First Quarter 2010 Results

GeoStreamer® Improves Margins

April 30, 2010: OSLO, NORWAY - Petroleum Geo-Services ASA ("PGS" or the "Company") reported an EBITDA margin for the Group of 38 percent in Q1 2010 with GeoStreamer® playing a key role. Net debt has more than halved in the past 12 months which has paved the way for the Company to be reorganized for growth.

- **Group performance:** Q1 2010 earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") were $99.3 million, compared to $206.3 million in Q1 2009.
- **Marine:** Q1 2010 revenues are lower than in the same period last year, primarily driven by lower prices for Marine contract work. Depreciation and amortization is higher in Q1 2010 than in Q1 2009, due to entry of *Ramform Sterling* and higher MultiClient revenues.
- **Recovery in Marine contract EBIT margin**: Marine contract EBIT margin improved from 12 percent in Q4 2009 to 23 percent in Q1 2010, primarily due to strong vessel utilization and performance, increasing share of GeoStreamer® in the mix and low Marine cost.
- **Further net debt reduction:** Cash proceeds from sale of the Onshore business and refund guarantees from cancellation of New Build 532 as well as strong working capital development resulted in net interest bearing debt of $537.4 million, compared to $1,141.5 million in Q1 2009.
- **Almost all 2010 GeoStreamer® capacity sold:** Customer interest for GeoStreamer® is gaining further momentum and the order book is building significantly faster for GeoStreamer® capacity than conventional capacity. *Ramform Valiant* and *Ramform Explorer* are scheduled for GeoStreamer® upgrades in Q2.
- **GeoStreamer® price uplifts:** Both 2D and 6-streamer GeoStreamer® vessels currently generate margins in line with high-end conventional 3D vessels.
- **Bidding activity and visibility is increasing:** However, new global capacity additions scheduled for 2010 put pressure on conventional streamer pricing.
- ***PGS Apollo* delivered:** The new 3D 10-streamer vessel was delivered on March 26 and will commence operations early May.
- **Organizational changes for future growth:** Following sale of the Onshore business, PGS has simplified its operational model and is now organized in product lines to improve focus and position the group for future growth.
- **Guidance maintained**: No change to the 2010 guidance, as launched at the capital markets day in December 2009, but currently with more EBITDA upside than downside, due to GeoStreamer® and MultiClient activity. Second half 2010 is expected to be stronger than first half.

Jon Erik Reinhardsen, Chief Executive Officer and President of PGS, commented:

"The increasing share of our new GeoStreamer® combined with lower Marine cost and strong operating performance caused the Marine contract EBIT margin to be significantly higher than in the previous quarter. We currently see increased interest in pre-funding commitments, and bidding activity continues its positive trend."

Key Financial Figures (In millions of dollars, except per share data)	**Quarter ended March 31,**		**Year ended December 31,**
	2010 Unaudited	**2009 Unaudited**	**2009 Audited [1]**
Revenues from continuing operations	$ 259.4	$ 390.8	$ 1,350.2
Adjusted EBITDA (as defined)	99.3	206.3	672.1
EBIT excluding special items [2]	34.8	155.2	386.9
EBIT	34.2	104.6	233.3
Income before income tax expense (benefit)	14.9	89.7	228.1
Net income to equity holders	16.2	54.2	165.8
Basic earnings per share ($ per share)	0.08	0.31	0.88
Diluted earnings per share ($ per share)	0.08	0.31	0.88
Net cash provided by operating activities	115.5	145.4	676.1
Cash investment in MultiClient library	52.1	44.8	183.1
Capital expenditures	47.9	93.7	231.2
Total assets (period end)	2,843.4	3,089.3	2,929.4
Cash and cash equivalents (period end)	350.6	101.7	126.0
Net interest bearing debt (period end)	$ 537.4	$ 1,141.5	$ 774.0

[1] Financial information for the full year 2009 is derived from the audited financial statements as presented in the 2009 Annual Report.
[2] Impairment charges of $0.5 million in Q1 2010, $50.6 million in Q1 2009 and $153.6 million for full year 2009.

Operations PGS Group

In Q1 2010 consolidated revenues were $259.4 million, compared to $390.8 million in Q1 2009. The decrease is mainly due to lower contract revenues, partially offset by higher MultiClient revenues.

EBIT was $34.2 million, compared to $104.6 million in Q1 2009. Excluding impairment charges EBIT was $34.8 million and $155.2 million respectively.

Income before income tax expense in Q1 2010 was $14.9 million, compared to $89.7 million in Q1 2009.

Net income to equity holders was $16.2 million in Q1 2010, compared to $54.2 million in Q1 2009.

Operations Marine

Total Marine revenues were $258.3 million in Q1 2010, compared to $390.8 million in Q1 2009.

Contract revenues decreased from $319.3 million in Q1 2009 to $155.4 million in Q1 2010, reflecting primarily lower prices and less capacity allocated to contract work. The Company used 59 percent of its total 3D capacity to acquire marine contract seismic in Q1 2010, compared to 77 percent in Q1 2009. Vessel steaming and yard time made up 7 percent and 1 percent respectively of total 3D capacity in Q1 2010, compared to 9 percent and 5 percent respectively in Q1 2009. The EBIT margin on marine contract acquisition work was approximately 23 percent in Q1 2009, up from 12 percent in Q4 2009, but down from 53 percent in Q1 2009. The increase in Marine contract EBIT margin from the trough in Q4 2009 is due to strong utilization and operational efficiency, more GeoStreamer® capacity in the mix and lower Marine cash cost than average expectations for the remaining quarters of 2010.

Total MultiClient revenues (pre-funding and late sales revenues combined) were $76.5 million in Q1 2010, compared to $46.2 million in Q1 2009. In Q1 2010, 33 percent of total 3D capacity was used for MultiClient acquisition, compared to 9 percent in Q1 2009.

MultiClient pre-funding revenues were $34.3 in Q1 2010 compared to $23.4 million in Q1 2009. The increase is primarily driven by more capacity allocated to MultiClient, contributing to higher pre-funding revenues in the Gulf of Mexico, partially offset by lower pre-funding revenues in Brazil.

Pre-funding revenues in Q1 were 66% of MultiClient cash investments, excluding capitalized interest, compared to 52% in Q1 2009. The low pre-funding rate in both quarters reflects the nature of specific project business models, which are weighted to higher levels of late sales.

MultiClient late sales were $42.2 million in Q1 2010, compared to $22.7 million in Q1 2009, reflecting a stronger market and higher late sales in the Gulf of Mexico, Europe, Asia Pacific and Brazil.

Capitalized cash investment in MultiClient library, excluding capitalized interest, was $52.1 million in Q1 2010, compared to $44.8 million in Q1 2009, reflecting more 3D capacity allocated to MulitClient, driven by the Crystal III (East Breaks) Wide Azimuth survey in the Gulf of Mexico.

External data processing (“DP”) revenues were $23.2 million in Q1 2010, compared to $20.6 million in Q1 2009. DP continues to deliver on its goal of becoming a top tier preferred service provider, providing clearer images based on highly skilled people delivering differentiating technologies such as GeoStreamer® and AGS Beam. DP has record external order book, and during the quarter signed another significant multi-year contract which provides a base for continued growth.

DP has significantly upgraded its computing capacity with the opening of the new high-end processing center in Houston. The additional capacity is designed to deliver the very latest processing techniques on very large surveys to both external and internal customers, including the large MultiClient survey Crystal III (East Breaks). The Houston center augments DP’s strategically placed major processing centers around the globe, including the award winning ‘green’ center in London and centers in Rio de Janeiro, Kuala Lumpur and Cairo. In addition, the computing power in most other centers has been upgraded within the last two quarters. Additionally, the processing capacity onboard the vessels is being upgraded, allowing for industry leading On Board Processing (“OBP”) techniques on GeoStreamer® surveys, where clients are receiving early images months quicker than the industry norm.

Marine EBIT was $44.0 million compared to $118.1 million in Q1 2009. Excluding impairment charges, the EBIT in Q1 2009 was $168.7 million. The decrease is primarily driven by lower contract revenues, partially offset by cost reductions.

Operating expenses (before depreciation, amortization and impairments) decreased by $22.2 million compared to Q1 2009, due to an increase in cash costs capitalized to the MultiClient library and a decrease in project variable cost and leased in vessel cost.

The Company took delivery of the 10-streamer 3D vessel *PGS Apollo* on March 26, 2010. It is a purpose-built and efficient 10-streamer 3D seismic vessel in the medium capacity segment with 12 streamer reels onboard. The vessel will be a valuable supplement to PGS' existing high-capacity Ramform fleet and it is scheduled to start operations in the North Sea early May.

The order book totaled $409 million for Marine at March 31, 2010, including $121 million of committed pre-funding on scheduled MultiClient projects, compared to $636 million at March 31, 2009 and $438 million at December 31, 2009.

Onshore

The sale of the Onshore business to Geokinetics Inc. ("Geokinetics") was completed February 12, 2010. Geokinetics paid approximately $184 million in cash for the Onshore business, and PGS received 2.15 million shares in Geokinetics, corresponding to a 12 percent ownership. Combining Geokinetics and PGS' Onshore activities created the second-largest onshore seismic acquisition company in the world in terms of crew counts — and the largest such company operating in the Western Hemisphere. The transaction brings needed consolidation to a highly fragmented onshore industry.

Revenues and cost of the Onshore business are excluded from consolidated revenues and cost and reported separately as income from discontinued operations net of tax for all periods presented. The Geokinetics shares are reported as shares in associated companies in the consolidated statements of financial position.

Up until completion of the transaction, Onshore activities were primarily in Mexico, the US, Tunisia and Thailand. For the 1.5 months operation in Q1 2010 the Onshore business generated revenues of $21.8 million and an EBITDA loss of $1.5 million.

The gain from sale of the Onshore business was $8.8 million, net of transaction cost, and is reported as income from discontinued operations net of tax.

Other (including Corporate, Global Shared Services and PGS EM)

In Q1 2010 the EBIT loss was $9.5 million, compared to a loss of $14.5 million in Q1 2009.

The numbers include the electro-magnetic ("EM") operations of PGS EM with an EBIT loss of $3.0 million in Q1 2010, compared to a loss of $6.9 million in Q1 2009. During the first half of 2009 the PGS EM organization was restructured to be more in line with market demand.

Global shared services had revenues of $1.1 million from a service agreement with Geokinetics following the sale of Onshore. The agreement will be completed in June 2010.

Technology

In Q1 2010, the Company reported $5.5 million, in research and development costs, compared to $6.0 million in Q1 2009, and capitalized $2.5 million and $0.9 million in development costs, respectively. These expenses mainly relate to the core business activities of marine seismic acquisition and processing. The capitalized amounts primarily relate to PGS' effort to develop a towed EM solution, which was tested over a known gas reservoir in the North Sea in June 2009. The test proved successful and the EM data produced have been modeled and inverted with very encouraging results. Fiberoptics and streamer control system developments were the other main components of the capitalized costs in Q1 2010.

Depreciation and Amortization

In Q1 2010 gross depreciation (before any capitalization to MultiClient library) was $40.2 million, compared to $37.5 in Q1 2009, reflecting increased capacity after *Ramform Sterling* entered the fleet in July 2009, partially offset reduced depreciation after the sale of *Geo Atlantic*, also in July 2009.

Amortization of the MultiClient library totaled $34.8 million (45% of MultiClient revenues) in Q1 2010, compared to $16.8 million (36% of MultiClient revenues) in Q1 2009. Pre-funding revenues are amortized with a rate of at least 45% (as long as such amortization does not exceed total cost).

Interest Expense

In Q1 2010 gross interest expense was $15.1 million, compared to $19.6 million in Q1 2009. The decrease reflects reduced interest rates and a reduction in interest bearing debt.

Capitalized interest for MultiClient surveys and construction in progress was $2.7 million in Q1 2010, compared to $8.6 million in Q1 2009. The decrease is primarily due to a reduction of vessels under construction.

Other Financial Income

In Q1 2010 other financial income was a gain of $5.9 million compared to a gain of $1.1 million in Q1 2009. The gain in Q1 2010 was primarily attributable to gain from sale of equity investments of $3.0 million and interest income of $1.8 million, compared to an interest income of $1.0 million in Q1 2009.

Currency Exchange Gain (Loss)

In Q1 2010 currency exchange was a loss of $10.2 million, compared to a currency loss of $2.7 million in Q1 2009. The loss in Q1 2010 is primarily a result of NOK, EUR and GBP weakening against the USD during the quarter. 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 negative when the USD appreciates.

Income Tax Expense

The income tax expense in Q1 2010 was $4.9 million compared to $28.0 million in Q1 2009.
The reported tax expense is negatively impacted by foreign exchange movements.

The estimated current tax expense in Q1 2010 was $7.5 million compared to $13.7 million in Q1 2009. Current tax expense relates primarily to foreign taxes or income taxes in countries where the Company has no carry forward losses or where there are limitations on use of such losses.

The Company has substantial deferred tax assets in different jurisdictions, predominantly in Norway. Deferred tax assets recognized in the consolidated balance sheets amounted to $202.5 million as of March 31, 2010, compared to $207.1 million as of March 31, 2009.

In October 2009 the Company received the final tax assessment from the Tax Appeal Board of the Central Tax Office in Norway ("CTO") regarding exit from the previous shipping tax regime, effective January 1, 2002. There is an uncertainty whether the Company will be granted a change of tax depreciations/deductions in tax returns for previous years based on the final assessment. The Company has based the accounting on the final assessment with an assumption that historical tax depreciations/deductions can be changed, but expects to take the case to court since its primary position, supported by external shipbroker valuations, is that it had a loss at the time of exit.

The Company has an ongoing dispute in Brazil related to municipal services tax ("ISS") on sale of MultiClient data. The issue has been disclosed and explained in annual and quarterly reports since 2005. As of March 31, 2010 the Company estimates the total exposure to be approximately $160 million, including possible penalties and interest, none of which has been accrued because the matter is considered more likely than not to be resolved in PGS' favor. As disclosed in the Q4 quarterly report, PGS presented a bank guarantee of $27 million on January 7, 2010, following an ISS foreclosure presented by the tax office in Rio de Janeiro, Brazil in December 2009 for the earliest period assessed. The bank guarantee was required as part of the court suit filed by PGS in the same case on February 4, 2010 to challenge the assessment.

Capital Investment

In Q1 2010 cash investment in MultiClient library (Marine only) totaled $52.1 million, excluding capitalized interest, compared to $44.8 million in Q1 2009. The increase is primarily due to more capacity allocated to MultiClient.

Capital expenditures, excluding capitalized interest, totaled $47.9 million in Q1 2010, compared to $93.7 million in Q1 2009.

The main capital expenditures in Q1 2010 were streamer investments of $28.6 million, other seismic equipment of $9.6 million, rigging expenditures of $2.8 million and maritime equipment of $1.0 million.

PGS took delivery of the 3D vessel *PGS Apollo* on March 26, 2010 from the Factorias Vulcano shipyard group in Spain. The vessel is equipped with 10 full length streamers and 12 streamer reels, and is a purpose-built and efficient seismic ship in the medium capacity segment. The vessel will be a valuable supplement to PGS' existing high capacity Ramform fleet.

The work on New Build ("NB") 535, at the same shipyard group, has shown limited progress to date. PGS will be entitled to terminate the contract if the vessel is not delivered by January 31, 2010 plus 200 days.

Arrow Seismic ASA including its subsidiaries ("Arrow") has paid all scheduled pre-delivery yard installments on NB 535, approximately EUR 40 million, and Arrow has received bank guarantees for the full amount. If in the future the shipbuilding contract for NB 535 is terminated Arrow will be entitled to call on these guarantees. Such termination would result in a material impairment charge.

Liquidity and Financing

In Q1 2010, net cash provided by operating activities was $115.5 million compared to $145.4 million in Q1 2009. The decrease is primarily due to lower profitability on Marine contract work and a corresponding lower adjusted EBITDA. Working capital development was strong in the quarter.

In Q1 2010 PGS received $171.4 million (net of transaction cost, cash disposed and $5.5 million of proceeds temporarily held in escrow account) from sale of Onshore to Geokinetics and $51.9 million in refund guarantee and interests after the arbitration court ruled in favor of PGS regarding cancelation of NB 532.

The yard disputed Arrow's right to cancel the shipbuilding contract for NB 532, due to delays beyond milestones set forth in the shipbuilding contract, and submitted the dispute to arbitration in Norway. The full amount Arrow claims from the yard is EUR 39.7 million with the addition of interests and full legal costs. EUR 32 million plus interest of EUR 5 million was received in Q1 2010. The remaining amount is subject to debt collection procedures against the yard. Arrow has also cancelled the shipbuilding contract for NB 533, due to delays. The hearing in the second arbitration concerning NB 533 is scheduled for June 2010. The amount claimed and the part of this covered by bank guarantees is in line with the amount in the first arbitration case.

At March 31, 2010, cash and cash equivalents amounted to $350.6 million, compared to $126.0 million at December 31, 2009 and $101.7 million at March 31, 2009. Restricted cash amounted to $31.4 million at March 31, 2010 compared to $18.0 million at December 31, 2009 and $22.4 million at March 31, 2009.

As of March 31, 2010, $570.5 million was outstanding under the Term Loan B maturing in 2015. In addition, the Company has $344.5 million nominal amount of convertible notes outstanding and a remaining balance on the Oslo Seismic Notes of $33.9 million. There are no drawings in the $350.0 million revolving credit facility maturing in 2012.

The total interest bearing debt, including capital leases, was $919.3 million as of March 31, 2010 compared to $918.0 million as of December 31, 2009 and $1,265.6 million as of March 31, 2009.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was $537.4 million as of March 31, 2010 compared to $774.0 million as of December 31, 2009 and $1,141.5 million as of March 31, 2009.

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 March 31, 2010 the Company had approximately 80% of its debt on fixed interest rate and the weighted average interest rate on gross debt was approximately 4.7%, inclusive credit margins paid on the debt. The swap agreements used to fix the interest rate on $400 million of the debt matures from mid 2010 through 2014 and is matched against the Term Loan B. The swap agreements are accounted for as interest rate hedges as long as the hedging criteria are met.

After giving effect to 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 increase by approximately $1.0 million.

The credit agreement for the $600 million Term Loan B and the $350 million revolving credit facility contains certain terms that place some limitations on the Company. The revolving credit facility contains a covenant whereby total leverage cannot exceed 3.25:1 in 2010 and 3.00:1 thereafter. At March 31, 2010 the total leverage ratio was 2.59:1. The ratio is computed based on gross indebtedness and whilst the Company could reduce the level of this ratio by using excess cash to make debt repayments, the Company would prefer to optimize its financial flexibility. As such the Company has initiated a process to seek certain amendments to the credit agreement, including the definition of certain elements of the leverage ratio, to maintain such flexibility. The Company expects to conclude this process during Q2 2010.

Risk factors

The Company emphasize 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, which are beyond its control and 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 and weather conditions.

Contracts for services are occasionally modified by mutual consent and in certain instances are cancelable by the customers on short notice without penalty. 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 2009. 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.

Outlook 2010

Based on the current operational forecast and with reference to the aforementioned risk factors, the Company currently sees some upside in the EBITDA data point of $450 million for the full year 2010. The Company expects the net amount of Adjusted EBITDA minus CAPEX and MultiClient cash investment to be minimum $100 million for the full year 2010.

The primary risks relating to the full year guidance are contract market demand in second half of the year, operational downtime events and MultiClient sales. The guidance could also be impacted if the Company makes significant changes to investment plans.

Events after the end of the reporting period

After sale of the Onshore business PGS has emerged as a focused Marine geophysical company. Effective from May 1, 2010 the Company will change its organization to a simpler more operational model based on product lines. The new organization was announced on April 7, 2010 and is an important step in preparing PGS for future growth. The new organization will consist of Marine Contract, MultiClient, Data Processing & Technology, Operations and New Ventures.

Lysaker, April 29, 2010

Francis Gugen
Chairperson

Annette Malm Justad
Director

Harald Norvik
Vice Chairperson

Daniel J. Piette
Director

Carol Bell
Director

Ingar Skaug
Director

Holly Van Deursen
Director

Jon Erik Reinhardsen
Chief Executive Officer

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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 MultiClient data library. PGS operates on a worldwide basis with headquarters at Lysaker, Norway.

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

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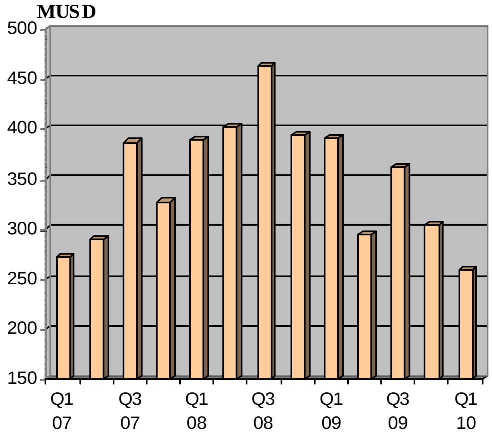
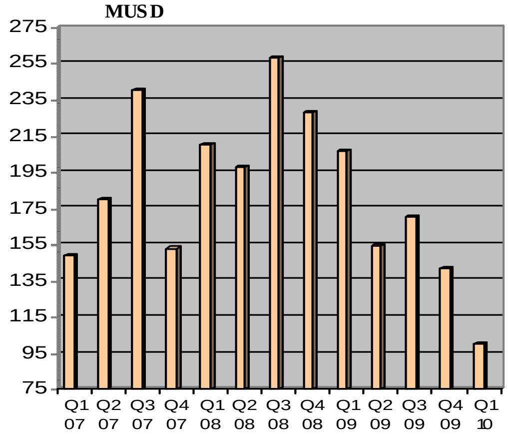
Petroleum Geo-Services ASA and Subsidiaries
Consolidated Statements of Operations

	Note	Quarter ended March 31, 2010 Unaudited	Quarter ended March 31, 2009 Unaudited	Year ended December 31, 2009 Audited
		(In thousands of dollars, except share data)		
Revenues	4	$ 259 433	$ 390 822	$ 1 350 202
Cost of sales		140 177	164 908	605 980
Research and development costs	5	5 519	6 040	22 806
Selling, general and administrative costs		14 447	13 537	49 270
Depreciation and amortization	4, 6	64 529	51 150	285 269
Impairment of long-lived assets	4, 7	538	50 585	153 615
Total operating expenses		225 210	286 220	1 116 940
Operating profit (loss)/EBIT	4	34 223	104 602	233 262
Income/(loss) from associated companies		(587)	(376)	1 901
Interest expense	8	(12 399)	(11 019)	(45 232)
Other financial income	9	5 854	1 058	24 489
Other financial expense	10	(1 995)	(1 895)	(11 117)
Currency exchange gain (loss)		(10 163)	(2 717)	24 806
Income before income tax expense (benefit)		14 933	89 653	228 109
Income tax expense (benefit)		4 912	28 048	51 942
Income from continuing operations		10 021	61 605	176 167
Income (loss) from discontinued operations, net of tax	17	6 234	(7 441)	(8 248)
Net income		**$ 16 255**	**$ 54 164**	**$ 167 919**
Net income attributable to minority interests		67	-	2 094
Net income to equity holders of PGS ASA		**$ 16 188**	**$ 54 164**	**$ 165 825**
Earnings per share, to ordinary equity holders of PGS ASA:				
- Basic	16	$ 0.08	$ 0.31	$ 0.88
- Diluted	16	$ 0.08	$ 0.31	$ 0.88
Earnings per share from continuing operations, to ordinary equity holders of PGS ASA:				
- Basic	16	$ 0.05	$ 0.35	$ 0.92
- Diluted	16	$ 0.05	$ 0.35	$ 0.92
Weighted average basic shares outstanding		197 999 999	176 193 011	189 061 076
Weighted average diluted shares outstanding		199 045 989	176 193 011	189 061 575

Revenues by Quarter 2007- 2010



Adjusted EBITDA (1) by Quarter 2007- 2010



Notes: (1) Adjusted EBITDA, when used by the Company, means income before income tax expense less, currency exchange gain (loss), other financial expense, other financial income, interest expense, income (loss) from associated companies, other operating income and depreciation and amortization. See Support Tables for a more detailed discussion of and reconciliation of Adjusted EBITDA to income before income tax expense (benefit). Adjusted EBITDA may not be comparable to other similary titled measures from other companies. PGS has included Adjusted 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. Adjusted EBITDA is considered a non IFRS measure.

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

	Note	Quarter ended March 31, 2010 Unaudited	Quarter ended March 31, 2009 Unaudited	Year ended December 31, 2009 Audited
		(In thousands of dollars)		
Net income for the period		$ 16 255	$ 54 164	$ 167 919
Other comprehensive income:				
Cash flow hedges	13	(545)	5 358	15 582
Deferred tax on cash flow hedges		469	(1 572)	(4 388)
Revaluation of shares available-for-sale	13	1 563	1 596	(2)
Translation adjustments and other		(86)	19	26
Other comprehensive income for the period, net of tax		1 401	5 401	11 218
Total comprehensive income for the period		17 656	59 565	179 137
Total comprehensive income attributable to minority interests		67	-	2 094
Total comprehensive income to equity holders of PGS ASA		**$ 17 589**	**$ 59 565**	**$ 177 043**

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

	Note	March 31, 2010 Unaudited	March 31, 2009 Unaudited	December 31, 2009 Audited
		(In thousands of dollars)		
ASSETS				
Current assets:				
Cash and cash equivalents	15	$ 350 592	$ 101 744	$ 125 961
Restricted cash	15	21 373	12 375	7 977
Shares available-for-sale		225	7 574	2 039
Accounts receivable		102 997	281 338	197 098
Accrued revenues and other receivables		167 584	181 128	216 846
Assets held-for-sale	17	3 000	5 250	227 292
Other current assets		83 523	118 026	90 148
Total current assets		729 294	707 435	867 361
Long-term assets:				
Property and equipment		1 293 284	1 527 803	1 283 463
Multi-client library		321 396	328 854	293 238
Restricted cash	15	10 014	10 014	10 014
Deferred tax assets		202 465	207 090	207 890
Investments in associated companies		25 569	14 016	7 043
Shares available-for-sale		16 449	272	10 004
Other long-lived assets		6 210	20 205	12 053
Goodwill		139 852	175 092	139 852
Other intangible assets		98 862	98 533	98 490
Total long-term assets		2 114 101	2 381 879	2 062 047
Total assets		$ 2 843 395	$ 3 089 314	$ 2 929 408
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term debt and current portion of long-term debt	15	$ 26 109	$ 37 811	$ 26 109
Current portion of capital lease obligations	15	234	1 003	348
Accounts payable		78 951	88 653	87 153
Accrued expenses		224 213	303 842	286 079
Liabilities held-for-sale	17	-	-	26 008
Income taxes payable		54 630	75 601	54 914
Total current liabilities		384 137	506 910	480 611
Long-term liabilities:				
Long-term debt	15	885 110	1 212 052	882 580
Long-term capital lease obligations	15	-	2 766	-
Deferred tax liabilities		22 199	35 014	31 228
Other long-term liabilities		85 020	129 839	85 952
Total long-term liabilities		992 329	1 379 671	999 760
Shareholders' equity:				
Paid-in capital:				
Common stock; par value NOK 3;				
issued and outstanding 197,999,999 shares at December 31, 2009;				
issued and outstanding 180,000,000 at December 31, 2008.		86 583	78 208	86 583
Treasury shares, par value		-	(1 868)	-
Additional paid-in capital		238 638	138 146	237 542
Total paid-in capital		325 221	214 486	324 125
Accumulated earnings		1 163 739	1 017 498	1 147 551
Cumulative translation adjustment and other reserves		(22 043)	(29 261)	(23 444)
Minority interests		12	10	805
Total shareholders' equity	14	1 466 929	1 202 733	1 449 037
Total liabilities and shareholders' equity		$ 2 843 395	$ 3 089 314	$ 2 929 408

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

	Quarter ended March 31, 2010 Unaudited	Quarter ended March 31, 2009 Unaudited	Year ended December 31, 2009 Audited
	(In thousands of dollars)		
Cash flows provided by operating activities:			
Net income	$ 16 188	$ 54 164	$ 165 825
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	64 529	51 150	285 269
Depreciation and amortization, discontinued operations	-	5 880	22 701
Impairments of long-lived assets	538	50 585	153 615
(Gain) loss on sale of assets	437	(621)	47
Interest expense	12 393	10 816	45 035
(Increase) decrease in deferred income taxes	(2 955)	13 735	7 095
Net decrease (increase) in restricted cash	(7 940)	(4 015)	383
Income taxes paid	(10 851)	(13 649)	(65 487)
Gain on sale of shares	(3 044)	-	(8 670)
Gain on sale subsidiary (Onshore), net of transaction costs	(8 802)	-	-
Other items	56	3 596	1 007
(Increase) decrease in accounts receivable, net	80 700	(52 435)	(15 703)
(Increase) decrease in unbilled and other receivables	18 872	44 568	45 721
(Increase) decrease in other current assets	5 900	25 232	39 354
(Increase) decrease in other long-lived assets	5 775	(63)	6 963
Increase (decrease) in accounts payable	(6 526)	(9 383)	(6 686)
Increase (decrease) in accrued expenses and income taxes payable	(49 454)	(29 196)	21 394
Increase (decrease) in other long-term liabilities	(315)	(5 004)	(21 781)
Net cash provided by operating activities	115 501	145 360	676 082
Cash flows (used in) provided by investing activities:			
Investment in MultiClient library	(52 088)	(44 844)	(183 083)
Investment in Multiclient library, discontinued operations	(1 208)	(2 241)	(3 599)
Capital expenditures	(47 901)	(93 665)	(231 227)
Capital expenditures on new-builds on charter	-	(696)	(3 839)
Capital expenditures, discontinued operations	-	(1 695)	(10 538)
Proceeds/ refunds from new-build cancellations	51 935	-	-
Investment in other intangible assets	(2 519)	(978)	(7 811)
Investment in other intangible assets, discontinued operations	(219)	(38)	(4 577)
Proceeds from sale of assets and assosiated companies	-	1 453	12 143
Proceeds from assets held-for-sale	-	-	58 000
Investment in available-for-sale shares	(6 447)	-	(8 128)
Proceeds from sale of available-for-sale shares	6 725	-	14 681
Sale of subsidiaries (1)	171 433	-	-
Other items, net	-	-	1 956
Net cash used in investing activities	119 711	(142 704)	(366 022)
Cash flows provided by (used in) financing activities:			
Proceeds from issuance of common stock, net	-	-	98 523
Proceeds from issuance of long-term debt	-	20 000	20 000
Repayment of long-term debt	(1 467)	(6 017)	(354 538)
Principal payments under capital leases	(120)	(282)	(3 703)
Proceeds from sale of treasury shares	-	-	20 276
Dividend paid to minority interest	(860)	-	(1 299)
Interest paid	(8 134)	(9 861)	(58 606)
Net cash used in financing activities	(10 581)	3 840	(279 347)
Net increase in cash and cash equivalents	224 631	6 496	30 713
Cash and cash equivalents at beginning of period	125 961	95 248	95 248
Cash and cash equivalents at end of period	**$ 350 592**	**$ 101 744**	**$ 125 961**

(1) Net of transaction costs, cash disposed and $5.5 million of proceeds temporarily held in escrow account (restricted).

Petroleum Geo-Services ASA
Notes to the Interim Consolidated Financial Statements - First Quarter 2010

Note 1 - General

In December 2010 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 and was classified as asset held-for-sale in the consolidated statement of financial positions as of December 31, 2009 (see Note 17 and 18). The Notes are restated for all periods presented.

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"*.

(1) Certain reclassifications have been made to prior period amounts to conform to the current presentation, including restatement of Onshore to discontinued operations (see above). Financial information for the full year 2009 is derived from the audited financial statements as presented in the 2009 Annual Report.

(2) Adjusted 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 Adjusted 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 PGSs management, that are necessary for a fair presentation of the results of operations for all periods presented. Operating results for the quarter 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, 2009.

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, 2009. See Note 2 to the Consolidated Financial Statements in the 2009 Annual Report for information of the Company's significant accounting policies.

Note 3 - New policies and standards adopted in 2010

None of the new accounting standards that came into effect on January 1, 2010 had a significant impact in the first quarter of 2010.

Note 4 - Segment information

The Company has, up until the sale of Onshore (see above), operated its business in two segments; Marine and Onshore. "Other" includes Corporate administration costs, unallocated Global Shared Services costs (net) and PGS EM. Financial items and income tax expense are not included in the measure of segment performance. Onshore is presented as discontinued operation and is not included in the tables below.

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

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
Revenues by continued operations:		(In thousands of dollars)	
Marine revenues by service type:			
- Contract seismic	$ 155 384	$ 319 327	$ 893 050
- MultiClient pre-funding	34 321	23 441	169 043
- MultiClient late sales	42 200	22 717	181 635
- Data Processing	23 207	20 576	90 158
- Other	3 183	4 761	15 816
Marine revenues	**$ 258 295**	**$ 390 822**	**$ 1 349 702**
Other revenues by service type:			
- MultiClient late sales	-	-	$ 500
- Other	1 138	-	-
Other revenues	**$ 1 138**	**$ -**	**$ 500**
Total revenues by service type:			
- Contract seismic	$ 155 384	$ 319 327	$ 893 050
- MultiClient pre-funding	34 321	23 441	169 043
- MultiClient late sales	42 200	22 717	182 135
- Data Processing	23 207	20 576	90 158
- Other	4 321	4 761	15 816
Total revenues (continuing operation)	**$ 259 433**	**$ 390 822**	**$ 1 350 202**

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

	Quarter ended March 31, 2009	Quarter ended March 31, 2009	Year ended December 31, 2009
Operating profit (loss)/ EBIT from continuing operations:		(In thousands of dollars)	
Marine:			
Adjusted EBITDA	$ 106 310	$ 216 563	$ 702 355
Impairments of long-lived assets	(538)	(50 585)	(153 224)
Depreciation and amortization (a)	(26 971)	(31 829)	(122 394)
Amortization of MultiClient library (a)	(34 788)	(16 066)	(151 572)
Operating profit/EBIT, Marine	44 013	118 083	275 165
Other:			
Adjusted EBITDA	$ (6 769)	$ (11 221)	$ (29 661)
Impairments of long-lived assets	-	-	(391)
Depreciation and amortization (a)	(2 775)	(2 541)	(9 464)
Amortization of MultiClient library (a)	-	(756)	(1 860)
Operating profit (loss)/EBIT, Other	(9 544)	(14 518)	(41 376)
Inter-segment eliminations:			
Adjusted EBITDA	$ (251)	$ 995	$ (548)
Depreciation and amortization (a)	-	37	-
Amortization of MultiClient library (a)	5	5	21
Operating profit (loss)/EBIT, Other	(246)	1 037	(527)
Total Operating profit:			
Adjusted EBITDA	$ 99 290	$ 206 337	$ 672 146
Impairments of long-lived assets	(538)	(50 585)	(153 615)
Depreciation and amortization (a)	(29 746)	(34 333)	(131 858)
Amortization of MultiClient library (a)	(34 783)	(16 817)	(153 411)
Total Operating profit (loss)/EBIT	**$ 34 223**	**$ 104 602**	**$ 233 262**

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

Note 5 - Research and development costs

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

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
	(In thousands of dollars)		
Research and development costs, gross	$ 7 992	$ 6 939	$ 31 555
Capitalized development costs	(2 473)	(899)	(8 749)
Total	**$ 5 519**	**$ 6 040**	**$ 22 806**

Note 6 - Depreciation and amortization

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

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
	(In thousands of dollars)		
Gross depreciation	$ 40 203	$ 37 499	$ 156 639
Depreciation capitalized to MultiClient library	(10 457)	(3 166)	(24 781)
Amortization of MultiClient library	34 783	16 817	153 411
Total	**$ 64 529**	**$ 51 150**	**$ 285 269**

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 at quarterly basis. At year-end, or when specific impairment indicators exists, the Company carry 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 March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
	(In thousands of dollars)		
Property and equipment	$ 538	$ 50 585	$ 153 615
Total	**$ 538**	**$ 50 585**	**$ 153 615**

Note 8 - Interest expense

Interest expense consists of the following for the periods presented:

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
	(In thousands of dollars)		
Interest expense, gross	$ (15 057)	$ (19 600)	$ (70 472)
Capitalized interest, multi-client library	903	1 532	6 000
Capitalized interest, construction in progress	1 755	7 049	19 240
Total	**$ (12 399)**	**$ (11 019)**	**$ (45 232)**

Note 9 - Other financial income

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

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
	(In thousands of dollars)		
Interest income	$ 1 764	$ 1 044	$ 7 238
Gain on repurchase of convertible notes	-	-	3 778
Gain from sale of shares	3 044	-	8 671
Gain on investment in shares available for sale	302	-	3 749
Other	744	14	1 053
Total	**$ 5 854**	**$ 1 058**	**$ 24 489**

Note 10 - Other financial expense

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

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
	(In thousands of dollars)		
Instruction fee convertible note (includes costs)	$ -	$ -	$ (6 895)
Other	(1 995)	(1 895)	(4 222)
Total	**$ (1 995)**	**$ (1 895)**	**$ (11 117)**

Note 11 - MultiClient library

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

	March 31, 2010	March 31, 2009	December 31, 2009
	(In thousands of dollars)		
Completed during 2004 and prior years	$ -	$ 2 080	$ -
Completed during 2005	865	1 613	1 044
Completed during 2006	1 323	1 042	1 796
Completed during 2007	8 074	17 569	8 785
Completed during 2008	43 703	100 714	46 925
Completed during 2009	151 408	35 597	160 978
Completed during 2010	4 209	-	-
Completed surveys	209 582	158 615	219 528
Surveys in progress	111 814	170 239	73 710
MultiClient library, net	**$ 321 396**	**$ 328 854**	**$ 293 238**

As of March 31, 2009 MultiClient library includes Onshore surveys for $62.0 million. As of December 31, 2009 such surveys are presented as held for sale.

Key figures MultiClient library by segment for the periods presented:

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
Key figures Multiclient library continuing operation:		(In thousands of dollars)	
Marine:			
MultiClient pre-funding (a)	$ 34 321	$ 23 441	$ 169 043
MultiClient late sales (a)	42 200	22 717	181 635
Cash investment in MultiClient library	52 088	44 838	183 059
Capitalized interest in MultiClient library	903	1 532	6 000
Capitalized depreciation (non-cash)	10 457	3 166	24 781
Amortization of MultiClient library	34 788	16 066	151 572
Other/Elimination:			
MultiClient late sales (a)	$ -	$ -	$ 500
Cash investment in MultiClient library	-	6	24
Amortization of MultiClient library	(5)	751	1 839
Total MultiClient library, key figures:			
MultiClient pre-funding (a)	**$ 34 321**	**$ 23 441**	**$ 169 043**
MultiClient late sales (a)	**42 200**	**22 717**	**182 135**
Cash investment in MultiClient library (b)	**52 088**	**44 844**	**183 083**
Capitalized interest in MultiClient library (c)	**903**	**1 532**	**6 000**
Capitalized depreciation (non-cash) (d)	**10 457**	**3 166**	**24 781**
Amortization of MultiClient library (d)	**34 783**	**16 817**	**153 411**

(a) See segment information, Note 4.

(b) See Consolidated statements of cash flows.

(c) See Interest expense above.

(d) See Depreciation and amortization above.

Note 12 - Capital expenditures (cash)

Capital expenditures (cash) were as follows for the periods presented:

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
		(In thousands of dollars)	
Marine	$ 46 503	$ 91 837	$ 227 840
Other	1 398	1 828	3 387
Total	**$ 47 901**	**$ 93 665**	**$ 231 227**

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 March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
		(In thousands of dollars)	
Cash flow hedges:			
Gains (losses) arising during the period	$ (5 457)	$ 1 654	$ (1 762)
Less: Reclassification adjustments for losses included in the Consolidated Statement of Operations	4 912	3 704	17 344
Cash flow hedges, net	**$ (545)**	**$ 5 358**	**$ 15 582**
Revaluation of shares available-for-sale:			
Gains (losses) arising during the period	$ 2 614	$ 1 596	$ 1 434
Less: Reclassification adjustments for (gains) included in the Consolidated Statement of Operations	(1 051)	-	(1 436)
Revaluation of shares available-for-sale, net	**$ 1 563**	**$ 1 596**	**$ (2)**

Note 14 - Shareholders' equity

	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves	Minority interests	Shareholders' equity
				(In thousands of dollars)			
Balance at December 31, 2008	$ 78 208	$ (1 868)	$ 134 658	$ 963 334	$ (34 662)	$ 10	$ 1 139 680
Reconciliation Q1 2009:							
Total comprehensive income	-	-	-	54 164	5 401	-	59 565
Employee share options	-	-	3 488	-	-	-	3 488
Balance at March 31, 2009	$ 78 208	$ (1 868)	$ 138 146	$ 1 017 498	$ (29 261)	$ 10	$ 1 202 733
Reconciliation Q2 2009:							
Total comprehensive income	-	-	-	41 042	10 617	(2)	51 657
Share issue (17,999,999 shares) (a)	8 375	-	91 083	-	-	-	99 458
Sale of treasury shares (b)	-	1 779	-	18 497	-	-	20 276
Dividends to minority interests	-	-	-	-	-	(5)	(5)
Employee share options	-	-	3 599	-	-	-	3 599
Repurchase convertible notes	-	-	-	(16)	-	-	(16)
Balance at June 30, 2009	$ 86 583	$ (89)	$ 232 828	$ 1 077 021	$ (18 644)	$ 3	$ 1 377 702
Reconciliation Q3 2009:							
Total comprehensive income	-	-	-	47 748	(8 525)	(1)	39 222
Employee share options	-	-	2 305	-	-	-	2 305
Balance at September 30, 2009	$ 86 583	$ (89)	$ 235 133	$ 1 124 769	$ (27 169)	$ 2	$ 1 419 229
Reconciliation Q4 2009:							
Total comprehensive income	-	-	-	22 871	3 725	2 097	28 693
Dividends to minority interests	-	-	-	-	-	(1 294)	(1 294)
Transferred shares, deferred consideration	-	89	-	(89)	-	-	-
Employee share options	-	-	2 409	-	-	-	2 409
Balance at December 31, 2009	$ 86 583	$ -	$ 237 542	$ 1 147 551	$ (23 444)	$ 805	$ 1 449 037
Reconciliation Q1 2010:							
Total comprehensive income	-	-	-	16 188	1 401	67	17 656
Dividends to minority interests	-	-	-	-	-	(860)	(860)
Employee share options	-	-	1 096	-	-	-	1 096
Balance at March 31, 2010	**$ 86 583**	**$ -**	**$ 238 638**	**$ 1 163 739**	**$ (22 043)**	**$ 12**	**$ 1 466 929**

(a) Transaction costs amounting to $3.4 milion are recognized against "Additional paid-in capital" net of related income tax benefits of $0.9 million.
(b) Transaction costs amounting to $0.7 million are recognized against "Accumulated earnings (deficit)".

Note 15 - Net interest bearing debt

Reconciliation of net interest bearing debt:

	March 31, 2010	March 31, 2009	December 31, 2009
	(In thousands of dollars)		
Cash and cash equivalents	350 592	$ 101 744	125 961
Restricted cash (current and long-term)	31 387	22 389	17 991
Short-term debt and current portion of long-term debt	(26 109)	(37 811)	(26 109)
Capital lease obligations (current and long-term)	(234)	(3 769)	(348)
Long-term debt	(885 110)	(1 212 052)	(882 580)
Adjust for deferred loan costs (offset in long-term debt)	(7 891)	(12 011)	(8 954)
Total	**$ (537 365)**	**$ (1 141 510)**	**$ (774 039)**

Note 16 - Earnings per share

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

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
	(In thousands of dollars)		
Net income from continuing operations	$ 10 021	$ 61 605	$ 176 167
Net income from discontinued operations	6 234	(7 441)	(8 248)
Minority interest	(67)	-	(2 094)
Net income to equity holders of PGS ASA	**$ 16 188**	**$ 54 164**	**$ 165 825**
Effect of interest on convertible notes, net of tax	-	-	-
Net income for the purpose of diluted earnings per share	**$ 16 188**	**$ 54 164**	**$ 165 825**
Earnings per share:			
- Basic	$ 0.08	$ 0.31	$ 0.88
- Diluted	$ 0.08	$ 0.31	$ 0.88
Earnings per share from continuing operations,			
- Basic	$ 0.05	$ 0.35	$ 0.92
- Diluted	$ 0.05	$ 0.35	$ 0.92
Weighted average basic shares outstanding	197 999 999	176 193 011	189 061 076
Dilutive potential shares (1)	1 045 990	-	499
Weighted average diluted shares outstanding	199 045 989	176 193 011	189 061 575

(1) For the quarter ended March 31, 2010 and 2009, in addition to year ended December 31, 2009, 8.8 million shares related to convertible notes were excluded from the calculation of dilutive earnings per share as they were anti-dilutive.

Note 17 - Income 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 March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
		(In thousands of dollars)	
Revenues	$ 21 756	$ 34 282	$ 194 624
Operating costs (a)	23 259	38 726	175 997
Depreciation and amortization	-	5 880	22 702
Total operating expenses	23 259	44 606	198 699
Operating profit	(1 503)	(10 324)	(4 075)
Financial items, net	286	(163)	2 352
Income from discontinued operations, pretax	**$ (1 217)**	**$ (10 487)**	**$ (1 723)**

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

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

	Quarter ended March 31, 2010	Quarter ended March 31, 2009	Year ended December 31, 2009
		(In thousands of dollars)	
Income from discontinued operations, pretax	$ (1 217)	$ (10 487)	$ (1 723)
Additional proceeds	-	-	1 956
Gain on sale of Onshore	14 729	-	-
Transaction costs sale of Onshore	(5 927)	-	(2 368)
Income tax (expense) benefit	(1 351)	3 046	(6 113)
Total	**$ 6 234**	**$ (7 441)**	**$ (8 248)**

Asset/ liabilities held-for-sale

	March 31, 2010	March 31, 2009	December 31, 2009
Assets held-for-sale		(In thousands of dollars)	
Polar Pearl	$ 3 000	$ 5 250	$ 3 000
Total current assets Onshore	-	-	74 024
Total long-term assets Onshore (a)	-	-	150 268
Total asset held-for-sale	**$ 3 000**	**$ 5 250**	**$ 227 292**
Liabilities held-for-sale			
Total current liabilities Onshore	$ -	$ -	$ 26 008
Total liabilities held-for-sale	**$ -**	**$ -**	**$ 26 008**

(a) Includes $60.5 million in MultiClient library and allocated goodwill of $35.0 million as of December 31, 2009.

Note 18 - Consolidated statements of operations by quarter 2009, Onshore presented as discontinued operation.

Consolidated statements of operations by quarter 2009, Onshore presented as discontinued operation:

	Q1	Q2	Q3	Q4	2009
			(In thousands of dollars)		
Revenues	$ 390 822	$ 294 270	$ 361 453	$ 303 657	$ 1 350 202
Cost of sales	164 908	121 461	175 882	143 729	605 980
Research and development costs	6 040	6 949	4 643	5 174	22 806
Selling, general and administrative costs	13 537	11 713	10 777	13 243	49 270
Depreciation and amortization	51 150	72 992	65 067	96 060	285 269
Impairment of long-lived assets	50 585	48 221	52 406	2 403	153 615
Total operating expenses	286 220	261 336	308 775	260 609	1 116 940
Operating profit (loss)/EBIT	104 602	32 934	52 678	43 048	233 262
Income/(loss) from associated companies	(376)	(33)	1 626	684	1 901
Interest expense	(11 019)	(9 748)	(10 866)	(13 599)	(45 232)
Other financial income	1 058	6 320	14 897	2 214	24 489
Other financial expense	(1 895)	(1 860)	(3 363)	(3 999)	(11 117)
Currency exchange gain (loss)	(2 717)	12 561	13 450	1 512	24 806
Income before income tax expense (benefit)	89 653	40 174	68 422	29 860	228 109
Income tax expense (benfit)	28 048	3 993	16 300	3 601	51 942
Income from continuing operations	61 605	36 181	52 122	26 259	176 167
Income (loss) from discontinued operations, net of tax	(7 441)	4 859	(4 375)	(1 291)	(8 248)
Net income	**$ 54 164**	**$ 41 040**	**$ 47 747**	**$ 24 968**	**$ 167 919**
Net income attributable to minority interests	-	(2)	(1)	2 097	2 094
Net income to equity holders of PGS ASA	**$ 54 164**	**$ 41 042**	**$ 47 748**	**$ 22 871**	**$ 165 825**

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Board of Directors:

Francis Gugen (Chairperson)
Harald Nordvik (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	Executive Vice President and CFO
Rune Eng	Group President Marine
Sverre Strandenes	Group President Data Processing and Technology

Other Corporate Management:

Terje Bjølseth	SVP Global Human Resources
Tore Langballe	SVP Corporate Communications
Espen Sandvik	General Counsel

Web-Site:

www.pgs.com

Financial Calendar 2010:

Q1 2010 report	April 30, 2010
Q2 2010 report	July 29, 2010
Q3 2010 report	October 29, 2010

The dates are subject to change.