



To the Shareholders of
Petroleum Geo-Services ASA (PGS)

Our ref.: PU

Lysaker, 13 April 2011

PETROLEUM GEO-SERVICES ASA ANNUAL GENERAL MEETING
11 MAY 2011 – 10.00 am CET

Enclosed please find:

- Calling Notice
- Proxy form

The annual report for 2010 and the other appendices to the Calling Notice will be made available on www.pgs.com on 13 April 2011. The hardcopy of the appendices will no longer be distributed automatically to the individual shareholders, but will be sent you upon request to ir@pgs.com.

Yours sincerely
On behalf of Petroleum Geo-Services ASA

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

Francis Gugen
Chairman

ENCLOSURES

**CALLING NOTICE FOR
ANNUAL GENERAL MEETING**

Notice is hereby given of the 2011 Annual General Meeting of Petroleum Geo-Services ASA (the "Company") at the PGS-House, Strandveien 4, 1366 Lysaker, Norway to be held on

11 May, 2011, at 10.00am (Norwegian time)

The Appendices to this Calling Notice are not enclosed to the paper version of the Calling Notice, but are made available on www.pgs.com.

The Board of Directors of Petroleum Geo-Services ASA has decided to call the Annual General meeting to vote on the matters described below.

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

ITEM 1 APPROVAL OF THE CALLING NOTICE AND AGENDA

ITEM 2 ELECTION OF PERSON TO COUNTERSIGN THE MINUTES

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

ITEM 3 APPROVAL OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS OF PETROLEUM GEO-SERVICES ASA AND THE GROUP FOR 2010

The Board of Directors' Report and the Financial Statements of Petroleum Geo-Services ASA and the group for 2010 are presented in Appendix I.

Proposed resolution:

The Board of Directors' Report and the Financial Statements of Petroleum Geo-Services ASA and the group for 2010 are approved.

ITEM 4 APPROVAL OF THE AUDITOR'S FEE FOR 2010

The Auditor's fees for 2010 for Petroleum Geo-Services ASA are NOK 2,980,192. This does not include fees related to the audits of the Company's subsidiaries, the audit of the Company's Consolidated Financial Statements or

other professional services rendered. Note 34 of the Consolidated Financial Statements provide further details.

Proposed resolution:

The General Meeting approves the Auditor's fees for 2010.

ITEM 5 ELECTION OF BOARD OF DIRECTORS

The proposals for candidates to the Board of Directors are based on recommendations in the report from the Nomination Committee, see Appendix II to the Calling Notice and the Articles of Association § 6 a). The service period for the Board of Directors is one year or until the next annual general meeting whichever is later.

ITEM 5.1 Francis Robert Gugen (Chairperson)

Proposed resolution:

Francis Robert Gugen shall be re-elected as Chairperson to the Board of Directors for a service period commencing on the date hereof.

ITEM 5.2 Harald Norvik (Vice Chairperson)

Proposed resolution:

Harald Norvik shall be re-elected to the Board of Directors as Vice Chairperson for a service period commencing on the date hereof.

ITEM 5.3 Daniel J. Piette

Proposed resolution:

Daniel J. Piette shall be re-elected to the Board of Directors for a service period commencing on the date hereof.

ITEM 5.4 Holly Van Deursen

Proposed resolution:

Holly Van Deursen shall be re-elected to the Board of Directors for a service period commencing on the date hereof.

ITEM 5.5 Annette Malm Justad

Proposed resolution:

Annette Malm Justad shall be re-elected to the Board of Directors for a service period commencing on the date hereof.

ITEM 5.6 Carol Bell

Proposed resolution:

Carol Bell shall be re-elected to the Board of Directors for a service period commencing on the date hereof.

ITEM 5.7 Ingar Skaug

Proposed resolution:

Ingar Skaug shall be re-elected to the Board of Directors for a service period commencing on the date hereof.

ITEM 6 NOMINATION COMMITTEE – ELECTION OF MEMBERS

The proposals for candidates to the Nomination Committee are based on the recommendations in the report from the Nomination Committee, see Appendix II to the Calling Notice and the Articles of Association § 6 b).

ITEM 6.1 Roger O’Neil (Chairperson)

Proposed resolution:

Roger O’Neil shall be re-elected to the Nomination Committee as Chairperson for a new service period commencing on the date hereof and ending with the 2012 annual general meeting.

ITEM 6.2 C. Maury Devine

Proposed resolution:

C. Maury Devine shall be re-elected to the Nomination Committee for a new service period commencing on the date hereof and ending with the 2012 annual general meeting.

ITEM 6.3 Hanne Harlem

Proposed resolution:

Hanne Harlem shall be re-elected to the Nomination Committee for a new service period commencing on the date hereof and ending with the 2012 annual general meeting.

ITEM 7 APPROVAL OF THE BOARD MEMBERS' AND NOMINATION COMMITTEE MEMBERS' FEES

Item 7.1 Motion to approve Board members' and Nomination Committee members' fees

Pursuant to the Articles of Association, § 6 c), the Nomination Committee presents to the General Meeting a motion for approval of remuneration of the members of the Board of Directors and the members of the Nomination Committee, see Appendix III.

The fees for the members of the Board of Directors and the Nomination Committee members are calculated on basis of the principles approved by the Annual General Meeting 2010. These principles are disclosed in Appendix IV.

Proposed resolution:

The General Meeting approves the fee to each member of the Board of Directors and each member of the Nomination Committee.

Item 7.2 Motion to approve the principles for the shareholder elected Board members' fees for the period 11 May 2011 to the annual general meeting 2012

In accordance with the Articles of Association, § 6 c), the Nomination Committee presents to the General Meeting a motion for approval of the principles for the shareholder elected Board members' fees for the period 11 May 2011 to the annual general meeting 2012, see Appendix V.

Proposed resolution:

The General Meeting approves the principles for the shareholder elected Board members' fees for the period 11 May 2011 to the annual general meeting 2012.

Item 7.3 Motion to approve the principles for the fees for the members of the Nomination Committee for the period 11 May 2011 to the annual general meeting 2012

In accordance with the Articles of Association, § 6 c), the Nomination Committee presents to the General Meeting a motion for approval of the principles for the Nomination Committee members' fees for the period 11 May 2011 to the annual general meeting 2012, see Appendix VI.

Proposed resolution:

The General Meeting approves the principles for the Nomination Committee members' fees for the period 11 May 2011 to the annual general meeting 2012.

ITEM 8 STATEMENT FROM THE BOARD REGARDING REMUNERATION PRINCIPLES FOR SENIOR EXECUTIVES

In accordance with section 6-16a of the Public Companies Act, the Board of Directors has issued a statement with respect to the principles for remuneration for senior executives of the Company. The statement is presented in Appendix VII.

Proposed resolution:

The Board statement pursuant to section 6-16a of the Public Companies Act is approved.

ITEM 9 AUTHORIZATION TO ACQUIRE TREASURY SHARES

The General Meeting of PGS has on an annual basis authorised the Board of Directors to acquire treasury shares. The Board of Directors proposes to renew this authorization.

The purpose of such share repurchase authority is to allow for adjustments to the Company's capital structure. Further, in the opinion of the Board of Directors, treasury shares will give the Company flexibility in terms of satisfying employee share incentive plans and to fund possible acquisitions and other possible corporate transactions by the Company.

Proposed resolution:

- (i) *The Board of Directors is authorized to acquire shares in the Company on behalf of the Company.*
- (ii) *The shares are to be acquired at market terms on a regulated market where the shares are traded.*
- (iii) *The shares are to be disposed of either to meet obligations under employee incentive schemes, as part of consideration payable for acquisitions made by the Company, as part of consideration for any mergers, demergers or acquisitions involving the Company, by way of cancellation of the shares in part or full, to raise funds for specific investments, for the purpose of paying down loans (including convertible loans), or in order to strengthen the Company's capital base. The Board is free to choose the method of disposal considered expedient for such purposes.*
- (iv) *The maximum face value of the shares which the Company may acquire pursuant to this authorization is in total NOK 65,339,999. Under no circumstances can the Company acquire shares leading to an aggregate number of treasury shares exceeding 10 percent of the total number of shares. The minimum amount which may be paid for each*

share acquired pursuant to this power of attorney is NOK 3, and the maximum amount is NOK 300.

- (v) *This authorization is valid from registration in the Norwegian Register of Business Enterprises and expires on 30 June 2012.*
- (vi) *The authorization to acquire Treasury Shares granted on 29 April 2010 is revoked with effect from the time the above authorization in this item 9 becomes effective.*

ITEM 10 APPROVAL OF SHARE OPTION PLAN

The Board of Directors proposes to the General Meeting a new share option plan. The plan is on the same terms and conditions as the 2010 plan, with minimum vesting periods of 3 and 4 years for each half of the award. The only material change from the 2010 plan is that the 2011 program will include company-wide strategic performance goals which have to be met to qualify for full vesting under the program. Under the proposed plan, the annual total possible profit under the option program for each employee is capped to a profit equal to 1.5 times the annual base salary. The plan covers an aggregate maximum of 1,500,000 shares. The complete terms and conditions of the new share option plan are seen in Appendix VIII.

The Company's 2006 Option Program (with a strike price of NOK 111.50) will terminate during July 2011. Following termination of the 2006 Option Program the Company has granted 6,245,000 options under previous options plans that are still outstanding and exercisable. If the proposed 1,500,000 options are granted under the new share option plan, the total number of outstanding and exercisable options will be 7,745,000, corresponding to 3.5 % of the total shareholding of the Company. No further options will be granted on basis of the plans from previous years, with the possible exception of approximately 100,000 options available for award under the 2010 program.

The General Meeting is requested to approve the share option plan.

Proposed resolution:

The share option plan is approved.

ITEM 11 MOTION TO AUTHORIZE THE COMPANY'S BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL

The General Meeting of PGS has on an annual basis authorized the Board of Directors to issue new shares. The Board of Directors proposes to renew the authorizations granted in 2010. The Board of Directors further proposes to continue to split the authorization in two, resulting in one general authorization and one authorization solely linked to the issuance of new shares in connection with the Company's share option programmes. The number of shares to be

authorized under item 11.2 below is calculated so that the authorization covers also the options granted under previous years' option programs.

The Board of Directors is of the opinion that the limited general authorization is necessary to provide flexibility in terms of potential acquisitions and other corporate transactions and settlements thereof, and therefore, is in the best interest of the Company. It is further proposed to authorize the Board of Directors to waive existing shareholders' preferential rights in order to allow the possibility for new shareholders subscribing shares.

Item 11.1 General authorization to issue new shares

Proposed resolution:

The General Meeting hereby approves the following authorization:

- (i) *The Board of Directors is authorized to increase the Company's share capital by a total amount of NOK 65,339,999 through one or more subscriptions. The Board of Directors is further authorized to determine the price and terms of such offerings and subscriptions, including but not limited to, whether in the Norwegian and/or the international markets, whether private or public and whether or not underwritten.*
- (ii) *The authorization includes the right to increase the Company's share capital in return for non-cash contributions and the right to assume special obligations on behalf of the Company.*
- (iii) *The authorization shall be utilised in connection with potential acquisitions of companies or businesses within the oil and energy sector, including the oil service sector, settlement of obligations (including convertible loans), funding of material investments or to raise funds in order to strengthen the Company's capital base.*
- (iv) *The Board of Directors is further authorized to set aside the preferential rights pursuant to Section 10-4 of the Public Limited Companies Act. The rationale behind each such resolution must be given by the Board, and must be based on this being in the interest of the Company due to strategic benefits or need for capital contributions.*
- (v) *The authorization includes a resolution to merge, c.f. the Public Limited Companies Act Section 13-5.*
- (vi) *The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until 30 June 2012.*
- (vii) *The general authorization to issue new shares that was granted on the Extraordinary General Meeting 29 April 2010 is revoked with effect*

from the time the above authorization in this item 11.1 becomes effective.

Item 11.2 Authorization to issue new shares in connection with share option program

Proposed resolution:

The General Meeting hereby approves the following authorization:

- (i) The Board of Directors is authorized to increase the Company's share capital by a total amount of NOK 15,000,000 through one or more subscriptions. The Board of Directors is further authorized to determine the price and terms of such offerings and subscriptions within the limits and in accordance of the terms of the Company's share option programs in force at any time.*
- (ii) The authorization shall only be utilised in connection with the Company's share option programs in force at any time.*
- (iii) The Board of Directors is further authorized to waive the preferential rights pursuant to Section 10-4 of the Public Limited Companies Act. The reason for this is that the objective of the share option program is to create incentives to employees.*
- (iv) The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and expires on 30 June 2012.*
- (v) The authorization to issues new shares in connection with the share option program that was granted at the General Meeting on 29 April 2010 is revoked with effect from the time the above authorization in this item 11.2 becomes effective.*

ITEM 12 MOTION TO AUTHORIZE THE COMPANY'S BOARD OF DIRECTORS TO ISSUE CONVERTIBLE LOANS

The General Meeting of PGS has previously granted the Board of Directors the authority to issue convertible loans. The authorization granted in 2010 has not been utilized, but a similar authorization was used in December 2007 when the Company issued convertible bonds in order to finance the acquisition of Arrow Seismic ASA. The Board of Directors is continually considering how to further develop the Company in accordance with its identified strategy. Identifying and setting up the right financial structure is vital in this respect. In order to continue to provide the Board of Directors with sufficient flexibility to be able to put in place a cost efficient and flexible financial structure, it is desirable that the Board of Directors is granted a new power of attorney authorizing the Board of Directors to agree and enter into convertible loans. It is further proposed to authorize the Board of Directors to waive existing shareholders'

preferential rights in order to allow the possibility for new investors subscribing the loan.

Proposed resolution:

The General Meeting hereby approves the following authorization:

- (i) *The Company may raise new convertible loans at a total amount of NOK 3,500,000,000 (or the equivalent in other currencies). The Board of Directors are authorised to negotiate and enter into convertible loan agreements within the limits and in accordance with the terms of this authorisation.*
- (ii) *The share capital of the Company may be increased by a total of NOK 65,339,999 as a result of the loans referred to in sub item (i) above being converted into equity.*
- (iii) *The shareholders' preferential rights to subscribe the loans may be set aside. The rationale behind each such resolution must be given by the Board, and must be based on this being in the interest of the company due to strategic benefits or need for capital contributions.*
- (iv) *The authorization to issue new convertible loans shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until 30 June 2012. The authorization to increase the share capital in accordance with sub item (ii) above shall be valid as long as required to meet the Company's obligations under the loan agreements.*
- (v) *The authorization to issue convertible loans granted on 29 April 2010 is revoked with effect from the time the above authorization in this item 12 becomes effective.*

ITEM 13 INDEMNIFICATION OF BOARD OF DIRECTORS

It has been the practice of the Company that the Annual General Meeting passes a resolution providing an indemnification for the Board members relating to liability and claims made against them arising out of their service for the Company. At the Extraordinary General Meeting of the Company held 13 December 2006, the general indemnification agreement for the Board of Directors was approved.

Proposed resolution:

The General Meeting accepts indemnification for the Board members for the period between 29 April 2010 and 11 May 2011.

* * *

At the Company's Annual General Meeting, each share has one vote. There are a total of 217,799,997 shares. An owner with shares registered through a custodian has voting rights equivalent to the number of shares covered by the Custodian arrangement, provided that the owner of the shares shall within two working days before the Annual General Meeting provide the Company with his name and address together with a confirmation from the custodian to the effect that he is the beneficial owner of the shares held in custody.

Shareowners who wish to take part in the Annual General Meeting must give notice to Nordea Bank Norge ASA, Issuer Services, P.O. Box 1166 – Sentrum, 0107 Oslo, Norway not later than two working days before the Annual General Meeting, i.e. 9 May 2011 by 09:00am (Norwegian time). Notice can also be given to Nordea Bank Norge ASA by fax at + 47 22 48 63 49.

Oslo, 13 April 2011


Francis Gugen
Chairperson

List of Appendices to this Calling Notice that are made available on www.pgs.com:

- *Board of Directors' Report and Financial Statements, Appendix I*
- *Nomination Committee Report, Appendix II*
- *Board members' and Nomination Committee members' fees up to 11 May 2011, Appendix III*
- *Principles for Board members' and Nomination Committee members' fees up to 11 May 2011, Appendix IV*
- *Principles for Board members' fees up to the annual general meeting 2012, Appendix V*
- *Principles for Nomination Committee members' fees up to the annual general meeting 2012, Appendix VI*
- *Remuneration Statement, Appendix VII*
- *Share Option Plan, Appendix VIII*

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

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*

NAME
ADDRESS I
ADDRESS II
ZIP CODE PLACE
COUNTRY

CALLING NOTICE FOR ANNUAL GENERAL MEETING
The Annual General Meeting in Petroleum Geo-Services ASA is to be held on Wednesday, 11 May 2011 at 10:00 am CET in the PGS-House, Strandveien 4, 1366 LYSAKER.

ATTENDANCE SLIP

PIN:

REF

Petroleum Geo-Services ASA – Annual General Meeting

The Attendance slip must be returned to Nordea Bank Norge ASA **no later than 09:00 am CET on Monday, 9 May 2011.**

Address: Nordea Bank Norge ASA, Issuer Services, P.O.Box 1166 Sentrum, 0107 Oslo, Norway.
Telefax +47 22 48 63 49.

The undersigned will attend Petroleum Geo-Services ASA's Annual General Meeting on Wednesday, 11 May 2011 and

Vote for my/our shares: _____

Vote for shares in accordance with proxy(ies) enclosed

Date Shareholder's signature

When signed by a power of attorney, this shall be documented either by a company certificate or a power of attorney.

PROXY - OPEN

PIN:

REF

Petroleum Geo-Services ASA – Annual General Meeting

Shareholders, who are unable to attend the Annual General Meeting, may execute a proxy in the name of any other person attending the meeting.

The proxy must be returned to Nordea Bank Norge ASA **no later than 09:00 am. CET on Monday, 9 May 2011.**

Address: Nordea Bank Norge ASA, Issuer Services, P.O. Box 1166 Sentrum, 0107 Oslo, Norway.
Telefax +47 22 48 63 49.

The undersigned shareholder in Petroleum Geo-Services ASA hereby authorizes:

Francis Gugen , Chairperson of the Board

Jon Erik Reinhardsen, President and Chief Executive Officer

Other person

to attend and vote on my/our behalf at Petroleum Geo-Services ASA Annual General Meeting on Wednesday, 11 May 2011.

Date Shareholder's signature

When signed by a power of attorney, this shall be documented either by a company certificate or a power of attorney.

Nomination Committee Report to 2011 AGM

Introduction

The Nomination Committee in PGS was established at the Annual General Meeting June 8th 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 three meetings in 2010.

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 Charter is available on 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 all existing members of the Board of Directors and the CEO. For the Annual General Meeting (AGM) May 11th 2011, 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.

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.

Nominees for the Nomination Committee

The Nomination Committee has carefully considered whether to propose new members to the Nomination Committee on the 2010 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 the only adjustment needed is to increase the compensation for serving on the Remuneration and Corporate Governance Committee. The reason for the increase is an increasing work load for this committee and to underline the importance of thorough processes and diligent work with respect to corporate governance and compensation for senior executives. The proposal is therefore to increase the fees for members from USD 5,000 to USD 7,500 and increase the chairperson's fee from USD 7,500 to USD 11,000. 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 2011 AGM.

The remuneration payable to the Directors for the previous period from 2010-2011 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 2010 AGM, see Appendix IV to the 2011 AGM calling notice.

Remuneration of the Nomination Committee

The principles for and levels of Nomination Committee member fees for the period from the 2011 AGM to the 2012 AGM proposed by the Nomination Committee are seen in Appendix VI to the calling notice for the 2011 AGM. The proposal is to keep the remuneration on the same level as it has been in the period from 2010-2011.

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 2010-2011 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 2010 AGM, see Appendix IV to the 2011 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. 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
29 April 2010 - 11 May 2011 *)

Appendix III

			TOTAL
Gugen, Francis R.	Chairman	USD	98 500
Norvik, Harald	Vice Chairman + Chairman Audit Committee	USD	96 000
Piette, Daniel J.	Director + Member Audit Committee	USD	106 250
Bell, Carol	Director + Member Audit Committee	USD	96 500
Justad, Annette Malm	Director + Member Remuneration Committee	USD	80 500
Van Deursen, Holly A.	Director + Chairman Remuneration Committee	USD	103 250
Skaug, Ingar	Director + Member Remuneration Committee	USD	73 251
			654 251
			TOTAL
O'Neil, Roger	Chair Person Nomination Committee	USD	23 216
Devine, C. Maury	Member Nomination Committee	USD	16 000
Harlem, Hanne	Member Nomination Committee	USD	8 000
			47 216

*) Amounts below are maximum amounts and subject to participation in meetings up to and including the date of the AGM

PRINCIPLES FOR THE BOARD MEMBERS' FEES ¹⁾
For the period from 29 April 2010 to the annual general meeting 2011

	Board Member Fee	Audit Committee Fee	Remuneration Committee Fee	Participation Fee for each Meeting	Participation By phone	Travel Time Allowance for each meeting
All Members	\$ 50,000	\$ 9,000	\$ 5,000	\$ 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
Committee Chairperson		Additional \$5,000	Additional \$2,500			
Chairperson	\$ 70,000			\$ 1,000	\$ 750	As for other members
Deputy Chairperson	\$ 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 29 April 2010 to the annual general meeting 2011

	Nomination Committee Fee	Participation Fee for each Meeting	Participation By phone	Travel Time Allowance for each meeting
All Members	\$ 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
Committee Chairperson	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 ¹⁾
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
All Members	\$ 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
Committee Chairperson		Additional \$5,000	Additional \$3,500			
Chairperson	\$ 70,000			\$ 1,000	\$ 750	As for other members
Deputy Chairperson	\$ 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 11 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
All Members	\$ 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
Committee Chairperson	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 2011 Annual General Meeting.

PGS is an international company operating in the global geophysical industry. Our operations are conducted worldwide 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 labor 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 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 maximum bonus levels may be exceeded by a limited and defined amount only if performance is extraordinary and very substantially above defined goals. 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 and 2010 authorized the implementation of certain share option programs. The Board of Directors this year proposes a new option program to the Annual General Meeting in May 2011. This option program follows similar principles as the existing programs. The full option program including all terms and conditions will be presented to the Annual General Meeting in May 2011 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 450 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 to ensure that salary and other benefits are kept, at all times within the above guidelines and principles.

The CEO will on April 1, 2011 receive a set retention bonus of NOK 5,000,000 with the addition of 6% annual interest from April 1, 2008 provided that he has not left PGS willingly prior April 1, 2011. 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 2010 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.

Petroleum Geo-Services ASA 2011 Stock Option Plan

1. *Plan.* The Petroleum Geo-Services ASA 2011 Stock Option 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 acquire 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:

“Annual Base Salary” means the annual Base Salary payable to the Participant as of January 1 of the year in which the Exercise Notice, as described in Paragraph 12, is delivered to the Company.

“Award” means the grant of any Option 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 or a Subsidiary and an Employee setting forth the terms, conditions and limitations applicable to an Award.

“Base Salary” means the base salary payable to the Participant excluding any and all extra payments or benefits, including, without limitation, (i) vacation, holiday and sick time, and (ii) all special payments, bonuses, allowances, reimbursements, and payments in lieu of overtime.

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

“Change of Control” is defined in Attachment A.

“Code” means the U.S. Internal Revenue Code of 1986, as amended from time to time.

“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, a company organized and existing under the laws of the Kingdom of Norway.

“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.

“Exercise Notice” is defined in Paragraph 12.

“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.

“Gain” means the difference between the aggregate Fair Market Value and aggregate Strike Price of the Shares as to which an Option is exercised.

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

“Incentive Stock Option” means an Option that is intended to comply with the requirements set forth in Section 422 of the Code.

“Nonqualified Stock Option” means an Option that is not an Incentive Stock Option.

“Option” means a right to purchase a specified number of Shares at a specified Strike Price, which right may be an Incentive Stock Option or a Nonqualified Stock Option.

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

“Period of Exercise” is defined in Paragraph 8(b)(iii).

“Plan” is defined in Paragraph 1.

“Shares” means the ordinary shares of the Company, nominal value NOK 3 per share.

“Strike Price” means the price at which a Participant may exercise his or her right to purchase Shares under the terms of an Award.

“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.

“Time of Termination” is defined in Paragraph 8(b)(vi).

“Trading days” is defined in Paragraph 8(b)(ii).

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 16 hereof, no Award shall be granted if it shall result in the aggregate number of Shares issued 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 1,500,000. All of the Shares shall be available for Incentive Stock Options.

The number of Shares that are the subject of Awards under this Plan that are forfeited or terminated or expire unexercised in a manner such that all or some of the Shares covered by an Award are not issued to a Participant shall again immediately become available for Awards hereunder. If, pursuant to procedures adopted in the discretion of the Committee, the Strike Price of any Award granted under the Plan is satisfied by tendering Shares to the Company, or tax withholding obligations resulting from the settlement of any such Award is satisfied by tendering or withholding Shares, only the number of Shares issued net of the Shares tendered or withheld shall be deemed delivered for purposes of determining usage of Shares against the maximum number of Shares available for delivery under the Plan set forth above. 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, including the provisions of Section 422 of the Code. 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 issuance pursuant to Awards.

The rights provided for by an Award Agreement, the grant of the Options and the Options themselves are at all times conditional on the Board having the necessary authorization to fulfill the delivery of the Shares under the Options. In the event the Board does not have the necessary authorization to fulfill the delivery of Shares under the Options, any Options awarded and exercised under the Plan shall be settled by a cash bonus payment in accordance with Paragraph 11 of this Plan.

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 interpret this Plan and to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper. The Committee may, in its discretion, provide for the extension of the exercisability of an Award, accelerate the vesting or exercisability of an Award, eliminate or make less restrictive any restrictions applicable to an Award, waive any restriction or other provision of this Plan or an Award or otherwise amend or modify an Award in any manner that is 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 16. 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. Any decision of the Committee in the interpretation and administration of this Plan, which for the avoidance of doubt shall include the determination of any adjustments pursuant to Paragraph 16, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned.
- (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. Following the authorization of a pool of Shares to be available for Awards, the Board or the Committee may authorize a committee of one or more members of the Board to grant individual Awards from such pool pursuant to such conditions or limitations as the Board or the Committee may establish. 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. 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 or the employing Subsidiary. 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, which may include, but are not limited to, continuous service with the Company and its Subsidiaries, achievement of specific business objectives or other comparable measurements of performance.

(b) *Option Terms.* An Award may be in the form of an Incentive Stock Option or a Nonqualified Stock Option. The Strike Price of an Option shall be not less than the Fair Market Value of the Shares subject to such Option on the Grant Date. The term of the Option shall extend no more than five years after the Grant Date. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any Options awarded to Employees pursuant to this Plan, including the Strike Price, the term of the Options, the number of Shares subject to the Option and the date or dates upon which they become exercisable, shall be determined by the Committee. Unless otherwise provided by the Committee, the following terms shall apply to all Options:

(i) *Vesting and Exercisability:* Subject to Paragraph 8(b)(iii) and (iv) below, provided that the Participant remains in continuous employment with the Company or any Subsidiary, maximum 1/2 of the Options may become vested and may be exercised beginning three years after the Grant Date and the remaining Options may become vested and may be exercised beginning four years after the Grant Date, subject to a decision by the Remuneration and Corporate Governance Committee of the Company pursuant to Paragraph 8(b)(ii) below. An Option may only be exercised with respect to a whole number of Shares.

(ii) *Achievements of Performance Goals:* Vesting of Options as set out in Paragraph 8(b)(i) above is subject to achievements of set strategic goals related to business growth and profitability, HSEQ, new build program and internal control. The Remuneration and Corporate Governance Committee of the Company shall at year end 2013 and year end 2014 assess the Company's achievement of these goals and decide the percentage of Options (between 0-100%) to be vested and that may be exercised within the limits set out in Paragraph 8(b)(i) above. Options that are not declared vested according to this Paragraph 8(b)(ii) within four years after the Grant Date will not become vested or exercisable.

(iii) *Period of Exercise:* The right to exercise vested Options may only be exercised during four periods each year, each such period shall begin on the first trading day following the day of the publication of the Company's quarterly results and end at 10:00 am CET on the fourth trading day following such publication. "Trading days" does in this context refer to trading days at the Oslo Stock Exchange (each of these periods are hereinafter referred to as "Period of Exercise"). Subject to the next succeeding subparagraph, any such rights not exercised within the Period of Exercise will be transferred to the next Period of Exercise. The Committee may by written notice to Participants change the definition of Period of Exercise at its discretion.

(iv) *Maximum Option Shares:* Except as otherwise provided in Section 9 hereof, the number of Shares with respect to which an Option may be exercised under this Plan in any calendar year is capped such that in any calendar year, the sum of 1) the Gain which may be realized upon the exercise of such Option and 2) the gain which may be realized during the same calendar year upon the exercise of options awarded under the Company's previous share option programs and defined as Gain in such programs, shall not exceed an amount equal to (A) 1.5 multiplied by (B)

the Participant's Annual Base Salary. If, pursuant to this Paragraph 8(b)(vi), the number of Shares subject to the Option includes fractional Shares, the number of Shares subject to the Option will be rounded down to the nearest whole Share. In the event the provisions of this Paragraph 8(b)(vi) apply to limit the Gain a Participant could otherwise receive without regard to the cap, then the Participant may exercise such Option with respect to the Shares limited by the cap during any of the successive calendar years prior to the expiration of the Option, subject to the cap applicable to such successive calendar year pursuant to this Paragraph 8(b)(vi).

(v) *Term:* Subject to earlier termination as provided in subparagraph (v) below, all Options must be exercised within five years after the Grant Date, and always within a Period of Exercise, and any Options not exercised within the said date, or if earlier the last Period of Exercise, will automatically become void and lapse without compensation to the Participant.

(vi) *Termination of Employment:* In the event that the Participant resigns from his or her employment with the Company and/or its Subsidiaries or the Participant's employment with the Company and/or its Subsidiaries is terminated for any reason, by the Company, by a Subsidiary, by operation of law, by the Participant or otherwise, or as a result of the Participant's employer ceasing to be a "Subsidiary" as defined in this Plan, no further Options will become vested after the date the Participant serves his or her notice to terminate the employment, or has been notified in writing of the termination (the "Time of Termination"). 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. After the Time of Termination, all Options not vested as of the Time of Termination shall become void and lapse without compensation to the Participant.

(A) Except in the event of the Participant's death as described in (B) below, all Options vested prior to the Time of Termination must be exercised during the first or second Period of Exercise immediately following the Time of Termination, and any rights not exercised within such Periods of Exercise will automatically become void and lapse without compensation to the Participant. In addition, subject to applicable law, in the event the Participant takes a leave of absence of six months or longer, the Committee may decide in its absolute discretion that the Option will be modified and/or terminated, without any compensation to the Participant.

(B) In the event of the Participant's death prior to the date five years following the Grant Date of an Option, then the Option, to the extent vested and exercisable as of the Participant's death, may be exercised by the person(s) to whom the Participant's rights in the Award have been transferred by will or the laws of descent and distribution during any Period of Exercise that ends prior to the earlier of (1) the date one year following the Participant's death or (2) the date five years following the Grant Date.

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 a Change of Control during a Participant's employment with the Company or one of its Subsidiaries, (i) each Award granted under this Plan to the Participant shall become immediately vested in full (regardless of the otherwise applicable vesting schedules or performance goals provided for under the Award Agreement or in Paragraph 8(b)(ii)) and (ii) shall remain exercisable during any Period of Exercise that ends prior to the earlier of (A) the

date one year following the Change of Control or (B) the date five years following the Grant Date. The limitation set forth in Paragraph 8(b)(vi) is not applicable in upon the occurrence of a Change of Control. Following a Change of Control, the Periods of Exercise may not be altered in a manner that is adverse to Participants without the express consent of the affected Participants.

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 option exercise 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. *Cash-Out of Awards.* At any time, at the discretion of the Committee, an Award may be settled by a cash payment equal to the excess, if any, of the Fair Market Value per Share on the date of settlement over the Strike Price of the Award, multiplied by the number of Shares subject to the Award or, as applicable, with respect to which the Award is exercised.

12. *Option Exercise.* The right to acquire Shares on the basis of the Options shall be exercised by written notice by mail or e-mail to the Company (the "Exercise Notice") or by appropriate notice to the Company's external administrator if so directed. Subject to additional and/or different direction provided by the Company's external administrator, the Exercise Notice must be received by the Company before the Period of Exercise is expired, and the written notice shall be sent to the following address:

Mail:

Petroleum Geo-Services ASA
Att: Chief Financial Officer
P.O. Box 89
N-1325 Lysaker, Norway

E-mail: **[ExerciseNotice@pgs.com]**

The Exercise Notice shall authorize the Chief Financial Officer to subscribe for a number of Shares at the Strike Price on behalf of the Participant.

The payment for the Shares with respect to which an Option is exercised shall be made no later than five banking days after the Period of Exercise has expired to the account number given by the Company. Promptly after payment is received and the capital increase is registered at the Norwegian Business Register ("Brønnøysundregisteret"), the Shares with respect to which the Option is exercised will be issued and transferred to the Participant's Norwegian Central Securities Depository account. Until the date that Shares are registered in a Participant's 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 in the Participant's account, the Participant will have the right to receive dividends declared with respect to such Shares.

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 options 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 exercise of Options from time to time, provided that such rules and procedures are not inconsistent with the provisions of this Plan.

13. *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 exercise of Options and delivery of Shares or payment of cash. The Company will declare any Award and any issuance 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 from any Award payment and withhold, at the time of delivery or vesting of cash or Shares under this Plan, an appropriate amount of cash or number of Shares or a combination thereof for payment of 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.

14. *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.

15 *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 15 shall be null and void.

16. *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, declaration of a dividend payable in Shares or other Share split, then (i) the number of Shares covered by the Options and (ii) the Strike Price shall each be proportionately adjusted by the Company as appropriate to reflect such transaction. In the event of any other recapitalization or capital reorganization of the Company, any consolidation, merger or demerger of the Company with another corporation or entity, the adoption by the Company of any plan of exchange affecting the Shares or any distribution to existing holders of Shares (including cash dividends), the Company shall make appropriate adjustments to (i) the number of Shares or other property covered by the Options and (ii) the Strike Price in respect of such Options; provided that such adjustments shall only be such as are necessary to maintain the proportionate interest of the holders of the Options and to preserve, without increasing, the value of such Options. In the event of a corporate merger, demerger, consolidation, acquisition of assets or stock, separation, reorganization or liquidation, the Company shall be authorized (x) to substitute new awards for the Options, as part of such adjustment; (y) to cancel Options and give Participants notice and opportunity to exercise for 15 days prior to such cancellation; or (z) to cancel any Options and to deliver to the Participant cash in an amount equal to the difference between the Fair Market Value per Share on the day a written notice is sent to the Participant and the Strike Price, multiplied with the remaining Options in the hands of the Participant.

17. *Restrictions.* No Shares or other form of payment shall be issued with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such issuance 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.

18. *Unfunded Plan.* This Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants under this Plan, any such accounts shall be used merely as a bookkeeping convenience, including bookkeeping accounts established by a third-party administrator retained by the Company to administer the Plan. The Company shall not be required to segregate any assets for purposes of this Plan or Awards hereunder, nor shall the Company, the Board or the Committee be deemed to be a trustee of any benefit to be granted under this Plan. Any liability or obligation of the Company or any Subsidiary to any Participant with respect to an Award under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Award Agreement or the terms of the Award, and no such liability or obligation of the Company or any Subsidiary shall be deemed to be secured by any pledge or other encumbrance on any property of the Company or any Subsidiary. None of

the Company, any Subsidiary, the Board or the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

19. *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.

20. *Successors.* All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

21. *Governing Law.* 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.

22. *Effectiveness and Term.* The Plan is effective as of May 11, 2011. No Award shall be made under the Plan after May 11, 2016.

Attachment A

“Change of Control”

The following definition applies to Paragraph 9 of the foregoing Plan:

A “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.

**Petroleum Geo-Services ASA 2011 Stock Option Plan
Award Agreement**

This Award Agreement is made and entered into as of the date of grant set forth below (the “Grant Date”) by and between PGS xxx (the “Employer”) and the individual named below (“Participant”). Capitalized terms not defined herein shall have the meaning ascribed to them in the Petroleum Geo-Services ASA 2011 Stock Option Plan, as such plan may be amended from time to time (the “Plan”).

Participant: [...]

Address: [...]

Total Shares: [...]

Strike Price (per Share): NOK [...]

Grant Date: _____, 2011

Expiration Date for Exercise of Options: _____, 2016

1. **Grant of Option.** The Employer hereby grants to Participant an option (the “Option”) to purchase the total number of Shares set forth above (the “Option Shares”) at the Strike Price per share set forth above, subject to all of the terms and conditions of this Agreement and the Plan. To the extent the Participant is subject to tax in the United States, this Option is intended to be an Incentive Stock Option subject to the provisions of Section 422 of the Code to the fullest extent possible.
2. **Exercise of Option.** This Option shall be exercisable during its term only in accordance with the terms and provisions of the Plan. The exercise of this Option shall be subject the decision of the Remuneration and Corporate Governance Committee of the Company pursuant to Paragraph 8(b)(ii) and to the limitation set forth in Paragraph 8(b)(vi) of the Plan.
3. **Termination of Status as an Employee.** In the event of termination of Participant’s employment with the Employer, the Company and its Subsidiaries, Participant may exercise this Option to the extent set forth in the Plan. To the extent that Participant was not entitled to exercise this Option at the Time of Termination, or if Participant does not exercise this Option within the time specified in the Plan, this Option shall terminate.

4. **Severability; Construction.** In the event that any provision in this Award Agreement shall be invalid or unenforceable, such provision shall be severed from and such invalidity or unenforceability shall not be construed to have any effect on the remaining provisions of this Award Agreement. This Award Agreement shall be construed as to its fair meaning and not for or against either party.

5. **Governing Law.** This Award Agreement shall be deemed to be made under and governed by and construed in accordance with the laws of the Kingdom of Norway.

6. **Incorporation of Plan; Complete Agreement.** This Award Agreement and the grant of the Option hereunder are made pursuant to the Plan and are subject to all of the terms and provisions of the Plan as if fully set forth herein. This Agreement constitutes the entire agreement between the parties with respect to its subject matter, and supersedes all other prior or contemporaneous agreements and understandings, whether oral or written; subject, however, that in the event of any conflict between this Award Agreement and the Plan, the Plan shall govern.

7. **Privileges of Stock Ownership.** Participant shall not have any of the rights of a shareholder with respect to any Shares until Participant exercises the Option and pays the Strike Price and the Option Shares are registered in the Participant's account.

8. **No Right to Employment or Continued Vesting.** PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE OPTION PURSUANT TO THE PLAN IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE AT THE WILL OF THE EMPLOYER (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING OPTION SHARES HEREUNDER). PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION, THE PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH IN THE PLAN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED EMPLOYMENT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH PARTICIPANT'S RIGHT OR THE EMPLOYER'S RIGHT TO TERMINATE PARTICIPANT'S EMPLOYMENT RELATIONSHIP AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant acknowledges receipt of a copy of the Plan, represents that Participant is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board or of the Committee upon any questions arising under the Plan.

Date: _____

THE EMPLOYER:

[...]

Sign. _____

Name: Jon Erik Reinhardsen

Title: CEO

PARTICIPANT:

Sign. _____

Name [...]

Address: [...]