



Til Aksjonærene i  
Petroleum Geo-Services ASA (PGS)

Our ref.: PU

Lysaker, 4. april 2012

**PETROLEUM GEO-SERVICES ASA ORDINÆRE GENERALFORSAMLING**  
**3. MAI 2012 – KL. 15.00**

Vedlagt oversendes:

- Innkalling
- Fullmaktsskjema

Årsrapporten for 2011 og de øvrige vedleggene til innkallingen vil bli gjort tilgjengelig på [www.pgs.com](http://www.pgs.com) den 4. april 2012. Papirutgaven av disse blir ikke lenger automatisk sendt ut til den enkelte aksjonær, men vil imidlertid bli tilsendt ved forespørsel til [ir@pgs.com](mailto:ir@pgs.com).

Med vennlig hilsen  
for Petroleum Geo-Services ASA

A handwritten signature in black ink, appearing to be 'F. Gugen', written over a horizontal line.

Francis Gugen  
Styreformann

**VEDLEGG**

**INNKALLING TIL  
ORDINÆR GENERALFORSAMLING**

Det innkalles herved til ordinær generalforsamling for 2012 i Petroleum Geo-Services ASA ("Selskapet"). Møtet vil bli avholdt i PGS-huset, Strandveien 4, 1366 Lysaker, Norge den

**3. mai 2012 kl. 15.00 norsk tid**

Vedleggene til innkallingen følger ikke med papirversjonen av innkallingen, men er gjort tilgjengelige på [www.pgs.com](http://www.pgs.com).

Selskapets styre har bestemt å innkalle til ordinær generalforsamling for å stemme over sakene beskrevet nedenfor.

Generalforsamlingen vil bli åpnet av styreleder, og i henhold til vedtektenes § 9 vil styreleder også lede den ordinære generalforsamlingen.

**SAK 1        GODKJENNELSE AV INNKALLING OG AGENDA**

**SAK 2        VALG AV PERSON TIL Å MEDUNDERTEGNE PROTOKOLLEN**

Det foreslås at det velges en person blant de tilstedeværende på generalforsamlingen til å medundertegne protokollen.

**SAK 3        GODKJENNELSE AV ÅRSBERETNING OG ÅRSREGNSKAP FOR  
PETROLEUM GEO-SERVICES ASA OG KONSERNET FOR 2011**

Årsberetning og årsregnskap for Petroleum Geo-Services ASA og konsernet for 2011 er fremlagt i Vedlegg I.

Forslag til vedtak:

*Årsberetning og årsregnskap for 2011 for Petroleum Geo-Services ASA og konsernet godkjennes.*

**SAK 4        GODKJENNELSE AV UTBYTTE FOR 2011**

Styret foreslår at det utdeles utbytte for 2011 på NOK 1,10 per aksje. Utbetaling av utbytte for regnskapsåret 2011 betyr at omtrent 3,7 % av den frie egenkapitalen i Petroleum Geo-Services ASA blir utbetalt som utbytte til aksjonærene: NOK 239 579 997 (samlet utbytteutbetaling) x100/NOK 6 505 306 000 (samlet fri egenkapital før utbetaling av utbytte). Den foreslåtte utdeling av utbytte representerer 2,3 % av den totale egenkapitalen per 31. desember 2011 og vil bli betalt fra tilgjengelige kontanter og likvide midler.

Forslag til vedtak:

*Det utbetales utbytte med NOK 1,10 per aksje for 2011, som utgjør en samlet utbytteutbetaling på NOK 239 579 997. Det vil bli utbetalt utbytte til de som er aksjonærer ved utløpet av handelsdagen 3. mai 2012, og aksjer som handles fra og med 4. mai 2012 vil omsettes uten rett til årets utbytte.*

## **SAK 5 GODKJENNELSE AV REVISJONSHONORAR FOR 2011**

Revisjonshonoraret for Petroleum Geo-Services ASA for 2011 er på NOK 3 137 224. Dette beløpet inkluderer ikke honorar i tilknytning til revisjon av Selskapets datterselskaper, revisjon av Selskapets konsoliderte regnskaper eller for andre utførte tjenester. Se Note 34 til konsernregnskapet for ytterligere informasjon.

Forslag til vedtak:

*Generalforsamlingen godkjenner revisjonshonoraret for 2011.*

## **SAK 6 VALG AV STYREMEDLEMMER**

Forslagene til valg av styremedlemmer er basert på anbefalinger i Valgkomitéens rapport, se Vedlegg II til innkallingen og selskapest vedtekter § 6 a). Styremedlemmenes tjenesteperiode er det seneste tidspunkt av ett år eller frem til neste ordinære generalforsamling.

### **Sak 6.1 Francis Robert Gugen (styreleder)**

Forslag til vedtak:

*Francis Robert Gugen blir gjenvalgt som styreleder for en tjenesteperiode fra og med denne dato.*

### **Sak 6.2 Harald Norvik (nestleder)**

Forslag til vedtak:

*Harald Norvik blir gjenvalgt som styrets nestleder for en tjenesteperiode fra og med denne dato.*

### **Sak 6.3 Daniel J. Piette**

Forslag til vedtak:

*Daniel J. Piette blir gjenvalgt som styremedlem for en tjenesteperiode fra og med denne dato.*

### **Sak 6.4 Holly Van Deursen**

Forslag til vedtak:

*Holly Van Deursen blir gjenvalgt som styremedlem for en tjenesteperiode fra og med denne dato.*

**Sak 6.5 Annette Malm Justad**

Forslag til vedtak:

*Annette Malm Justad blir gjenvalgt som styremedlem for en tjenesteperiode fra og med denne dato.*

**Sak 6.6 Carol Bell**

Forslag til vedtak:

*Carol Bell blir gjenvalgt som styremedlem for en tjenesteperiode fra og med denne dato.*

**Sak 6.7 Ingar Skaug**

Forslag til vedtak:

*Ingar Skaug blir gjenvalgt som styremedlem for en tjenesteperiode fra og med denne dato.*

**SAK 7 VALGKOMITÉ – VALG AV MEDLEMMER**

Forslaget til valg av Valgkomitéen er basert på anbefalinger i Valgkomitéens rapport, se Vedlegg II til innkallingen samt Selskapets vedtekter § 6 b).

**Sak 7.1 Roger O'Neil (leder)**

Forslag til vedtak:

*Roger O'Neil blir gjenvalgt som leder av Valgkomitéen for en ny tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2013.*

**Sak 7.2 C. Maury Devine**

Forslag til vedtak:

*C. Maury Devine blir gjenvalgt som medlem av Valgkomitéen for en ny tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2013.*

**Sak 7.3 Hanne Harlem**

Forslag til vedtak:

*Hanne Harlem blir gjenvalgt som medlem av Valgkomitéen for en ny tjenesteperiode fra og med denne dato og til og med den ordinære generalforsamlingen i 2013.*

**SAK 8            GODKJENNELSE AV HONORARER FOR STYREMEDLEMMER OG MEDLEMMER AV VALGKOMITÉEN**

**Sak 8.1           Forslag om å godkjenne honorarer for styremedlemmene og medlemmene av Valgkomitéen**

I overensstemmelse med vedtektenes § 6 c) fremlegger Valgkomitéen et forslag om å godkjenne honorarene til styremedlemmene og medlemmene av Valgkomitéen, se Vedlegg III.

Honorarene for styremedlemmene og for medlemmene av Valgkomitéen er fastsatt i henhold til de prinsippene som ble vedtatt av den ordinære generalforsamlingen i 2011, se Vedlegg IV.

Forslag til vedtak:

*Generalforsamlingen godkjenner honoraret til hvert av styremedlemmene og til hvert av medlemmene i Valgkomitéen.*

**Sak 8.2           Forslag om å godkjenne prinsippene for fastsettelse av aksjonærvalgte styremedlemmers honorar for perioden 3. mai 2012 til generalforsamlingen 2013**

I overensstemmelse med vedtektenes § 6 c), fremmer Valgkomitéen forslag til generalforsamlingen for fastsettelse av prinsippene for de aksjonærvalgte styremedlemmenes honorarer for perioden 3. mai 2012 til generalforsamlingen 2013, se Vedlegg V.

Forslag til vedtak:

*Generalforsamlingen godkjenner prinsippene for fastsettelse av aksjonærvalgte styremedlemmers honorar for perioden 3. mai 2012 frem til generalforsamlingen 2013.*

**Sak 8.3           Forslag om å godkjenne prinsippene for fastsettelse av medlemmene av Valgkomitéen sine honorarer for perioden 3. mai 2012 til generalforsamlingen 2013**

I overensstemmelse med vedtektenes § 6 c), fremmer Valgkomitéen forslag til generalforsamlingen for fastsettelse av prinsippene for Valgkomitéens medlemmers honorarer for perioden 3. mai 2012 frem til generalforsamlingen 2013, Vedlegg VI.

Forslag til vedtak:

*Generalforsamlingen godkjenner prinsippene for fastsettelse av Valgkomitéens medlemmers honorarer for perioden 3. mai 2011 til generalforsamlingen 2013.*

**SAK 9 ERKLÆRING FRA STYRET OM PRINSIPPER FOR FASTSETTELSE AV LØNN OG ANNEN GODTGJØRELSE TIL LEDENDE ANSATTE**

I samsvar med allmennaksjeloven § 6-16a har styret avgitt en erklæring om prinsipper for fastsettelse av lønn og annen godtgjørelse til ledende ansatte i Selskapet. Erklæringen følger som Vedlegg VII.

Forslag til vedtak:

*Styrets erklæring i samsvar med allmennaksjeloven § 6-16a godkjennes.*

**SAK 10 FULLMAKT TIL Å KJØPE EGNE AKSJER**

Generalforsamlingen i Selskapet har årlig gitt styret fullmakt til å erverve egne aksjer. Styret foreslår at denne fullmakten fornyes.

Hensikten med en slik tilbakekjøpsfullmakt er å tillate tilpasninger i Selskapets kapitalstruktur. Det er videre styrets oppfatning at en beholdning av egne aksjer vil gi Selskapet fleksibilitet i forhold til oppfyllelse av aksjeinsentivprogrammer for ansatte og til finansiering av mulige oppkjøp og andre mulige transaksjoner foretatt av Selskapet.

Forslag til vedtak:

- (i) Styret gis fullmakt til å kjøpe aksjer i Selskapet på vegne av Selskapet.*
- (ii) Aksjene må kjøpes til allminnelige markedsbetingelser i et regulert marked hvor aksjene omsettes.*
- (iii) Aksjene skal avhendes enten som en del av oppfyllelsen av insentivprogrammer for ansatte, som en del av vederlaget ved oppkjøp som foretas av Selskapet, som en del av vederlaget i fusjoner, fisjoner eller oppkjøp som involverer Selskapet, ved at deler av eller alle aksjene slettes, for å innhente midler til spesifikke investeringer, i den hensikt å nedbetale lån (inklusive konvertible lån) eller styrke Selskapets kapitalgrunnlag. Styret står fritt til å velge hensiktsmessige avhendingsmetoder for disse formål.*
- (iv) Den maksimale pålydende verdi av aksjene som totalt kan erverves i henhold til denne fullmakt er NOK 65 339 999. Erverv av egne aksjer må ikke under noen omstendighet finne sted i et slikt omfang at antallet egne aksjer utgjør mer enn 10 prosent av aksjekapitalen. Minste beløp som kan betales for hver aksje som kjøpes i henhold til denne fullmakt er NOK 3, og det maksimale beløp er NOK 300.*
- (v) Denne fullmakten er gyldig fra registrering i Foretaksregisteret og skal være gyldig til 30. juni 2013.*

(vi) *Fullmakten til å erverve egne aksjer, innvilget den 11. mai 2011, tilbakekalles fra det tidspunkt fullmakten i dette punkt 10 trer i kraft.*

## **SAK 11      GODKJENNELSE AV AKSJEINSENTIVPROGRAM**

Styret fremmer forslag til generalforsamlingen om godkjenning av et nytt langsiktig insentivprogram for ansatte. På den ordinære generalforsamlingen for 2011 ble et aksjeopsjonsprogram som dekket samlet og maksimalt 1 500 000 aksjer godkjent.

Styret har vurdert fordelene og ulempene med et aksjeopsjonsprogram som et langsiktig insentiv og har etter en nøye vurdering bestemt seg for å foreslå for generalforsamlingen å godkjenne et begrenset aksjeinsentivprogram for perioden fra datoen for ordinær generalforsamling og til 5. mai 2017 («Aksjeinsentivprogrammet»). I henhold til Aksjeinsentivprogrammet, kan Selskapet gi aksjeenheter («Aksjeenheter») til ansatte. Tildelinger vil bli gitt blant annet på bakgrunn av en vurdering av deltakeren i Aksjeinsentivprogrammets stilling i Selskapet og en vurdering av den enkelte deltakers prestasjon frem til tildelingen. Enhver tildelt Aksjeenhet vil, forutsatt at deltakeren fortsetter å være ansatt i Selskapet (eller et datterselskap), bli gjort opp tre år etter de er tildelt. Ved oppgjøret vil deltakeren motta et antall aksjer i Selskapet som tilsvarer antall tildelte Aksjeenheter. Overlevering av aksjer vil skje fra Selskapets beholdning av egne aksjer eller, hvis det ikke finnes nok egne aksjer, ved en kontantutbetaling av samme verdi.

I henhold til det foreslåtte Aksjeinsentivprogrammet, er det maksimale antall Aksjeenheter som kan bli gitt under Aksjeinsentivprogrammet i løpet av programmets løpetid oppad begrenset til 600 000, og det maksimale antall aksjer som kan bli gitt til deltakerne vil tilsvarende være oppad begrenset til 600 000.

Styret mener at Aksjeinsentivprogrammet er mer i samsvar med Selskapets og aksjonærenes interesse, sammenlignet med et standard aksjeopsjonsprogram. For det første så har styret tro på at Aksjeenheter vil gi større effekt når det gjelder å holde på nøkkelansatte ettersom Aksjeenheterne alltid vil ha en verdi for deltakeren. For det andre, ettersom utdelingen av aksjer vil skje fra Selskapets egenbeholdning av aksjer og ikke ved å utstede nye aksjer, vil det ikke bli noen utvanningseffekt for Selskapets aksjonærer.

De fullstendige forutsetninger og vilkår for de nye Aksjeinsentivprogrammet fremgår av Vedlegg VIII.

På datoen for denne innkallingen er 7 031 912 opsjoner tildelt, og som er eller vil bli mulig å utøve under tidligere aksjeopsjonsprogrammer. Dette beløper seg til omtrent 3,2 % av Selskapets totale aksjekapital.

Generalforsamlingen oppfordres til å godkjenne Aksjeinsentivprogrammet.

Forslag til vedtak:

*Aksjeinsentivprogrammet godkjennes.*

## **SAK 12 FORSLAG OM Å GI STYRET FULLMAKT TIL Å FORHØYE SELSKAPETS AKSJEKAPITAL**

Generalforsamlingen i Selskapet har årlig tildelt styret fullmakt til å utstede nye aksjer. Styret foreslår at fullmakten som ble gitt i 2011 i det vesentligste fornyes. Styret foreslår videre at fullmakten deles i to, slik at det vil være en generell fullmakt og en fullmakt utelukkende knyttet til utstedelse av nye aksjer i henhold til Selskapets opsjonsprogrammer. Antall aksjer som omfattes av fullmakten under sak 12.2 nedenfor er beregnet slik at fullmakten dekker ikke-utøvde opsjoner tildelt i henhold til de nåværende aksjeopsjonsprogrammer.

Styret er av den oppfatning at den begrensede, generelle fullmakten er nødvendig for å gi fleksibilitet i tilfelle av mulige oppkjøp og andre transaksjoner og for oppgjør av slike, og at en slik fullmakt derfor vil være i Selskapets interesse. Videre foreslås det at styret gis fullmakt til å fravike eksisterende aksjonærs fortrinnsrett for å kunne tilrettelegge for at nye aksjonærer tegner seg for aksjer.

Videre, har styret foreslått å begrense den generelle fullmakten i sak 12.1 sammenliknet med tidligere godkjente fullmakter, slik at antall aksjer som kan utstedes i henhold til denne fullmakten og fullmakten i sak 13 til å utstede konvertible lån, samlet ikke kan overstige 10 % av Selskapets aksjekapital.

### **Sak 12.1 Generell fullmakt til å forhøye aksjekapitalen**

Forslag til vedtak:

*Generalforsamlingen vedtar herved følgende styrefullmakt:*

- (i) Styret gis fullmakt til å forhøye aksjekapitalen i Selskapet med totalt NOK 65 339 999 gjennom én eller flere forhøyelser av aksjekapitalen. Imidlertid er fullmakten begrenset slik at antall aksjer som kan utstedes ved denne fullmakten og fullmakten til å utstede konvertible obligasjoner samlet ikke kan overstige 10 % av Selskapets aksjekapital på tidspunktet for beslutningen om å utstede nye aksjer. Styret har videre fullmakt til å fastsette prisen og vilkårene for slike tilbud og tegninger, inkludert, men ikke begrenset til, hvorvidt dette skal skje i det norske og/eller internasjonale marked, hvorvidt rettet mot bestemte investorer eller gjøres offentlig, og hvorvidt fulltegnet eller ikke.*
- (ii) Fullmakten omfatter retten til å forhøye Selskapets aksjekapital ved å tillate tingsinnskudd, og retten til å pådra Selskapet særlige forpliktelser.*
- (iii) Fullmakten skal anvendes i forbindelse med mulige oppkjøp av selskaper eller virksomhet innenfor olje- og energisektoren, inkludert oljeservicesektoren, oppgjør for forpliktelser (inkludert konvertible lån),*



*finansiering av vesentlige investeringer eller til å innhente midler for å styrke Selskapets kapitalbase.*

- (iv) Styret har videre fullmakt til å sette til side aksjeeiernes fortrinnsrett etter allmennaksjeloven § 10-4. Bakgrunnen for slik beslutning må begrunnes konkret av styret, og må være basert på hva som er i Selskapets beste interesse grunnet strategiske fordeler eller behov for kapitalinnskudd.*
- (v) Fullmakten omfatter vedtak om å fusjonere, jfr. allmennaksjeloven § 13-5.*
- (vi) Fullmakten skal gjelde fra og med den dag den blir registrert i Foretaksregisteret, og skal være gyldig til 30. juni 2013.*
- (vii) Fullmakten til å utstede nye aksjer som ble innvilget på den ekstraordinære generalforsamlingen 11. mai 2011 tilbakekalles med virkning fra det tidspunkt fullmakten gitt i dette punkt 12.1 trer i kraft.*

**Sak 12.2 Fullmakt til å forhøye aksjekapitalen i forbindelse med det eksisterende aksjeopsjonsprogrammet**

Forslag til vedtak:

*Generalforsamlingen vedtar herved følgende styrefullmakt:*

- (i) Styret gis fullmakt til å forhøye aksjekapitalen i Selskapet med totalt NOK 15 000 000, gjennom en eller flere forhøyelser av aksjekapitalen. Styret har videre fullmakt til å fastsette prisen og vilkårene for slike tilbud og tegninger innenfor de begrensninger og i samsvar med de betingelser som fremgår av Selskapets aksjeopsjonsprogrammer som er i kraft.*
- (ii) Fullmakten skal bare brukes i tilknytning til Selskapets aksjeopsjonsprogrammer som til enhver tid er i kraft.*
- (iii) Styret har videre fullmakt til å sette til side aksjeeiernes fortrinnsrett etter allmennaksjeloven § 10-4. Dette er begrunnet med at aksjeopsjonsprogrammet har til formål å gi insentiver til ansatte.*
- (iv) Fullmakten skal gjelde fra og med den dag den blir registrert i Foretaksregisteret, og skal utløpe 30. juni 2013.*
- (v) Fullmakten til å utstede nye aksjer i henhold til Selskapets aksjeopsjonsprogrammer, som ble innvilget på generalforsamlingen den 11. May 2011, tilbakekalles når fullmakten i dette punkt 12.2 trer i kraft.*

**SAK 13 FORSLAG OM Å GI STYRET FULLMAKT TIL Å UTSTEDE KONVERTIBLE LÅN**

Selskapets generalforsamling har tidligere tildelt Styret en årlig fullmakt til å utstede konvertible lån. Styret overveier kontinuerlig muligheter for å

videreutvikle Selskapet i samsvar med Selskapets strategi. En sentral del av dette er å identifisere og tilrettelegge for den riktige finansielle strukturen for Selskapet. For å gi styret tilstrekkelig fleksibilitet til å kunne implementere en kostnadseffektiv og fleksibel finansiell struktur er det ønskelig at styret gis ny fullmakt til å beslutte og å oppta konvertible lån. Videre foreslås det at styret gis fullmakt til å fravike eksisterende aksjonærers fortrinnsrett for å kunne tilrettelegge for at nye investorer tegner seg for lånet. Styret har imidlertid foreslått å begrense fullmakten slik at antall aksjer som utstedes i henhold til konvertible lån under fullmakten og fullmakten i pkt. 12.1 til å utstede aksjer, ikke samlet kan overstige 10 % av Selskapets aksjekapital.

Forslag til vedtak:

*Generalforsamlingen vedtar herved følgende styrefullmakt:*

- (i) Selskapet kan oppta nye konvertible lån på til sammen NOK 3 500 000 000 (eller tilsvarende i annen valuta). Styret gis fullmakt til å fremforhandle og inngå konvertible låneavtaler innenfor begrensningene og i samsvar med betingelsene i denne fullmakten.*
- (ii) Selskapets aksjekapital kan forhøyes med totalt opptil NOK 65 339 999 som en følge av at lån nevnt i underpunkt (i) over konverteres til egenkapital. Fullmakten er imidlertid begrenset slik at antall aksjer som kan utstedes under denne fullmakten og den generelle fullmakten til å utstede aksjer, slik som det fremgår av pkt. 12.1 i protokollen fra ordinær generalforsamling avholdt 3. mai 2012, samlet ikke kan overstige 10 % av Selskapets aksjekapital på tidspunktet for beslutning om å utstede konvertible obligasjoner.*
- (iii) Aksjeeiernes fortrinnsrett til å tegne seg for lånet kan settes til side. Slik beslutning må begrunnes konkret av styret, og må være basert på å være i Selskapets interesse grunnet strategiske fordeler eller behov for kapitalinnskudd.*
- (iv) Fullmakten til å utstede nye konvertible lån skal gjelde fra og med den dag den blir registrert i Foretaksregisteret, og skal være gyldig til 30. juni 2013. Fullmakten til å forhøye aksjekapitalen i samsvar med underpunkt (ii) er gyldig så lenge Selskapet er forpliktet til slik konvertering etter låneavtalene.*
- (v) Fullmakten til å utstede konvertible lån som ble innvilget den 11. mai 2011, tilbakekalles når fullmakten gitt i dette punkt 13 trer i kraft.*

#### **SAK 14 SKADESLØSHOLDELSE AV STYREMEDLEMMENE OG ADMINISTRERENDE DIREKTØR**

Det har vært Selskapets praksis at den ordinære generalforsamlingen treffer et vedtak om at styremedlemmene holdes skadesløse i forhold til ansvar og krav rettet mot dem som følge av deres arbeid for Selskapet. På Selskapets

ekstraordinære generalforsamling avholdt den 13. desember 2006, ble en generell skadesløsholdelsesavtale for styret godkjent. Allmennaksjeloven inneholder også skadesløsholdelse for Selskapets administrerende direktør. På grunnlag av PGS-konsernets globale forretningsvirksomhet, mener styret at et vedtak om å holde styret skadesløst også skal inkludere Selskapets administrerende direktør ettersom administrerende direktør har samme eksponering som styremedlemmene.

Forslag til vedtak:

*Generalforsamlingen godkjenner skadesløsholdelse for styremedlemmene og administrerende direktør i perioden fra 11. mai 2011 til 3. mai 2012.*

## **SAK 15      UTTALELSE OM GOD EIERSTYRING OG SELSKAPSLEDELSE**

I henhold til ny lovgivning, skal uttalelse om god eierstyring og selskapsledelse være et eget punkt på agendaen for ordinær generalforsamling. Uttalelsen er også referert til i styrets redegjørelse for 2011, og tatt inn i årsberetningen hvor også årsregnskapet inngår, samt vedlagt separat til denne innkallingen som Vedlegg IX.

Dette er et punkt som det ikke skal stemmes over ettersom uttalelsen om god eierstyring og selskapsledelse kun er gjenstand for diskusjon og ikke separat godkjenning fra aksjonærenes side.

\* \* \*

På Selskapets ordinære generalforsamling har hver aksje én stemme. Det er i alt 217 799 997 aksjer i Selskapet. En aksjonær med aksjer registrert gjennom en forvalter har stemmerett tilsvarende det antall aksjer som er omfattet av forvaltningsoppdraget, forutsatt at eieren av aksjen innen to dager før den ordinære generalforsamlingen oppgir til Selskapet sitt navn og adresse sammen med en bekreftelse fra forvalteren om at han er den reelle eier av aksjene som oppbevares av forvalteren.

Aksjonærer som ønsker å ta del i den ordinære generalforsamlingen må gi varsel om dette til DNB ASA, Verdipapirservice, Stranden 21, 0021 Oslo, Norge, ikke senere enn tre arbeidsdager før den ordinære generalforsamlingen, dvs. 30. april 2012, senest innen 12.00 (norsk tid). Varsel kan også gis til DNB ASA på telefaks +47 22 48 11 71. Deltagelse kan også registreres på PGS ASA sine hjemmesider [www.pgs.com](http://www.pgs.com) eller gjennom VPS sine Investortjenester. Pin-kode og referansenummer er påkrevd ved registrering.

**Oslo, 4. april 2012**



*Francis Gugen*  
Styreleder

Oversikt over vedlegg til denne innkallingen som er gjort tilgjengelige på [www.pgs.com](http://www.pgs.com):

- *Årsregnskap og årsberetning, Vedlegg I*
- *Valgkomitéens rapport, Vedlegg II*
- *Honorarer for styremedlemmer og Valgkomitémedlemmer frem til 3. mai 2012, Vedlegg III*
- *Prinsipper for fastsettelse av styremedlemmenes og Valgkomitémedlemmenes honorar frem til 3. mai 2012, Vedlegg IV*
- *Prinsipper for fastsettelse av styremedlemmers honorarer frem til generalforsamlingen 2013, Vedlegg V*
- *Prinsipper for fastsettelse av Valgkomitémedlemmenes honorarer frem til generalforsamlingen 2013, Vedlegg VI*
- *Erklæring om fastsettelse av lønn og annen godtgjørelse, Vedlegg VII*
- *Aksjeinsentivprogrammet, Vedlegg VIII*
- *Uttalelse om god eierstyring og selskapsledelse, Vedlegg IX*

*For det tilfelle De ikke kan være tilstede på den ordinære generalforsamlingen kan fullmakt gis til styreleder Francis Gugen, eller administrerende direktør Jon Erik Reinhardsen.*

*Francis Gugen*

*Jon Erik Reinhardsen*

*Petroleum Geo-Services ASA  
P.O. Box 89  
1325 Lysaker – Norway*

*Petroleum Geo-Services ASA  
P.O. Box 89  
1325 Lysaker – Norway*



"etternavn + fornavn"  
"navn 3"  
"adresse 1"  
"adresse 2"  
"postnr + poststed"  
"land"

Referansenr.:

Pinkode:

**Innkalling til ordinær generalforsamling**

Ordinær generalforsamling i Petroleum Geo-Services ASA  
avholdes torsdag 3. mai 2012 kl 15.00 i PGS-Huset,  
Strandveien 4, 1366 Lysaker

Dersom ovennevnte aksjeeier er et foretak,  
oppgi navnet på personen som representerer foretaket:

\_\_\_\_\_  
Navn på person som representerer foretaket  
(Ved fullmakt benyttes blanketten under)

**Møteseddel**

Undertegnede vil delta på ordinær generalforsamling den 3. mai 2012 og avgi stemme for:

I alt for \_\_\_\_\_ antall egne aksjer  
andre aksjer i henhold til vedlagte fullmakte(er)  
aksjer

Denne påmelding må være DNB Bank ASA i hende senest 30. april 2012 kl. 12.00. **Postadresse:** DNB Bank ASA, Verdipapirservise, 0021 Oslo, eller **telefaks nr. +47 22 48 11 71**. Påmelding kan også foretas elektronisk via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via Investortjenester.

\_\_\_\_\_  
Sted Dato Aksjeeiers underskrift  
(Undertegnes kun ved eget oppmøte. Ved fullmakt benyttes delen nedenfor)

**Fullmakt uten stemmeinstruks**

Referansenr.:

Pinkode:

Denne fullmaktseddelen gjelder fullmakt uten stemmeinstruks. Dersom De ønsker å avgi stemmeinstruks, vennligst gå til side 2.

Dersom De selv ikke kan møte på ordinær generalforsamling, kan denne fullmakt benyttes av den De bemyndiger, eller De kan sende fullmakten uten å påføre navn på fullmektigen. I så fall vil fullmakten anses gitt styrets leder, eller den han bemyndiger.

Fullmakten bes være DNB Bank ASA, Verdipapirservise, i hende senest 30. april 2012 kl. 12.00. **Postadresse:** DNB Bank ASA, Verdipapirservise, 0021 Oslo, alternativt på **telefaks nr. +47 22 48 11 71**. Elektronisk innsendelse av fullmakt kan også gjøres via selskapets hjemmeside [www.pgs.com](http://www.pgs.com) eller via Investortjenester.

Undertegnede: \_\_\_\_\_  
gir herved (sett kryss):

- Styrets leder (eller den han bemyndiger),  
 \_\_\_\_\_  
(Fullmektigens navn med blokkbokstaver)

fullmakt til å møte og avgi stemme i Petroleum Geo-Services ASA's ordinære generalforsamling 3. mai 2012 for mine/våre aksjer.

\_\_\_\_\_  
Sted Dato Aksjeeiers underskrift  
(Undertegnes kun ved fullmakt)

Angående møte- og stemmerett vises til allmennaksjeloven, især lovens kapittel 5. Det gjøres spesielt oppmerksom på at ved avgivelse av fullmakt skal det legges frem skriftlig og datert fullmakt fra aksjepostens reelle eier. Dersom aksjeeier er et selskap, skal firmaattest vedlegges fullmakten.



## Fullmakt med stemmeinstruks

Referansenr.:

Pinkode:

Denne fullmaktsseddelen gjelder fullmakt med stemmeinstruks. Dersom De ikke selv kan møte på ordinær generalforsamling, kan De benytte dette fullmaktsskjema for å gi stemmeinstruks til en fullmektig. De kan gi fullmakt med stemmeinstruks til den De bemyndiger, eller De kan sende fullmakten uten å påføre navn på fullmektigen. I så fall vil fullmakten anses gitt til styrets leder eller den han bemyndiger.

Fullmakten bes være DNB Bank ASA, Verdipapirservice, i hende senest 30. april 2012 kl. 12.00. **Postadresse:** DNB Bank ASA, Verdipapirservice, 0021 Oslo, eller **telefaks nr. +47 22 48 11 71**.

Undertegnede: \_\_\_\_\_  
gir herved (sett kryss):

Styrets leder (eller den han bemyndiger),

\_\_\_\_\_  
(Fullmektigens navn med blokkbokstaver)

fullmakt til å møte og avgi stemme på ordinær generalforsamling 3. mai 2012 for mine/våre aksjer.

Stemmegivningen skal skje i henhold til instruksjonene nedenfor. Dersom det ikke krysses av i rubrikken nedenfor, vil dette anses som en instruks om å stemme "for" forslaget i innkallingen. Dersom det blir fremmet forslag i tillegg til, eller som erstatning for forslaget i innkallingen, avgjør fullmektigen stemmegivningen. Fullmektigen vil i så fall legge en for fullmektigen rimelig forståelse til grunn. Det samme gjelder dersom det er tvil om forståelsen av instruksene. Dersom en slik tolkning ikke er mulig, vil fullmektigen kunne avstå fra å stemme.

Agenda ordinær generalforsamling 2012		For	Mot	Avstå
1.	GODKJENNELSE AV INNKALLING OG AGENDA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	VALG AV PERSON TIL Å MEDUNDERTEGNE PROTOKOLLEN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	GODKJENNELSE AV ARSOPPGJØR FOR PETROLEUM GEO-SERVICES ASA OG KONSERNET FOR 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	GODKJENNELSE AV UTBYTTE FOR 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	GODKJENNELSE AV REVISJONSHONORAR FOR 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	VALG AV STYREMEDLEMMER			
6.1	Francis Robert Gugen (Styres leder)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2	Harald Norvik (Styrets nestleder)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3	Daniel J. Piette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.4	Holly Van Deursen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.5	Annette Malm Justad	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.6	Carol Bell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.7	Ingar Skaug	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	VALGKOMITÉ – VALG AV MEDLEMMER			
7.1	Roger O'Neil (Leder)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2	C. Maury Devine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.3	Hanne Harlem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	GODKJENNELSE AV HONORARER FOR STYREMEDLEMMER OG MEDLEMMER AV VALGKOMITÉEN			
8.1	Forslag om å godkjenne honorarer for styremedlemmene og medlemmene av Valgkomitéen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.2	Forslag om å godkjenne prinsippene for fastsettelse av aksjonærvalgte styremedlemmers honorar fra 3.mai 2012 til generalforsamlingen 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.3	Forslag om å godkjenne prinsippene for fastsettelse av medlemmene av Valgkomitéen sine honorarer fra 3.mai 2012 til generalforsamlingen 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	ERKLÆRING FRA STYRET OM PRINSIPPER FOR FASTSETTELSE AV LØNN OG ANNEN GODTGJØRELSE TIL LEDEDE ANSATTE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	FULLMAKT TIL Å KJØPE EGNE AKSJER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	GODKJENNELSE AV AKSJE INSENTIV PROGRAM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	FORSLAG OM Å GI STYRET FULLMAKT TIL Å FORHØYE SELSKAPETS AKSJEKAPITAL			
12.1	Generell fullmakt til å utstede nye aksjer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.2	Fullmakt til å utstede nye aksjer i forbindelse med aksjeopsjonsprogrammet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	FORSLAG OM Å GI STYRET FULLMAKT TIL Å UTSTEDE KONVERTIBLE LÅN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	SKADESLØSHOLDELSE AV STYREMEDLEMMENE OG CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	CORPORATE GOVERNANCE REDEGJØRELSE			

Sted \_\_\_\_\_ Dato \_\_\_\_\_ Aksjeeiers underskrift  
(Undertegnes kun ved fullmakt)

Angående møte- og stemmerett vises til allmennaksjeloven, især lovens kapittel 5. Dersom aksjeeier er et selskap, skal firmaattest vedlegges fullmakten.

## **Nomination Committee Report to 2012 AGM**

### ***Introduction***

The Nomination Committee in PGS was established at the Annual General Meeting June 8<sup>th</sup> 2005. The current committee consists of Roger O'Neil (Chairperson), Hanne Harlem and C. Maury Devine. None of the members of the Nomination Committee are employees of PGS or members of the Board of Directors of PGS.

The Nomination Committee had two meetings in 2011.

The main duties of the Nomination Committee are to propose nominees for election as members and chairperson to the Board of Directors and the Nomination Committee, and to propose the fees to be paid to the members of the Board and the Nomination Committee. The duties of the Nomination Committee are further regulated in the Nomination Committee Mandate and Charter (the "Charter"). The Nomination Committee has reviewed the Charter and found no reason to amend it this year. The Charter is available on [www.pgs.com](http://www.pgs.com).

### ***Nominees for the Board of Directors***

The Nomination Committee has in preparation of its work related to proposing nominees for election as members and chairperson to the Board of Directors interviewed existing members of the Board of Directors and the CEO. For the Annual General Meeting (AGM) May 3<sup>rd</sup> 2012, the Nomination Committee emphasizes the importance of PGS' need for a balance of experience and expertise among the members to the Board of Directors, which will provide knowledge of the strategic, international, financial and technological and management issues which face PGS and PGS' management.

PGS currently meets the requirements for both male and female directors of the Public Limited Companies Act Section 6-11 a (1). The same will apply if the Board proposed by the Nomination Committee is adopted by the AGM.

All current directors have informed the Nomination Committee of their wish to continue to serve on the Board for one more year. The Nomination Committee does not propose any changes in the Board. The proposal is thus to re-elect for a one year term the Directors Francis Gugen (chairperson), Harald Norvik (vice chairperson), Daniel J. Piette, Holly Van Deursen, Annette Malm Justad, Carol Bell and Ingar Skaug.

The Nomination Committee is of the opinion that the proposed Board will have the competence necessary to establish an Audit Committee in accordance with competency requirements of the Public Companies Act § 6-42.

Details of the Board members experience and expertise can be found on [www.pgs.com](http://www.pgs.com).

The Nomination Committee has put considerable effort in assessing the needs of PGS' Board of Directors. The Nomination Committee believes that the existing Board of Directors, will provide the necessary industry knowledge, technical competence and corporate experience needed for PGS' corporate governance.

As part of its work during 2012 the Nomination Committee has also considered and adopted guidelines for Directors other engagements. It is important to PGS that its Directors are allowed and encouraged to take on other assignments besides being a PGS Board member. However, it is equally important that each Director is able to dedicate the necessary time and resources into being a PGS Director. For these reasons the Nominations Committee as established a procedure to be followed when Directors consider other assignments and some guidelines on how many other assignments Directors may have. These guidelines are included in the Rules of Procedure for the Board of Directors on [www.pgs.com](http://www.pgs.com).

### ***Nominees for the Nomination Committee***

The Nomination Committee has carefully considered whether to propose new members to the Nomination Committee on the 2012 Annual General Meeting. In this work, the Nomination Committee has specifically evaluated PGS' need for a Nomination Committee which has knowledge of the strategic, international, financial and technological and management issues which face PGS in order to identify qualified and suitable nominees to the Board of Directors. The Nomination Committee also emphasize the importance of both male and female members and both Norwegian and international members.

On this basis, the Nomination Committee proposes that Nomination Committee members Roger O'Neil, C. Maury Devine and Hanne Harlem be re-elected for a one year term.

It is proposed that Mr. O'Neil is elected chairperson of the Nomination Committee.

### ***Remuneration of the shareholder elected Board of Directors***

The Nomination Committee has reviewed remuneration practice for Directors in both international and Norwegian peer companies in order to establish a recommendation to the AGM. The Nomination Committee has concluded that it is necessary to increase the compensation for the Chairperson of the Board of Directors. This is as a result of a thorough review of compensation of our Directors versus the results from the February 2012 survey from the Norwegian Institute of Directors which indicates that the current compensation for the Chairperson in PGS is substantially below that of comparable companies. The proposal is therefore to increase the fees for the Chairperson from USD 70,000 to USD 100,000. The Nomination Committee recognize that this is an unusually large increase from one year to another and this is not a start of a trend, but rather a onetime adjustment in order to reset the compensation of the Chairperson to a level comparable to peer companies.



Otherwise current compensation levels are proposed to remain unchanged. The remuneration scheme thus proposed for the period 2011 - 2012 AGM is seen in Appendix V to the calling notice for the 2012 AGM.

The remuneration payable to the Directors for the previous period from 2011-2012 is set forth in Appendix III to the calling notice. This remuneration is calculated on basis of the principles for Director remuneration that were adapted by the 2011 AGM, see Appendix IV to the 2012 AGM calling notice.

### ***Remuneration of the Nomination Committee***

The principles for and levels of Nomination Committee member fees for the period from the 2012 AGM to the 2013 AGM proposed by the Nomination Committee are seen in Appendix VI to the calling notice for the 2012 AGM. The proposal is to keep the remuneration on the same level as it has been in the period from 2011-2012.

In presenting this for approval, the Nomination Committee has considered, among others, the need for a compensation structure reflecting the amount of work in the Nomination Committee as well as the structure of such work. The Nomination Committee has also considered comparable data for Norwegian companies.

The fees payable to the Nomination Committee members for the period from 2011-2012 are set forth in Appendix III to the calling notice. These numbers are calculated on basis of the principles for remuneration that were adapted by the 2011 AGM, see Appendix IV to the 2012 AGM calling notice.

\* \* \*

Shareholders who wish to propose new board members to PGS could do so by sending an e-mail to Mr. O'Neil at [ir@pgs.com](mailto:ir@pgs.com). Such proposals should be sent to the Nomination Committee at least two months prior to the Company's AGM.

FEES FOR BOARD MEMBERS and NOMINATION COMMITTEE MEMBERS  
11 May 2011 - 3 May 2012

Appendix III

			2Q 2011	3Q 2011	4Q 2011	1Q 2012	TOTAL
Gugen, Francis R.	Chairman	USD	14 973	23 750	25 500	29 416	<b>93 639</b>
Norvik, Harald	Vice Chairman + Chairman Audit Committee	USD	10 334	25 750	20 750	31 575	<b>88 409</b>
Piette, Daniel J.	Director + Member Audit Committee	USD	16 695	23 250	27 250	34 158	<b>101 353</b>
Bell, Carol	Director + Member Audit Committee	USD	15 694	23 250	24 250	28 658	<b>91 852</b>
Justad, Annette Malm	Director + Member Remuneration Committee	USD	10 459	21 625	19 875	23 791	<b>75 750</b>
Van Deursen, Holly A.	Director + Chairman Remuneration Committee	USD	15 335	22 500	29 750	28 646	<b>96 231</b>
Skaug, Ingar	Director + Member Remuneration Committee	USD	10 460	21 265	18 275	25 791	<b>75 791</b>
			<b>93 950</b>	<b>161 390</b>	<b>165 650</b>	<b>202 035</b>	<b>623 025</b>

			2Q 2011	3Q 2011	4Q 2011	1Q 2012	TOTAL
O'Neil, Roger	Chair Person Nomination Committee	USD	5 875	1 875	5 875	5 875	<b>19 500</b>
Devine, C. Maury	Member Nomination Committee	USD	1 250	1 250	6 750	2 000	<b>11 250</b>
Harlem, Hanne	Member Nomination Committee	USD	1 250	1 250	2 250	2 250	<b>7 000</b>
			<b>8 375</b>	<b>4 375</b>	<b>14 875</b>	<b>10 125</b>	<b>37 750</b>

**PRINCIPLES FOR THE BOARD MEMBERS' FEES <sup>1)</sup>**  
**For the period from 11 May 2011 to the annual general meeting 2012**

	Board Member Fee	Audit Committee Fee	Remuneration Committee Fee	Participation Fee for each Meeting	Participation By phone	Travel Time Allowance for each meeting
<b>All Members</b>	\$ 50,000	\$ 9,000	\$ 7,500	\$ 1,000 (AC Meeting fee; \$ 1,500)	\$ 750	- Intercontinental travel: \$ 4,500. - Regional travel (e.g. within US or Europe): \$ 3,000. - Travel within same nation/state (e.g. within Norway or Texas): \$ 500 - Travel within same city: \$ 0
<b>Committee Chairperson</b>		Additional \$5,000	Additional \$3,500			
<b>Chairperson</b>	\$ 70,000			\$ 1,000	\$ 750	As for other members
<b>Deputy Chairperson</b>	\$ 5,000 extra					

Further, any costs incurred by the Board Members in relation to their participation as a member of Board or any of the committees, will be reimbursed by the Company.

All fees and costs will be paid on a quarterly basis in arrears.

\*\*\*\*\*

- 1) Directors who are employee representatives shall not be covered by these principles, and separate principles for employee representatives will be prepared if employee representation becomes relevant. There are currently no employee representatives in the Board.

**PRINCIPLES FOR THE NOMINATION COMMITTEE MEMBERS' FEES**  
**For the period 3 May 2011 to the annual general meeting 2012**

	Nomination Committee Fee	Participation Fee for each Meeting	Participation By phone	Travel Time Allowance for each meeting
<b>All Members</b>	\$ 5,000	\$ 1,000	\$ 750	- Intercontinental travel: \$ 4,500. - Regional travel (e.g. within US or Europe): \$ 3,000. – Travel within same nation/state (e.g. within Norway or Texas): \$ 500 - Travel within same city: \$ 0
<b>Committee Chairperson</b>	Additional \$ 2,500			

Further, any costs incurred by the Nomination Committee Members in relation to their participation as a member of the Nomination Committee or any of the committees, will be reimbursed by the Company.

All fees and costs will be paid on a quarterly basis in arrears.

\*\*\*\*\*

**PRINCIPLES FOR THE BOARD MEMBERS' FEES <sup>1)</sup>**  
**For the period from 3 May 2012 to the annual general meeting 2013**

	Board Member Fee	Audit Committee Fee	Remuneration Committee Fee	Participation Fee for each Meeting	Participation By phone	Travel Time Allowance for each meeting
<b>All Members</b>	\$ 50,000	\$ 9,000	\$ 7,500	\$ 1,000 (AC Meeting fee; \$ 1,500)	\$ 750	- Intercontinental travel: \$ 4,500. - Regional travel (e.g. within US or Europe): \$ 3,000. - Travel within same nation/state (e.g. within Norway or Texas): \$ 500 - Travel within same city: \$ 0
<b>Committee Chairperson</b>		Additional \$5,000	Additional \$3,500			
<b>Chairperson</b>	\$ 100,000			\$ 1,000	\$ 750	As for other members
<b>Deputy Chairperson</b>	\$ 5,000 extra					

Further, any costs incurred by the Board Members in relation to their participation as a member of Board or any of the committees, will be reimbursed by the Company.

All fees and costs will be paid on a quarterly basis in arrears.

\*\*\*\*\*

- 1) Directors who are employee representatives shall not be covered by these principles, and separate principles for employee representatives will be prepared if employee representation becomes relevant. There are currently no employee representatives in the Board.

**PRINCIPLES FOR THE NOMINATION COMMITTEE MEMBERS' FEES**  
**For the period 3 May 2012 to the annual general meeting 2013**

	Nomination Committee Fee	Participation Fee for each Meeting	Participation By phone	Travel Time Allowance for each meeting
<b>All Members</b>	\$ 5,000	\$ 1,000	\$ 750	- Intercontinental travel: \$ 4,500. - Regional travel (e.g. within US or Europe): \$ 3,000. – Travel within same nation/state (e.g. within Norway or Texas): \$ 500 - Travel within same city: \$ 0
<b>Committee Chairperson</b>	Additional \$ 2,500			

Further, any costs incurred by the Nomination Committee Members in relation to their participation as a member of the Nomination Committee or any of the committees, will be reimbursed by the Company.

All fees and costs will be paid on a quarterly basis in arrears.

\*\*\*\*\*

## **Board of Directors' statement on remuneration to the CEO and the Executive Officers**

In accordance with §6-16a of the Norwegian Public Limited Companies Act, the Board of Directors has prepared a statement related to the determination of salary and other benefits for our CEO and other executive officers. The guidelines set out below for our CEO and other executive officers salary and other benefits, for the coming fiscal year, will be presented to the shareholders for their advisory vote at the May 2012 Annual General Meeting.

PGS is an international company operating in the global geophysical industry. Our operations are conducted world wide and our employment base is and needs to be largely international. The total compensation package for our CEO and other executive officers shall therefore be competitive both within the Norwegian labour market and internationally. Both the level of total compensation and the structure of the compensation package for our CEO and other executive officers shall be such that it may attract and retain highly qualified international leaders. This will require the use of several different instruments and measures also meant to provide incentives for enhanced performance and to ensure common goals and interest between the shareholders and management.

The current remuneration package for our CEO and other executive officers includes fixed elements and variable elements. The fixed elements consist of a base salary and other benefits. Other benefits include car allowance, newspaper subscription, mobile phone, internet and similar benefits. The fixed elements also include a pension plan. The CEO and three executive officers have an early retirement plan allowing for termination of employment when the CEO or the executive officers reach the age of 62. Provided that the CEO or executive officers have been employed as a CEO or an executive officer for 10 years (or in some cases longer) the CEO or the executive officers are entitled to up to 60% of the last base salary in the period up until the CEO or the executive officers reach the age of 67.

The variable elements today consist of a performance bonus scheme and participation in our share option program.

Participation in the performance bonus scheme and the target levels and the maximum levels of the annual performance bonus scheme are determined annually. Achievement under the performance bonus scheme is based partly on achievements of agreed financial key performance indicators ("KPIs") for the group and a relevant management group, and partly on achievements of agreed operational, financial and organizational KPIs included in a personal performance contract.

The Group KPIs are financial targets set by the Board of Directors at the start of a fiscal year. The Group KPIs are thereafter broken down to business unit KPIs. The personal performance contract for our CEO and other executive officers will contain such KPI goals as well as KPI goals linked to other measures of success such as HSE, operational effectiveness and organizational development.

The CEO and other executive officers have target bonus levels and maximum bonus levels. The CEO and other executive officers will for 2011 be obliged to use one third of their annual bonus (net after withholding tax) to purchase shares in the Company and retain them for 3 years. The annual performance bonus for the CEO is approved by the Board of Directors in a meeting, based on recommendations from the Remuneration and Corporate Governance Committee. The annual performance bonus scheme for the other executive officers are reviewed and

approved by the Remuneration and Corporate Governance Committee on the CEO's recommendation, and the executive officers achievements under the scheme are also reviewed by the Remuneration and Corporate Governance Committee. The Board of Directors will continue to use this scheme for determining the level of annual performance bonus in the coming fiscal year.

The Annual General Meetings in 2006, 2008, 2009, 2010 and 2011 authorized the implementation of certain share option programs. The Board of Directors will this year discontinue the implementation of new share option programs. The Board of Directors still considers it important to continue with long term incentives which are linked to the development of the Company's share price. Therefore, the Board of Directors will propose to the 2012 Annual General Meeting a Restricted Share Plan whereby each eligible employee will be granted a number of shares in the Company in 2012. Vesting of these shares and subsequent transfer to the eligible employee will take place three years later subject principally to further employment by the Company. The full Restricted Stock Plan including all terms and conditions will be presented to the Annual General Meeting in May 2012 for approval.

This statement deals primarily with the remuneration of our CEO and other executive officers. However, the above described remuneration policy is to a large extent applicable to a broad group of key employees within the Company. Enhanced performance by the management groups is not achieved by our CEO and other executive officers alone but rather is dependent on a large number of managers and key employees throughout the Company. Therefore, a large and increasing number of managers and key employees are included in performance based remuneration schemes, which contain all or some of the above mentioned elements. More than 500 employees within the Company are currently eligible for performance based remuneration. In addition all other employees may receive up to a maximum of one month salary in annual bonus. The level of this bonus is determined by the Board based on the financial results of the Company.

Remuneration of the CEO and other executive officers will be evaluated regularly by the Remuneration and Corporate Governance Committee and the Board of Directors. The Remuneration and Corporate Governance Committee has adopted a remuneration philosophy including a peer group of companies. An external consultant is used in the review of executive compensation to ensure that salary and other benefits are kept, at all times within the above adopted guidelines and principles.

The CEO received on April 1, 2011 a set retention bonus of NOK 5,000,000 with the addition of 6% annual interest from April 1, 2008. This was part of the remuneration packaged agreed with the CEO when he joined the Company on April 1, 2008. The reason for this was that the CEO had to walk away from substantial earned equity in the company where he was formerly employed. The Board of Directors considered this necessary to secure the employment of the CEO.

Since the Annual General Meeting in May 2011 the Board of Directors have followed the guidelines then approved by the Annual General Meeting with respect to remuneration of the CEO and the other executive officers.



3 May, 2012

**Petroleum Geo-Services ASA 2012 Restricted Stock Unit Plan**

1. *Plan.* The Petroleum Geo-Services ASA 2012 Restricted Stock Unit Plan (the “Plan”) was adopted by Petroleum Geo-Services ASA to reward certain corporate officers and employees of the Company and its Subsidiaries by enabling them to receive Shares of the Company.

2. *Objectives.* The purpose of the Plan is to further the interests of the Company, its Subsidiaries and its shareholders by providing incentives in the form of Awards to employees who can contribute materially to the success and profitability of the Company and its Subsidiaries. Such Awards will recognize and reward outstanding performances and individual contributions and give Participants in the Plan an interest in the Company parallel to that of the shareholders, thus enhancing the proprietary and personal interest of such Participants in the Company’s continued success and progress. This Plan will also enable the Company and its Subsidiaries to attract and retain such employees.

3. *Definitions.* As used herein, the terms set forth below shall have the following respective meanings:

“Award” means the grant of RSUs to an Employee pursuant to such applicable terms, conditions, and limitations as may be established in order to fulfill the objectives of the Plan.

“Award Agreement” means one or more agreements between the Company and an Employee setting forth the terms, conditions and limitations applicable to an Award.

“Board” means the Board of Directors of the Company.

“Change of Control” shall be deemed to have occurred if: (a) a tender offer is made and consummated for the ownership of 25% or more of the outstanding voting securities of the Company; (b) the Company is merged or consolidated with another corporation and as a result of such merger or consolidation less than 51% of the outstanding voting securities of the surviving or resulting corporation are owned in the aggregate by the persons or entities who were shareholders of the Company immediately prior to such merger or consolidation; or (c) the Company sells substantially all of its assets to another corporation, partnership or other entity that is not a wholly owned subsidiary of the Company.

“Committee” means the committee of the Board designated by the Board to administer certain portions of the Plan or, if no such committee is designated, the Board. The Committee may consist of Directors of the Board and/or of the personnel from the Company management.

“Company” means Petroleum Geo-Services ASA.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Employee” means (1) an employee of the Company or any of its Subsidiaries or (2) an individual who has agreed to become an employee of the Company or any of its Subsidiaries and is expected to become such an employee within six months following the applicable Grant Date.

“Fair Market Value” of a Share means, as of a particular date, (i) if the Company at that point is listed on Oslo Børs, the average trading price of the Shares on Oslo Børs that particular date, (ii) if the Company at that point is not listed on Oslo Børs, but is listed on another stock exchange, the average trading price of the Shares on such other stock exchange that particular date, or (iii) if the Shares are not publicly traded, the most recent value determined by an independent appraiser appointed by the Company for such purpose.

“Good Leaver” is defined in Paragraph 8(b)(ii).

“Grant Date” means the date an Award is granted to a Participant pursuant to the Plan.

“Participant” means an Employee to whom an Award has been granted under this Plan.

“Plan” is defined in Paragraph 1.

“RSU” means a restricted stock unit, each of which entitles the Participant to receive one Share, subject to the terms and conditions of the Plan and the Award Agreement.

“Settlement Date” means, subject to Paragraph 18, the third anniversary of the Grant Date, and if the applicable Settlement Date falls on a Saturday, Sunday or public holiday in Norway, the Settlement Date shall be the first day thereafter where banks in Norway are generally open for business.

“Shares” means the ordinary shares of the Company.

“Subsidiary” means (i) in the case of a corporation, any corporation of which the Company directly or indirectly owns shares representing 50% or more of the combined voting power of the shares of all classes or series of share capital of such corporation which have the right to vote generally on matters submitted to a vote of the stockholders of such corporation, (ii) in the case of a partnership or other business entity not organized as a corporation, any such business entity of which the Company directly or indirectly owns 50% or more of the voting, capital or profits interests (whether in the form of partnership interests, membership interests or otherwise), (iii) any other corporation, partnership or other entity that is a “subsidiary” of the Company within the meaning of Rule 405 promulgated by the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended and (iv) any other corporation, partnership or other entity that is a “subsidiary” of the Company within the meaning of the Norwegian Public Limited Companies Act Section 1-3 second paragraph.

“VPS Account” means an account registered in the name of the Participant with the Norwegian Central Securities Depository, Verdipapirsentralen ASA.

4. *Eligibility.* All Employees who are management or key personnel are eligible for the grant of Awards under this Plan at the discretion of the Committee.

5. *Shares Available for Awards.* Subject to the provisions of Paragraph 15 hereof, no Award shall be granted if it shall result in the aggregate number of Shares to be received by Participants under the Plan plus the number of Shares covered by or subject to Awards then outstanding under this Plan (after giving effect to the grant of the Award in question) exceeding 600,000.

The number of Shares that are the subject of Awards under this Plan that are forfeited or terminated shall again immediately become available for Awards hereunder. The Committee may from time to time adopt and observe such rules and procedures concerning the counting of Shares against the Plan maximum or any sublimit as it may deem appropriate, including rules more restrictive than those set forth above to the extent necessary to satisfy the requirements of any national stock exchange on which the Shares are listed, any applicable regulatory requirement or any tax qualification requirement. The Board and the appropriate officers of the Company are authorized to take from time to time whatever actions are necessary, and to file any required documents with governmental authorities, stock exchanges and transaction reporting systems to ensure that Shares are available for delivery pursuant to Awards.

The rights provided for by an Award Agreement, the grant and settlement of the RSUs and the RSUs themselves are at all times conditional on (i) the Board having the necessary authorization to fulfill the delivery of the Shares under the RSUs and (ii) the Company holding a sufficient number of Shares as treasury shares at the relevant Settlement Date. In the event these conditions are not met, any RSUs awarded and settled under the Plan shall be settled by a cash bonus payment equal to the Fair Market Value per Share on the date of settlement multiplied by the number of Shares subject to the Award.

6. *Administration.*

(a) This Plan shall be administered by the Committee, except as otherwise provided herein.

(b) Subject to the provisions hereof, the Committee shall have full and exclusive power and authority to administer this Plan and to take all actions that are specifically contemplated hereby or are necessary or appropriate in connection with the administration hereof. The Committee shall also have full and exclusive power to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper and which are either (i) not materially adverse to the Participant to whom such Award was granted, (ii) consented to by such Participant, or (iii) made pursuant to the adjustment provisions in Paragraph 15. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent the Committee deems necessary or desirable to further the Plan purposes.

(c) No member of the Committee or officer of the Company to whom the Committee has delegated authority in accordance with the provisions of Paragraph 7 of this Plan shall be liable for anything done or omitted to be done by him or her, by any member of the Committee

or by any officer of the Company in connection with the performance of any duties under this Plan, except for his or her own willful misconduct or as expressly provided by statute.

7. *Delegation of Authority.* The Board or the Committee may authorize a committee of one or more members of the Board to grant individual Awards pursuant to this Plan. The Committee may delegate to the Chief Executive Officer or to other employees of the Company or its Subsidiaries its administrative duties under this Plan (excluding its granting authority) pursuant to such conditions or limitations as the Committee may establish. The Committee may engage or authorize the engagement of a third-party administrator to carry out administrative functions under the Plan.

8. *Awards.*

(a) The Committee (or other committee to whom such authority is delegated under Paragraph 7) shall designate from time to time the Employees who are to be the Participants. Any Award shall be granted in the Committee's discretion based on amongst other considerations the position in the Company and a review on the individual Participant's performance prior to award. Each Award may, in the discretion of the Committee, be embodied in an Award Agreement, which shall contain such terms, conditions, and limitations as shall be determined by the Committee in its sole discretion and, if required by the Committee, shall be signed by the Participant to whom the Award is granted and signed for and on behalf of the Company. Awards may be granted singly, in combination or in tandem. Awards may also be granted in combination or in tandem with, in replacement of, or as alternatives to, grants or rights under this Plan or any other employee plan of the Company or any of its Subsidiaries, including the plan of any acquired entity. All or part of an Award may be subject to conditions established by the Committee.

(b) *RSU Terms.* An Award shall be in the form of RSUs, subject to the terms and conditions of the Plan and the Award Agreement. Unless otherwise provided by the Committee, the following terms shall apply to all RSUs:

(i) *Settlement of RSUs:* Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Paragraph 18, all RSUs will automatically be settled at the applicable Settlement Date. Following settlement, and subject to Paragraph 5, last sub-paragraph and the further terms and conditions of the Plan and the Award Agreement, a number of Shares equal to the number of RSUs settled will be delivered by the Company to the Participant's VPS Account as soon as practicable. Any delivery of Shares is conditional upon the Participant having registered a VPS Account and notified the Committee of the account details. Until the date that Shares are registered with a Participant's VPS Account, the Participant shall have no rights as a shareholder pursuant to the Plan or any Award Agreement. From the date when the Shares are registered with the Participant's VPS Account, the Participant will have the right to receive dividends thereafter declared with respect to such Shares and to exercise other shareholder rights.

(ii) *Termination of Employment:* A "Good Leaver" is someone who leaves due to retirement at the normal retirement age or early retirement with Company (or a

Subsidiary) consent, incapacity, serious ill health or death. For a Good Leaver, all RSUs continue with full effect and will automatically be settled at the applicable Settlement Date pursuant to the terms and conditions of the Plan and the Award Agreement. In the event of the death of the Employee, the RSUs shall be settled in cash as full and final settlement of all RSUs within 60 days after the time of death. If more than one heir (whether by will, statute or otherwise) of the Employee claims the cash payment, the Committee can require as a condition for making the cash payment that the heirs within 30 days from written notice from the Committee agree among themselves who shall have the right to the cash payment, and if no such confirmation has been received in writing by the Committee within the 30 day deadline, the RSUs will terminate without any cash payment taking place and without any further liability or obligations for the Company (or any Subsidiary). For an Employee who is not a Good Leaver, all RSUs outstanding at the time the Employee resigns, gives or receives a notice of termination with the Company (or a Subsidiary) will terminate immediately without any further liability or obligations for the Company (or a Subsidiary). For the avoidance of doubt, a transfer of employment between the Company and a Subsidiary or between Subsidiaries shall not be considered a termination of employment for purposes of this Plan.

9. *Change of Control.* Notwithstanding any other provisions of the Plan, including Paragraphs 7 and 8 hereof, unless otherwise expressly provided in the applicable Award Agreement, in the event of the occurrence of a Change of Control, each RSU granted under this Plan to the Participant shall be immediately settled in full; *provided, however*, that with respect to a Participant subject to United States taxation, no Change of Control shall be deemed to have occurred unless such event also constitutes an event specified in Code Section 409A(2)(A)(v) and the Treasury Regulations promulgated thereunder.

10. *Participants in Different Jurisdictions.* The Committee may grant awards to persons in a particular country under such terms and conditions as may, in the judgment of the Committee, be necessary or advisable to comply with the laws of the applicable foreign jurisdictions and, to that end, may establish sub-plans, modified RSU settlement procedures and other terms and procedures. Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any securities law, any governing statute, or any other applicable law.

11. *Securities Law regulations.* As the Company is a public company and is listed on Oslo Børs, there are certain laws, rules and regulations that apply for subscription, sale and purchase of the Company's securities (including Shares and other financial instruments in the Company), including but not limited to insider trading rules and notification obligations. Each Participant is obliged, and is personally responsible, to make him or her self familiar with such rules and to abide by the same.

Furthermore, the Company has rules (which might be amended from time to time in the Company's sole discretion) for its employees and employees of its Subsidiaries trading in its securities, and each Participant is also obliged, and is personally responsible, to make him or her self familiar with such Company rules and to abide by the same.

The Committee may adopt additional rules and procedures regarding the settlement of RSUs from time to time, provided that such rules and procedures are not inconsistent with the provisions of this Plan.

12. *Taxes.* The Participant shall be fully liable for any and all tax liabilities imposed upon the Participant pursuant to an Award and any and all rights conferred to the Participant under an Award Agreement, including but not limited to, taxes imposed by the settlement of RSUs and delivery of Shares or payment of cash. The Company will declare any Award and any delivery of Shares or payment of cash on the basis of an Award Agreement to the Norwegian and/or other relevant tax authorities in accordance with applicable laws at all times. The Company or its designated third-party administrator shall have the right to deduct applicable taxes (including withholding taxes) from any Award payment and withhold, at the time of delivery of cash or Shares under this Plan, an appropriate amount of cash or number of Shares or a combination thereof for payment of taxes (including withholding taxes) or other amounts required by law or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for withholding of such taxes.

13. *Amendment, Modification, Suspension, or Termination of the Plan.* The Board may amend, modify, suspend, or terminate this Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law, except that (i) no amendment or alteration that would adversely affect in any material respect the rights of any Participant under any Award previously granted to such Participant shall be made without the consent of such Participant and (ii) no amendment or alteration shall be effective prior to its approval by the shareholders of the Company to the extent such approval is required by applicable legal requirements or the applicable requirements of the securities exchange on which the Shares are listed.

14. *Assignability.* Unless otherwise determined by the Committee and provided in the Award Agreement or the terms of the Award, no Award or any other benefit under this Plan shall be assignable or otherwise transferable except by will or by the laws of descent and distribution. The Committee may prescribe and include in applicable Award Agreements or the terms of the Award other restrictions on transfer. Any attempted assignment of an Award or any other benefit under this Plan in violation of this Paragraph 14 shall be null and void.

15. *Adjustments.*

(a) The existence of outstanding Awards shall not affect in any manner the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the share capital of the Company or its business or any merger, demerger or consolidation of the Company, or any issue of Shares, bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the existing Shares) or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

(b) In the event of any subdivision or consolidation of outstanding Shares or a Share split, any other recapitalization or capital reorganization of the Company, any consolidation, merger or demerger of the Company with another corporation or entity (which do not qualify as a Change of Control), the adoption by the Company of any plan of exchange affecting the Shares, then the number of RSUs covered by the Awards shall be proportionately adjusted by the Company as appropriate to reflect such transaction; provided that such adjustments shall only be such as are necessary to maintain the proportionate interest of the holders of the RSUs and to preserve, without increasing, the value of such RSUs.

16. *Restrictions.* No Shares or other form of payment shall be delivered with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such delivery will be in compliance with applicable law. Shares delivered under this Plan may be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the applicable securities regulatory authority, any securities exchange or transaction reporting system upon which the Shares are then listed or to which it is admitted for quotation and any applicable law. The Committee may cause a legend or legends to be placed or coded upon the Shares to make appropriate reference to any such restrictions.

17. *Right to Employment.* Nothing in this Plan or any Award Agreement shall interfere with or limit in any way the right of the Company or its Subsidiaries to terminate any Participant's employment or other service relationship at any time, or confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company or its Subsidiaries.

18. *Postponement of the Settlement Date.* If, due to securities law restrictions, the Committee in its discretion finds it appropriate, the Committee may elect to postpone the applicable Settlement Date. The Settlement Date may, however, only be postponed for as long as the securities law restrictions apply.

19. *Governing Law and Disputes.* This Plan and all determinations made and actions taken pursuant hereto shall be governed by and construed in accordance with the laws of the Kingdom of Norway. Any disputes arising out of or in connection with this Plan and any Award shall be settled by the ordinary courts in Norway with Asker og Bærum tingrett as the legal venue.

20. Section 409A.

(a) Awards made under this Plan are intended to comply with or be exempt from Code Section 409A, and ambiguous provisions hereof, if any, shall be construed and interpreted in a manner consistent with such intent. No payment, benefit or consideration shall be substituted for an Award if such action would result in the imposition of taxes under Code Section 409A. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under this Plan would result in the imposition of an additional tax under Code Section 409A, that Plan provision or Award shall be reformed, to the extent permissible under Code Section 409A, to avoid imposition of the additional tax, and no such action shall be deemed to adversely affect the Participant's rights to an Award.

(b) If the Participant is identified by the Company as a “specified employee” within the meaning of Code Section 409A(a)(2)(B)(i) on the date on which the Participant has a “separation from service” (other than due to death) within the meaning of Treasury Regulation § 1.409A-1(h), any Award payable or settled on account of a separation from service that is deferred compensation subject to Code Section 409A shall be paid or settled on the earliest of (1) the first business day following the expiration of six months from the Participant’s separation from service, (2) the date of the Participant’s death, or (3) such earlier date as complies with the requirements of Code Section 409A.

21. *Effectiveness and Term.* The Plan is effective as of 3 May, 2012. No Award shall be made under the Plan after 3 May, 2017.



## Corporate Governance

**Petroleum Geo-Services is committed to maintaining high standards of corporate governance. We believe that effective corporate governance is essential to our Company's success and establishes the framework by which we conduct ourselves in delivering services to our customers and creating value for our shareholders.**

Petroleum Geo-Services ASA is registered in Norway as a public limited liability company, and our corporate governance model is based on Norwegian corporate law and the Norwegian Code of Practice for Corporate Governance. To the extent practicable, PGS adheres to requirements applicable to registrants of foreign securities in the United States, where our American Depositary Shares (ADS) are publicly traded. We have also implemented corporate governance guidelines particularly suited to our Company and the industry in which we operate.

The Norwegian Public Limited Companies Act section 5-6 (4) requires that the Ordinary General Meeting approves the statement of Corporate Governance. This report will therefore be presented to the General Meeting on May 3, 2012.

Our corporate governance principles, which have been adopted by our Board of Directors, are summarized below. Our website provides full versions of our basic corporate government documents. These items include the Company's articles of association, corporate governance policy, the Board of Directors' Rules of Procedure, and the charters for the Company's Audit Committee, Remuneration and Corporate Governance Committee, and Nomination Committee. The documents can be downloaded from our website: [www.pgs.com](http://www.pgs.com).

In accordance with the Norwegian Accounting Act section 3-3b PGS is required to give a statement of our corporate governance in the Board of Directors report. In the Board of Directors report we refer to this document.

### Code of Conduct and Core Values

We have adopted a Code of Conduct that reflects our commitment to our shareholders, customers, and employees to carry out our business with the utmost integrity. Our Code of Conduct and Core Values are available in full on our website: [www.pgs.com](http://www.pgs.com).

### Business

Our business purpose, as presented in the Company's Articles of Association, is as follows:

*"The business of the Company is to provide services to and participate and invest in energy related businesses."*

Our business operations and the goals and strategies for our business areas are presented in greater detail on pages 16-37 of the 2011 annual report.

### Equity and Dividends

The Board continually monitors the adequacy of the Company's equity in light of its objectives, strategy, and risk profile.

The Board of Directors has adopted a dividend policy whereby it is the intention to distribute between 25% to 50% of net income as dividends.

The Board of Directors is authorized to buy back up to 10 percent of the Company's share capital. The current such authorization expires no later than June 30, 2012.

It has been an ongoing practice of PGS shareholders to grant limited authorizations to the Board of Directors permitting it to increase the Company's share capital and/or acquire the Company's shares (treasury shares) for certain defined purposes. Separate General Meeting votes are held for (a) authorizations related to employee stock incentive programs and (b) authorizations for other purposes. When a proposed authorization encompasses share capital increases and/or acquisition of treasury shares for various purposes, the Company does not find it practical to hold separate votes on each proposed purpose. Authorizations are time-limited; they expire at the next AGM.

### **Equal Treatment of Shareholders and Transactions with Close Associates**

PGS has a single share class where all shares carry the same rights. At our General Meetings, each share carries one vote. Our Board of Directors is committed to equal treatment of shareholders in all respects.

When applicable, transactions involving the Company's own shares should be carried out through a stock exchange, or at prevailing stock-exchange prices if carried out in an alternative manner.

Transactions between the Company and shareholders, a shareholder's parent company, members of the Board of Directors, executive officers or close associates of any such party (referred to as "Close Associates") shall be conducted at arm's length and at market terms. Material transactions with Close Associates will be subject to independent valuation by third parties. According to PGS' Code of Conduct, our employees shall not have any personal or financial interest that might conflict with those of PGS nor influence, or appear to influence judgments or actions in carrying out their responsibilities on behalf of the Company. According to our Rules of Procedure, a member of our Board of Directors may not participate in discussions or decision-making as to issues in which the director or any person closely associated to the director has a material personal or financial interest. The Code of Conduct and Rules of Procedure are available on our website: [www.pgs.com](http://www.pgs.com).

### **Freely Transferable Shares**

The Company's shares are freely transferable.

### **General Meetings**

Through participation in General Meetings, our shareholders exercise ultimate authority over the Company and elect the members of its Board of Directors and the chairperson of the Board of Directors.

Pursuant to PGS' Articles of Association, the notice of an Annual General Meeting (AGM) is distributed at least four weeks in advance of the meeting to shareholders or their depository banks. For ADS holders, the record date for notice-distribution purposes is set at approximately five weeks prior to the AGM. A copy of the call notice with appendices will be posted on our website: [www.pgs.com](http://www.pgs.com).

Notices convening Extraordinary General Meetings (EGM) must be distributed at least two weeks ahead of the meeting. The Board of Directors is to call shareholders to an EGM upon a written demand by the Company's independent auditor or shareholders representing at least five percent of the share capital, or for other purposes.

Shareholders who wish to attend a General Meeting must notify the Company's registrar or PGS by the date stated in the meeting notice, which must be at least two working days before the General Meeting.

According to the Company's Articles of Association, documents to be considered at the General Meeting may be published on our website. The same applies to documents that, due to statutory requirements must be attached to, or included in the notice calling the General Meeting. If the documents are published in such a manner, the statutory requirements for distribution shall not apply. Nevertheless, shareholders are entitled to request that documents to be considered by the General Meeting be sent to them via regular mail.

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

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

Written and/or electronic voting in accordance with the Public Companies Act § 5-8 b), shall be allowed for meetings where such method of voting is arranged by the Board of Directors.

All directors generally attend the AGM. In accordance with our Articles of Association, the chairperson of the Board of Directors chairs General Meetings. This is a deviation from the NUES Recommendation (identified below) No. 6 for making arrangements to ensure an independent chairman for the General Meetings. The reason for this deviation is that the Company has found this more practical and that PGS wishes to ensure that General Meetings are chaired by a competent person having proper insight in PGS' overall operations.

### **Nomination Committee**

According to our Articles of Association, the Company has a Nomination Committee comprised of three members to be elected by our shareholders at the AGM. Nominations should take into account the interests of shareholders in general. The members and the chairperson of the Nomination Committee are elected at the General Meeting. The majority of Nomination Committee members shall qualify as independent parties, pursuant to the Norwegian Code of Practice for Corporate Governance. The term of service shall be two years unless the General Meeting determines that the period shall be shorter.

The Nomination Committee's main responsibilities, which are set out in its charter, are to propose nominees for election as members and chairperson of the Board of Directors and the Nomination Committee. Further, the Committee proposes remuneration to be paid to members of the Board of Directors and Nomination Committee. Remuneration is approved by the General Meeting. Annually, the Nomination Committee produces a written report containing its nominations and proposals, which is distributed in advance of each AGM.

Once a year the Nomination Committee meet with each individual director and discuss the how the Board and its committees function and whether there are a need for changes to the Board.

**Current Nomination Committee**

The current Nomination Committee comprises Roger O'Neil (chairperson), C. Maury Devine, and Hanne Harlem. All three were reelected at the AGM held 11 May 11, 2011 for a service period ending with the 2012 AGM.

Shareholders who wish to propose new Board members may do so by submitting a candidate's name to PGS' investor relations staff via the Company's website: [www.pgs.com](http://www.pgs.com) by following the link, "Nominate a Board Member." The deadline for submissions each year is the end of February. Alternatively, candidates can be proposed by letter to PGS or via email to: [ir@pgs.com](mailto:ir@pgs.com). PGS does not employ any Nomination Committee members and none is a member of our Board of Directors.

In 2011, the Nomination Committee held two meetings. The Nomination Committee's report on its work and recommendations will be distributed with the notice of the 2012 Annual General Meeting.

**Board of Directors — Composition and Independence**

According to PGS' Articles of Association, our Board of Directors shall have from three to thirteen directors. The period of service for members of the Board of Directors shall be one year.

The Board has adopted its own Rules of Procedure that establish in more detail its roles and responsibilities, including:

- Directors' qualifications
- Requirement that a majority of the Board, a majority of the members of the Remuneration and Corporate Governance Committee and all members of the Audit Committee are considered to be independent directors
- Annual review and determination of the independence of each director

The composition of the Board of Directors is a reflection of the Company's commitment to protect the common interests of all shareholders and the Company's need for expertise, capacity, and diversity.

All directors are independent of the Company's management. All directors are also per December 31, 2011 independent of our major business relations and major shareholders. No member of our Board of Directors may be an executive of PGS. Directors are not permitted to perform paid consultancy work for us. Five board members, directly or indirectly, own PGS shares.

Shareholders and other interested parties may communicate directly with our independent directors by written correspondence addressed to Petroleum Geo-Services, Board of Directors (Independent Members), Secretary of the Board of Directors and General Counsel Rune Olav Pedersen, PO Box 89, NO-1325 Lysaker, Norway. On [www.pgs.com](http://www.pgs.com) we also invite any shareholders to set up a meeting or call with Mr. Pedersen where any issue on corporate governance or corporate responsibility may be discussed.

**Current Board of Directors**

As of December 31, 2011, the Board of Directors comprised seven shareholder representatives. Current board members are presented on the Company's website: [www.pgs.com](http://www.pgs.com) and in this annual report. Board meeting attendance in 2009-2011 exceeded 75 percent for each board member elected at the last AGM.

**The work of the Board of Directors**

In accordance with Norwegian corporate law, our Board of Directors has overall responsibility for management of our company, while our CEO is responsible for day-to-day management.

The Board of Directors supervises our CEO's day-to-day management and company activities in general. The Board of Directors is also responsible for ensuring that appropriate management, guidelines, and control systems are in place and are followed. Our CEO, as agreed with the chairperson of the Board of Directors, annually submits a schedule for the meetings of the Board of Directors in the upcoming calendar year. The schedule is subject to Board approval. In 2011, the Board of Directors held 9 meetings including conference calls.

Key elements of the Rules of Procedure covering the Board of Directors' responsibilities to determine the Company's financial targets, set strategies along with the CEO and executive committees, and approve business plans, budgets, and budgetary and risk frameworks. In its supervision of the Company's business activities, the Board of Directors will seek to ensure that satisfactory procedures exist for monitoring and follow-up of board approved corporate principles and guidelines covering areas such as ethical conduct; adherence to laws, rules, and regulations; health, safety and environment; and corporate social responsibility.

The rules also require an annual self-evaluation to determine whether the Board of Directors and its committees are functioning effectively. The annual self evaluation is prepared and facilitated by the Remuneration and Corporate Governance Committee. An anonymous survey is carried out and the results are discussed in the Board of Directors. The results of the survey is made available for the Nomination Committee.

The tasks and duties of our CEO vis-à-vis PGS' Board of Directors are also outlined in the rules, along with the tasks and duties of the chairperson of the Board of Directors. The CEO participates in all board meetings other than closed sessions. The Board of Directors elects a vice chairperson to chair board meetings in the chairperson's absence. The full text of the Board of Directors' Rules of Procedure is available at: [www.pgs.com](http://www.pgs.com).

Our governance structure is organized as described below.

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

Board responsibilities include:

- The Board of Directors appoints PGS' CEO
- The Board of Directors, along with the CEO, is committed to operating PGS in an effective and ethical manner in order to create value for our shareholders. Our Code of Conduct requires management to maintain an awareness of the risks involved in carrying out our business strategies. Personal interests must not override or conflict with the interests of PGS

The responsibilities of the CEO include:

- The CEO is responsible for the day-to-day management of company activities
- The CEO organizes PGS' Executive Committees and our Disclosure Committee to further assist the CEO

- The CEO, under the guidance and supervision of our Board of Directors and the Audit Committee, is responsible for ensuring that the Company's financial statements in all material respects, fairly present our financial condition and the results of operations. Timely disclosure of issues to the Board of Directors is also essential to the assessment of the Company's financial condition, business performance and risks.

### **Board of Directors Committees**

Our Audit Committee comprises board members Harald Norvik (chairperson), Carol Bell, and Daniel J. Piette. All committee members are considered independent of the Company. The committee's functions are to assist our Board of Directors in its supervision of the integrity of PGS' financial statements; to monitor the independent auditor's qualifications, independence, and performance; to monitor the performance of the internal audit function; and to promote and control compliance with laws and regulatory requirements.

PGS' Remuneration and Corporate Governance Committee comprises board members Holly Van Deursen (chairperson), Annette Malm Justad, and Ingar Skaug. The function of the committee is to assist in matters relating to the compensation, benefits, and perquisites of our CEO and other senior executives. Review and modification of the Company's guidelines for good corporate governance are also committee responsibilities.

### **Risk Management and Internal Control**

The Board of Directors is responsible for ensuring that appropriate guidelines, monitoring, and internal control systems are in place and effective.

The Board of Directors has systems in place to ensure that the CEO exercises appropriate and effective management. Further the Board of Directors supervises and controls that effective internal control systems are in place, including systems for risk management and financial reporting. The Board of Directors makes sure that the internal control functions are working as intended and that necessary measures are taken to reduce extraordinary risk exposure. Furthermore, the Board of Directors makes certain that satisfactory routines exist to ensure follow-up of principles and guidelines adopted by the Board of Directors governing ethical conduct; compliance with laws, rules, and regulations; health, safety, and working environment; and corporate social responsibility.

PGS' management conducts day-to-day follow-up of financial management and reporting. The Board of Directors' Audit Committee assesses the integrity of our accounts. It also inquires into, on behalf of the Board of Directors, issues related to financial review, internal control, and external audit of PGS' accounts.

PGS has an appropriate and effective internal auditing system, and the Board of Directors ensures that it is capable of producing reliable annual reports and that the external auditor's recommendations are given thorough attention.

Each year the internal audit department consults management and prepares a risk matrix setting out the main risks for the Company. These risk factors and what the Company is doing to mitigate them are subject to discussion in the Board of Directors.

The Board of Directors shall conduct a periodic review of PGS' corporate governance policies and procedures, including the Board of Directors' Rules of Procedure. This process is done annually and managed by the

Remuneration and Corporate Governance Committee. Any changes to policies or procedures are presented to the Board of Directors for approval.

The Company's anti-corruption program includes a policy statement, guidelines on several ethical issues, periodic training, compulsory contract wording etc. This program is evaluated yearly by the Audit Committee.

Any non-conformance is systematically followed up and corrective measures are implemented and monitored.

### **Remuneration of the Board of Directors and Executive Management**

Remuneration of board members is not linked to performance but is based on participation in meetings and is approved annually by the General Meeting. Board members shall not solicit or accept specific assignments for PGS beyond their role as board members. Board members do not hold any PGS share options.

For details on compensation for individual board members, please see Note 34 to the financial statement of PGS.

Remuneration paid to board members will be proposed by the Nomination Committee, according to its charter, and submitted to the AGM for approval.

The compensation level, structure and guidelines for executive managers are subject to annual review by the Remuneration and Corporate Governance Committee and any compensation issues pertaining to the CEO is approved by the Board of Directors. The Remuneration and Corporate Governance Committee uses an external advisor for this work and a specific peer group of comparable companies and an executive remuneration philosophy has been adopted. This is done in order to ensure and facilitate a structured approach to the annual review of executive compensation. The Remuneration and Corporate Governance Committee reviews the total compensation level, the mix between fixed and performance related compensation and the mix between short, medium and long term compensation.

PGS currently has a compensation structure for our executive managers that include base salary, benefits such as free newspaper and mobile phone etc, cash bonus, share bonus, a pension plan and stock option programs. Features in these programs include an absolute ceiling on performance-related remuneration, shares received as bonus will have to be held for at least three years and a cap on maximum gain on the option programs.

For further details on our compensation structure and total compensation to executive team members, see Note 34 to the financial statement of PGS.

### **Information and Communications**

Our Board of Directors is committed to reporting financial results and other relevant information based on openness and the requirement for equal treatment of all shareholders and securities market participants. As a listed company, we comply with relevant disclosure rules and regulations. Announcements are released through the Thomson Reuters reporting channel and posted on the Oslo Stock Exchange's news service: [www.newsweb.no](http://www.newsweb.no). In addition, all announcements are available on the Company's website: [www.pgs.com](http://www.pgs.com). Our policy of accessibility for shareholders is also presented on the Company's website.

### **Takeover bids**

The Board of Directors has established guiding principles for how it will act in the event of a takeover bid. The Board of Directors will ensure that all shareholders are treated equally and prevent disruptions to or interference with Company operations to the extent possible. In the event of a takeover bid, the Board of Directors will, in accordance with its overall responsibility and good corporate governance, act for the benefit of our shareholders and ensure that they are given sufficient information in the matter. If a takeover bid is made, the Board of Directors will issue a statement containing a recommendation as to whether our shareholders should accept or reject the offer, including an independent valuation of the offer. PGS' Articles of Association do not contain any restrictions, limitations, or defense mechanisms against acquisition of our shares.

**Auditor**

Our Audit Committee shall support the Board of Directors in the administration and exercise of its responsibility for supervision of the work of the independent auditor, who shall keep the Board of Directors informed of all aspects of its work for PGS. This duty includes submission of an annual plan for the audit of PGS. The auditor attends all Audit Committee meetings and, at least once a year, meets with our Audit Committee without the presence of management. In-house policies govern the use of the auditor's services.

The independent auditor meets with our full Board of Directors at least once a year in connection with the preparation of the annual financial statements and, at least once a year, presents a review of our financial reporting and internal control procedures for financial reporting. At least once a year our independent auditors have a meeting with the Board of Directors without the presence of any member of the executive management.

The remuneration paid to the auditor for mandatory and other audit services will be reported to the AGM for approval.

**Compliance with Laws, Rules, Regulations and Recommendations**

As part of our Business Practice outlined on [www.pgs.com](http://www.pgs.com), PGS is *inter alia* committed to comply with relevant laws, rules and regulations. In addition, PGS complies with the current recommendations given by the Norwegian Code of Practice for Corporate Governance ("NUES Recommendations"), subject only to the deviations identified and justified in this report. The NUES Recommendations are available at [www.nues.no](http://www.nues.no)