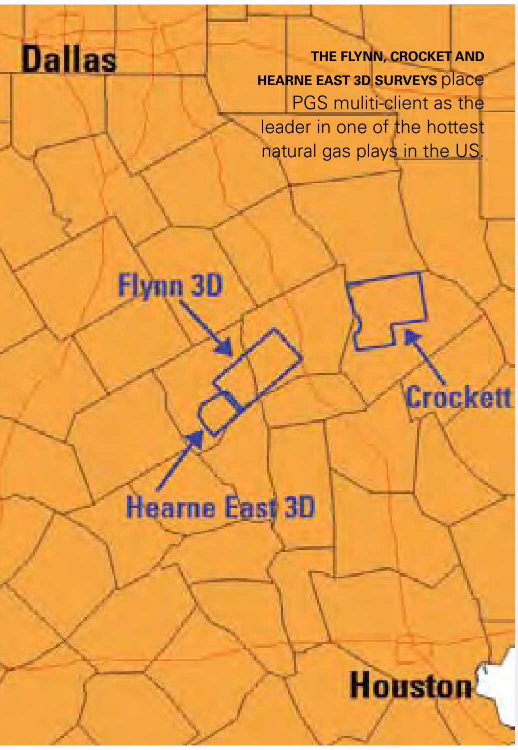
PGS conducts contract, shallow water and transition zone seismic acquisition throughout the world, and operated up to ten crews in 2007. The Company's onshore multi-client library is predominantly located in the US. 2007 was a year in which PGS increased multi-client investments quite significantly, and the Company expects increased return from this business model going forward. The high channel-count crews, modern equipment, including desert and arctic environmental specific operating gear, and experienced technical staff secure the highest efficiency combined with the best data quality.

PGS has demonstrated market-leading seismic service performance, operating seismic crews in a variety of terrain types, including desert, arctic, jungle, swamp, highland and mountaintop, and transition zone.

2007 was the first year PGS conducted Onshore electro-magnetic (EM) surveying. One job was done in Trinidad and another in Canada.

2007 Operational Performance
Onshore revenues for 2007 decreased 6% to USD 246.4 million compared with 2006. The operating profit was USD 11.3 million for 2007. Performance in 2007 was negatively affected by weaker crew continuity in Libya, adverse weather conditions in the US and scheduling issues for relocation of crews.

At December 31, 2007, the order backlog for Onshore was USD 144 million, compared to USD 138 million at December 31, 2006.



THE FLYNN, CROCKET AND HEARNE EAST 3D SURVEYS place PGS muliti-client as the leader in one of the hottest natural gas plays in the US.

HD3D

Mulit-Client HD3D® in Onshore

PGS Onshore's operational expertise acquiring data using our trademarked HD3D® technology distinguishes PGS among the competitors – particularly as it relates to the Onshore multi-client library.

HD3D® is a state-of-the-art, high density seismic technology that gives significantly higher trace densities than previously possible, with improved spatial, offset and azimuth- sampling. By using HD3D® methodology to acquire multi-client data, PGS creates unparalleled data quality that provides greater value for clients and increased revenue for shareholders. A significant part of Onshore's growth in the past two years can be attributed to the success of the speculative surveys in Oklahoma's Wichita Mountain Front. In 2007, PGS continued a focused market approach with the release of a second core located in the Deep Bossier trend of East Texas. The Flynn, Crockett and Hearne East 3D surveys place PGS multi-client as the leader in one of the hottest natural gas plays in the US.

A number of significant fields have been found in the Deep Bossier by such operators as Burlington Resources (now ConocoPhillips), Leor Energy, EnCana, Chesapeake Energy, Anadarko Petroleum, and Gastar. EnCana president and chief executive Randy Eresman said the Deep Bossier holds "tremendous growth potential in the near and longer term and has the potential to be the leading resource play in our North American portfolio."

PGS Onshore's data over the area has been primarily acquired in Robertson, Leon, and Houston counties of East Texas. The Flynn survey, completed in 2007, covers an area of 370 square miles. PGS is currently acquiring an additional 575 square miles in the trend and expect to have the second Deep Bossier multi-client dataset ready for public licensing in the next few months.

2007 HSE Performance

Onshore operations recorded a Lost Time Incidents Frequency (LTIF) of 0.58 incidents per million man hours and a Total Recordable Case Frequency (TRCF) of 2.67 incidents per million man hours during the year, compared to a LTIF and TRCF of 0.22 and 2.73, respectively, in 2006.

Competitive Advantage

Equipping highly-experienced personnel with fully-compatible, state-of-the-art recording electronics allows PGS to deploy on average more channels per crew than other companies. PGS offers traditional 3D and HD3D® acquisition with the highest efficiency. Hands-on experience executing HD3D® surveys and experienced technical staff secure optimal survey design and high data quality.

Proactive social development programs have created a competitive advantage. PGS works to establish strong relationships and communications with the local population in areas where the Company works, and it strives to ensure that wherever possible employment and benefit go to the people in the area. PGS also sponsors educational programs, among other efforts, to promote social development.

Market and Market Position

In the market for onshore seismic services, PGS is one of the larger worldwide operators, measured in terms of revenue. PGS competes in the onshore segment based on quality, technology, experience, price, and crew availability. The Company believes that it can remain competitive by capitalizing on project execution and management skills, and by continuing to provide a high-quality technical product. Operational efficiency gives PGS one of the highest average revenues per crew among the top five major international service providers. The majority of the recording equipment pool is compatible, facilitating changing crew channel-counts on any specific project, as the market dictates.

Onshore Market Perspectives

The onshore market is very competitive. PGS sees strong contract and multi-client activity in North America for 2008, and a reactivation of the Latin America market.

Onshore Multi-Client Library

The Onshore multi-client data library consists of extremely high quality surveys covering some of the most active oil and gas provinces in the United States. Multi-client has been a growing segment of the Onshore business, which is reflected in increased year-on-year investment levels. In 2007 PGS expanded the program in Oklahoma, and now offer contiguous seismic coverage of over 2 200 square miles in that area. PGS also released the first survey in the Deep Bossier gas play, located in East Texas, and operations began on several additional surveys within the trend. Strong multi-client focus continues for 2008.

Goals and Strategies

Onshore will continue its focused market approach and financial discipline going forward. PGS will use the operational expertise and standardized equipment to improve its financial performance. Onshore will continue the social responsibility programs and efforts to promote HD3D® and wide-azimuth in the onshore market.

Outlook 2008

In Onshore PGS expects revenues and operating profit to be in the range of USD 240-260 million and USD 15-25 million respectively. Planned capital expenditures will be in line with 2007.

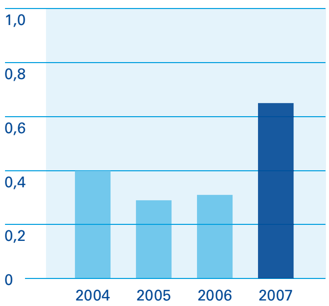
Health, Safety, Environment & Quality

Leadership in Health, Safety, Environment & Quality (HSEQ) is a Core Value within PGS and we strive, every day, to use these principles to maintain a culture where the goal to prevent harm to people and the environment becomes intrinsic in our business processes.

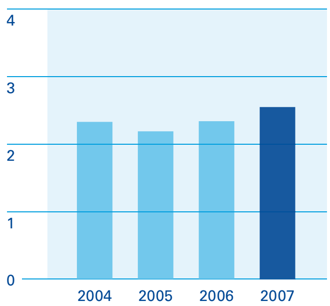
HSEQ OBJECTIVES 2008

- Integrated approach to Environmental Management across all operating units
- Implementation of improved reporting and monitoring tools across all operating units
- Improved induction and training tools and routines to manage the increase in marine offshore crew

Lost Time Incidents Frequency (LTIF)



Total Recordable Case Frequency (TRCF)



Our HSEQ management and reporting is a key element in our evaluation of business performance for all management levels and the Board of Directors.

As part of the PGS strategy for growth, being a recognized leader in HSEQ is a common goal and has been positively used to guide both investment and operational plans for the next years.

HSEQ Performance

2007 saw further improvements with better reporting, improved follow-up and focus on risk as a determining factor when directing management efforts. Our safety and environment results are favorable when compared to many of our competitors; however there is a broader trend the last year towards an increase in the recorded injury rates, and PGS results also reflect this. Our HSEQ results are being actively used to focus and drive our efforts to develop and maintain our position as a market leader in geophysical services.

HSEQ Achievements in 2007 Include:

- Successful implementation of the "One Voice" emergency response communication tool; representing a clear lead in the industry
- Group-wide standard classification and handling of High Potential incidents (HiPo) together with awareness of HiPo concept
- Expansion of marine crew numbers by 25% while maintaining operational standards
- Introduction of new 30' workboat with 100% redundancy of critical systems

- Further training in root-cause analysis across Marine and Onshore
- Introduction of pilot-project for process flows (replacing text procedures) as part of the on-going integration of the management system components
- Successful initial alignment and integration phase of MTEM operations
- Onshore completed full environmental Impact assessments on crews in each area: East Hemisphere (Libya), Latin America (Peru) and in North America (USA)

In 2007 we experienced three fatalities. The fatalities occurred during two separate incidents: one on a subcontractor drilling rig on an Onshore project and the other involving a vehicle roll-over on crew transportation on a public road, also on an Onshore crew. We have made extensive reviews to identify areas in which our routines can be improved and reinforced. Such improvements have been implemented, and have included industry-wide experience transfer to alert other geophysical contractors to previously unrecognized hazards.

Overall, lost time incident frequency (LTIF) was 0.65 per million man hours in 2007, compared to 0.31 for 2006. The total recordable case frequency (TRCF) remained relatively stable at 2.55 per million man hours in 2007 compared to 2.34 in 2006.

There are numerous examples of superior incident prevention performance on Onshore crews, with 2 crews exceeding 1 million hours without lost time incident (LTI) in Libya, and 1 crew achieving this no LTI milestone over 2 million hours in Peru. The Onshore crew in Mexico achieved 8.7 million hours without LTI over 3 years, from July 2004 thru August 2007 when the fatal vehicle incident occurred.

Increases in the lagging indicators is cause for concern, and factors such as increasing growth in the company as well as in the industry are seen as contributing. The continuous demand for people challenges the organization in terms of the increased requirements for training as well as a reduced level of available experience. The high demand for people also requires an increased use of subcontractors. Similarly, our challenges in Onshore were subcontractor management and vehicle transport incidents. PGS is continuously making a great effort in managing these challenges by implementing induction training programs, strengthening vehicle monitoring and training, and working closer with our subcontractors, including more stringent subcontractor supervision, auditing and prequalification, in addition to the careful monitoring of experience levels within the operating units to guide growth and operational decisions. We implemented dedicated driver monitoring supervision onshore in early 2007.

We have increased efforts and results in all leading indicators; HSE training, HSE meetings, manager visits, cross auditing, START Cards, HSE drills and experience transfers with approximately a 20% increase in effort (per million hours) on average as compared to 2006.

During 2007 PGS implemented a global Crisis and Issues Management program with an initial focus in Marine Geophysical. The system, which is externally hosted for robustness, provides role-based communication lines and automated notification protocols to ensure 'issues' can be tracked throughout the organization with minimum of administration. The tool also allows managers and teams to remain updated in real time while away from the office, but with internet access worldwide, www.onevoice.no.

Training has been performed at major locations in Houston, Oslo and Singapore with notification exercises on a regular basis including voice, e-mail and SMS messages to all levels of management. The implementation program is continuing during 2008 within the group companies.

Environmental Focus

The environment subject is increasingly becoming a part of our daily lives and is a collective responsibility; not only for individuals, but also for governments, companies and society in general. As well as continuing to provide high quality products and services to the geophysical industry, PGS recognizes the importance of demonstrating environmental performance to customers, employees, contractors and investors.

ENVIRONMENT

Geophysical operations, both offshore and onshore have various environmental aspects to consider including energy use and waste management. The position of Environmental Manager was filled during Q1 2007 in order to enhance and further develop our environment related systems and competence. Whilst continuing to monitor and advise on issues related to sound in the marine environment. This new role is a key element in the design of a company-wide management framework based on the guiding principles of international standards, such as ISO 14001 to measure, monitor and assess the environmental performance of PGS.

This framework, which is one component of PGS' efforts related to Corporate Social Responsibility (CSR), will be implemented during 2008 and provide a mechanism to review objectives and targets related to environmental performance.

Fundamental elements of the proposed framework include:

- Preventing harm to the environment by reducing the level of risk associated with our primary activity's interaction with the environment
- Complying with applicable legal and industry standard requirements associated with our activities
- Profile/promote PGS responsibility for environmental stewardship whilst maintaining a balanced business focus
- Engaging all levels of the PGS organization
- Straight forward to explain, implement and maintain at all levels of the company, today and in the future
- Implement periodic management review mechanism to ensure continual improvement in environmental performance
- Building on existing expertise and management systems within organization, such as ISO 9001
- Consider potential future interactions with the environment (fuel/energy use, sound) whilst maintaining focus on the present/past (material waste)

Mechanisms to collect baseline data related to waste management, energy use and fuel consumption related to both field and office based activities were streamlined and standardized in 2007.

Throughout 2007, HSEQ continued its emphasis on project based environmental risk assessment and mitigation by working closely with clients during pre-survey planning activities as well as the data acquisition and post survey analysis phases of a given operation. PGS supports geophysical industry activities related to the environment by providing resources to participate in efforts coordinated by industry organizations such as the International Association of Geophysical Contractors (IAGC), the International Association of Oil and Gas Producers (OGP). PGS also participates in international initiatives to measure and monitor energy use and waste management.

In addition to the intrinsic industry leading efficiency of the PGS Ramform fleet with which geophysical data collected per sail line and source effort are optimized due to increased streamer count the *Ramform Sovereign* is build in according to DNV Clean class notation, as is the DNV environmental class notation for transoceanic operation vessel. In addition to this specification for the *Ramform Sovereign,* PGS have added double skin hull to the whole vessel with no oil stored adjacent to the sea.

Several of our existing Ramform vessels have also had their main machinery upgraded to low NOx specifications. Following these upgrades less NOx pollutants are produced while delivering equal performance and fuel consumption.

We continued with all of our operations to work in partnership with the communities and have maintained good solid relations with them. In February, 2007, PGS Onshore conducted highly successful multi-client 3D seismic operations in the town of Anadarko, Oklahoma, population approximately 8 000. This survey is remarkable because it includes a populated area, and because our proactive approach interacting with the community, its officials and the Bureau of Indian Affairs is an illuminating example of how PGS Onshore implements Core Values in all facets of its business. We continue as standard practice to inform, coordinate with and involve community leaders, including providing support and assistance when needed, and emergency medical support. We provide employment opportunities for the local people with advancement opportunities for skilled performers, and training and personal development assistance. For example in Libya we provide English language courses to local staff. We leave our lines and operations areas in environmentally friendly status, conduct remediation activities to minimize impacts of our operations, and we continue to receive letters of recognition for our environmental stewardship. In project areas in North Africa and in Cambodia we continue to participate fully in local humanitarian de-mining activities.

MTEM

Following PGS purchase of MTEM Limited (MTEM), the Edinburgh-based Multi-Transient Electro Magnetics company, in June 2007 an integration committee was established involving key functions from PGS Marine, Onshore, Technology, HSE, GSS and Finance departments and whose job it was to ensure a rapid and effective adoption of MTEM into the PGS group of companies. MTEM had a world class HSE Management System (MTEM-MS) based on industry standards in operation and integration with the PGS systems continues aided by the similar structures of both systems.

PGS Multi-Transient EM field operations are carried out within a strict framework of procedures and work instructions as would be expected from an operation utilizing electrical power. Rigorous hazard identification processes are followed during the mobilization of each field deployment. During the job risk management is practiced in order to remove or mitigate risks to personnel, equipment or the environment. Throughout 2007 the MTEM crews operated safely with only one LTI on an onshore crew.

MTEM already had established an induction training system for new hires which showed the HSE, technical and operational information that they needed to safely start their work. Upon joining PGS this was further enhanced by adopting the basic minimum training units from PGS Marine or Onshore. Further specialized training was taken up including low voltage electrical training, management and leadership training including Duke Port1 & Port2, and TOPSET incident investigation training.

Corporate Governance in PGS

PGS is committed to maintaining high standards of Corporate Governance. We believe that effective corporate governance is essential to the well-being of our company and establishes the framework by which we conduct ourselves in delivering services to our customers and value to our shareholders.

PGS is registered in Norway as a public limited liability company and our governance model is based on Norwegian corporate law and the Norwegian Code of Practice for Corporate Governance, as applicable at all times. We also adhere to requirements applicable to foreign registrants in the U.S. where our American Depositary Shares (ADS) are publicly traded. In addition we implement corporate governance guidelines beneficial to our business.

Our corporate governance principles are adopted by our Board of Directors (Board). Below is a summary of our principles. Our Articles of Association, in addition to full versions of our corporate governance principles, our rules of procedures for our Board , our Audit Committee charter, our Remuneration and Corporate Governance Committee charter and our Nomination Committee charter are available on our website www.pgs.com.

Code of Conduct and Core Values

We have adopted a Code of Conduct that reflects our commitment to our shareholders, customers and employees to conduct our business with the utmost integrity. Our Code of Conduct and Core Values are available in full versions on www.pgs.com.

Business

Our business is defined in our Articles of Association as: *"The business of the Company is to provide services to and participate and invest in energy related businesses."*

The goals and strategies for our business areas are presented on page 2, 3, 38 and page 39 of this annual review.

Equity and Dividends

Our dividend policy is described on www.pgs.com.

Equal Treatment of Shareholders and Transactions with Related Parties

We have one class of shares. In our General Meetings each share has one vote. Our Board is committed to equal treatment of shareholders in all respects. When applicable, transactions in our shares should be carried out through the stock exchange.

An owner with shares registered through a custodian has voting rights equivalent to the number of shares which are covered by the custodian arrangement, provided that the owner of the shares, within two working days before the General Meeting provides us with his name and address together with a confirmation from the custodian to the effect that he is the beneficial owner of the shares held in custody.

Transactions between us and related parties shall be conducted at market values. Material transactions will be subject to independent valuation by third parties. According to our Code of Conduct, none of our employees shall have any personal or financial interest which might conflict with ours, or influence, or appear to influence, their judgment or actions in carrying out their responsibilities to PGS. According to our Rules of Procedures, a member of our Board may not participate in the discussion or decision of issues, where the director, or any person closely related to the director, has material personal or financial interest in the matter.

Freely Transferable Shares
Our shares are freely transferable.

General Meetings
Through the General Meetings, our shareholders exercise ultimate authority and elect the members of our Board and the chairperson.

Notice of the General Meeting including all pre-material, is generally given at least four weeks in advance to the shareholders or their depositary bank. For ADS holders, a record date is set approximately 5 weeks prior to the Annual General Meeting. A copy of the calling notice with appendices will be posted at our website, www.pgs.com.

The notice convening an Extraordinary General Meeting shall be given at least two weeks before the meeting if the holding of the meeting is demanded in writing by the independent auditor or shareholders representing at least 5% of the share capital. Shareholders who wish to take part in a General Meeting must give notice to PGS by the date stated in the calling notice, which date must be at least two working days before the General Meeting.

To vote at the General Meeting, in person or by proxy, a shareholder must be registered with the Norwegian Registry of Securities. Holders of ADS may vote the shares underlying the ADS by: (a) having the underlying shares transferred to an account with the Norwegian Registry of Securities in the name of the holder, (b) attending the meeting as a shareholder by providing their name and address and a confirmation from Citibank, depositary for the ADS, to the effect that they are the beneficial owner of the underlying shares, or (c) authorizing Citibank to vote the ADS on their behalf.

In accordance with our Articles of Association, the Chairperson of the Board chairs the General Meeting.

Nomination Committee
According to our Articles of Association we shall have a Nomination Committee consisting of three members to be elected by our shareholders at the General Meeting. The General Meeting also elects the chairperson of the Nomination Committee. The majority of the members of the Nomination Committee shall qualify as independent pursuant to the Norwegian principles of corporate governance. The term of service shall be two years unless the General Meeting determines that the period shall be shorter. The Nomination Committee's main duties are to propose nominees for election as members and chairperson to the Board and the Nomination Committee, and to propose the fees to be paid to the members of the Board and the Nomination Committee. The General Meeting approves the fees. The Nomination Committee shall provide a report to our shareholders prior to the General Meeting.

The Current Nomination Committee
The current members of the Nomination Committee consist of Roger O'Neil (chairperson), Hanne Harlem and C. Maury Devine. They were all re-elected in the Annual General Meeting held 15 June 2007 for a new service period of one year. Shareholders who wish to propose new board members to PGS may do so by submitting a proposal of a candidate to the administration on www.pgs.com, "Nominate a Board Member". None of the members of our Nomination Committee are employed by us or are members of our Board. In 2007, our Nomination Committee had 5 meetings. A report regarding the work of our Nomination Committee will be distributed with the calling notice for our Annual General Meeting.

Board of Directors – Composition and Independence
According to our Articles of Association our Board shall have from three to thirteen directors. No member of the Board is elected for a period exceeding two years for each elected period. The Board has adopted internal rules of procedures that establish in more detail its role and responsibilities, including:

- directors' qualifications;
- qualification of a majority of the Board and all of the members of the Audit and Remuneration Committees as "independent directors"; and
- annual review and determination of the independence of each director.

All directors are independent from our management and major business relations, as defined in the Norwegian principles for corporate governance. Five of our seven current shareholder appointed directors are independent from our largest shareholders, as defined in the Norwegian principles for corporate governance. Our chairperson, Mr. Jens Ulltveit-Moe is the owner of Umoe Invest AS, whereas Harald Norvik is a member of the board of directors in Umoe. No member of our Board shall be an executive of PGS. Directors can not perform paid consultancy work for us. Three of the board members, directly or indirectly, own shares in PGS.

Shareholders and other interested parties may communicate directly with our independent directors by sending a written letter in an envelope addressed to Petroleum Geo-Services "Board of Directors (Independent Members)", General Counsel Rune Olav Pedersen, P.O. Box 89, 1325 Lysaker, Norway.

The Current Board of Directors

As of December 31, 2007, the Board consisted of seven shareholder representatives. Anthony Tripodo resigned from the Board with effect from February 1, 2007, after being appointed chief financial officer of Tesco Corporation. Neither the CEO nor any other member of the executive management in PGS is a director of the Board. The current members of the Board are presented on page 30 and 31 of this annual report and on www.pgs.com.

The Work of the Board of Directors

In accordance with Norwegian corporate law, our Board has overall responsibility for management of our Company, while our CEO is responsible for day-to-day management. Our Board supervises our CEO's day-to-day management and our activities in general. It is also responsible for ensuring that appropriate steering and control systems are in place. Our CEO shall, in agreement with the chairperson of the Board, annually present a meeting calendar covering the next calendar year to the Board for approval. In 2007 our Board had 11 meetings.

Our Board has adopted internal rules of procedures, which establish in more detail its role and responsibilities in relation to the management and supervision of the Company. The rules emphasize, among other things, our Board's responsibility to decide our financial targets and determine our overriding strategy in collaboration with our CEO and our executive committees, and to approve our business plans, budgets and frameworks. In its supervision of our business activities, our Board will seek to ensure that there exist satisfactory routines for follow-up of principles and guidelines required by our Board in relation to ethical behaviour, conformity to law, health, safety and environment, and social responsibility. The rules also require provision for an annual self-evaluation of our Board to determine whether our Board and its committees are functioning effectively. The tasks and duties of our CEO vis-à-vis our Board are outlined in the rules, along with the tasks and duties of the chairperson of our Board. Our Board shall have a vice-chairperson to chair our Board in our chairperson's absence. The full version of the rules of procedures for our Board is available on www.pgs.com.

Our governance structure is organized as described below:

Our Board is responsible for the development and supervision of our business activities. Our Board has established an Audit Committee and a Remuneration and Corporate Governance Committee to assist in organizing and carrying out its responsibilities.

- Our Board appoints our CEO
- Our CEO is responsible for the day-today management of our activities
- Our CEO has organized our Executive committees and our Disclosure Committee to further assist in discharging our CEO's responsibilities
- Our Board, along with our CEO, is committed to operating PGS in an effective and ethical manner in order to create value for our shareholders. Our Code of Conduct requires our management to maintain an awareness of the risks to PGS in carrying out our business strategies and not to put personal interests ahead of or in conflict with the interests of PGS
- Our CEO, under the oversight and guidance of our Board and our Audit Committee, is responsible for ensuring that our financial statements fairly present in all material respects our financial condition and results of operations and that we make timely disclosures needed to assess our financial and business soundness and risks.

Board Committees

Our Audit Committee consists of the board members Francis Gugen (chairperson), Wenche Kjølås and Daniel J. Piette. Piette replaced Harald Norvik as of 25 July, 2007. Its function is to assist our Board in its oversight of the integrity of the financial statements of PGS, monitoring the independent auditor's qualifications, independence, and performance, as well as the performance of the internal audit function, and ensure that PGS is in compliance with legal and regulatory requirements.

Our Remuneration and Corporate Governance Committee consists of the board members Harald Norvik (chairperson), Holly Van Deursen and Siri Beate Hatlen. The function of the Committee is to assist with the matters relating to the compensation, benefits and perquisites of our CEO and other senior executives and examine and maintain our guidelines regarding good corporate governance.

Risk Management and Internal Control

The Board is responsible for ensuring that appropriate steering and control systems are in place.

The Board ensures that the CEO uses proper and effective management and control systems, including systems for risk management, which continuously provide a satisfactory overview of PGS' risk exposure. The Board makes sure that the control functions work as intended and that the necessary measures are taken to reduce extraordinary risk exposure. Further, the Board see to that there exist satisfactory routines to ensure follow-up of principles and guidelines adopted by the Board in relation to ethical behavior, conformity to law, health, safety and working environment, and social responsibility.

PGS' management conduct day-to-day follow-up of financial management and reporting. The Board's audit committee assesses the integrity of our accounts, and prepares, for the Board, items related to the financial review and control and external audit of accounts.

PGS has a proper internal auditing system and the Board ensures that it is capable of producing reliable annual reports and that the external auditor's recommendations are given proper attention.

The Board shall conduct an annual self-evaluation to determine whether it and its committees are functioning effectively, which evaluation will then be discussed and considered by the Board in its consideration of any appropriate action or response. In addition, the Board shall conduct a periodic review of PGS' corporate governance policies and procedures, including the Boards Rules of Procedure. The Remuneration and Corporate Governance Committee shall assist the Board with its annual self-evaluation and any periodic review of corporate governance policies and procedures.

Non-conformances are systematically followed up and corrective measures initiated.

Remuneration of the Board of Directors and the Executive Management

The remuneration of the members of the Board is not linked to performance, but is based on participation in meetings, and is approved by the General Meeting annually. The Board Members shall not take on specific assignments for us in addition to their appointment as a member of the Board. No member of the Board holds any options in PGS.

For details on compensation for each member of the Board, please see www.pgs.com.

The remuneration to our Board will be proposed by the Nomination Committee according to its charter at our Annual General Meeting.

The compensation structure and guidelines for executive managers are subject to annual review by the Remuneration and Corporate Governance committee and are approved by the Board. PGS currently has a compensation structure for our executive managers including base salary, cash bonus, share bonus, a retention bonus and a stock option program. For further details on our compensation structure and total compensation to our executive team see www.pgs.com.

Information and Communications

Our Board is committed to reporting financial results and other relevant information based on openness and taking into account the requirement for equal treatment of all participants in the securities market. As a listed company, we comply with relevant regulations regarding disclosure. Announcements are released through the Hugin system and posted on www.newsweb.no. In addition, all announcements are available on the company's website www.pgs.com. Our share-holder policy is described on www.pgs.com.

Take-overs

The Board has established guiding principles for how it will act in the event of a take-over bid. The Board will not seek to hinder or obstruct any take-over bids for our activities or shares, or exercise mandates or pass any resolutions that obstruct take over bids that are put forward. In the event of a take-over bid, the Board will, in accordance with its overall responsibility for corporate governance, act for the benefit of our shareholders and ensure that the shareholders are given sufficient information. If an offer is made, the Board will issue a statement evaluating the offer and making a recommendation as to whether our shareholders should or should not accept the offer. PGS' Articles of Association do not contain any restrictions, limitations or defense mechanisms on acquiring our shares.

Auditor

Our Audit Committee shall support the Board in the administration and exercise of its responsibility for supervisory oversight of the work of the independent auditors, which shall keep our Board informed of all aspects of its work for PGS. This includes submission of an annual plan for the audit of PGS. The auditor meets our Audit Committee at least once a year without management present. Our internal procedures limit the use of services from our auditors.

The independent auditor shall meet our Audit Committee at least once a year in connection with the preparation of the annual accounts, and at least once a year present to our Audit Committee a review of our internal control procedures. The auditor will be asked annually to confirm in writing that the auditor satisfies the requirements for independence. The auditor shall also provide our Audit Committee with a summary of all services in addition to audit work that have been undertaken for us. The remuneration paid to the auditor with respect to audit services will be reported to the Annual General Meeting for approval.

The Board of Directors

ULLTVEIT-MOE

NORVIK

HATLEN

Jens Ulltveit-Moe
Chairperson
(elected 2002)

Mr. Ulltveit-Moe has been our chairman of the Board of Directors since September 2002. He is the founder and has been president and chief executive officer of Umoe AS, a shipping and industry company, since 1984. From 2000 to 2004, he was the president of the Confederation of Norwegian Business and Industry. From 1980 to 1984, Mr. Ulltveit-Moe served as managing director of Knutsen OAS. From 1972 to 1980, he was managing director of the tanker division of SHV Corporation. From 1968 to 1972, Mr. Ulltveit-Moe was an associate with McKinsey & Company, Inc. in New York and London. Mr. Ulltveit-Moe holds a master's degree in business administration from the Norwegian School of Economics and Business Administration and a master's degree in international affairs from the School of International Affairs, Columbia University, New York.

Harald Norvik
Board member
(elected 2003)

Mr. Norvik is a partner in the consulting company ECON. He is chairman of the Board of Directors in the publishing firm Aschehoug, member of the Board of Directors in ConocoPhillips and member of the Board of Directors in the service and technology provider Ability Group. He served as chief executive officer of Statoil from 1988 to 1999. He was finance director and a member of the executive board of the Aker Group from 1981 to 1988. He served as personal secretary to the Prime Minister of Norway and as Deputy Minister in The Ministry of Petroleum and Energy from 1979 to 1981. Mr. Norvik has a Master of Science Degree in Business from The Norwegian School of Economics and Business Administration.

Siri Beate Hatlen
Board member
(elected 2006)

Ms. Hatlen has been an independent consultant since 1996 and worked as manager for hire in several companies, including the software company Flexim Infowiz, the publishing firm Universitetsforlaget AS and the art museum Henie Onstad Kunstsenter. She is now Chairperson of the Board of Directors of the hospital Helse Øst RHF, the wine retailer AS Vinmonopolet, the real estate developer Undervisningsbygg KF, the industrial developer SIVA SF, the Norwegian State Educational Loan Fund, Statens Lånekasse and the publishing firm Samlaget. In addition she holds board memberships among others in the industrial group Kongsberggruppen ASA, the power company Buskerud Energi AS and the university NTNU. From 1986 to 1996, she held various positions in Statoil's Project Division. In 1984, she worked for one year at Elf Aquitaine, France on an exchange basis. From 1981 to 1983 she worked for Norwegian Petroleum Consultants. Ms. Hatlen holds a master of science degree in Process Engineering from the Technical University of Trondheim and a master's degree in business administration from INSEAD.

KJØLÅS

GUGEN

VAN DEURSEN

PIETTE

Wenche Kjølås
Board member
(elected 2006)

Ms. Kjølås is currently working as chief financial officer in the logistic provider Grieg Logistics AS. Prior to that, she served as chief financial officer in the food company Kavli Holding AS. From 1997 to 1999, she acted as Managing Director in O.Kavli AS, Norway, and from 1995 as Financial Director in Kavli Holding AS. From 1993 to 1995, she was Financial Manager in the food retailer Hakon Gruppen AS in Bergen. From 1986 to 1992, she was employed with Touche Ross Management Consultants; from 1986 to 1990 as Management Consultant in Bergen and from 1990 to 1992 as Manager. Ms. Kjølås has board experience from several companies, including the aqua-culture company Cermaq ASA, the offshore vessel company DOF ASA, the shared services provider Grieg Group Resources AS, O.Kavli AS and the dairy Q-Meieriene AS. She is also member of the Corporate Council of Vesta Insurance AS and the General Assembly of Sparebankstiftelsen DnBNOR.

Francis Gugen
Board member
(elected 2003)

Mr. Gugen is currently active as a consultant and an investor in the energy industry. He served with Amerada Hess Corporation for eighteen years, from 1982 to 2000, holding various positions including chief executive of Amerada Hess UK from 1995 to 2000 and chief executive of Northwestern Europe from 1998 to 2000. Mr. Gugen acts as chairman and non-executive director for various other companies, including Island Gas Limited and The Britannia Building Society, where he also sits on the audit committee. Mr. Gugen has earlier worked for Arthur Andersen and is a UK chartered accountant.

Holly Van Deursen
Board member
(elected 2006)

Ms. Van Deursen currently divides her time between advising and investing in start-up companies and serving as a non-executive director of Petroleum Geo-Services, Anson Industries and a not-for-profit school. She served as a member of BP plc's top-forty executive team, as Group Vice President Petrochemicals from 2003 to 2005 and Group Vice President Strategy from 2001 to 2003. Prior to these executive positions, Ms. Van Deursen held a variety of senior roles with BP and Amoco Corporation in Chicago, London and Hong Kong. She has previously served on the Board of Directors of the American Chemistry Council, as well as Amoco joint ventures in Korea, Taiwan and Japan. Ms. Van Deursen holds a Bachelor of Science degree in Chemical Engineering from the University of Kansas and an Masters degree in Business Administration from the University of Michigan.

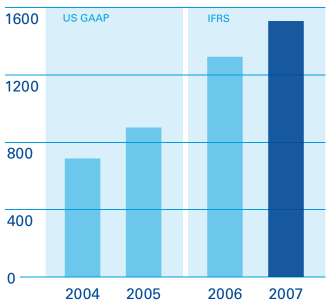
Daniel J. Piette
Board member
(elected 2007)

Mr. Piette is currently working as CEO in Open Spirit Corporation. Open Spirit Corporation is an independent software company focused on providing integration solutions for upstream applications and data to E&P companies. Mr. Piette has a BS in Mining Engineering with Honors from the University of Wisconsin. Before joining Open Spirit Corporation in 2003 Mr. Piette was a Business Unit Manager at Input/Output, running the Land Data Acquisition Systems group in 2002 and 2003. From 2001 he worked as COO for S/N Technologies which was acquired by Input/Output in 2002. In the period 2000 to 2001 he ran his own consulting business out of Houston. In 1996, he joined Bell Geospace, a venture funded start-up that used military technology to collect gravity gradient data for natural resource exploration, as VP of Sales and Marketing. He was appointed President and CEO in 1999. He worked for Landmark Graphics from 1989 to 1996 holding several positions, lastly as Vice President and General Manager of the Asia Pacific region, based in Singapore. Before this he has also held numerous positions with Terra-Mar, DPC&A and Exxon Company USA.

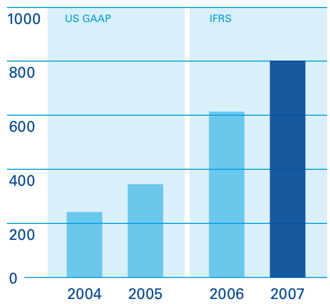
Financial Review

In 2007, PGS delivered another record breaking result and substantially improved the strategic position.

Revenues
in USD million



Adjusted EBITDA
in USD million



BUSINESS HEADLINES 2007

In 2007 PGS:

- Entered into an agreement to sell *Ramform Victory* to the Japanese Ministry of Economy, Trade and Industry (METI) along with a four year service agree-ment. As advance payments for the vessel and start-up services, PGS has in 2007 received prepayments of USD 120.6 millions
- Launched the GeoStreamer®, which represents a change in streamer technology
- Acquired MTEM Limited (MTEM) a provider of electro-magnetic (EM) services for a price of USD 277.1 million on a debt free basis
- Delisted from New York Stock Exchange effective July 20, 2007 with deregistration from the US Security and Exchange Commission effective October 18
- Refinanced the Company's senior secured credit facility with an eight-year USD 600 million Term Loan B and a five-year USD 350 million revolving credit facility
- Acquired Roxicon Geogrids AS (Roxicon) for USD 13.1 million and created a MegaSurvey centre of excellence in Stavanger
- Acquired Applied Geophysical Services, Inc. (AGS) to strengthen PGS depth imaging capabilities and add on to current data processing technology. The Company paid USD 54.8 million for AGS, including transaction costs
- Acquired Arrow Seismic ASA (Arrow) to expand the fleet with quality assets. The mandatory offer was NOK 96 per share corresponding to a total value of the share capital of USD 431.2 million, including transaction costs

- Issued USD 400 million convertible notes due 2012, proceeds used to secure permanent financing of the Arrow acquisition at favorable terms while increasing financial flexibility
- Completed the acquisition phase of the Crystal I wide-azimuth survey in the Gulf of Mexico two months ahead of schedule. Crystal II has commenced and data will be ready for final delivery late 2008
- Achieved a strong full-year operating cash flow of USD 687.3 million, while mitigating the increase in net interest bearing debt due to acquisitions to USD 977.2 million
- Marine seismic contract operating profit margins increased more than 17%, compared to 2006
- Achieved very high pre-funding levels (127% of capitalized multi-client investments) and strong multi-client late sales of USD 218.8 million

PGS paid a special dividend of NOK 10 per share on July 15, 2007 and the Company has continued buying back shares. As of December 31, 2007 PGS owned 2.28% of the outstanding shares. The total amount paid to shareholders during 2007 was USD 421.9 million (USD 302.4 million in special dividend and USD 119.5 million in purchase of own shares).

MARKETS AND MAIN BUSINESSES

Marine

PGS are one of three major global participants in the marine 3D market, with a market share of approximately 28% measured by acquired square kilometer 3D seismic. The Company's streamer acquisition fleet, totaling eleven 3D vessels at year-end 2007. With six Ramform vessels in the high-end segment, PGS' fleet is one of the most modern in the industry. After delivery of *Ramform Victory,* now renamed *Shigen,* to METI late January 2008 the Company took delivery of *Ramform Sovereign* new-build in the beginning of March 2008, replacing the *Ramform Victory*. *Ramform Sterling*, scheduled for delivery, second quarter 2009, and the two Arrow new-builds (see below), with scheduled delivery in second and fourth quarter 2009, will contribute to an even more sophisticated fleet.

The marine 3D market experienced a strong improvement in 2007 driven by increased demand for seismic from oil and gas companies. The margin PGS realized on contract seismic improved significantly compared to 2006. At the end of 2007, order backlog in Marine was USD 807 million, compared to USD 512 million at December 31, 2006.

Contract seismic continued to dominate PGS' activity in 2007, although the investments in new multi-client data increased further compared to 2006. Pre-funding of new multi-client investments continued at high levels.

Technology & Data Processing

Growing and repositioning the data processing business is a key part of PGS' strategy. In 2007 PGS achieved strong organizational growth and acquired AGS, which significantly enhances the Company's depth imaging capabilities.

Further PGS launched the GeoStreamer®, the first ever dual sensor streamer. It represents a step change in streamer technology with enhanced resolution, better penetration and improved operational efficiency. The GeoStreamer® is already put into operation in 2D acquisition and the Company plans to further expand the use of this technology in 2D mode and launch the first 3D operation in 2008.

To accelerate the entry into the high growth EM market PGS bought the Edinburgh based company MTEM. MTEM's technology is differentiated from competing technologies among other things by being cable based, not node based, hence allowing the data to be accessed real-time. PGS is also continuing its effort to develop a marine EM acquisition system were both the source and receivers are towed behind a vessel.

Reservoir surveillance technology, OptoSeis®, with fiber optic cables was introduced in 2006. PGS is planning to install two pilot projects this year and use resources to commercialize the product.

Onshore

In the market for onshore seismic services PGS is one of the larger worldwide operators. The onshore segment remains price competitive, since a number of competitors have added capacity and additional companies have entered the international seismic market.

As of December 31, 2007, PGS operated ten onshore crews. Three in the US (lower 48's), one in Mexico, one in Peru, one in Morocco, one in Tunisia, one in Cambodia, one in Canada and one in Alaska. 2007 was the first year PGS conducted Onshore electromagnetic (EM) surveying. One job was done in Trinidad and another in Canada.

The Onshore segment performed below expectations in 2007 due to weak crew continuity in Africa and adverse weather conditions in the US. PGS Onshore continued to invest in its multi-client library located entirely in the US during 2007. However, the majority of the crews performed contract work. At the end of 2007, the order backlog in Onshore was USD 144 million, compared to USD 138 million at December 31, 2006.

Financial Results

Total revenues for 2007 were USD 1 519.9 million compared to USD 1 308.4 million in 2006, an increase of 16%.

Marine 2007 revenues totaled USD 1 273.8 million, an increase of USD 229.3 million, or 22%, from 2006. Revenues from contract seismic acquisition increased USD 56.2 million from USD 635.6 million in 2006 to USD 691.8 million in 2007, primarily due to a stronger marine seismic market and strong operating performance. Multi-client late sales decreased by USD 24.1 million, or 11%, to USD 197.9 million in 2007. Marine increased its cash investments in multi-client data by USD 130.3 million, or 148%, to USD 218.6 million in 2007. Revenues from multi-client pre-funding increased by USD 174.7 million, or 133%, from USD 131.3 million in 2006 to USD 306.0 million in 2007. Pre-funding as a percentage of cash investments in multi-client data continued at high levels, with 140% in 2007 compared to 149% in 2006. In 2007 the fleet allocation (active vessel time) between contract and multi-client data acquisition was approximately 64%/36% compared to approximately 83%/17% in 2006.

Onshore revenues for 2007 totaled USD 246.4 million, a decrease of USD 17.0 million or 6% from 2006. The reduction is primarily due to lower activity and weak crew continuity in Africa and adverse weather conditions in the US. During 2007 Onshore mobilized one new crew in Cambodia and one in Morocco.

Cost of sales totaled USD 638.0 million in 2007 compared to USD 619.3 million in 2006, an increase of USD 18.7 million or 3%.

Marine cost of sales increased by USD 46.6 million, mainly as a result of increased activity and price inflation, partly offset by increased investments in multi-client library (which decreases cost of sales). Onshore cost of sales decreased by USD 35.8 million, primarily related to lower activity. In addition cost of sales in the Other segment increased by USD 7.9 million.

Reported research and development costs decreased by USD 4.0 million or 32% to USD 8.5 million, while selling, general and administrative costs increased by USD 10.1 million or 16% to USD 72.5 million. Research and development costs are net of capitalized development projects totaling USD 8.9 million and USD 5.3 million for 2007 and 2006, respectively. The total costs relating to development and commercialization of new technology, of which only a part is classified as research and development, increased substantially relating to the new GeoStreamer®, which was launched in 2007, and to the optics (Optoseis®) and EM solutions.

PGS' general cost level is increasing as the activity level has increased. In addition, the Company is spending more on chartered capacity to perform 2D surveys and to facilitate wide-azimuth acquisition and otherwise optimize the productivity of PGS' 3D vessels. There has been a strong general cost level increase for fuel, personnel, yard and maintenance and project-related costs, such as support and shooting vessels.

Depreciation and amortization for 2007 was USD 313.1 million compared to USD 254.8 million in 2006, an increase of USD 58.3 million, or 23%. The increase is mainly caused by multi-client amortization on an increased level of multi-client revenues.

Amortization of multi-client for 2007 increased by USD 59.0 million (33%) compared to 2006. Multi-client amortization as a percentage of total multi-client revenues was 40% in 2007, compared to 44% in 2006.

The net book value of PGS' multi-client library was USD 173.9 million as of December 31, 2007, compared to USD 92.8 million as of December 31, 2006. Multi-client data acquired before year-end 2006 had a book value of approximately USD 16 million at year-end 2007. The relatively low book value will result in relatively low ordinary amortization relating to sales from the Company's existing library, while amortization relating to sales from new library investments will be higher.

Other operating income of USD 6.8 million in 2007 relates to gain on sale of shares in Genesis Petroleum Europe Ltd.

Operating profit was USD 494.5 million in 2007 compared to an operating profit of USD 359.5 million in 2006.

Interest expense was USD 37.5 million in 2007 compared to USD 53.6 million in 2006. The decrease is primarily due to increased capitalized interest to the multi-client library and construction in progress. Other financial items, net amounted to a gain of USD 3.2 million in 2007 compared to a gain of USD 4.9 million in 2006.

Income tax expense was a benefit of USD 11.1 million in 2007 compared to a benefit of USD 54.6 million in 2006. The 2007 tax benefit included current tax expense of USD 43.2 million, which includes a USD 12.2 million positive effect from changes in provision for tax contingencies. Current tax expense relates primarily to withholding taxes or income taxes in countries were we have no carry forward losses or where there are limitations on use of such losses.

PGS has substantial deferred tax assets in different jurisdictions, predominantly in Norway and UK. At year-end 2007 we had deferred tax assets amounting to USD 191 million in the consolidated balance sheets while remaining unrecognized deferred tax assets are approximately USD 49 million.

Income from discontinued operations, net of tax, was USD 1.0 million in 2007 compared to USD 32.3 million in 2006. The income from discontinued operations in 2006 primarily relates to the demerger of the Production segment and the related sale of shares in Petrojarl.

Net income for the group for 2007 was USD 470.0 million compared to USD 394.7 million in 2006, while net income for PGS ASA was NOK 3 063.6 million compared to NOK 1 898.9 million in 2006.

Growth Through Acquisitions

The seismic industry has experienced an exceptionally strong market the last three years. Strong margins have attracted new entrants leading to fragmentation. A flow of new companies has resulted in speculations of larger seismic players increasing capacity by acquiring newcomers. PGS has evaluated all possible takeover targets.

On November 12, 2007, PGS completed the purchase of approximately 91% of the shares in Arrow and subsequently acquired the remaining outstanding shares in a combined mandatory offer and "squeeze out" for a price of USD 431.2 million, including transaction costs. In PGS's opinion Arrow was acquired at a reasonable price and it provides an important supplement to the Company's high-end seismic fleet. Arrow owns and operates two 3D vessels and has three vessels being converted to 2D/source vessels, including one vessel with possibilities for upgrade to 6-streamer operation. Further, Arrow has four high capacity seismic new-build vessels on order for delivery in 2008 and 2009. Of these nine vessels, four are on charter to other seismic companies, including two of the new-builds, while the intention is to include the remaining five vessels in the Company's operations, including the last two of the high capacity new-builds with delivery in the second and fourth quarter of 2009 and the three 2D/source vessels.

On June 29, 2007 PGS announced the acquisition of MTEM, a provider of EM services used to detect the presence of hydrocarbons, for a price of USD 277.1 million on a debt free basis.

MTEM an abbreviation for Multi-Transient-Electro-Magnetic has developed a unique, breakthrough, cable based technology with demonstrated strong results in commercial operations. The company is the only player to offer a complete EM acquisition and processing technique both offshore and onshore, including in transition zone environments.

MTEM holds a robust, patent protected technology and the company currently has several supplementary patent applications pending. The technology is complimentary to the Company's own effort to develop a towed EM solution, and the technologies together will position PGS to address the emerging EM market.

PGS aims at being a top tier player in data processing within 2010. On October 17, 2007 the Company acquired all of the shares of AGS for a price of USD 54.8 million, including transaction costs. AGS is based in Houston, Texas and specializes in delivering depth imaging services to the oil and gas industry, currently focusing primarily on the depth market in the Gulf of Mexico, using PGS 3D beam migration technology. The AGS technology line strengthens PGS' depth imaging capabilities which the Company can apply in all the key hydrocarbon basins throughout the world. Since the acquisition, PGS has experienced strong demand and project awards both in the Gulf of Mexico and elsewhere, for this technology.

PGS MegaSurvey provides a step change in understanding regional geology. This year PGS is planning new MegaSurveys in West Africa, Mediterranean, Asia Pacific, and North, South America. On August 16, 2007 PGS acquired Roxicon based in Stavanger Norway for USD 13.1 million. Roxicon has specialized in multi-client seismic data merging for the North Sea based on released data sets for the Norwegian Continental Shelf. Their product range complements PGS' multi-client MegaSurvey products. Through the acquisition PGS also get access to additional people and competences to accelerate profitable growth for the PGS MegaSurvey business going forward.

In March 2007, PGS announced a long-term cooperation agreement with METI. This included an agreement to sell *Ramform Victory* along with agreements to provide technology as well as technical and operating services with commercial terms agreed for an initial period of four years. The agreements were finalized in May 2007. Following certain amendments in Q4, the services also include maritime operation of the vessel. The broad scope of services provides substantial benefits for both parties, allowing for increased use of leading edge technology and leveraging PGS broad resource base to secure efficient and uninterrupted operations.

The vessel was delivered in January 2008 after yard maintenance, upgrades and 10-year classing through most of Q4 2007.

Under the agreements, amounts totalling approximately USD 225 million becomes payable to PGS at specific milestones relating to signing the agreement, delivery of the vessel and start up of services. Of these "up front" payments, USD 120.6 million were received in 2007 while the remaining balance was paid in February 2008.

The commercial terms for the access to technology and the ongoing services have been fixed for the first four years.

Cash Flow, Balance Sheet and Financing
Net cash provided by operating activities totaled USD 687.3 million in 2007 compared to USD 575.8 million in 2006, primarily driven by strong improvement in profit.

Cash and cash equivalents (excluding restricted cash) totaled USD 145.3 million at December 31, 2007 compared to USD 124.0 million at December 31, 2006. Restricted cash at December 31, 2007, which included USD 38.0 million of security deposit for the mandatory offer for Arrow, totaled USD 59.4 million compared to USD 18.7 million at December 31, 2006.

In June 2007, PGS refinanced and established a USD 600 million Term Loan B maturing in 2015 and a USD 350 million revolving credit facility maturing in 2012. At December 31, 2007 there was USD 597.0 million outstanding under the term loan and USD 240.0 million outstanding under the revolving credit facility. In addition, PGS has a remaining balance on the Oslo Seismic Notes of USD 63.1 million.

To establish permanent financing of the Arrow acquisition PGS issued convertible notes of USD 400 million in December 2007. The conversion price is NOK 216.19 per share, which represented a 40% premium over the volume weighted average share price of the Company's ordinary shares at the time of offering. The fixed rate of exchange is set at 5.5188 NOK per 1.00 USD and the coupon is 2.7% per annum payable semi-annually in arrears. The total number of shares to be issued if all convertible notes are converted at the initial conversion price is 10.2 million ordinary shares, representing 5.67% of the Company's current issued ordinary share capital. The convertible notes are in the process of being listed at the Oslo Stock Exchange. Of the proceeds, net of loan costs of USD 8.6 million, USD 66.9 million was recorded as a direct contribution to accumulated earnings (equity) and USD 324.5 million was recorded as long-term debt.

Arrow has two secured loan facilities totaling approximately USD 400 million relating to existing vessels and newbuilds. Drawing on these facilities amounted to USD 133.7 million at December 31, 2007. PGS is in discussion with the syndicate banks regarding the continuation of these facilities and expect to conclude around the end of first quarter 2008.

The total interest bearing debt, including capital leases but excluding deferred loan costs, was USD 1 377.4 million as of December 31, 2007 compared to USD 338.2 million as of December 31, 2006.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was USD 1 172.7 million at December 31, 2007 compared to USD 195.5 million at December 31, 2006.

The Term Loan B matures in December 2015 and has a floating interest rate of LIBOR plus 175 basis points.

The Company's interest bearing debt consisted of the primary components as shown in the table at the bottom of the page.

Investments
During 2007, PGS made a total cash investment of USD 288.7 million in multi-client data library compared to USD 120.7 million in 2006, an increase of USD 168.0 million, or 139%.

Capital expenditures, excluding discontinued operations, totaled USD 270.0 million in 2007 compared to USD 165.4 million in 2006, an increase of USD 104.6 million. Capital expenditures in Marine increased by USD 95.2 million to USD 241.7 million in 2007. The increase is primarily due to the Company's ongoing new-build programs.

Financial Market Risk
PGS is exposed to certain market risks, including adverse changes in interest rates and foreign currency exchange rates, as discussed below.

Interest Rate Risk
PGS enters into financial instruments, such as interest rate swaps, to manage the impact of possible changes in interest rates.

As of December 31, 2007, PGS had USD 970.7 million of floating interest bearing debt and USD 7.1 million of capital leases, both based on USD, one to three

PGS' INTEREST BEARING DEBT

(In millions of dollars)	December 31, 2007	2006
Unsecured:		
10% Senior Notes, due 2010	5	5
Secured:		
Term loan, Libor + 2.25%, due 2012	–	244
Term loan, Libor, + 1.75%, due 2015	597	–
Revolving credit facility, due 2012	240	–
8.28% first preferred mortgage notes, due 2011	63	76
Convertible bonds:		
Convertible notes, due 2012	332	–
Total long-term debt	1 237	324
Short-term debt	134	–
Total interest bearing debt	1 371	324

months LIBOR, rate plus a margin. PGS has fixed interest rate debt with a book value of USD 399.2 million. To reduce the impact of a rise in the interest rate the Company has entered into interest rate swaps (IRS) and future rate agreements (FRA) for a nominal value of USD 563.5 million. These IRS and FRA have fixed interest rate from half a year to six and a half year. The Company's annual interest expense would increase by USD 3.6 million for every one percentage point increase in the LIBOR rate.

Currency Exchange Risk

PGS conducts business in various currencies including Brazilian real, Indian rupee, Euro, Singapore dollar, Kazakhstan tenge, Mexican peso, Moroccan dirham, Nigerian naira, Peruvian nuevo sol, Saudi riyal, British pound and the Norwegian kroner. PGS is subject to foreign currency exchange rate risk on cash flows related to sales, expenses, financing and investing transactions in currencies other than the US dollar.

Cash flow from operation is primarily denominated in US dollars (USD), British pounds (GBP) and Norwegian kroner (NOK). PGS predominantly sell its products and services in USD, but also other currencies like Euro, British pounds and Norwegian kroner. In addition to USD a significant portion of the Company's operating expenses are incurred in British pounds, Norwegian kroner, while smaller portions in Singapore dollars and various other currencies. PGS therefore typically has higher expenses than revenue denominated in non US dollar currencies.

An appreciation of the currency rate of the two most significant non-USD currencies (NOK and GBP) by 10% against the USD would have an annual net negative EBIT impact of USD 15 to USD 23 million before currency hedging activities.

PGS hedge a portion of its foreign currency exposure related to operating income and expenses by entering into forward currency exchange contracts. While PGS enters into these contracts with the purpose of reducing its exposure to changes in exchange rates, the Company do not account for the contracts as hedges except if they are specifically designated to firm commitments or certain cash flows. Consequently, these forward currency exchange contracts are recorded at estimated fair value and gains and losses are included in other financial items, net. During 2007, PGS had in place currency hedges for the payment that will be made in non-USD for the Company's two new vessels under construction and PGS hedged the sales proceeds for the sale of one of its Ramform vessels. The hulls on the two new vessels will be paid for in NOK and currency hedges put in place for these exposures are treated as fair value hedges in the accounts. The sales proceeds for the vessel sold will be received in JPY and the currency hedge is treated as a cash flow hedge. As of December 31, 2007, PGS had net open forward contracts to buy British pounds, Norwegian kroner, Euro, Singapore dollars and sell Japanese Yen. The gross amounts of these contracts are approximately USD 804.7 million. Of this amount a notional value of USD 251.5 million is accounted for as fair value hedges, while a notional value of USD 81 million is accounted for as cash flow hedge. The fair value of all contracts at year-end was USD 30.1 million (gain), primarily as a result of a depreciation of the US dollar since inception of the contracts.

At December 31, 2006, comparable figures were USD 418 million in nominal value of forward contracts with a fair value of USD 6.2 million (gain).

A further 10% depreciation of the US dollar against all the currencies PGS has derivate contracts in, would have increased the fair value of these contracts by approximately USD 24 million. The profit and loss effect of this change would have been USD 21.5 million (gain).

All of the Company's debt is denominated in US dollars.

Credit Risk

PGS trade receivables are primarily from multinational integrated oil companies and independent oil and natural gas companies, including companies that are owned in whole or in part by governments. PGS manage its exposure to credit risk through ongoing credit evaluations of customers. Further, the Company believes that its exposure to credit risk is relative low due to the nature of its customer base, the long-term relationship PGS has with most of its customers and the historic low level of losses on trade receivables.

Liquidity Risk

As described above, at year-end PGS had an unrestricted cash balance of USD 145.3 million and an unused USD 146.5 million secured revolving credit facility (maturing June 2012). The Company also has an additional overdraft facility of NOK 50 million.

Based on the year end cash balance, available liquidity resources and the current structure and terms of the Company's debt, PGS believe that it has adequate liquidity to support its operations and its investment program and that liquidity risk is at acceptable levels.

Commodity Risk

In the operation of seismic vessels PGS use a substantial quantity of fuel. The Company is therefore exposed to changes in fuel prices. Based on the Company's fuel consumption in 2007, if fuel prices were to increase by 10%, the fuel costs would increase by approximately USD 8 million. PGS do not hedge this exposure.

Shares, Share Capital and Dividend

PGS has 180,000,000 shares issued and outstanding, all of which are of the same class and with equal voting and dividend rights. Each share has a par value of NOK 3.

The Company's ordinary shares are listed on the Oslo Stock Exchange, under the symbol "PGS," denominated in Norwegian kroner (NOK). PGS delisted from the New York Stock Exchange (NYSE) effective July 20, 2007 with the deregistration from the US Security Exchange Commission becoming effective October 18, 2007. The PGS share is still trading as an American Depositary Share (ADS) on the US Pink Sheets, under the symbol "PGSVY." Quotes are denominated in US dollars (USD) and each ADS represents one share.

PGS decided to delist from NYSE because the increased sophistication and transparency of the capital markets, including the increased application of IFRS, have reduced the value of maintaining a dual listing, while at the same time the cost of maintaining a US listing is significant. Less than 3% of trades in the PGS share were on NYSE. PGS was fully compliant with the internal control over financial reporting requirements of the Sarbanes-Oxley Act in the US, before delisting and deregistration.

At present, PGS do not expect to pay ordinary dividends to shareholders. In general, any future dividend will be subject to determination based on results of operations and financial condition, future business prospects, any applicable legal or contractual restrictions and other factors that the Board of Directors considers relevant.

At the Annual General Meeting (AGM) June 15, 2007 the authorization for a share repurchase program for up to 10% of the share capital, initially given in 2006, was extended for another year. PGS expects to propose an extension of the authority to the AGM in May 2008.

In January 2007, PGS started executing the share buy back program. As of December 31, 2007, the Company remains with a total of 4,111,757 own shares, representing 2.28% of total shares outstanding. PGS use share repurchase primarily as a means to adjust financial leverage within the targeted range. PGS expect to use most of the expected cash flow in 2008 to continue to execute on projects and acquisitions already decided and reduce leverage.

Subsequent Events

Ramform Victory was delivered to METI in January 2008 after yard maintenance, upgrades and 10-year classing through most of the fourth quarter of 2007. The remaining portion of the vessel sale proceeds and start-up fees was received in the first quarter of 2008.

In March 2008, PGS took delivery of *Ramform Sovereign,* replacing the *Ramform Victory.*

In January 2008 PGS announced that all outstanding shares of Arrow are owned and fully paid for.

PGS' President and CEO since 2002, Svein Rennemo, will retire from his position April 1, 2008.

In February 2008 the Board appointed Jon Erik Reinhardsen as new President and CEO of PGS with effect from April 1, 2008.

Outlook

PGS has a strategy to grow its business. This strategy builds on current strengths, including leadership position in marine 3D seismic acquisition through the Ramform vessel fleet, the acquisition of Arrow and proven operational capabilities. The Company's fleet expansion program includes two next generation Ramform vessels, the first delivered in March 2008, as well as the Arrow new-build program. The additions to the Company's fleet represent major steps both in capacity expansion and technological advancement.

PGS will continue its emphasis on investments in new multi-client data and reprocessing.

The Company intend to grow substantially its data processing business with a strong focus on depth-, wide- and multi-azimuth processing. PGS put strong emphasis on technology and will invest in technology to further enhance efficiency of operations and in bringing new technologies to the market. Investments in technology will increase with a focus on commercializing selected new technologies, including the GeoStreamer® and solutions for electromagnetic surveying and for permanent reservoir monitoring.

The markets in which PGS operate showed strong improvement in 2007. Oil prices remained at high levels, and oil companies increased their exploration and production (E&P) spending. E&P spending is expected to increase further in 2008 and in the medium to long term high oil price levels are expected to positively impact the Company's core markets.

The global marine seismic fleet was at full capacity utilization during 2007. Demand is expected to increase further in 2008, outweighing increases in marine seismic capacity and resulting in further improved prices. However, as the industry is operating at full capacity, PGS experience significant cost inflation, which the Company expects to continue in 2008.

In Marine PGS expects contract revenues to grow substantially in 2008 compared to 2007 and the Company expects its towed streamer contract EBIT margin to increase. The main driver behind the margin increase is further price increases, which more than offsets industry wide cost inflation and substantially increase in investments in organization and technology.

PGS expects to use somewhat less of its 3D fleet capacity for multi-client acquisition in 2008 compared to 2007. The change is a result of significant contract awards in 2007. Multi-client investments are expected to be marginally lower than 2007.

Substantially more reprocessing, 2D and more chartered in vessels is expected to offset most of the impact of using a smaller part of PGS' 3D fleet for multi-client. PGS expects prefunding levels to be lower in 2008 compared to 2007, since 2D and reprocessing projects generally have lower prefunding than new 3D surveys and since the 2008 wide-azimuth activity in the Gulf of Mexico has lower prefunding than Crystal I. Multi-client late sales are expected to be higher than in 2007.

Marine capital expenditures are expected to increase substantially, primarily as a result of the Company's new-build and conversion programs.

In 2008 PGS expects Onshore to deliver revenues on level with 2007 and an operating profit marginally higher than 2007. Planned multi-client investments and capital expenditures are in line with 2007.

PGS expects increased expenditures relating to commercialization of EM, fiber optics and GeoStreamer® in 2008. Data processing is also in rapid expansion.

PGS emphasize that forward looking statements contained in this report are based on various assumptions made by the Company that are beyond its control and that are subject to certain risks and uncertainties as disclosed in filings with the Oslo Stock Exchange. Accordingly, actual results may differ materially from those contained in the forward looking statements.

Executive Officers

REINHARDSEN | LANGSETH | ENG

Jon Erik Reinhardsen
(Born 1956)
President and CEO

Mr. Reinhardsen joined PGS in April 2008 as president and chief executive officer. Prior to joining PGS he was Vice President and Officer in Alcoa Inc responsible for developing and delivering major primary metals and refining growth opportunities for the company worldwide. In the period 1983 to 2005, he had various positions in the Aker Kværner group, among them Group Executive Vice President of Aker Kværner ASA, Deputy Chief Executive Officer and Executive Vice President of Aker Kværner Oil & Gas AS based in Houston and Executive Vice President, Business Area responsible for Products and Technology in Aker Maritime ASA. Mr. Reinhardsen was also responsible for the development of the seismic company Aker Geo ASA. Mr. Reinhardsen has a Masters Degree in Applied Mathematics and Geophysics from the University of Bergen. He has also attended the International Executive Program at the Institute for Management Development (IMD) in Lausanne, Switzerland.

Gottfred Langseth
(Born 1966)
Senior Vice President and CFO

Mr. Langseth joined PGS in November 2003 and was named senior vice president and chief financial officer as of January 1, 2004. He was chief financial officer at the information technology company Ementor ASA from 2000 to 2003. Mr. Langseth was senior vice president of finance and control at the offshore construction company Aker Maritime ASA from 1997 to 2000. He served with Arthur Andersen Norway from 1991 to 1997, qualifying as a Norwegian state authorized public accountant in 1993. Mr. Langseth has a master's degree in business administration from the Norwegian School of Economics and Business Administration.

Rune Eng
(Born 1961)
Group President Marine

Mr. Eng was appointed president of Marine in August 2004. Since joining PGS in 1997, he has held the position of area manager Scandinavia and from 2000 has served as president for the EAME region (Europe, Africa and Middle East). Prior to joining PGS, Mr. Eng held different positions in Fugro-Geoteam. This included a board position in Sevoteam, a Russian-Norwegian joint operating company involved in offshore seismic studies. Mr. Eng held a senior consultant position in Digital Equipment Computing promoting the use of reservoir simulation in the oil industry. Mr. Eng has a bachelor's degree in applied geophysics from the University of Oslo and a master of science degree from Chalmers University of Technology (Sweden).

WERSICH

STRANDENES

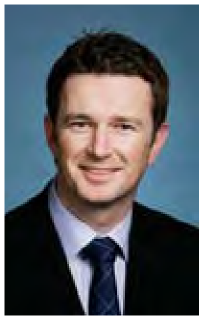
Eric Wersich
(Born 1963)
Group President Onshore

Mr. Wersich joined Onshore in January 2000 as vice president of western hemisphere and was appointed president of Onshore in June 2003. Mr. Wersich worked with Western Geophysical from 1984 to 2000, employed in various operational and management positions in North America, Latin America, Europe and the Middle East. He is a graduate of the Colorado School of Mines, where he earned a bachelor of engineering degree in geophysics.

Sverre Strandenes
(Born 1956)
Group President
Data Processing and Technology

Mr. Strandenes was appointed Group President, Data Processing and Technology in November, 2006. He joined PGS in 1995 from Norsk Hydro Research Centre, where he served as Department Manager of Geosciences. Since 1995 Mr. Strandenes has held various senior management positions within the Company, most recently as President, Marine Geophysical EAME Region. Mr. Strandenes graduated with a master's degree in geophysics from the University of Bergen in 1981.

Other Corporate Management



Rune Olav Pedersen
General Counsel

Tore Langballe
Senior Vice President
Group Communications

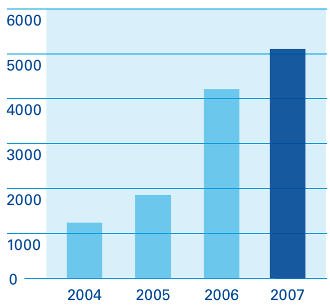
Terje Bjølseth
Senior Vice President
Global Human Resources

The PGS Share

The PGS share developed positively during 2007 both relatively and compared to indices.

PGS shareholders
Citizenship as of December 31, 2007

The PGS share
Market capitalization (in USD million)



Share facts

PGS has 180,000,000 shares issued and outstanding, all of which are of the same class and with equal voting and dividend rights. Each share has a par value of NOK 3.

PGS' ordinary shares are listed on the Oslo Stock Exchange (OSE) under the ticker symbol "PGS", denominated in Norwegian kroner (NOK). The Company delisted from the New York Stock Exchange (NYSE) effective July 20, 2007 with the deregistration from the US Security Exchange Commission becoming effective October 18, 2007. The PGS share is still trading as an American Depositary Share (ADS) on the US Pink Sheets, under the ticker symbol "PGSVY." Quotes are denominated in US dollars (USD) and each ADS represents one share.

PGS decided to delist from NYSE as the increased sophistication and transparency of the capital markets, including the increased application of IFRS, have reduced the value of maintaining a dual listing, while at the same time the cost of maintaining a US listing is significant. Less than 3% of trades in the PGS share were on NYSE. PGS was fully compliant with the internal control in financial reporting requirements of the Sarbanes-Oxley Act in the US, before delisting and deregistration.

Share Development

During 2007 the PGS share increased by approximately 15%, better than any other seismic companies listed at OSE. Compared to other large international seismic companies the PGS share performed almost in line

▼ SHAREHOLDERS

20 largest PGS shareholders as of December 31, 2007

Rank	Shareholder	Shares	Percentage
1	STATE STREET BANK (NOMINEE)	16 381 333	9.10
2	FOLKETRYGDFONDET	12 989 560	7.22
3	CITIBANK (NOMINEE) (a)	10 819 643	6.01
4	UMOE INVEST AS	9 550 822	5.31
5	UBS AG, LONDON BRANC (NOMINEE)	8 269 403	4.59
6	JPMORGAN CHASE BANK FIDELITY LENDING ACC	6 883 500	3.82
7	MORGAN STANLEY & CO	4 679 809	2.60
8	PETROLEUM GEO-SERVICES ASA	4 111 757	2.28
9	MELLON BANK AS AGENT (NOMINEE)	3 350 560	1.86
10	FIDELITY FUNDS	3 158 000	1.75
11	STATE STREET BANK (NOMINEE)	3 059 143	1.70
12	VITAL FORSIKRING ASA OMLØPSMIDLER	2 470 366	1.37
13	MELLON BANK AS AGENT (NOMINEE)	2 443 271	1.36
14	CLEARSTREAM BANKING (NOMINEE)	2 354 734	1.31
15	BANK OF NEW YORK	2 307 456	1.28
16	EUROCLEAR BANK (NOMINEE)	2 276 186	1.26
17	JPMORGAN CHASE BANK (NOMINEE)	2 085 440	1.16
18	BNP PARIBAS SECS SER (NOMINEE)	1 911 071	1.06
19	HSBC BANK PLC (NOMINEE)	1 897 023	1.05
20	THE NORTHERN TRUST (NOMINEE)	1 801 546	1.00

(a) On the basis of excisting depository agreements regarding owners of the ADSs, the table above does not disclose the beneficial owners of shares.

with CGGVeritas while it was lagging Shlumberger's share performance. In the same period the OSE Benchmark Index and the OSE10 Energy Index rose 11% and 8% respectively. PGS is a part of the OBX index, which consists of the 25 largest and most liquid stocks at OSE. On average somewhat more than 2 million shares were traded each day during 2007, divided by approximately 1 400 trades.

Information Policy

All company information that is considered material to shareholders is published via OSE and posted on www.pgs.com. PGS holds public presentations and arrange conference calls and webcasts in conjunction with the release of quarterly results. In addition the Company hosts an annual Capital Markets Day and management meets regularly with investors in the United Kingdom, the US and in Norway, and attends external conferences.

Dividend Policy and Share Buybacks

PGS has authorization to buy back up to 10% of the share capital, corresponding to a total of up to 18 million shares. The authorization is valid until June 15, 2008. The Company expects to propose an extension of the authority at the Annual General Meeting (AGM) in May 2008. In January 2007, PGS began executing share repurchases. As of December 31, 2007 the Company owned 4 111 757 shares corresponding to 2.28% of total shares outstanding.

PGS paid a special dividend of NOK 10 per share as a result of overachievement on Key Performing Indicators (KPI) in 2006. The dividend was paid on July 15, 2007 and amounted to USD 302.4 million.

At present, the Company does not expect to pay ordinary dividends to shareholders. In general, any future dividend will be subject to determination based on results of operations and financial condition, future business prospects, any applicable legal or contractual restrictions and other factors that the Board of Directors considers relevant.

Analyst Coverage

As of December 31, 2007 there were twenty-two equity sell-side analysts that covered PGS on a regular basis with market updates and estimates for PGS's financial results. Out of these, six are based in the UK, while two in the US and two in France. The other analysts are based in Norway. An updated list can be found at www.pgs.com.

Shareholders

At the end of 2007, PGS had 3 374 registered shareholders according to the Norwegian Central Securities Depository (VPS).

Non-Norwegian investors owned approximately 73% of the shares, with the US (33%) and the UK (21%) dominating. Norwegian ownership stood at approximately 27%. As of December 31, 2007 Fidelity had flagged ownership above 5%. Umoe Shipping and Energy, sold all of its shares in PGS, representing more than 5%, to Umoe Invest during 2007. Both companies are controlled by Jens Ulltveit-Moe, chairman of PGS.

2007 Annual General Meeting

The annual shareholders meeting for PGS in 2008 is scheduled to take place May 7, 2008, at the Company's headquarters at Lysaker, Strandveien 4, Oslo, Norway.

All shares are entitled to one vote. It is, however, a Norwegian regulation that one can only vote for shares registered in one's name. To vote at an annual or extraordinary general meeting, a shareholder must be registered as a holder of title to the shares to be voted in PGS' share register maintained at the VPS, within two working days before the general meeting. Shareholders who wish to attend the meeting are asked to inform our registrar:

Nordea Bank Norge ASA
Issuer Services
P.O. Box 1166 Sentrum
0107 Oslo
Fax +47 22 48 63 49
Tel +47 22 48 62 62

Owners of ADSs can vote by surrendering their ADSs to PGS' ADS registrar, Citibank, and having title to the related shares registered in the Company's share register maintained at the VPS prior to the meeting.

Contact Information for ADR Holders

PGS' depositary bank for PGS ADRs is Citibank. They can be reached at:

Citibank Shareholder Services
P.O.Box 43077
Providence, RI 02940-3077
United States
Toll free: +1 877 CITI ADR

Outside the US
Tel +1 781 575 4555
Fax +1 201 324 3284
citibank@shareholders-online.com

Rating

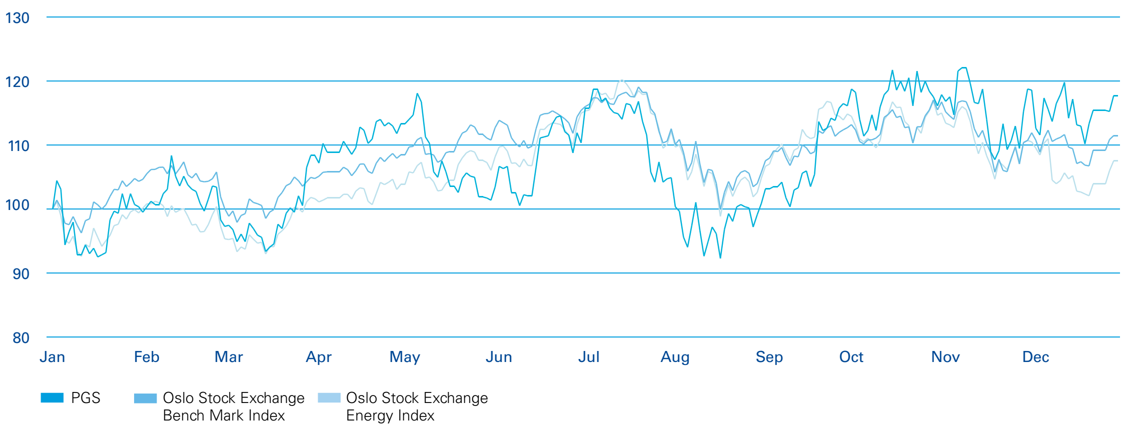
As of December 31, 2007 PGS had a "Ba2" rating from Moody's Investors Service and a "BB-" rating from Standard & Poor's. This is compared to a "Ba3" rating from Moody's and a "BB-" from Standard & Poor's in 2006. Moody's has in addition rated PGS' senior secured loan to Ba2 and S&P has rated PGS' convertible bond to B.

International Financial Reporting Standards ("IFRS")

PGS began reporting under IFRS from January 1, 2007. A separate transition document has been made, quantifying the differences between PGS's previous reporting standard, US GAAP, and IFRS. The document is available on, www.pgs.com

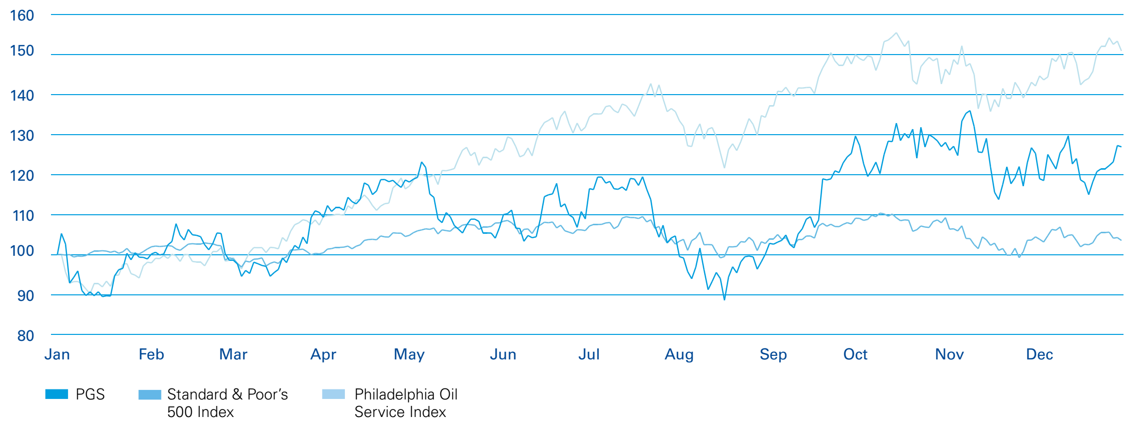
PGS versus market 2007

PGS share price (NOK) versus market and sector



PGS versus US market 2007

PGS share price (USD) versus market and sector



PGS Main Offices

OSLO
Petroleum Geo-Services ASA
Strandveien 4
PO.BOX 89
NO-1325 Lysaker, Norway
Phone: +47 67 52 64 00
Fax: +47 67 52 64 64

HOUSTON
Petroleum Geo-Services, Inc.
15150 Memorial Drive
Houston Texas 77079, USA
Phone: +1 281 509 8000
Fax: +1 281 509 8500

LONDON
Petroleum Geo-Services (UK) Ltd.
PGS Court
Halfway Green
Walton on Thames, KT12 Surrey, UK
Phone: +44 1932 260 001
Fax: +44 1932 266 465

SINGAPORE
Petroleum Geo-Services Asia
#02-00 Thong Teck Bldg.
15 Scotts Road 22 82 18
Singapore
Phone: +65 6735 6411
Fax: +65 6735 6413

A Clearer Image

Design: Creuna/Cobra Photo: pgs Print: RK Grafisk

Petroleum Geo-Services ASA

POSTAL ADDRESS

PO Box 89
NO-1325 Lysaker
Norway

TELEPHONE

+47 67 52 64 00

VISITING ADDRESS

Strandveien 4
Lysaker
Norway

www.pgs.com