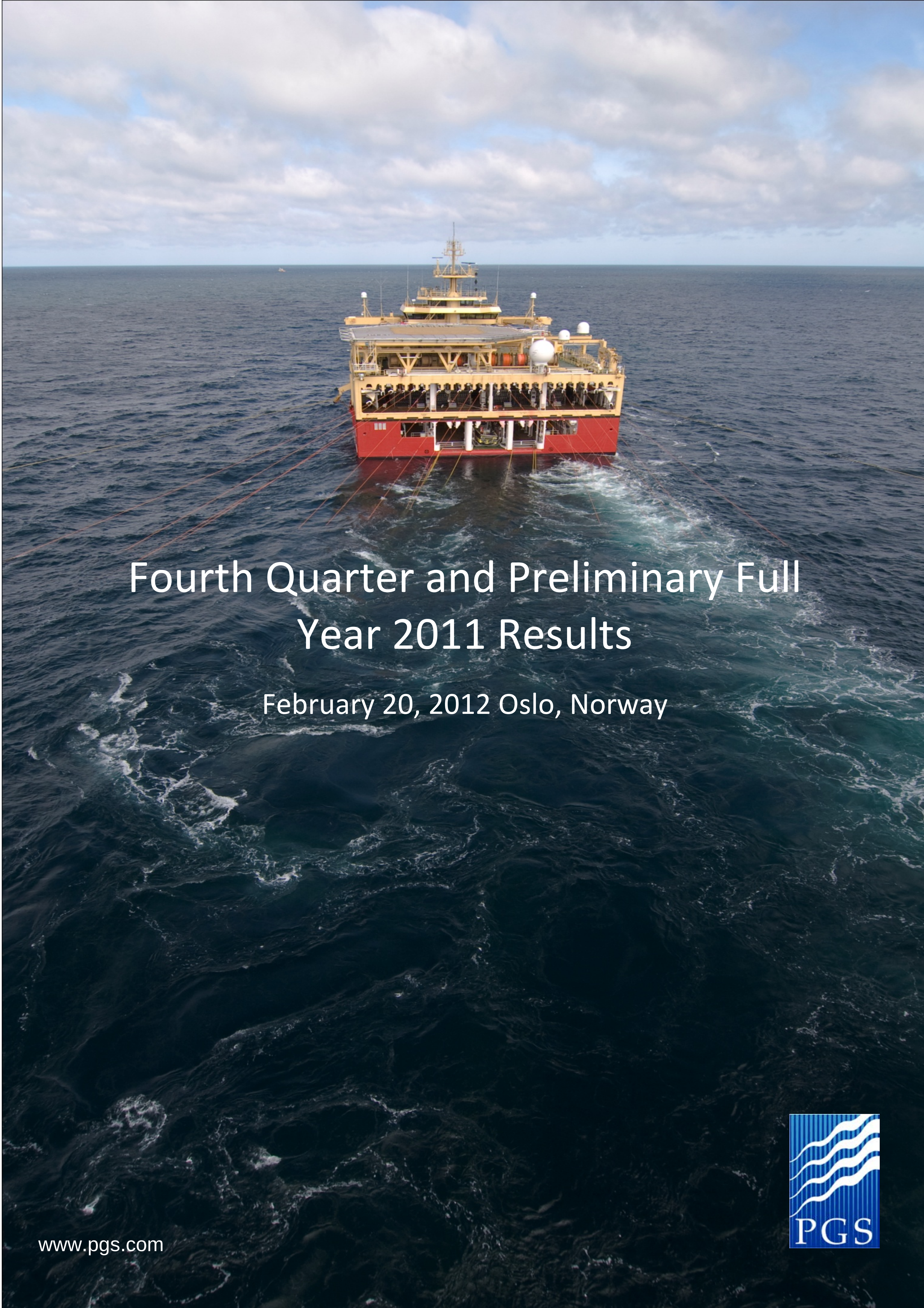


Fourth Quarter and Preliminary Full Year 2011 Results

February 20, 2012 Oslo, Norway

www.pgs.com

PGS

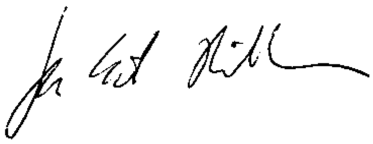
Strong MultiClient Trend Continues – Improved Contract Outlook

Highlights 2011

- Strong EBITDA of $534.8 million
- Total MultiClient revenues of $501.8 million, up 28% from 2010, with record late sales of $278.3 million
- Continued growth for Data Processing with external revenues of $110.0 million
- Overall 2011 EBIT of $138.7 million, a margin of 11%
- Cash flow from operations of $480.4 million, up 35% from 2010, driven by higher earnings and improved working capital
- 2011 net income overall of $33.7 million with Q4 being impacted by non-cash financial and tax charges
- Order book growth of 16% from Q4 2010 to $678 million
- Pricing inflection to drive contract improvement in 2012
- Successfully issued $300 million Senior Notes at favorable terms, securing a longer debt maturity profile
- Launched GeoStreamer GS™ – the only ghost free acquisition solution in the industry

"Strong Q4 MultiClient late sales revenues offset the weak utilization and productivity for marine contract work in the quarter. Late sales revenues in 2011 were by far the best in PGS' history. Europe, Middle East, and North and South America all delivered strong MultiClient revenues. West Africa will be an important region for us in 2012 as we have commenced a large MultiClient project covering five pre-salt blocks offshore Angola, further expanding our geographical footprint. Our focused MultiClient organization continues to deliver growth and improved results and will over time drive enhanced performance for the Company through the cycle.

Incremental demand offshore Angola, the Gulf of Mexico and increased interest for Baffin Bay, Greenland and the Barents Sea have improved the supply/demand balance in the seismic market. We expect the North Sea marine contract market to be tighter this year with higher prices being achieved. Q1 will still be a challenging quarter impacted by steaming, idle time for lower end capacity and pressure on prices, as communicated earlier. Market activity has increased significantly over the last couple of months with bid activity close to early 2007 levels."



Jon Erik Reinhardsen,
President and Chief Executive Officer

Key Financial Figures (In USD millions, except per share data)	**4th quarter**		**Full year**	
	2011 Unaudited	**2010 Unaudited 1)**	**2011 Unaudited**	**2010 Unaudited 1)**
Revenues	344.6	364.4	1,253.3	1,135.1
EBITDA (as defined)	145.0	163.3	534.8	475.4
EBIT ex. impairment charges 2)	45.4	41.7	141.3	130.5
EBIT as reported	42.8	43.0	138.7	51.4
Income (loss) before income tax expense	12.5	35.5	64.5	(8.6)
Net income (loss) to equity holders	5.5	36.8	33.7	(14.0)
Basic earnings per share ($ per share)	0.03	0.18	0.16	(0.07)
Diluted earnings per share ($ per share)	0.03	0.18	0.15	(0.07)
Net cash provided by operating activities	150.5	105.4	480.4	355.5
Cash investment in MultiClient library	28.5	24.3	203.9	166.7
Capital expenditures (whether paid or not)	47.2	61.0	279.9	223.5
Total assets (period end)	3,137.2	3,035.0	3,137.2	3,035.0
Cash and cash equivalents (period end)	424.7	432.6	424.7	432.6
Net interest bearing debt (period end)	394.2	279.2	394.2	279.2

1) Financial information for the full year 2010 is derived from the audited financial statements as presented in the 2010 Annual Report which have been restated due to a change in accounting policy as discussed on page 4. The unaudited numbers for Q4 2010 have been restated accordingly.

2) Net impairment charge was $2.6 million and $79.1 million for the full year 2011 and 2010, respectively.

PGS Group

In USD millions	4th quarter		Full year	
	2011	2010	2011	2010
Revenues	344.6	364.4	1,253.3	1,135.1
EBITDA	145.0	163.3	534.8	475.4
EBIT excl imp. charges and other op. inc.	45.4	41.7	136.9	130.5
Net imp. and other op. inc.	(2.6)	1.3	1.8	(79.1)
EBIT as reported	42.8	43.0	138.7	51.4
Pretax income (loss)	12.5	35.5	64.5	(8.6)
Net income (loss)	5.5	36.8	33.7	(14.0)

Full year 2011 revenues for Petroleum Geo-Services ASA ("PGS" or "the Company") were higher than in 2010 mainly due to higher MultiClient revenues. All regions experienced strong late sales in 2011 compared to 2010, particularly Gulf of Mexico, where the commencement of lease sales post Macondo was a catalyst for increased sales, Asia Pacific and Eastern Mediterranean. Pre-funding revenues also contributed positively to total MultiClient revenues compared to 2010, due to higher MultiClient cash investments.

Full year Marine Contract revenues decreased by $2.1 million in 2011, compared to 2010 and contract EBIT margin for the full year 2011 was 4%, compared to 17% in 2010. The low profitability is caused by a sharp increase in fuel prices, lower utilization and productivity as a result of extended yard stays and maritime issues, in addition to reduced profitability on certain long term contracts.

In November 2011, PGS initiated a profit improvement program where the Company is targeting $50 million EBIT run rate improvement by end 2012. Initiatives include general belt tightening, specific cost reduction measures, a number of procurement initiatives and work flow process improvements such as yard stay management and general logistics. The profit improvement program is progressing according to plan.

In USD millions	4th quarter		Full year	
	2011	2010	2011	2010
Contract revenues	165.4	180.6	627.0	629.1
MC pre-funding	38.4	76.4	223.5	198.3
MC late sales	107.6	73.7	278.3	192.3
Processing [1)]	29.8	30.8	110.0	103.5
Other	3.4	2.9	14.4	12.0
Total revenues	344.6	364.4	1,253.3	1,135.1
MC cash investment	28.5	24.3	203.9	166.7
Pre-funding % [2)]	134%	314%	110%	119%
Opex	(199.6)	(201.1)	(718.5)	(659.7)
Vessel allocation [3)]				
Contract	67%	79%	59%	60%
MultiClient	8%	9%	24%	26%
Steaming	18%	9%	11%	11%
Yard	7%	3%	6%	3%
Standby	0%	0%	0%	0%

1) External Processing revenues.
2) Pre-funding revenues as a percentage of MC cash investment
3) Percentage of total 3D streamer capacity measured in streamer utilization.

Revenues in Q4 2011 were lower than in Q4 2010, mainly due to lower contract and MultiClient pre-funding revenues, partially offset by higher late sales revenues.

Contract revenues decreased by $15.2 million in Q4 2011, compared to Q4 2010, due to less capacity allocated to contract work and lower vessel utilization.

Pre-funding revenues in Q4 2011 corresponded to 134% of capitalized MultiClient cash investments, excluding capitalized interest, compared to 314% in Q4 2010. The extraordinarily high pre-funding rate in Q4 2010 was driven by revenues from late participants in the Crystal III Wide Azimuth survey in the Gulf of Mexico and GeoStreamer surveys in the North Sea.

Higher capitalized cash investment in the MultiClient library in Q4 2011, compared to Q4 2010, primarily reflects a general cost increase and mobilization to the large MultiClient 3D project offshore Angola.

Q4 2011 MultiClient late sales were especially strong in Eastern Mediterranean, where oil companies are positioning for expected licensing rounds. All other regions also achieved higher sales as compared to Q4 2010, except for Asia Pacific.

Data Processing has experienced strong growth during 2011. External revenues grew significantly for the year, led by growth in Brazil, the Houston international market and Middle East and Africa. External revenue numbers do not reflect the full increase in processing capacity as Data Processing also supported increased investment in MultiClient projects. Over the last year, global geophysical staff has had double digit percentage increases and megacenter computing capacity has increased by two thirds. The growth is driven by high technology solutions, such as GeoStreamer and depth processing, in all regions.

Operating expenses (before depreciation, amortization and impairments) decreased by $1.5 million in Q4 2011 compared to Q4 2010.

The order book totaled $678 million at December 31, 2011, including $283 million of committed pre-funding on scheduled MultiClient projects and the estimated value of the OptoSeis agreement with Petrobras, compared to $501 million at September 30, 2011 and $584 million at December 31, 2010. The sharp sequential increase in the order book is primarily due to commencement of the large MultiClient project offshore Angola.

Technology

In USD millions	4th quarter		Full year	
	2011	2010	2011	2010
R&D cost gross	9.9	9.5	42.7	34.9
Capitalized dev. costs	(7.8)	(3.6)	(18.4)	(13.2)
Net R&D costs	2.0	6.0	24.3	21.8

R&D costs mainly relate to the core business activities of marine seismic acquisition and processing, but a significant amount is related to the new businesses of electromagnetic (“EM”) and fiber-optics permanent monitoring systems. The increases in gross R&D costs 2011, compared to 2010 is primarily driven by increases in development activity for Towed EM, along with increases in marine seismic projects.

The increase in capitalized amounts in Q4 2011 compared to Q4 2010 is primarily a result of additional investments to develop larger and more powerful towed EM acquisition systems. Similarly, the increase in towed EM accounts for the majority of the increase of 2011 compared to 2010. Streamer and source control system developments comprise the other main component of the capitalized development cost.

Depreciation and Amortization

In USD millions	4th Quarter		Full year	
	2011	2010	2011	2010
Gross depreciation	53.2	51.0	210.8	190.0
Capitalized depreciation to MC library	(5.2)	(7.1)	(50.0)	(42.5)
Amortization of MC library	51.7	77.8	237.0	197.5
Depreciation and amortization	99.7	121.7	397.9	344.9

The increase in gross depreciation in Q4 2011, compared to Q4 2010 is driven by vessel upgrades, investments in GeoStreamer and equipment on the chartered 2D vessel *Sanco Spirit,* which entered the PGS fleet mid Q4 2010, partially offset by de-rigging of the *Beaufort Explorer* during Q1 2011.

As disclosed in the Q1 2011 report the Company implemented a change to its accounting policy for costs relating to major overhauls of vessels with effect from January 1, 2011. The change was made to better reflect economic reality, reduce volatility and align accounting with more common industry practice and general practice among vessel owning companies. Following this change, PGS capitalizes all costs relating to major vessel overhauls and depreciates relevant assets over the estimated periods between major overhauls, which typically range from three to five years. The former policy was to expense substantially all such costs when incurred. Reported periods prior to January 1, 2011, have been restated accordingly (see Note 3 and 17).

Amortization of the MultiClient library as a percentage of MultiClient revenues was 35% in Q4 2011, compared to 52% in Q4 2010. The decrease in amortization rate relates to an increase in the share of sales relating to MultiClient data with low or zero book value, compared to ongoing projects and newer MultiClient data sets.

Impairments of Long-lived Assets

Impairments of long lived assets was a net amount of $2.6 million in Q4 2011, which related to adjusted estimates of impairment on the cancelled Arrow new builds ("NB") in Spain.

Loss from Associated Companies

Loss from associated companies of $4.8 million in Q4 2011 primarily relates to the E&P focused investment company Azimuth Ltd. In Q4 2010 loss from associated companies of $0.2 million primarily related to the Company's investment in Geokinetics.

Interest Expense

In USD millions	4th Quarter		Full year	
	2011	2010	2011	2010
Gross interest expense	(13.3)	(12.8)	(50.5)	(55.4)
Capitalized interest MC library	1.5	1.6	6.4	5.9
Capitalized interest constr. in progress	0.8	---	1.9	2.5
Interest expense	(11.0)	(11.2)	(42.2)	(47.0)

The increase in gross interest expense in Q4 2011, compared to Q4 2010 primarily relates to the $300 million Senior Notes issued in November 2011, partially offset by repurchase of convertible notes and a lower interest rate on the Company's Term Loan B compared to Q4 2010.

Other Financial Income

In USD millions	4th Quarter		Full year	
	2011	2010	2011	2010
Interest income	3.2	0.8	7.6	5.7
Gain from sale of shares	0.3	3.4	11.0	6.5
Gain on investments in shares available for sale	---	---	0.2	0.7
Other	3.5	0.1	5.7	0.9
Other financial income	7.0	4.3	24.5	13.9

Other financial income in Q4 2011 was $7.0 million compared to $4.3 million in Q4 2010, primarily due to higher interest income and repayment of UK lease interests of $1.0 million, which is booked as a part of the line item Other.

Other Financial Expense

In USD millions	4th Quarter		Full year	
	2011	2010	2011	2010
Impairment of shares available for sale	(9.6)	---	(9.6)	---
Loss on repurchase of convertible notes	(3.4)	---	(5.7)	---
Fair value adjustments on derivatives	(2.6)	---	(11.6)	---
Amendment fees	---	---	---	(7.0)
Fee for redemption of 8.28% Notes	---	---	---	(1.2)
Other	(3.9)	(0.6)	(6.9)	(9.3)
Other financial expense	(19.4)	(0.6)	(33.7)	(17.6)

Other financial expense is primarily attributable to impairments of shares that PGS retained after the establishment of Azimuth Ltd., loss on repurchase of $102.5 million of nominal value of the Company's convertible notes at an average price of 99.0% of par, and a fair value adjustment relating to the Seabird restructuring where PGS received a settlement of its convertible bond partly in cash and in newly issued publicly traded secured interest-bearing bonds. The book value of PGS' remaining investment in Seabird is $23.3 million as of December 31, 2011.

Currency Exchange Gain (Loss)

There was a currency exchange loss of $2.1 million in Q4 2011, compared to a gain of $0.2 million in Q4 2010. The Company holds foreign currency positions to balance its operational currency exposure. These positions are not accounted for as hedges, but marked to market at each balance sheet date together with receivables and payables in non-US currencies, generally causing the short term effect to be positive when the US dollar depreciates.

Income Tax Expense and Tax Contingencies

In Q4 2011, the income tax expense was $6.8 million compared to a benefit of $3.2 million in Q4 2010. The estimated current tax expense in Q4 2011 was a benefit of $4.0 million compared to a benefit of $9.2 million in Q4 2010. Deferred tax expense for Q4 2011 was $10.8 million compared to $6.0 million in Q4 2010.

The Q4 2011 tax expense is negatively impacted by foreign exchange movements. The appreciation of the USD dollar in the quarter causes tax assets in Norway to be translated to the US dollar functional currency at a lower dollar value.

Income tax expense for the full year 2011 was $30.0 million compared to $13.9 million in 2010. Estimated current tax expense for the full year was $1.2 million compared to $18.9 million in 2010. Deferred tax for the full year was an expense of $28.8 million compared to a benefit of $5.0 million in 2010.

The Company has substantial deferred tax assets in different jurisdictions, predominantly in Norway. Deferred tax assets recognized in the consolidated statements of financial position amounted to $177.9 million as of December 31, 2011, compared to $210.8 million as of December 31, 2010.

The Company has an ongoing dispute with the tax office of Rio de Janeiro in Brazil related to ISS on the sale of MultiClient data relating to years 2000 and onwards. The issue has been disclosed in annual and quarterly reports since 2005. As of December 31, 2011, the Company estimates the total exposure to be approximately $161 million, including possible penalties and interest.

In October 2010, the Company deposited Brazilian Real 110 million ($65 million) with the Rio de Janeiro court so as to be able to file a lawsuit to seek confirmation that the sale of MultiClient data is not subject to ISS. The lawsuit relates to periods after 2005, which had not yet been assessed, as well as to future transactions. In March 2011, PGS replaced a bank guarantee of Brazilian Real 49 million (approximately $29 million) for the earliest exposure years with a deposit. Going forward, PGS will continue depositing amounts relating to future transactions. Since the time of the deposits, the Brazilian Real has depreciated against the US Dollar causing a significant reduction of the US Dollar value of both the deposits and the exposure it is intended to cover. Total deposits, including deposits for transactions after October 2010, totaled $96 million as of December 31, 2011.

Because the Company considers it more likely than not that the contingency will be resolved in its favor, no provisions have been made for any portion of the exposure. Amounts deposited are held on an interest bearing bank account with Banco do Brazil and will be released to PGS if and when a positive final ruling is awarded, which may take several years. The deposits are reported as long-term restricted cash.

With its multi-national operations, the Company is subject to taxation in many jurisdictions around the world with increasingly complex tax laws and interpretations. The Company has identified issues in several jurisdictions that could eventually make it liable to pay material amounts in taxes relating to prior years. The Company recognises liabilities for anticipated tax issues based on estimates of whether it is probable that additional taxes will be due.

Capital Expenditures[1)]

In USD millions	4th Quarter		Full year	
	2011	2010	2011	2010
Seismic equipment	19.1	38.1	136.8	120.4
Vessel upgrades/Yard	15.0	17.4	67.5	48.1
Processing equipment	7.2	3.2	17.0	14.1
New Builds	5.0	0.4	53.2	34.7
Other	0.9	1.9	5.0	6.2
Total	47.2	61.0	279.9	223.5

[1)] *Includes capital expenditure incurred, whether paid or not.*

The main capital expenditures in Q4 2011 were seismic equipment, primarily GeoStreamer, and costs in relation to the new builds (see paragraph below for more details).

New Builds

In April 2011, PGS ordered two new 5th generation Ramform vessels, with an option for another two vessels, from Mitsubishi Heavy Industries Ltd. The vessels are the first in a new generation of Ramform vessels. Agreed deliveries of the two first vessels are in 2013, and progress is according to plan. The options for delivery of the two additional vessels in 2015 are valid to mid April 2012.

The estimated total cost for each of the new generation Ramforms is approximately $250 million, including commissioning and a comprehensive seismic package, but excluding capitalized interest.

The agreement with the shipyard provides for payment based on five defined milestones, with 50% payable at delivery. Seismic equipment is procured by PGS separately from the shipbuilding contract. Total capital expenditures related to the new builds in 2012 is expected to be approximately $200 million.

The Company is working to establish export credit financing in Japan in connection with the new builds.

Liquidity and Financing

Net cash provided by operating activities was $150.5 million in Q4 2011, compared to $105.4 million in Q4 2010. The increase relates primarily to improved working capital development compared to Q4 2010.

At December 31, 2011, cash and cash equivalents amounted to $424.7 million, compared to $176.9 million at September 30, 2011 and $432.6 million at December 31, 2010.

The sequential increase in cash and cash equivalents is related to a successful issue of $300 million Senior Notes due 2018 and a strong Q4 2011 cash flow, partially offset by repurchase of convertible notes as explained below. The new Notes were priced with a coupon of 7.375% and were issued at 98.638% of the principal amount.

Restricted cash amounted to $93.7 million at December 31, 2011, compared to $93.3 million at September 30, 2011 and $71.2 million at December 31, 2010.

The relatively high amount of restricted cash is due to a deposit made in Q4 2010 of approximately $65 million and another deposit of $29 million made in Q1 2011. The deposits relates to law suits with Rio de Janeiro court to seek confirmation that sale of MultiClient data in Brazil is not subject to ISS tax (see Income Tax Expense and Tax Contingencies paragraph for more details).

As of December 31, 2011, $470.5 million was outstanding under the Term Loan B maturing in 2015. There are no drawings on the $350.0 million revolving credit facility maturing in 2015.

In Q4 2011, the Company bought back $102.5 million of nominal value of its convertible notes at an average price of 99.0% of par. As of December 31, 2011 PGS owned $209.4 million of the convertible notes, representing 52.4% of the outstanding notes in issue. The net remaining outstanding nominal amount of the convertible notes is $190.6 million.

The Company has continued to buy back convertible bonds in 2012 and expects to use available cash to retire the notes on or before maturity.

Total interest bearing debt, including capital leases, was $954.5 million as of December 31, 2011 compared to $750.6 million as of September 30, 2011 and $790.2 million as of December 31, 2010.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was $394.2 million as of December 31, 2011 compared to $421.6 million as of September 30, 2011 and $279.2 million as of December 31, 2010.

For the cancelled Arrow vessels, NB 532 and NB 533, approximately EUR 7 million per vessel with the addition of interest, is still outstanding from Factorias Vulcano. Factorias Vulcano has entered into Spanish bankruptcy proceedings and the final outcome of these proceedings is still not decided. Arrow is taking steps to recover the values. The net book value of PGS exposure to the Spanish yard is approximately $9 million.

The Company is subject to interest rate risk on debt, including capital leases. The risk is managed through using a combination of fixed and variable rate debt, together with interest rate swaps where appropriate, to fix the borrowing cost. As of December 31, 2011 the Company had approximately 82% of its debt at a fixed interest rate. The weighted average cash interest cost on gross debt reflects an interest rate of approximately 5.4%, including credit margins paid on the debt. The swap agreements used to fix the interest rate on $300 million of the debt mature from mid 2014 through to Q1 2015 and are matched against the Term Loan B. The swap agreements are accounted for as interest rate hedges as long as the hedging criteria are met.

Given the Company's interest rate swaps and cash holdings, for every one percentage point hypothetical increase in LIBOR, the annual net interest expense on the Company's debt, including capital leases, would decrease by approximately $1 million.

The credit agreement for the $600 million (remaining balance $470.5 million) Term Loan B and the $350 million revolving credit facility contains certain terms that place limitations on the Company. The revolving credit facility contains a covenant whereby total leverage ratio (as defined) cannot exceed 2.75:1. At December 31, 2011 the total leverage ratio was 1.80:1. The credit agreement generally requires the Company to apply 50% of excess cash flow to repay outstanding borrowings when the senior leverage ratio exceeds 2.00:1 or if total leverage ratio exceeds 2.50:1 for the financial year.

Risk Factors

The Company emphasizes that the information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, many which are beyond its control and all of which are subject to risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our MultiClient data library, the attractiveness of our technology, changes in governmental regulations affecting our markets, technical downtime, licenses and permitting, currency and fuel price fluctuations, and extreme weather conditions.

Contracts for services are occasionally modified by mutual consent and in certain instances may be cancelled by customers at short notice without compensation. Consequently, the order book as of any particular date may not be indicative of actual operating results for any succeeding period.

For a further description of other relevant risk factors we refer to the Annual Report for 2010. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements.

Subsequent Events

Subsequent to December 31, 2011 the Company has repurchased a total of $144.0 million of principal amount of its convertible notes at an average price of 100.67% of par. Following these transactions PGS has bought back $353.4 million of the $400.0 million principal amount originally issued. $347.1 million of the notes have been cancelled and the remaining $52.9 million principal amount of notes will be called at par value.

Outlook 2012

Based on the current operational forecast and with reference to the aforementioned risk factors, PGS maintain its guidance and expects full year 2012 EBITDA in the range of $650-$700 million. Q1 2012 will be a challenging quarter impacted by steaming, idle time for lower end capacity and pressure on prices, as communicated earlier.

Capital expenditures, including new builds, are estimated to be in the range of $350-$400 million.

MultiClient cash investments are expected to be in the range of $300-$325 million with a pre-funding level above 100%.

The Board of Directors expects to recommend to the Annual General Meeting a dividend for the financial year 2011 of approximately $40 million.

Lysaker, February 17, 2012

Francis R. Gugen *Chairperson*	Annette Malm Justad *Director*
Harald Norvik *Vice Chairperson*	Daniel J. Piette *Director*
Carol Bell *Director*	Ingar Skaug *Director*
Holly A. Van Deursen *Director*	Jon Erik Reinhardsen *Chief Executive Officer*

****

Petroleum Geo-Services is a focused geophysical company providing a broad range of seismic and reservoir services, including acquisition, 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.

For more information on Petroleum Geo-Services visit www.pgs.com.

****

The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors we refer to our Annual Report for 2010. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and PGS disclaims any and all liability in this respect.

FOR DETAILS CONTACT:

Tore Langballe, SVP Corporate Communications
Phone: +47 67 51 43 75
Mobile: +47 90 77 78 41

Bård Stenberg, Investor Relations Manager
Phone: +47 67 51 43 16
Mobile: +47 99 24 52 35

PGS Main Offices:

OSLO (headquarter)
Petroleum Geo-Services ASA
Strandveien 4
P.O.Box 290
1326 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.
4, The Heights
Brooklands
Weybridge
Surrey KT13 0NY, UK
Phone: +44 1932 3760 00
Fax: +44 1932 3761 00

SINGAPORE
Petroleum Geo-Services Asia
111 Somerset Road
#15-05/06
Triple One Somerset
Singapore 238164
Phone: +65 6735 6411
Fax: +65 6735 6413

Board of Directors:

Francis Gugen (Chairperson)
Harald Norvik (Vice Chairperson)
Carol Bell
Holly Van Deursen
Annette Malm Justad
Daniel J. Piette
Ingar Skaug

Executive Officers:

Jon Erik Reinhardsen	President and CEO
Gottfred Langseth	EVP and CFO
Per Arild Reksnes	EVP Marine Contract
Sverre Strandenes	EVP MultiClient
Guillaume Cambois	EVP Data Processing and Technology
Magne Reiersgard	EVP Operations

Other Corporate Management:

Terje Bjølseth	SVP Global Human Resources
Tore Langballe	SVP Corporate Communications
Rune Olav Pedersen	General Counsel
Jostein Ueland	SVP Business Development
Joanna Oustad	SVP HSEQ

Web-Site:

www.pgs.com

Financial Calendar 2012:

Q4 2011 report	February 20, 2012
AGM 2012	May 3, 2012
Q1 2012 report	May 8, 2012
Q2 2012 report	July 26, 2012
Q3 2012 report	October 25, 2012

The dates are subject to change.

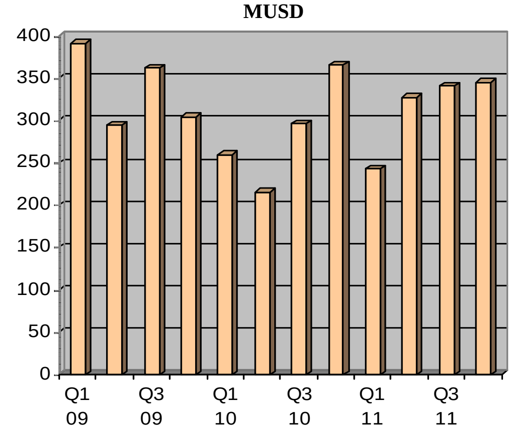
Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Operations

	Note	Quarter ended December 31, 2011 Unaudited	Quarter ended December 31, 2010 Unaudited (1)	Year ended December 31, 2011 Unaudited	Year ended December 31, 2010 Unaudited (1)
		(In thousands of dollars, except share data)			
Revenues	4	$ 344 623	$ 364 430	$ 1 253 300	$ 1 135 134
Cost of sales		187 780	179 386	643 434	581 900
Research and development costs	5	2 049	5 950	24 281	21 791
Selling, general and administrative costs		9 759	15 771	50 822	56 014
Depreciation and amortization	4, 6	99 674	121 650	397 881	344 908
Impairment of long-lived assets	4, 7	2 583	(1 282)	2 583	79 136
Other operating income		-	-	(4 400)	-
Total operating expenses		301 845	321 475	1 114 601	1 083 749
Operating profit (loss) EBIT	4	42 778	42 955	138 699	51 385
Loss from associated companies		(4 769)	(240)	(12 389)	(10 183)
Interest expense	8	(11 008)	(11 220)	(42 170)	(46 996)
Other financial income	9	7 045	4 312	24 451	13 860
Other financial expense	10	(19 430)	(575)	(33 731)	(17 580)
Currency exchange gain (loss)		(2 087)	218	(10 347)	916
Income (loss) before income tax expense		12 529	35 450	64 513	(8 598)
Income tax expense (benefit)		6 824	(3 195)	30 044	13 903
Income (loss) from continuing operations		5 705	38 645	34 469	(22 501)
Income (loss) from discontinued operations, net of tax	16	-	(1 809)	589	8 548
Net income (loss)		**$ 5 705**	**$ 36 836**	**$ 35 058**	**$ (13 953)**
Net income attributable to non-controlling interests		167	-	1 367	67
Net income (loss) to equity holders of PGS ASA		**$ 5 538**	**$ 36 836**	**$ 33 691**	**$ (14 020)**

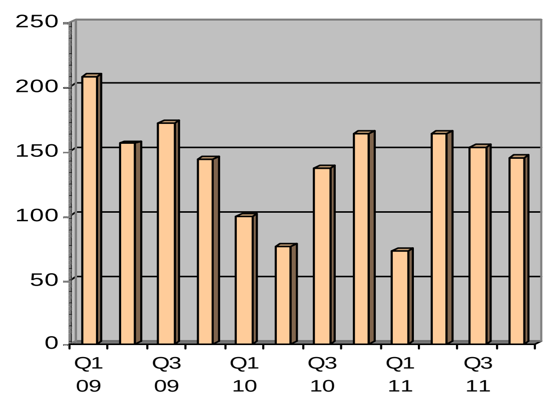
(1) The financial information is derived from the 2010 audited financial statements, which has been restated for the change in accounting policy. The unaudited numbers for the quarter ended December 31, 2010 have been restated accordingly.

	Note	Q4 2011	Q4 2010	Year 2011	Year 2010
Earnings per share, to ordinary equity holders of PGS ASA:					
- Basic	15	$ 0.03	$ 0.18	$ 0.16	$ (0.07)
- Diluted	15	$ 0.03	$ 0.18	$ 0.15	$ (0.07)
Earnings per share from continuing operations, to ordinary equity holders of PGS ASA:					
- Basic	15	$ 0.03	$ 0.19	$ 0.15	$ (0.11)
- Diluted	15	$ 0.03	$ 0.19	$ 0.15	$ (0.11)
Weighted average basic shares outstanding		217 028 487	207 045 002	217 238 666	200 052 867
Weighted average diluted shares outstanding		217 554 068	208 108 898	218 117 727	200 052 867

Revenues by Quarter
2009 - 2011
MUSD



EBITDA (2) by Quarter
2009 - 2011
MUSD



Notes: (2) EBITDA, when used by the Company, means income (loss) before income tax expense less, currency exchange gain (loss), other financial expense, other financial income, interest expense, loss from associated companies, other operating income, impairment of long-lived assets and depreciation and amortization. See Support Tables for a more detailed discussion of and reconciliation of EBITDA to income before income tax expense (benefit). EBITDA may not be comparable to other similarly titled measures from other companies. PGS has included EBITDA as a supplemental disclosure because management believes that it provides useful information regarding PGS' ability to service debt and to fund capital expenditures and provides investors with a helpful measure for comparing its operating performance with that of other companies. EBITDA is considered a non IFRS measure.

Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Comprehensive Income

	Note	Quarter ended December 31, 2011 Unaudited	Quarter ended December 31, 2010 Unaudited (1)	Year ended December 31, 2011 Unaudited	Year ended December 31, 2010 Unaudited (1)
		(In thousands of dollars)			
Net income (loss) for the period		$ 5 705	$ 36 836	$ 35 058	$ (13 953)
Other comprehensive income:					
Cash flow hedges	13	4 474	4 249	2 582	2 701
Deferred tax on cash flow hedges		(1 253)	(1 494)	(723)	(732)
Revaluation of shares available-for-sale	13	7 607	7 581	(12 822)	11 946
Other comprehensive income (loss) of associated companies		2 193	-	242	-
Translation adjustments and other		80	(13)	1 356	(1 412)
Other comprehensive income for the period, net of tax		13 101	10 323	(9 365)	12 503
Total comprehensive income (loss) for the period		18 806	47 159	25 693	(1 450)
Total comprehensive income attributable to non-controlling interests		167	-	1 367	67
Total comprehensive income (loss) to equity holders of PGS ASA		**$ 18 639**	**$ 47 159**	**$ 24 326**	**$ (1 517)**

Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Financial Position

	Note	December 31, 2011 Unaudited	December 31, 2010 Unaudited (1)
		(In thousands of dollars)	
ASSETS			
Current assets:			
Cash and cash equivalents	14	$ 424 734	$ 432 579
Restricted cash	14	4 605	4 773
Accounts receivable		220 765	225 301
Accrued revenues and other receivables		110 367	145 187
Available for sale investments		6 205	-
Other current assets		104 876	98 432
Total current assets		871 552	906 272
Long-term assets:			
Property and equipment		1 292 583	1 213 206
MultiClient library	11	334 135	310 843
Restricted cash	14	89 051	66 395
Deferred tax assets		177 923	210 766
Investments in associated companies		48 521	24 523
Available for sale investments		24 864	33 282
Other long-lived assets		23 987	27 245
Goodwill		139 852	139 852
Other intangible assets		134 711	102 594
Total long-term assets		2 265 627	2 128 706
Total assets		$ 3 137 179	$ 3 034 978
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term debt and current portion of long-term debt	14	$ 183 011	$ -
Current portion of capital lease obligations	14	96	-
Accounts payable		61 733	95 486
Accrued expenses		266 003	244 938
Income taxes payable		21 298	43 994
Total current liabilities		532 141	384 418
Long-term liabilities:			
Long-term debt	14	753 414	783 693
Long-term capital lease obligations	14	60	-
Deferred tax liabilities		17 134	20 757
Other long-term liabilities		62 740	90 831
Total long-term liabilities		833 348	895 281
Shareholders' equity:			
Paid-in capital:			
Common stock; par value NOK 3;			
issued and outstanding 217,799,997 shares		96 490	96 490
Treasury shares, par value		(607)	(240)
Additional paid-in capital		508 217	503 111
Total paid-in capital		604 100	599 361
Accumulated earnings		1 187 705	1 166 848
Cumulative translation adjustment and other reserves		(20 307)	(10 942)
Non-controlling interests		192	12
Total shareholders' equity		1 771 690	1 755 279
Total liabilities and shareholders' equity		$ 3 137 179	$ 3 034 978

(1) The financial information is derived from the 2010 audited financial statements, which has been restated for the change in accounting policy.

Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Changes in Equity

For the year ended December 31, 2011

	Attributable to equity holders of PGS ASA							
	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves	Total	Non-controlling interests	Shareholders' equity
				(In thousands of dollars)				
Balance at January 1, 2011	**$ 96 490**	**$ (240)**	**$ 503 111**	**$ 1 166 848**	**$ (10 942)**	**$ 1 755 267**	**$ 12**	**$ 1 755 279**
Total comprehensive income	-	-	-	33 691	(9 365)	24 326	1 367	25 693
Dividends to non-controlling interests	-	-	-	-	-	-	(1 217)	(1 217)
Capital increase from non-controlling interests	-	-	-	-	-	-	30	30
Acquired treasury shares	-	(673)	-	(16 731)	-	(17 404)	-	(17 404)
Exercise employee share options	-	306	-	3 897	-	4 203	-	4 203
Employee share options	-	-	5 106	-	-	5 106	-	5 106
Balance at December 31, 2011	**$ 96 490**	**$ (607)**	**$ 508 217**	**$ 1 187 705**	**$ (20 307)**	**$ 1 771 498**	**$ 192**	**$ 1 771 690**

For the year ended December 31, 2010

	Attributable to equity holders of PGS ASA							
	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves	Total	Non-controlling interests	Shareholders' equity
				(In thousands of dollars)				
Balance at January 1, 2010	**$ 86 583**	**$ -**	**$ 237 542**	**$ 1 147 551**	**$ (23 445)**	**$ 1 448 231**	**$ 805**	**$ 1 449 036**
Effect of policy change (note 18)	-	-	-	39 884	-	39 884	-	39 884
Adjusted balance at January 1, 2010	**$ 86 583**	**$ -**	**$ 237 542**	**$ 1 187 435**	**$ (23 445)**	**$ 1 488 115**	**$ 805**	**$ 1 488 920**
Total comprehensive income (a)	-	-	-	(14 020)	12 503	(1 517)	67	(1 450)
Share issue (19,799,998 shares) (c)	9 907	-	260 215	-	-	270 122	-	270 122
Dividends to non-controlling interests	-	-	-	-	-	-	(860)	(860)
Acquired treasury shares	-	(420)	-	(8 804)	-	(9 224)	-	(9 224)
Exercise employee share options	-	180	-	2 237	-	2 417	-	2 417
Employee share options	-	-	5 354	-	-	5 354	-	5 354
Balance at December 31, 2010	**$ 96 490**	**$ (240)**	**$ 503 111**	**$ 1 166 848**	**$ (10 942)**	**$ 1 755 267**	**$ 12**	**$ 1 755 279**

(a) Restated for the change in accounting policy

Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Cash Flows

	Quarter ended December 31, 2011 Unaudited	Quarter ended December 31, 2010 Unaudited	Year ended December 31, 2011 Unaudited	Year ended December 31, 2010 Unaudited (1)
	(In thousands of dollars)			
Cash flows provided by operating activities:				
Net income (loss)	$ 5 538	$ 36 836	$ 33 691	$ (14 020)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	99 674	121 650	397 881	344 908
Impairments of long-lived assets	2 583	(1 282)	2 583	79 136
(Gain) loss on sale of assets	(103)	5 469	1 641	9 185
(Income) loss from associated companies	4 769	240	12 389	10 183
Interest expense	11 008	11 220	42 170	46 996
(Increase) decrease in deferred income taxes	10 816	4 944	28 368	(11 254)
Net decrease (increase) in restricted cash	338	16 281	10 844	1 347
Income taxes paid	(2 831)	(3 163)	(20 244)	(36 098)
Gain on sale of shares	(329)	(3 439)	(10 985)	(6 483)
Gain on sale of subsidiary (Onshore), net of transaction cost	-	(286)	-	(10 082)
Other items	2 139	1 169	5 724	3 861
(Increase) decrease in accounts receivable, net	(11 348)	(104 325)	4 536	(54 034)
(Increase) decrease in unbilled and other receivables	17 036	(3 415)	34 820	(3 062)
(Increase) decrease in other current assets	(14 490)	(10 977)	(6 445)	(11 665)
(Increase) decrease in other long-lived assets	(5 415)	(2 801)	(8 773)	1 311
Increase (decrease) in accounts payable	11 021	4 812	(24 405)	10 009
Increase (decrease) in accrued expenses and income taxes payable	35 038	36 409	2 132	(13 497)
Increase (decrease) in other long-term liabilities	(14 970)	(3 921)	(25 546)	8 777
Net cash provided by operating activities	150 474	105 421	480 381	355 518
Cash flows (used in) provided by investing activities:				
Investment in MultiClient library	(28 524)	(24 335)	(203 922)	(166 711)
Investment in MultiClient library, discontinued operations	-	-	-	(1 208)
Capital expenditures, cash	(51 736)	(60 988)	(299 060)	(223 510)
Proceeds/ refunds from new-build cancellations	-	56 800	-	157 376
Investment in other intangible assets	(7 830)	(2 998)	(19 960)	(12 614)
Investment in other intangible assets, discontinued operations	-	-	-	(219)
Investment/sale of associated companies, net	-	(9 800)	(263)	(9 935)
Long term receivable, net	14 494	-	(28 441)	-
Proceeds from sale of assets and associated companies	526	1 242	555	1 382
Proceeds from assets held-for-sale, net	-	2 400	-	2 400
Investment in available-for-sale shares	-	-	-	(15 355)
Proceeds from sale of available-for-sale shares	1 212	8 925	12 535	15 650
Long-term deposit	(681)	(66 395)	(33 331)	(66 395)
Sale of subsidiaries (Onshore)	-	-	-	176 754
Other items, net	-	-	-	1 000
Net cash provided by (used in) investing activities	(72 539)	(95 148)	(571 887)	(141 385)
Cash flows provided by (used in) financing activities:				
Proceeds from issuance of common stock, net	-	268 582	-	268 582
Purchase of treasury shares	(5 060)	(45)	(17 404)	(9 224)
Proceeds from issuance of long-term debt	288 025	-	288 025	-
Changes in long-term debt	(101 474)	(4 805)	(155 992)	(127 436)
Principal payments under capital leases	(23)	-	(23)	(354)
Proceeds from sale of treasury shares	58	1 778	4 203	2 417
Dividend paid to minorities in subsidiaries	(1 217)	-	(1 217)	(860)
Interest paid	(10 396)	(11 167)	(33 931)	(40 639)
Net cash provided by (used in) financing activities	169 913	254 343	83 661	92 486
Net increase (decrease) in cash and cash equivalents	247 848	264 616	(7 845)	306 618
Cash and cash equivalents at beginning of period	176 886	167 963	432 579	125 961
Cash and cash equivalents at end of period	**$ 424 734**	**$ 432 579**	**$ 424 734**	**$ 432 579**

(1) The financial information is derived from the 2010 audited financial statements, which has been restated for change in accounting policy.

Petroleum Geo-Services ASA
Notes to the Interim Consolidated Financial Statements - Forth Quarter 2011

Note 1 - General

In December 2009, the Company entered into an agreement to sell PGS Onshore business ("Onshore") to the US-based Geokinetics. The transaction was closed February 12, 2010. The results for Onshore are included in discontinued operations in the consolidated statements of operations.

The Company is a Norwegian limited liability company and has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") No. 34 "*Interim Financial Reporting"*. The interim financial information has not been subject to audit or review.

(1) Certain reclassifications have been made to prior period amounts to conform to the current presentation, due to restatement as a result of changes to a policy (see note 3). Financial information for the full year 2010 is derived from the audited financial statements as presented in the 2010 Annual Report, which has been restated for the change in accounting policy. The unaudited numbers for the quarter ended December 31, 2010 have been restated accordingly.

(2) EBITDA, when used by the Company, means income before income tax expense (benefit) less, currency exchange gain (loss), other financial expense, other financial income, interest expense, income (loss) from associated companies, other operating income, impairments of long-lived assets and depreciation and amortization. EBITDA may not be comparable to other similar titled measures from other companies. PGS has included EBITDA as a supplemental disclosure because management believes that it provides useful information regarding PGS' ability to service debt and to fund capital expenditures and provides investors with a helpful measure for comparing its operating performance with that of other companies.

Note 2 - Basis of presentation

The consolidated interim financial statements reflects all adjustments, in the opinion of PGS' management, that are necessary for a fair presentation of the results of operations for all periods presented. Operating results for the interim period is not necessary indicative of the results that may be expected for any subsequent interim period or year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2010.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended December 31, 2010 with the exception of the change in accounting policy as described in note 3. See Note 2 to the Consolidated Financial Statements in the 2010 Annual Report for information of the Company's significant accounting policies.

Note 3 - New standards and policies adopted in 2011

None of the new accounting standards that came into effect on January 1, 2011 had a significant impact in 2011.

From January 1, 2011 the Company changed the policy for recognition of costs incurred in connection with major overhaul of vessels. Under the new policy the directly attributable costs incurred in connection with major overhaul are capitalized and depreciated over the estimated period till the next similar overhaul. The former policy was to expense such costs when incurred. The change is made to better reflect the economic reality, reduce volatility and align the accounting to industry practice and practice among other vessel owning companies. The change in policy is applied for all reported periods, including periods prior to January 1, 2011. The restatements of periods prior to January 1, 2011 was changed in third quarter 2011 as a result of a change in lifetime of one of the major overhaul assets. See note 17 for presentation of adjustments made in the restated periods.

Note 4 - Segment information

The chief operating decision maker reviews Contract and MultiClient as separate operation segments, however, as the two operating segments meets the aggregation criteria in IFRS 8 "Operating Segments", these are presented combined as Marine.

"Other" includes Corporate administration costs and unallocated Global Shared Resources costs (net). Financial items and income tax expense are not included in the measure of segment performance. Onshore is presented as discontinued operations and is not included in the tables below.

Revenues by operating segment and service type for the periods presented:

	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Year ended December 31, 2011	Year ended December 31, 2010
	(In thousands of dollars)			
Revenues by continuing operations:				
Marine revenues by service type:				
- Contract seismic	$ 165 371	$ 180 637	$ 627 015	$ 629 101
- MultiClient pre-funding	38 361	76 400	223 528	198 278
- MultiClient late sales	107 647	73 657	278 279	192 262
- Data Processing	29 820	30 847	110 031	103 471
- Other	3 174	2 889	14 166	9 239
Marine revenues	**$ 344 373**	**$ 364 430**	**$ 1 253 019**	**$ 1 132 351**
- Other, non Marine	250	-	281	2 783
Total revenues (continuing operations)	**$ 344 623**	**$ 364 430**	**$ 1 253 300**	**$ 1 135 134**

Operating profit (loss) EBIT by operating segment for the periods presented:

	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Year ended December 31, 2011	Year ended December 31, 2010
	(In thousands of dollars)			
Operating profit (loss) EBIT from continuing operations:				
Marine:				
EBITDA	$ 150 483	$ 170 873	$ 545 801	$ 496 188
Other operating income	-		4 400	-
Impairments of long-lived assets	(2 583)	1 282	(2 583)	(79 136)
Depreciation and amortization (a)	(46 793)	(42 387)	(155 311)	(140 876)
Amortization of MultiClient library (a)	(51 678)	(77 758)	(237 005)	(197 481)
Operating profit EBIT, Marine	49 429	52 011	155 302	78 696
Other:				
EBITDA	$ (4 967)	$ (7 489)	$ (11 039)	$ (20 038)
Depreciation and amortization (a)	(1 203)	(1 506)	(5 565)	(6 573)
Operating profit (loss) EBIT, Other	(6 170)	(8 995)	(16 604)	(26 611)
Inter-segment eliminations:				
EBITDA	$ (481)	$ (61)	$ 1	$ (721)
Amortization of MultiClient library (a)	-	-	-	21
Operating profit (loss) EBIT, Other	(481)	(61)	1	(700)
Total Operating profit:				
EBITDA	$ 145 035	$ 163 323	$ 534 763	$ 475 429
Other operating income	-	-	4 400	-
Impairments of long-lived assets	(2 583)	1 282	(2 583)	(79 136)
Depreciation and amortization (a)	(47 996)	(43 893)	(160 876)	(147 449)
Amortization of MultiClient library (a)	(51 678)	(77 758)	(237 005)	(197 460)
Total Operating profit (loss) EBIT	**$ 42 778**	**$ 42 955**	**$ 138 699**	**$ 51 385**

(a) Presented separately in the Consolidated Statements of Operations.

Note 5 - Research and development costs

Research and development costs, net of capitalized portion were as follows for the periods presented:

	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Year ended December 31, 2011	Year ended December 31, 2010
	(In thousands of dollars)			
Research and development costs, gross	$ 9 898	$ 9 542	$ 42 660	$ 34 945
Capitalized development costs	(7 849)	(3 592)	(18 379)	(13 154)
Total	**$ 2 049**	**$ 5 950**	**$ 24 281**	**$ 21 791**

Note 6 - Depreciation and amortization

Depreciation and amortization consists of the following for the periods presented:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Gross depreciation	$ 53 222	$ 51 004	$ 210 842	$ 189 955
Depreciation capitalized to MultiClient library	(5 226)	(7 112)	(49 966)	(42 507)
Amortization of MultiClient library	51 678	77 758	237 005	197 460
Total	**$ 99 674**	**$ 121 650**	**$ 397 881**	**$ 344 908**

The Company amortizes its MultiClient library primarily based on the ratio between the cost of surveys and the total forecasted sales for such surveys. In applying this method, surveys are categorized into four amortization categories with amortization rates of 90%, 75%, 60% or 45% of sales amounts. Each category includes surveys where the remaining unamortized cost as a percentage of remaining forecasted sales is less than or equal to the amortization rate applicable to each category.

The Company also applies minimum amortization criteria for the library projects based generally on a five-year life. The Company calculates and records minimum amortization individually for each MultiClient survey or pool of surveys on a quarterly basis. At year-end, or when specific impairment indicators exists, the Company carries out an impairment test of individual MultiClient surveys. The Company classifies these impairment charges as amortization expense in its consolidated statement of operations since this additional, non-sales related amortization expense, is expected to occur regularly.

Note 7 - Impairments of long-lived assets

Impairments of long-lived assets consists of the following for the periods presented:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Property and equipment	$ 4 582	$ 13 894	$ 4 582	$ 94 312
Reversed impairments	(1 999)	(15 176)	(1 999)	(15 176)
Total	**$ 2 583**	**$ (1 282)**	**$ 2 583**	**$ 79 136**

Note 8 - Interest expense

Interest expense consists of the following for the periods presented:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Interest expense, gross	$ (13 269)	$ (12 833)	$ (50 459)	$ (55 425)
Capitalized interest, MultiClient library	1 450	1 613	6 409	5 894
Capitalized interest, construction in progress	811	-	1 880	2 535
Total	**$ (11 008)**	**$ (11 220)**	**$ (42 170)**	**$ (46 996)**

Note 9 - Other financial income

Other financial income consists of the following for the periods presented:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Interest income	$ 3 173	$ 805	$ 7 617	$ 5 728
Gain from sale of shares	329	3 439	10 985	6 483
Gain on investment in shares available for sale	-	-	162	711
Other	3 543	68	5 687	938
Total	**$ 7 045**	**$ 4 312**	**$ 24 451**	**$ 13 860**

Note 10 - Other financial expense

Other financial expense consists of the following for the periods presented:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Impairment of shares available for sale	$ (9 567)	$ -	$ (9 567)	$ -
Loss on repurchase of convertible notes	(3 410)	-	(5 678)	-
Fair value adjustments on derivatives	(2 594)	-	(11 595)	-
Amendment fees USD 950 million Credit Facilities	-	-	-	(7 029)
Fee in connection with redemption of 8.28% Notes	-	-	-	(1 229)
Other	(3 859)	(575)	(6 891)	(9 322)
Total	**$ (19 430)**	**$ (575)**	**$ (33 731)**	**$ (17 580)**

Note 11 - MultiClient library

The net book-value of the MultiClient library by year of completion is as follows:

	December 31,	
	2011	2010
	(In thousands of dollars)	
Completed during 2006 and prior years	$ -	$ 348
Completed during 2007	664	4 627
Completed during 2008	24 986	31 380
Completed during 2009	92 925	120 618
Completed during 2010	36 590	48 082
Completed during 2011	63 333	-
Completed surveys	218 498	205 055
Surveys in progress	115 637	105 788
MultiClient library, net	**$ 334 135**	**$ 310 843**

Key figures MultiClient library for the periods presented:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
Key figures MultiClient library continuing operations:	(In thousands of dollars)			
MultiClient pre-funding	$ 38 361	$ 76 400	$ 223 528	$ 198 278
MultiClient late sales	107 647	73 657	278 279	192 262
Cash investment in MultiClient library (a)	28 524	24 335	203 922	166 711
Capitalized interest in MultiClient library (b)	1 450	1 613	6 409	5 894
Capitalized depreciation (non-cash) (c)	5 226	7 112	49 966	42 507
Amortization of MultiClient library (c)	51 678	77 758	237 005	197 460

(a) See Consolidated statements of cash flows.

(b) See Interest expense above.

(c) See Depreciation and amortization above.

Note 12 - Capital expenditures

Capital expenditures were as follows for the periods presented:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Marine	$ 46 502	$ 58 315	$ 276 904	$ 218 873
Other	671	2 672	3 027	4 637
Total	**$ 47 173**	**$ 60 987**	**$ 279 931**	**$ 223 510**

Note 13 - Components of other comprehensive income

A reconciliation of reclassification adjustments included in the Consolidated Statements of Operations ("CSO") for all periods presented follows:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Cash flow hedges:				
Gains (losses) arising during the period	$ 809	$ 229	$ (12 152)	$ (15 587)
Less: Reclassification adjustments for losses included in the Consolidated Statement of Operations	3 665	4 020	14 734	18 288
Cash flow hedges, net	**$ 4 474**	**$ 4 249**	**$ 2 582**	**$ 2 701**
Revaluation of shares available-for-sale:				
Gains (losses) arising during the period	$ (1 631)	$ 8 764	$ (11 404)	$ 12 438
Less: Reclassification adjustments for losses (gains) included in the Consolidated Statement of Operations	9 238	(1 183)	(1 418)	(492)
Revaluation of shares available-for-sale, net	**$ 7 607**	**$ 7 581**	**$ (12 822)**	**$ 11 946**

Note 14 - Net interest bearing debt

Reconciliation of net interest bearing debt:

	December 31,	
	2011	2010
	(In thousands of dollars)	
Cash and cash equivalents	$ 424 734	$ 432 579
Restricted cash (current and long-term)	93 656	71 168
Interest bearing receivables	41 918	7 244
Short-term debt and current portion of long-term debt	(183 011)	-
Capital lease obligations (current and long-term)	(156)	-
Long-term debt	(753 414)	(783 693)
Adjust for deferred loan costs (offset in long-term debt)	(17 905)	(6 473)
Total	**$ (394 178)**	**$ (279 175)**

Note 15 - Earnings per share

Earnings per share, to ordinary equity holders of PGS ASA, were calculated as follows:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Net income (loss) from continuing operations	$ 5 705	$ 38 645	$ 34 469	$ (22 501)
Net income from discontinued operations	-	(1 809)	589	8 548
Non-controlling interests	167	-	1 367	67
Net income (loss) to equity holders of PGS ASA	**$ 5 538**	**$ 36 836**	**$ 33 691**	**$ (14 020)**
Effect of interest on convertible notes, net of tax	-	-	-	-
Net income (loss) for the purpose of diluted earnings per share	**$ 5 538**	**$ 36 836**	**$ 33 691**	**$ (14 020)**
Earnings (loss) per share:				
- Basic	$ 0.03	$ 0.18	$ 0.16	$ (0.07)
- Diluted	$ 0.03	$ 0.18	$ 0.15	$ (0.07)
Earnings (loss) per share from continuing operations:				
- Basic	$ 0.03	$ 0.19	$ 0.15	$ (0.11)
- Diluted	$ 0.03	$ 0.19	$ 0.15	$ (0.11)
Weighted average basic shares outstanding	217 028 487	207 045 002	217 238 666	200 052 867
Dilutive potential shares (1)	525 581	1 063 896	879 061	-
Weighted average diluted shares outstanding	217 554 068	208 108 898	218 117 727	200 052 867

(1) For all the periods 8.8 million shares related to convertible notes were excluded from the calculation of dilutive earnings per share as they were anti-dilutive.

Note 16 - Income (loss) from discontinued operations, net of tax and assets/ liabilities held-for-sale

The results of operations for the Onshore segment are summarized as follows:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Revenues	$ -	$ -	$ -	$ 21 756
Operating costs (a)	-	-	-	23 259
Depreciation and amortization	-	-	-	-
Total operating expenses	-	-	-	23 259
Operating profit (loss)	-	-	-	(1 503)
Financial items, net	-	-	-	286
Income (loss) from discontinued operations, pretax	**$ -**	**$ -**	**$ -**	**$ (1 217)**

(a) Operating costs include cost of sales, research and development costs, and selling, general and administrative costs.

Income (loss) from discontinued operations, net of tax consist of the following for the periods presented:

	Quarter ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
	(In thousands of dollars)			
Income (loss) from discontinued operations, pretax	$ -	$ -	$ -	$ (1 217)
Additional proceeds	-	-	-	1 000
Gain on sale of Onshore	-	370	282	16 224
Transaction costs sale of Onshore	-	(84)	-	(6 142)
Income tax benefit (expense)	-	(2 095)	307	(1 317)
Total	**$ -**	**$ (1 809)**	**$ 589**	**$ 8 548**

Note 17 - Consolidated statements of operations by quarter 2010, restated with change of policy for accounting of major overhauls

Consolidated statements of operations by quarter 2010, restated with change of policy for accounting of major overhauls on vessels

	Q1	Q2	Q3	Q4	2010
			(In thousands of dollars)		
Revenues	$ 259 433	$ 214 861	$ 296 410	$ 364 430	$ 1 135 134
Cost of sales	140 060	118 501	143 953	179 386	581 900
Research and development costs	5 519	5 753	4 569	5 950	21 791
Selling, general and administrative costs	14 447	14 284	11 512	15 771	56 014
Depreciation and amortization	69 279	70 701	83 278	121 650	344 908
Impairment of long-lived assets	538	-	79 880	(1 282)	79 136
Total operating expenses	229 843	209 239	323 192	321 475	1 083 749
Operating profit (loss) EBIT	29 590	5 622	(26 782)	42 955	51 385
Income (loss) from associated companies	(587)	(2 125)	(7 231)	(240)	(10 183)
Interest expense	(12 399)	(12 325)	(11 052)	(11 220)	(46 996)
Other financial income	5 854	2 309	1 385	4 312	13 860
Other financial expense	(1 995)	(10 572)	(4 438)	(575)	(17 580)
Currency exchange gain (loss)	(10 163)	(9 980)	20 841	218	916
Income (loss) before income tax expense (benefit)	10 300	(27 071)	(27 277)	35 450	(8 598)
Income tax expense (benefit)	4 912	(2 759)	14 945	(3 195)	13 903
Income (loss) from continuing operations	5 388	(24 312)	(42 222)	38 645	(22 501)
Income (loss) from discontinued operations, net of tax	6 234	2 301	1 822	(1 809)	8 548
Net income (loss)	**$ 11 622**	**$ (22 011)**	**$ (40 400)**	**$ 36 836**	**$ (13 953)**
Net income attributable to minority interests	67	(5)	5	-	67
Net income to equity holders of PGS ASA	**$ 11 555**	**$ (22 006)**	**$ (40 405)**	**$ 36 836**	**$ (14 020)**

Spesification of restatement in consolidated statements of opertations

	Q1	Q2	Q3	Q4	2010
			(In thousands of dollars)		
Operating profit (loss) EBIT as previously reported	34 223	5 328	(27 574)	45 821	57 798
Change in cost of sales	117	4 883	5 338	1 801	12 139
Change in depreciation and amortization	(4 750)	(4 589)	(4 546)	(4 667)	(18 552)
Restated operating profit (loss) EBIT	29 590	5 622	(26 782)	42 955	51 385

Specification of restatement in consolidated statements of financial position

	Q1	Q2	Q3	Q4
		(In thousands of dollars)		
Property and equipment as previously reported	1 293 284	1 305 892	1 184 805	1 179 735
Capitalized major overhauls	35 251	35 545	36 337	33 471
Restated property and equipment	1 328 535	1 341 437	1 221 142	1 213 206
Accumulated earnings as previously reported	1 163 739	1 132 726	1 092 073	1 133 377
Capitalized major overhauls	35 251	35 545	36 337	33 471
Restated accumulated earnings	1 198 990	1 168 271	1 128 410	1 166 848

Earnings per share (EPS)

Earnings per share, to ordinary equity holders of PGS ASA:

	Quarter ended December 31, 2010		Year ended December 31, 2010	
	Basic	Dillutive	Basic	Dillutive
EPS as previously reported	0.19	0.19	(0.04)	(0.04)
Change due to restatement	(0.01)	(0.01)	(0.03)	(0.03)
Restated EPS	0.18	0.18	(0.07)	(0.07)

Earnings per share from continuing operations, to ordinary equity holders of PGS ASA:

	Quarter ended September 30, 2010		Year ended December 31, 2010	
	Basic	Dillutive	Basic	Dillutive
EPS as previously reported	0.20	0.20	(0.08)	(0.08)
Change due to restatement	(0.01)	(0.01)	(0.03)	(0.03)
Restated EPS	0.19	0.19	(0.11)	(0.11)