



**CALLING NOTICE FOR  
EXTRAORDINARY GENERAL MEETING**

Notice is hereby given of an Extraordinary General Meeting of Petroleum Geo-Services ASA (the "Company") at the Company's head office, Lilleakerveien 4C, 0216 Oslo, Norway to be held on

**December 14, 2016, at 15:00 (Norwegian time)**

The Calling Notice documentation is also made available on the Company's website [www.pgs.com](http://www.pgs.com).

Driven by sharply lower oil and gas prices, the marine seismic industry over the last three years has experienced falling demand which has negatively impacted both volume and pricing of the services the Company offers. Despite a considerable reduction in the seismic industry's capacity, which has helped in stabilizing the market, the Company expects continued market uncertainty in the near term. Throughout the challenging market, cash flow has remained a priority for the Company and the Company has executed a number of operational initiatives, such as stacking of vessels, staff reductions, office closures and relocations, postponement of vessel deliveries and a strengthened cost focus in the organization, which have contributed to substantial reductions in cash costs and capital expenditures. Furthermore, the Company has taken steps to proactively strengthen its liquidity and balance sheet, including the sale and leaseback of the PGS Apollo in June 2015 generating USD 80 million in proceeds and a share issue in November 2015 producing USD 104.2 million in proceeds.

To maintain a robust financial position through the on-going uncertainty, the Company has established a financial plan which seeks to strengthen its liquidity position even further by proactively addressing the December 2018 maturity of the Company's 7.375% Senior Notes (the "Old Notes"), de-leveraging the balance sheet and reducing interest costs. In June 2016, the Company successfully completed the first step of its financial plan through the amendment of the total leverage ratio maintenance covenant under its Revolving Facility. As a second step, the Company is seeking to address the 2018 maturity of its Old Notes through an exchange offer (the "Exchange Offer"), whereby the holders of the Old Notes are offered to exchange their Old Notes for a combination of new 7.375% senior unsecured exchange notes due 2020 to be issued by the Company and a cash consideration. For more information about the Exchange Offer see the Company's stock exchange release dated November 22, 2016.

The cash consideration in the Exchange Offer will be financed from a portion of the proceeds raised in the proposed private placement (ref. item 3 below) and the subsequent offering (ref. item 4 below). The remaining proceeds from the private placement and the subsequent offering will be used for general corporate purposes.

In November 2016, the Company also extended the maturity of its Revolving Facility to September 18, 2020 and reduced the commitments thereunder to USD 400 million, with a further reduction to USD 350 million on December 18, 2018. The extension of the Revolving Facility is conditional upon a successful completion of the private placement (ref. item 3 below) and a successful completion of the Exchange Offer.

On November 22, 2016, the Company completed a private placement of 85,500,000 new shares at a subscription price of NOK 22.50 per share, for total gross proceeds of approximately NOK 1.9 billion. Completion of the private placement is among other things conditional upon approval by the Company's shareholders, see item 3 below, and receipt of a sufficient level of acceptances under the Exchange Offer.

The Board of Directors proposes to waive the existing shareholders' preferential rights to subscribe for the new shares in the private placement, cf. section 10-5 of the Norwegian Public Limited Liability Companies Act. The Board of Directors has considered alternative structures for the raising of new equity in connection with the establishment of the financial plan set out above. After due considerations, the Board of Directors is of the view that the private placement is in the best interests of the Company and its shareholders. Through the private placement, the Company will be able to raise capital more quickly, at a lower discount to the trading price and with

significantly lower transaction costs and transaction risk compared to a rights issue, and in a manner that can be combined with the implementation of the Exchange Offer (as described above).

It is also proposed to carry out a subsequent offering pursuant to which existing shareholders who were not allocated shares in the private placement will be given the opportunity to subscribe for new shares in the subsequent offering on similar terms as in the private placement (see item 4 below).

The Company's largest shareholder, Ferd AS, holding more than 1/20 of the Company's share capital, pre-committed to participate in the private placement and as part of that requested in writing that the extraordinary general meeting is convened to consider the matters set out below. Accordingly the Board of Directors has called the extraordinary general meeting with a three week notice period, cf. section 5-11b no. 1 and section 5-10 (2) second sentence of the Norwegian Public Limited Liability Companies Act.

The Chairperson of the Board of Directors will open the General Meeting and according to the Articles of Association § 9 the Chairperson shall also chair the General Meeting.

The following matters are on the agenda:

**ITEM 1            APPROVAL OF THE CALLING NOTICE AND AGENDA**

**ITEM 2            ELECTION OF PERSON TO COUNTERSIGN THE MINUTES**

It is proposed that a person be elected among those present at the General Meeting to countersign the Minutes.

**ITEM 3            SHARE CAPITAL INCREASE BY A PRIVATE PLACEMENT**

On the basis of the above introduction, the Board of Directors proposes that the General Meeting passes the following resolution:

- (a) The share capital is increased by minimum NOK 3 and maximum NOK 256,500,000 by issue of minimum 1 share and maximum 85,500,000 shares, each with a par value of NOK 3. The final number of shares to be issued shall be determined by the Company's Board of Directors.*
- (b) The shares shall be subscribed by Barclays Bank PLC, DNB Markets, a part of DNB Bank ASA and Nordea Markets, part of Nordea Bank Norge ASA (collectively the "Managers") on behalf of, and pursuant to proxies from investors who have entered into application agreements with the Company and the Managers and who have been allotted new shares. The preferential rights of the existing shareholders pursuant to section 10-4 of the Norwegian Public Limited Liability Companies Act are deviated from, cf. section 10-5.*
- (c) The subscription price is NOK 22.50 per share. Subscription of shares shall take place on a designated subscription form within December 31, 2016.*
- (d) Payment for the shares shall take place by way of cash payment to a designated bank account of the Company for share capital increase within December 31, 2016.*
- (e) The new shares give full shareholder's rights in the Company, including the right to dividends, from the time of registration of the share capital increase in the Norwegian Register of Business Enterprises. At the same time, § 3 of the Articles of Association shall be amended to state the share capital, number of shares and par value following the share capital increase.*

- (f) *The estimated costs for the share capital increase are NOK 45 million.*
- (g) *The resolution is conditional upon the approval by the General Meeting of the proposed resolution set out in item 4 (Authorisation to the Board of Directors to increase the share capital in connection with a subsequent offering).*

#### **ITEM 4**

#### **AUTHORISATION TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL IN CONNECTION WITH A SUBSEQUENT OFFERING**

The Company wishes to facilitate a subsequent offering of new shares in the Company to allow for existing shareholders in the Company as of expiry of November 22, 2016 (as registered in the Norwegian Securities Depository (VPS) as of expiry of November 24, 2016) who were not allocated shares in the private placement, to subscribe for new shares on similar terms as in the private placement. The subscription period in the subsequent offering is expected to run in December/January 2016, following approval and publication of an offering and listing prospectus.

With such authorisation the Board of Directors may, without convening an additional extraordinary general meeting, resolve to increase the share capital of the Company for this purpose. The purpose of, and the terms and conditions for the participation in, the subsequent offering implies that the preferential rights of the existing shareholders pursuant to section 10-4 of the Norwegian Private Limited Liability Companies Act must be deviated from.

On the basis of the above, the Board of Directors proposes that the General Meeting passes the following resolution:

- (a) *The Board of Directors is authorized to increase the share capital by up to NOK 40,500,000.*
- (b) *The authorization is valid up to March, 1 2017.*
- (c) *The preferential rights of the existing shareholders pursuant to section 10-4 of the Norwegian Public Limited Liability Companies Act may be deviated from, cf. section 10-5.*
- (d) *The authorisation does not include share capital increase against non-cash contributions, rights to assume special obligations on behalf of the Company or resolution of merger and demerger, cf. the Norwegian Public Limited Liability Companies Act section 13-5 and 14-6 (2).*
- (e) *This authorisation shall be used for the purposes of a subsequent offering of shares directed towards the shareholders of the Company as of the expiry of November 22, 2016, as registered in Company's shareholder register with the Norwegian Securities Depository (VPS) as of expiry of November 24, 2016, who were not allocated shares in the private placement resolved pursuant to item 3 above (Share capital increase by a private placement), and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action ("Eligible Shareholders"). For the purposes of determining Eligible Shareholders, the Board of Directors may look solely to a transcript from the Company's shareholder register with the VPS on November 24, 2016, without further consideration of whether this actually reflects who were shareholders as of expiry of November 22, 2016.*
- (f) *The resolution is conditional upon the approval by the general meeting of the proposed resolution set out in item 3 (Share capital increase by a private placement).*

\* \* \*

In the view of the Board of Directors, no incidents have occurred which is of significant importance to the Company since the last balance sheet date, apart from what has been disclosed in the Company's stock exchange notices published through the Oslo Stock Exchange's information system.

The Company's latest financial statements, annual report and audit opinion are available at the Company's registered office in Lilleakerveien 4C, 0216 Oslo, Norway and at the Company's website [www.pgs.com](http://www.pgs.com).

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### **The shares of the Company and the right to vote for shares**

At the Company's general meeting, each share has one vote. There are currently a total of 239,579,996 shares in the Company.

Each shareholder has the right to vote for the number of shares owned by the shareholder and registered in the shareholder's register with the Norwegian Central Securities Depository (the VPS) at the time of the general meeting. If a share acquisition has not been registered with the VPS at the time of the general meeting, voting rights for the acquired shares may only be exercised if the acquisition is reported to the VPS and proven at the general meeting. In a share transfer, the parties may agree that the seller can exercise the shareholder rights until the rights have been assumed by the acquirer.

An owner with shares registered through a custodian has voting rights equivalent to the number of shares covered by the custodian arrangement, provided that the owner of the shares shall within two working days before the general meeting provide the Company with his name and address together with a confirmation from the custodian to the effect that he is the beneficial owner of the shares held in custody.

### **The shareholders' rights**

A shareholder cannot demand that new items are added to the agenda now, as the deadline for such request has expired, cf. the Norwegian Public Limited Liability Companies Act section 5-11 second sentence. A shareholder has the right to make proposals for a resolution regarding the items which will be considered by the general meeting.

A shareholder has the right to request board members and the CEO to provide necessary information to the general meeting that may influence the items brought before the general meeting for approval; the company's financial state, including information on other companies in which the company participates, and other items to be discussed at the general meeting, unless the information requested may not be disclosed without causing disproportionate harm to the company.

If additional information is necessary, and an answer not will be given at the general meeting, a written answer shall be prepared within two weeks from the date of the general meeting. Such answer shall be available at the company's office and sent to shareholders requesting the information. If the answer is considered material for evaluation of the circumstances mentioned in the previous paragraph, the answer should be sent to all shareholders with known address.

## **Registration of attendance and electronic voting in advance of the general meeting**

Shareholders who wish to take part in the general meeting must give notice no later than December 12, 2016 by 12:00 noon (CET). Notice may be sent electronically through the Company's website [www.pgs.com](http://www.pgs.com) or through VPS Investor Services, or by completing and returning the enclosed attendance form scanned by email to [genf@dnb.no](mailto:genf@dnb.no), or alternatively by regular mail to DNB Bank ASA, Registrar's Department, P.O. Box 1600 Sentrum, 0021 Oslo.

Advance votes may only be cast electronically, through the Company's website [www.pgs.com](http://www.pgs.com) or through VPS Investor Services. To access the electronic system for notification of attendance and advance voting through the Company's website, reference number and PIN code must be stated. The deadline for prior electronic voting is December 12, 2016 at 12:00 noon (CET).

**Oslo, November 23, 2016**

Petroleum Geo-Services ASA

The Board of Directors

*In case you are not able to participate in the Annual General Meeting, you may use the authorization of proxy to give a power of attorney to Walter Qvam, Chairperson of the Board of Directors, or Jon Erik Reinhardsen, President and CEO.*

*Walter Qvam*

Petroleum Geo-Services ASA  
*P.O. Box 251 Lilleaker  
0216 Oslo*

*Jon Erik Reinhardsen*

Petroleum Geo-Services ASA  
*P.O. Box 251 Lilleaker  
0216 Oslo*



Ref no:

PIN code:

**Notice of Extraordinary General Meeting**

An Extraordinary General Meeting of Petroleum Geo-Services ASA will be held on December 14, 2016 at 15:00 (CET) at PGS head office, Lilleakerveien 4C, 0216 Oslo, Norway

**If the above-mentioned shareholder is an enterprise, it will be represented by:**

\_\_\_\_\_  
Name of enterprise's representative  
(To grant a proxy, use the proxy form below)

**Notice of attendance/voting prior to the meeting**

The undersigned will attend the Extraordinary General Meeting on December 14, 2016 and vote for:

A total of \_\_\_\_\_ Shares  
Own shares  
Other shares in accordance with enclosed Power of Attorney

This notice of attendance must be received by DNB Bank ASA no later than 12 noon on December 12, 2016.

**Notice of attendance may be sent electronically through the Company's website [www.pgs.com](http://www.pgs.com) or through VPS Investor Services. Advance votes may only be cast electronically, through the Company's website [www.pgs.com](http://www.pgs.com) or through VPS Investor Services.** To access the electronic system for notification of attendance and advance voting through the Company's website, the above-mentioned reference number and PIN code must be stated.

It may also be sent by e-mail: [genf@dnb.no](mailto:genf@dnb.no). Regular mail to DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway.

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Place	Date	Shareholder's signature (If attending personally. To grant a proxy, use the form below)
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**Proxy (without voting instructions)**

Ref no:

PIN code:

This proxy form is to be used for a proxy without voting instructions. To grant a proxy with voting instructions, please go to page 2.

If you are unable to attend the Extraordinary General Meeting in person, this proxy may be used by a person authorised by you, or you may send the proxy without naming the proxy holder, in such case, the proxy will be deemed to be given to the Chair of the Board of Directors or a person authorised by him.

The proxy form should be received by DNB Bank ASA, Registrar's Department no later than 12 noon on December 12, 2016. **The proxy may be sent electronically through Petroleum Geo-Services ASA's website <http://www.pgs.com>, or through VPS Investor Services.** It may also be sent by e-mail: [genf@dnb.no](mailto:genf@dnb.no) Post to DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway.

The undersigned \_\_\_\_\_  
hereby grants (tick one of the two):

the Chair of the Board of Directors (or a person authorised by him), or

\_\_\_\_\_  
(Name of proxy holder in capital letters)

a proxy to attend and vote for my/our shares at the Extraordinary General Meeting of Petroleum Geo-Services ASA on December 14, 2016.

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Place	Date	Shareholder's signature (Signature only when granting a proxy)
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With regard to rights of attendance and voting, reference is made to the Norwegian Public Limited Liability Companies Act, in particular Chapter 5. If the shareholder is a company, the company's certificate of registration must be attached to the proxy.

**Proxy (with voting instructions)****Ref no:****PIN code:**

This proxy form is to be used for a proxy with voting instructions. If you are unable to attend the Extraordinary General Meeting in person, you may use this proxy form to give voting instructions. You may grant a proxy with voting instructions to a person authorised by you, or you may send the proxy without naming the proxy holder, in which case the proxy will be deemed to have been given to the Chair of the Board of Directors or a person authorised by him.

The proxy form must be received by DNB Bank ASA, Registrar's Department, no later than 12 noon on December 12, 2016. It may be sent by e-mail: [genf@dnb.no](mailto:genf@dnb.no) /regular mail to DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway.

The undersigned: \_\_\_\_\_  
hereby grants (tick one of the two):

the Chair of the Board of Directors (or a person authorised by him), or

\_\_\_\_\_  
Name of proxy holder (in capital letters)

a proxy to attend and vote for my/our shares at the Extraordinary General Meeting of Petroleum Geo-Services ASA December 14, 2016.

The votes shall be exercised in accordance with the instructions below. Please note that if any items below are not voted on (not ticked off); this will be deemed to be an instruction to vote "for" the proposals in the notice. However, if any motions are made from the floor in addition to or in replacement of the proposals in the notice, the proxy holder may vote or abstain from voting at his discretion. In such case, the proxy holder will vote on the basis of his reasonable understanding of the motion. The same applies if there is any doubt as to how the instructions should be understood. Where no such reasonable interpretation is possible, the proxy holder may abstain from voting.

Agenda Extraordinary General Meeting 2016	For	Against	Abstention
1. Approval of the calling notice and agenda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of person to countersign the minutes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Share capital increase by private placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Authorisation to the board of directors to increase the share capital in connection with subsequent offering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Place \_\_\_\_\_ Date \_\_\_\_\_ Shareholder's signature  
(Only for granting proxy with voting instructions)

With regard to rights of attendance and voting, reference is made to the Norwegian Public Limited Liability Companies Act, in particular Chapter 5. If the shareholder is a company, the company's certificate of registration must be attached to the proxy.