



# Third Quarter 2009 Results



# Robust Performance - Strong Cash Flow - Improved Visibility

October 27, 2009: HOUSTON, TEXAS. In Q3 2009 Petroleum Geo-Services ASA ("PGS" or the "Company") delivered strong cash flow and reduced net interest bearing debt by \$149.1 million, to \$813.0 million.

- **Strong cash flow:** Q3 cash flow from operating activities of \$163.8 million. This together with proceeds from sale of *Geo Atlantic* and equity stakes in Genesis, Borders & Southern and Endeavour contributed to strong net debt reduction in the quarter, with net interest bearing debt ending at \$813.0 million. Liquidity reserve at end Q3 amounted to \$430 million.
- **Q3 2009 Group performance:** Earnings before interest, tax, depreciation and amortization ("EBITDA") of \$181.0 million, up 12% from Q2.
- **Marine:** Q3 revenues of \$361.5 million and earnings before interest and tax ("EBIT") of \$113.6 million, excluding the previously announced impairment charge relating to cancellation of New Build number 533 ("NB 533"). MultiClient late sales were \$42.7 million, up 47% from Q2.
- **Onshore:** Higher utilization gave a Q3 2009 EBIT of \$4.1 million, up from \$0.8 million in Q2 2009. Crew continuity is improving in line with the order book, which is up 7% at \$196 million from Q2.
- **Q1 2010 is firming up:** Virtually all 2009 capacity sold and approximately 80% of Q1 2010 capacity is also covered at acceptable margins. Order book end Q3 was \$729 million.
- **Accelerated GeoStreamer® roll-out:** By year-end 2010 50% of PGS' streamer capacity is expected to be GeoStreamer®.
- **Guidance:** The Company expects full year 2009 adjusted EBITDA of approximately \$700 million with improved cash flow expectations, since both capital expenditures and MultiClient investments for 2009 are reduced.

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

*"We have focused heavily on cash flow over the past twelve months. This has led to a reduction in net debt level of approximately 30%. Vessel and streamer bookings have increased every month since April 2009 and the dollar value of the order book has stabilized. There continues to be risks related to market outlook, not least the levels of over-capacity in the industry, but a combination of industry leading efficiency and technology leave us well positioned."*

Key Financial Figures (In millions of dollars, except per share data)	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2009 Unaudited	2008 Unaudited	2009 Unaudited	2008 Unaudited	2008 Audited 1)
Revenues	\$ 416.4	\$ 534.3	\$ 1,181.7	\$ 1,455.9	\$ 1,917.5
Adjusted EBITDA (as defined)	181.0	276.1	544.1	726.5	967.8
EBIT excluding special items <sup>2)</sup>	108.9	187.8	335.8	497.8	632.3
EBIT	56.5	187.8	184.6	569.4	542.7
Income before income tax expense	73.1	157.7	195.6	522.2	449.4
Net income to equity holders	47.7	124.4	143.0	378.4	417.4
Basic earnings per share (\$ per share)	0.24	0.71	0.77	2.15	2.37
Diluted earnings per share (\$ per share)	0.24	0.69	0.77	2.11	2.36
Net cash provided by operating activities	163.8	257.6	517.3	628.8	914.6
Cash investment in MultiClient library	34.7	83.0	139.1	227.6	290.0
Capital expenditures	43.6	112.6	199.7	323.4	450.6
Total assets (period end)	3,011.5	3,066.9	3,011.5	3,066.9	3,064.8
Cash and cash equivalents (period end)	184.0	87.8	184.0	87.8	95.2
Net interest bearing debt (period end)	\$ 813.0	\$ 1,177.6	\$ 813.0	\$ 1,177.6	\$ 1,135.6

<sup>1)</sup> Financial information for the full year 2008 is derived from the audited financial statements as presented in the 2008 Annual Report.

<sup>2)</sup> Impairment charges of \$52.4 million in Q3 2009 and \$151.2 million YTD Q3 2009, respectively. Impairment charge of \$161.1 million in Q4 2008 and a gain of \$71.6 million in YTD Q3 2008 from the sale of *Ramform Victory*.

## Operations PGS Group

In Q3 2009 the Company recorded an impairment charge of \$52.4 million related to cancellation of NB 533 (see discussions under "Impairment of Long-lived Assets" below).

In Q3 2009 consolidated revenues were \$416.4 million, compared to \$534.3 million in Q3 2008. The decrease is mainly due to lower contract and MultiClient revenues.

Consolidated EBIT was \$56.5 million in Q3 2009. Excluding impairments related to cancellation of NB 533 EBIT was \$108.9 million compared to \$187.8 million in Q3 2008.

Income before income tax expense in Q3 2009 was \$72.1 million, compared to \$157.7 million in Q3 2008.

Net income to equity holders was \$47.7 million in Q3 2009, compared to \$124.4 million in Q3 2008.

## Operations Marine

Total revenues were \$361.5 million in Q3 2009, compared to \$460.4 million in Q3 2008.

Contract revenues decreased from \$307.0 million in Q3 2008 to \$263.3 million in Q3 2009, reflecting primarily lower prices. The Company used 73% of its total 3D capacity to acquire marine contract seismic in Q3 2009, compared to 63% in Q3 2008. Vessel steaming and yard time made up 8% and 3% respectively of total 3D capacity in Q3 2009 compared to 16% and 3% respectively in Q3 2008. The EBIT margin on marine contract acquisition work was approximately 37% in Q3 2009, down from 44% in Q2 2009 and 53% in Q3 2008.

Total MultiClient revenues (pre-funding and late sales revenues combined) were \$74.1 million in Q3 2009, compared to \$120.1 million in Q3 2008. In Q3 2009, 16% of total 3D capacity was used for MultiClient acquisition, compared to 18% in Q3 2008.

MultiClient pre-funding revenues were \$31.5 in Q3 2009 compared to \$71.9 million in Q3 2008. The decrease is primarily driven by less high pre-funded MultiClient projects in the North Sea.

Pre-funding revenues were 91% of MultiClient cash investments, excluding capitalized interest, compared to 106% in Q3 2008, reflecting a reduction in highly pre-funded

projects in the North Sea and Brazil, offset by a reduction in 2D MultiClient investments which typically have lower pre-funding.

MultiClient late sales were \$42.7 million in Q3 2009, compared to \$48.2 million in Q3 2008, primarily reflecting lower late sales in Brazil and West Africa, partially offset by increased late sales in the North Sea, Asia Pacific and the Gulf of Mexico.

Capitalized cash investments in MultiClient library, excluding capitalized interest, were \$34.4 million in Q3 2009, compared to \$68.0 million in Q3 2008 primarily reflecting a reduction in leased-in 2D capacity deployed on MultiClient projects.

External data processing ("DP") revenues were \$21.3 million in Q3 2009, compared to \$19.2 million in Q3 2008. DP delivers differentiating technologies such as GeoStreamer® and AGS Beam, providing our customers unique tools to better image their reservoir. DP has tight cost control and is taking steps to align its resource level with the market conditions while growing external revenue.

Marine reported an EBIT of \$61.2 million in Q3 2009. Excluding impairments of long-lived assets EBIT was \$113.6 million compared to \$202.4 million in Q3 2008. The decrease in adjusted EBIT, excluding the impairment charge, is primarily driven by lower contract and MultiClient revenues and less cash cost capitalized to the MultiClient Library, partially offset by cost reductions.

Operating expenses (before depreciation, amortization and impairments) decreased by \$2.6 million compared to Q3 2008, due to general cost reductions, partially offset by a decrease in own 3D fleet cash costs capitalized to the MultiClient library reflecting the decrease in own 3D capacity allocated to MultiClient activity and *Ramform Sterling* placed in operations in the second half of July.

The Company is taking measures to reduce capacity and balance supply and demand in the market quicker. *Nordic Explorer* was converted from 3D to 2D/source mid July and *Ocean Explorer* was converted at the end of Q3. The Company has notified the owner of the 3D vessel *Orient Explorer* that it does not intend to renew the charter contract which expires by year-end 2009. In addition the Company has cancelled the two first Arrow vessels (see separate discussion under "Arrow New-Build Program").

The order book totaled \$533 million for Marine at September 30, 2009, including \$121 million of committed pre-funding on scheduled MultiClient projects, compared to \$977 million at September 30, 2008 and \$559 million at June 30, 2009.

### **Operations Onshore**

In Q3 2009 total revenues were \$55.3 million, compared to \$72.2 million in Q3 2008. The decrease is primarily driven by lower activity levels in North America, North Africa, Brazil and for transition zone projects, partially offset by higher activity in Mexico. Contract revenues were \$53.0 million in Q3 2009, compared to \$53.9 million in Q3 2008.

Total MultiClient revenues were \$2.4 million in Q3 2009, compared to \$18.4 million in Q3 2008. The Onshore MultiClient activity is concentrated in North America where activity is low and in Q3 capitalized cash investments in MultiClient library, excluding capitalized interest, totaled \$0.2 million, compared to \$11.2 million in Q3 2008.

Onshore reported an EBIT of \$4.1 million in Q3 2009, compared to an EBIT of \$4.2 million in Q3 2008. The EBIT performance primarily reflects strong performance by the four crews in Mexico, generally better crew continuity and reduced cost levels, offset by lower than anticipated late sales and lower activity in other regions.

The order book was \$196 million at September 30, 2009, compared to \$260 million at September 30, 2008 and \$184 million at June 30, 2009.

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

In Q3 2009 the EBIT loss was \$7.8 million, compared to a loss of \$18.7 million in Q3 2008.

The numbers include the electro-magnetic ("EM") operations of PGS EM with an EBIT loss of \$2.4 million in Q3 2009, compared to a loss of \$11.4 million in Q3 2008. During the first half of 2009 PGS EM has restructured the organization to be more in line with market demand.

### **Technology**

In Q3 2009, the Company reported \$4.6 million, in research and development costs, compared to \$6.7 million in Q3 2008 and capitalized \$4.8 million and \$1.1 million in development costs, respectively. These expenses partly relate to PGS' effort to develop a towed EM solution, which was tested over a known gas reservoir in the North Sea in June 2009. The test proved successful and the EM data produced have been modeled and inverted with very encouraging results.

### **Depreciation and Amortization**

In Q3 2009 gross depreciation (before any capitalization to MultiClient library) was \$45.9 million, compared to \$43.9 in Q3 2008, reflecting increased capacity after *Ramform Sterling* entered the fleet in the second half of July 2009, partially offset by reduced depreciation reflecting the sale of *Geo Atlantic*.

Amortization of the MultiClient library totaled \$30.5 million (40% of MultiClient revenues) in Q3 2009, compared to \$47.8 million (35% of MultiClient revenues) in Q3 2008. Pre-funding revenues are amortized at least at a rate of 45% (as long as such amortization does not exceed total cost). Amortization rate relating to late sales is low since a significant part of sales relates to surveys which are fully amortized.

The Company applies minimum amortization criteria for the library projects based generally on a five-year life. With effect from 2009 the Company records an estimate of minimum amortization individually for each MultiClient survey on a quarterly basis. This was previously done only at year-end. Total minimum amortization in Q3 2009 was \$2.3 million.

### **Impairments of Long-lived Assets**

In Q3 2009 the Company announced that its subsidiary Arrow Seismic Invest III Ltd. exercised its right to cancel the shipbuilding contract for NB 533. The cancellation resulted in an impairment charge of \$52.4 million recorded in Q3 2009. The shipyard disputed the termination and Arrow Seismic Invest III Ltd. received a notice of commencement of arbitration from the shipyard (see discussion under "Arrow New-Build Program" below).

## **Net Gain (Loss) from Associated Companies**

Q3 2009 includes a gain of \$0.8 million from the sale of shares in Genesis Petroleum Corporation.

## **Interest Expense**

In Q3 2009 gross interest expense was \$16.3 million, compared to \$24.6 million in Q3 2008. The decrease primarily reflects reduced interest rates and a reduction in interest bearing debt.

Capitalized interest for MultiClient surveys and construction in progress was \$5.4 million in Q3 2009, compared to \$20.4 million in Q3 2008. The decrease is due to a reduction of vessels under construction and lower MultiClient cash investment. Delivery of *Ramform Sterling* in the second half of July and the cancellation of NB's 532 and 533 primarily explain the decrease in cumulative costs related to vessels under construction of \$3.1 million in Q3 2009, compared to \$16.1 million in Q3 2008.

## **Other Financial Income**

In Q3 2009 other financial income was a gain of \$14.9 million compared to a gain of \$8.8 million in Q3 2008. The gain in Q3 2009 was primarily attributable to sale of the shares in Borders & Southern Petroleum and Endeavour International Corporation of \$8.2 million.

Financial income in Q3 2009 was also positively impacted by interest income of \$1.9 million, compared to \$3.0 million in Q3 2008.

## **Other Financial Expense**

In Q3 2009 other financial expense was \$3.5 million, compared to \$2.1 million in Q3 2008.

## **Currency Exchange Gain (Loss)**

In Q3 2009 currency exchange was a gain of \$13.5 million, compared to a loss of \$27.5 million in Q3 2008. The Company holds foreign currency positions to balance its operational currency exposure. These positions are not accounted for as hedges, but marked to market at each balance sheet date together with receivables and payables in non

US currencies, causing the short term effect to be positive when the USD depreciates.

## **Income Tax Expense**

In Q3 2009 the income tax expense was \$24.4 million compared to \$32.9 million in Q3 2008. The estimated current tax expense in Q3 2009 was \$6.9 million compared to \$18.7 million in Q3 2008. Deferred tax represented an expense of \$17.5 million in Q3 2009 compared to an expense of \$14.2 million in Q3 2008.

Tax expense for Q3 2009 is positively impacted by vessel operations being tax exempt inside tonnage tax regimes in Norway and Singapore, but is mainly offset by a negative effect on impairments relating to Arrow, which are not tax deductible and has not benefited reported income tax expense.

The Company has substantial deferred tax assets in different jurisdictions, predominantly in Norway. Deferred tax assets recognized in the consolidated statements of financial position amounted to \$189.5 million as of September 30, 2009, compared to \$113.2 million as of September 30, 2008.

As previously disclosed the Company has an ongoing dispute in Brazil related to municipal services tax ("ISS") on sale of MultiClient data. The issue has been disclosed and explained in annual and quarterly reports since 2005. As of September 30, 2009 the Company estimates the total exposure to be approximately \$150 million, including possible penalties and interest, none of which has been accrued, because the matter is considered more likely than not to be resolved in PGS' favor. The increase in exposure since Q2 relates primarily to an appreciation of the Brazilian Real against USD.

## **Capital Investments**

In Q3 2009 cash investments in MultiClient library (Marine and Onshore) totaled \$34.7 million, excluding capitalized interest, compared to \$83.0 million in Q3 2008. The decrease is primarily due to less project-based hired-in vessel capacity used to acquire marine MultiClient surveys, significantly reduced Onshore MultiClient cash investments and general cost reductions.

Capital expenditures, excluding capitalized interest, totaled \$17.4 million in Q3 2009, compared to \$112.6 million in Q3 2008. In the

consolidated statements of cash flows, capital expenditures paid for Q3 is \$26.2 million higher, which relates to the final installment of *Ramform Sterling* (vessel delivered end June while final installment was made July 1, 2009).

Capital expenditures consist of:

- Marine expenditures in Q3 2009 were \$12.9 million compared to \$89.9 million in Q3 2008. \$15.2 million relates to streamer pool renewal and reversal of certain capital expenditures recognized in prior quarter mainly relating to *Ramform Sterling*.
- Onshore expenditures were \$4.2 million in Q3 2009, compared to \$14.1 million in Q3 2008. The decreased expenditure reflects adaptation to a weaker market.
- Other (including Corporate, Global Shared Services and PGS EM) combined expenditures were \$0.3 million in Q3 2009, compared to \$8.6 million in Q3 2008.

### Arrow New-Build Program

Upon the acquisition of Arrow Seismic ASA including its subsidiaries ("Arrow") in 2007, the company was constructing four 10-12 streamer seismic 3D vessels at the Factorias Vulcano shipyard group in Spain. The first two vessels (NB 532 and 533) were chartered to WesternGeco ("WG"), whereas the other two new-builds (NB 534 and 535), now named *PGS Apollo* and *PGS Artemis*, were free of charter and are intended to be a part of PGS seismic operations when completed as part of a fleet renewal program.

Arrow cancelled the contracts for NB 532 and NB 533 in March 2009 and August 2009 respectively due to delays. WG was released from its obligations under the charter in connection with these cancellations. The Yard has disputed Arrow's right of termination, and initiated arbitration proceedings against Arrow in Norway. The hearing in the first arbitration case is scheduled for December 2009. The date for the hearing in the second arbitration case has not yet been set.

Arrow claims repayment of approximately EUR 40 million per vessel in connection with the arbitration (of which approximately EUR 33 million plus interest is covered by bank guarantees for each vessel). The Yard has on its side claimed damages for the cancellation of the NB 532, but not specified the amount claimed. It has not been clarified whether the

Yard will claim damages related to the NB 533.

The work on *PGS Apollo* shows progress and PGS anticipates that the vessel will be completed in Q1 2010.

The work on *PGS Artemis* has shown limited progress to date. The vessel is under the contract supposed to be completed at Factorias Vulcano's subsidiary in Gijon, Factorias Juliana, which is currently in a bankruptcy process. Further progress on the vessel is uncertain and dependent of ongoing negotiations between the shipyard and creditors. PGS has decided to defer any further purchase commitments on seismic equipment for *PGS Artemis* and intends to equip the vessel with existing equipment from its 6-streamer fleet if it is delivered by the termination date (January 31, 2010 plus 200 days).

Arrow has paid all scheduled pre-delivery yard installments on both *PGS Apollo* and *PGS Artemis*, approximately EUR 40 million on each. Arrow has received bank guarantees for the full amount relating to *PGS Artemis*. If in the future the shipbuilding contract for *PGS Artemis* is terminated (either by Arrow due to delay or by the yard as a result of the financial situation) Arrow will be entitled to call on these guarantees and should realize a significant cash benefit. Termination of either *PGS Apollo* or *PGS Artemis*, or both would most likely result in a material impairment charge.

### Liquidity and Financing

In Q3 2009, net cash provided by operating activities was \$163.8 million compared to \$252.4 million in Q3 2008. In Q3 2009 the Company made debt and capital lease repayments amounting to \$127.7 million. Proceeds from sale of the vessel *Geo Atlantic* and shares in Genesis, Endeavour and Borders & Southern also contributed positively to reduce debt and capital leases.

At September 30, 2009, cash and cash equivalents amounted to \$184.0 million compared to \$168.1 million at June 30, 2009 and \$87.8 million at September 30, 2008. Restricted cash amounted to \$26.1 million at September 30, 2009 compared to \$17.7 million at June 30, 2009 and \$24.3 million at September 30, 2008.

As of September 30, 2009, \$572.0 million was outstanding under the Term Loan B maturing

in 2015 and \$100.0 million was outstanding under the \$350.0 million revolving credit facility maturing in 2012. The drawings on the revolving credit facility were repaid in October. In addition, the Company has \$344.5 million nominal amount of convertible notes outstanding and a remaining balance on the Oslo Seismic Notes of \$41.7 million.

In Q3 2009 the Company repaid and cancelled the Arrow facilities which amounted to \$76.9 million.

In Q3 the Company repurchased \$0.7 million of nominal value of the 10% Senior Notes due 2010. Remaining balance at end Q3 was \$3.8 million.

The total interest bearing debt, including capital leases, was \$1,023.1 million as of September 30, 2009 compared to \$1,147.9 million as of June 30, 2009 and \$1,289.6 million as of September 30, 2008.

Net interest bearing debt (interest bearing debt less cash and cash equivalents, restricted cash and interest bearing investments) was \$813.0 million as of September 30, 2009 compared to \$962.1 million as of June 30, 2009 and \$1,177.6 million as of September 30, 2008.

The Company is subject to interest rate risk on debt, including capital leases. The risk is managed through using a combination of fixed and variable rate debt, together with interest rate swaps where appropriate, to fix the borrowing cost. As of September 30, 2009 the Company had approximately 3/4 of its debt on fixed interest rate and the weighted average interest rate on gross debt was approximately 5.0%, inclusive credit margins paid on the debt. The swap agreements used to fix the interest rate on \$400 million of the debt matures from mid 2010 through 2014 and is matched against the Term Loan B. The swap agreements are accounted for as interest rate hedges as long as the hedging criteria are met.

After giving effect to the Company's interest rate swaps, for every one percentage point hypothetical increase in LIBOR, the annual net interest expense on the Company's debt, including capital leases, would increase by approximately \$1.0 million.

The \$600 million Term Loan B and the \$350 million revolving credit facility contain financial covenants and negative covenants that restrict the company in various ways. The revolving

credit facility may not have a total leverage ratio exceeding 3.25:1 in 2009 and 2010, and 3.0:1 thereafter. At September 30, 2009 the total leverage ratio was 1.88:1. The credit agreement generally requires the Company to apply 50% of excess cash flow to repay outstanding borrowings for periods when the senior leverage ratio exceeds 2.0:1 or if total leverage ratio exceeds 2.5:1.

## **Risk factors**

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

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

For a further description of other relevant risk factors we refer to our Annual Report for 2008. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements.

## **Outlook 2009**

Based on the current operational forecast and with reference to the aforementioned risk factors, the Company has the following expectations for the full year 2009:

- 2009 Adjusted EBITDA of approximately \$700 million.
- 2009 active Marine 3D vessel capacity: 25% on MultiClient and 75% on contract.
- MultiClient cash investments approximately \$180 million.
- Capital expenditures of \$250-300 million.

The primary risks relating to the full year guidance are operational downtime events in the Marine segment and MultiClient sales.

### **Events after the end of the reporting period**

On October 14, 2009 the Company held an extraordinary general meeting to elect two new members of the board, change the articles of association to allow for online publication of documents for future general meetings and motion to authorize the board of directors to increase the share capital. The

extraordinary general meeting approved all matters as proposed in the calling notice.

On October 20, 2009 the Company initiated a process to seek consent from the bondholders of its convertible bond PGS01 to certain amendments to the conditions of the bonds. The purpose is to increase flexibility and to harmonize terms and conditions with other debt instruments. The result from the initiated process will be known after the bondholder meeting on November 11, 2009.

Houston, October 26, 2009

Francis Gugen  
Chairperson

Harald Norvik  
Vice Chairperson

Holly Van Deursen

Daniel J. Piette

Wenche Kjørlås

Annette Malm Justad

Jon Erik Reinhardsen  
Chief Executive Officer

Carol Bell

\*\*\*\*

*Petroleum Geo-Services is a focused geophysical company providing a broad range of seismic and reservoir services, including acquisition, processing, interpretation, and field evaluation. The company also possesses the world's most extensive multi-client data library. PGS operates on a worldwide basis with headquarters at Lysaker, Norway.*

*For more information on Petroleum Geo-Services visit [www.pgs.com](http://www.pgs.com).*

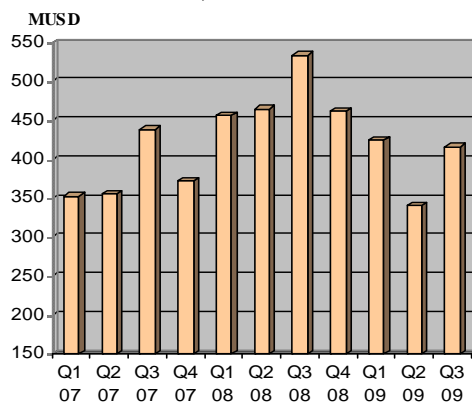
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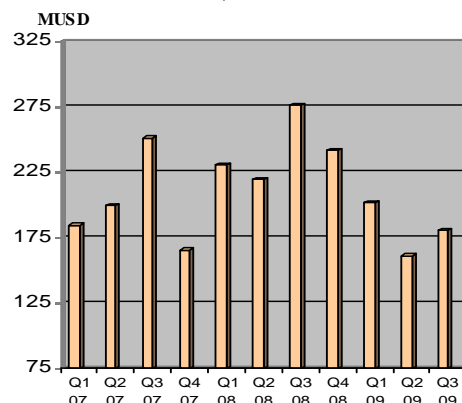
**Petroleum Geo-Services ASA and Subsidiaries**  
**Consolidated Statements of Operations**

	Note	Quarter ended		Nine months ended		Year ended
		September 30,		September 30,		December 31,
		2009	2008	2009	2008	2008
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
(In thousands of dollars, except share data)						
Revenues	4	\$ 416 432	\$ 534 278	\$ 1 181 746	\$ 1 455 924	\$ 1 917 502
Cost of sales		217 713	231 165	577 993	650 529	847 227
Research and development costs	5	4 647	6 655	17 636	14 577	19 373
Selling, general and administrative costs		13 060	20 405	41 991	64 344	83 068
Depreciation and amortization	4, 6	72 152	88 276	208 291	228 634	335 516
Impairment of long-lived assets	4, 7	52 406	-	151 212	-	161 140
Other operating income	4	-	-	-	(71 561)	(71 561)
Total operating expenses		359 978	346 501	997 123	886 523	1 374 763
Operating profit/EBIT	4	56 454	187 777	184 623	569 401	542 739
Net gain/ (loss) from associated companies		1 626	(5 137)	1 217	(7 023)	(16 166)
Interest expense	8	(10 865)	(4 166)	(31 442)	(43 827)	(56 648)
Other financial income	9	14 866	8 812	22 610	18 940	27 341
Other financial expense	10	(3 468)	(2 090)	(7 317)	(3 613)	(14 804)
Currency exchange gain (loss)		13 514	(27 531)	24 875	(11 722)	(33 082)
Income before income tax expense		72 127	157 665	194 566	522 156	449 380
Income tax expense		24 380	32 917	52 615	143 996	32 752
Income from continuing operations		47 747	124 748	141 951	378 160	416 628
Income from discontinued operations, net of tax		-	-	1 000	962	1 462
<b>Net income</b>		<b>\$ 47 747</b>	<b>\$ 124 748</b>	<b>\$ 142 951</b>	<b>\$ 379 122</b>	<b>\$ 418 090</b>
Net income attributable to minority interests		(1)	358	(3)	707	706
<b>Net income to equity holders of PGS ASA</b>		<b>\$ 47 748</b>	<b>\$ 124 390</b>	<b>\$ 142 954</b>	<b>\$ 378 415</b>	<b>\$ 417 384</b>
<b>Earnings per share, to ordinary equity holders of PGS ASA:</b>						
- Basic	16	\$ 0.24	\$ 0.71	\$ 0.77	\$ 2.15	\$ 2.37
- Diluted	16	\$ 0.24	\$ 0.69	\$ 0.77	\$ 2.11	\$ 2.36
<b>Earnings per share from continuing operations, to ordinary equity holders of PGS ASA:</b>						
- Basic	16	\$ 0.24	\$ 0.71	\$ 0.76	\$ 2.15	\$ 2.36
- Diluted	16	\$ 0.24	\$ 0.69	\$ 0.76	\$ 2.11	\$ 2.35
Weighted average basic shares outstanding		197 818 233	176 013 220	186 107 949	175 954 225	176 014 248
Weighted average diluted shares outstanding		197 818 233	186 205 043	186 107 949	186 155 934	186 024 043

**Revenues by Quarter**  
**2007, 2008 & 2009**



**Adjusted EBITDA (1) by Quarter**  
**2007, 2008 & 2009**



Notes: (1) Adjusted EBITDA, when used by the Company, means income before income tax expense less, currency exchange gain (loss), other financial expense, other financial income, interest expense, loss from associated companies, other operating income and depreciation and amortization. See Support Tables for a more detailed discussion of and reconciliation of Adjusted EBITDA to income before income tax expense (benefit). Adjusted EBITDA may not be comparable to other similarly titled measures from other companies. PGS has included Adjusted EBITDA as a supplemental disclosure because management believes that it provides useful information regarding PGS' ability to service debt and to fund capital expenditures and provides investors with a helpful measure for comparing its operating performance with that of other companies. Adjusted EBITDA is considered a non IFRS measure.

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

	Note	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
		2009	2008	2009	2008	2008
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
(In thousands of dollars)						
<b>Net income for the period</b>		\$ 47 747	\$ 124 748	\$ 142 951	\$ 379 122	\$ 418 090
Other comprehensive income:						
Cash flow hedges	13	(3 515)	(1 309)	7 888	2 928	(24 588)
Deferred tax on cash flow hedges		1 092	-	(2 154)	4 921	12 994
Revaluation of shares available-for-sale	13	(6 095)	(18 494)	1 719	871	725
Translation adjustments and other		(7)	460	40	343	(676)
Other comprehensive income for the period, net of tax		(8 525)	(19 343)	7 493	9 063	(11 545)
<b>Total comprehensive income for the period</b>		39 222	105 405	150 444	388 185	406 545
Total comprehensive income attributable to minority interests		(1)	-	(3)	349	706
<b>Total comprehensive income to equity holders of PGS ASA</b>		\$ 39 223	\$ 105 405	\$ 150 447	\$ 387 836	\$ 405 839

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

	Note	September 30,		December 31,
		2009	2008	2008
		Unaudited	Unaudited	Audited
(In thousands of dollars)				
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	15	\$ 184 008	\$ 87 759	\$ 95 248
Restricted cash	15	16 087	14 260	8 360
Shares available-for-sale		2 312	3 053	5 977
Accounts receivable		262 334	296 471	228 903
Accrued revenues and other receivables		213 070	153 853	179 331
Assets held-for-sale		5 250	-	5 250
Other current assets		126 804	127 438	143 258
<b>Total current assets</b>		<b>809 865</b>	<b>682 834</b>	<b>666 327</b>
<i>Long-term assets:</i>				
Property and equipment		1 334 584	1 539 515	1 562 421
Multi-client library		359 218	292 327	294 601
Restricted cash	15	10 014	10 014	10 014
Deferred tax assets		189 542	113 153	221 786
Investments in associated companies		6 358	24 136	14 391
Shares available-for-sale		8 506	10 666	272
Other long-lived assets		15 917	21 426	20 142
Goodwill		175 092	175 092	175 092
Other intangible assets		102 403	197 784	99 759
<b>Total long-term assets</b>		<b>2 201 634</b>	<b>2 384 113</b>	<b>2 398 478</b>
<b>Total assets</b>		<b>\$ 3 011 499</b>	<b>\$ 3 066 947</b>	<b>\$ 3 064 805</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<i>Current liabilities:</i>				
Short-term debt and current portion of long-term debt	15	\$ 15 790	\$ 268 242	\$ 20 459
Current portion of capital lease obligations	15	462	4 235	1 180
Accounts payable		72 191	82 093	98 036
Accrued expenses		296 252	313 703	340 308
Income taxes payable		70 920	84 214	75 683
<b>Total current liabilities</b>		<b>455 615</b>	<b>752 487</b>	<b>535 666</b>
<i>Long-term liabilities:</i>				
Long-term debt	15	996 775	1 001 937	1 212 065
Long-term capital lease obligations	15	-	1 680	2 871
Deferred tax liabilities		29 788	57 970	34 398
Other long-term liabilities		110 092	134 589	140 125
<b>Total long-term liabilities</b>		<b>1 136 655</b>	<b>1 196 176</b>	<b>1 389 459</b>
<i>Shareholders' equity:</i>				
<i>Paid-in capital:</i>				
Common stock; par value NOK 3; issued and outstanding 197,999,999 shares at September 30, 2009; issued and outstanding 180,000,000 at December 31, 2008 and September 30, 2008		86 583	78 208	78 208
Treasury shares, par value		(89)	(1 868)	(1 868)
Additional paid-in capital		235 133	131 617	134 658
<b>Total paid-in capital</b>		<b>321 627</b>	<b>207 957</b>	<b>210 998</b>
Accumulated earnings		1 124 769	924 365	963 334
Cumulative translation adjustment and other reserves		(27 169)	(14 054)	(34 662)
Minority interests		2	16	10
<b>Total shareholders' equity</b>	14	<b>1 419 229</b>	<b>1 118 284</b>	<b>1 139 680</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 3 011 499</b>	<b>\$ 3 066 947</b>	<b>\$ 3 064 805</b>

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

	Quarter ended		Nine months ended		Year ended
	September 30,		September 30,		December 31,
	2009	2008	2009	2008	2008
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
(In thousands of dollars)					
<b>Cash flows provided by operating activities:</b>					
Net income	\$ 47 748	\$ 124 390	\$ 142 954	\$ 378 415	\$ 417 384
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	72 152	88 276	208 291	228 634	335 516
Impairments of long-lived assets	52 406	-	151 212	-	161 140
(Gain) loss on sale of assets	1 200	(64)	1 048	(71 768)	(75 581)
Interest expense	10 865	4 166	31 442	43 827	56 648
Deferred income taxes	17 501	14 162	26 511	75 636	(49 035)
Net decrease in restricted cash	(8 362)	(2 069)	(7 727)	35 149	41 049
Income taxes paid	(16 281)	(5 647)	(44 462)	(37 160)	(49 741)
Gain on sale of shares	(8 202)	-	(8 611)	-	-
Other items	(2 634)	4 854	52	9 790	22 393
(Increase) decrease in accounts receivable, net	(17 531)	32 297	(33 431)	(54 117)	13 451
(Increase) decrease in unbilled and other receivables	9 793	(57 565)	63 500	(6 626)	(32 104)
(Increase) decrease in other current assets	(5 196)	36 643	15 210	2 132	(13 688)
(Increase) decrease in other long-lived assets	445	741	4 225	8 542	8 885
Increase (decrease) in accounts payable	(12 670)	(13 529)	(25 845)	(5 854)	10 089
Increase (decrease) in accrued expenses and income taxes payable	22 383	48 031	1 475	54 952	87 405
Increase (decrease) in other long-term liabilities	205	(22 296)	(8 547)	(5 263)	(19 196)
<b>Net cash provided by operating activities</b>	<b>163 822</b>	<b>252 390</b>	<b>517 297</b>	<b>656 289</b>	<b>914 615</b>
<b>Cash flows (used in) provided by investing activities:</b>					
Investment in MultiClient library	(34 661)	(82 079)	(139 069)	(227 602)	(290 031)
Capital expenditures	(43 586)	(112 570)	(199 707)	(323 435)	(450 619)
Capital expenditures on new-builds on charter	(2 823)	(1 826)	(3 839)	(31 266)	(31 979)
Investment in other intangible assets	(4 916)	(1 542)	(9 395)	(8 644)	(12 460)
Proceeds from sale of assets and associated companies	7 102	2 762	8 826	5 830	6 297
Proceeds from assets held-for-sale, net	58 000	-	58 000	24 605	24 605
Investment in available-for-sale shares, net	(3 261)	-	(4 931)	-	-
Proceeds from available-for-sale shares, net	12 978	-	13 677	-	-
Other Items, net	-	-	1 000	885	885
<b>Net cash used in investing activities</b>	<b>(11 167)</b>	<b>(195 255)</b>	<b>(275 438)</b>	<b>(559 627)</b>	<b>(753 302)</b>
<b>Cash flows provided by (used in) financing activities:</b>					
Proceeds from issuance of common stock, net	-	-	98 523	-	-
Proceeds from issuance of long-term debt	-	-	20 000	33 702	33 702
Repayment of long-term debt	(127 544)	(51 840)	(246 728)	(114 270)	(149 078)
Principal payments under capital leases	(109)	(2 088)	(3 592)	(5 822)	(7 686)
Net increase (decrease) in bank facility and short-term debt	(20)	-	-	(10 000)	(10 000)
Proceeds from sale of treasury shares	-	-	20 276	-	-
Proceeds from exercise of employee share options	-	-	-	2 671	2 671
Dividend paid to minorities in subsidiaries	-	(699)	(5)	(732)	(737)
Interest paid	(9 090)	(15 207)	(41 573)	(59 747)	(80 232)
<b>Net cash used in financing activities</b>	<b>(136 763)</b>	<b>(69 834)</b>	<b>(153 099)</b>	<b>(154 198)</b>	<b>(211 360)</b>
Net increase in cash and cash equivalents	15 892	(12 699)	88 760	(57 536)	(50 047)
Cash and cash equivalents at beginning of period	168 116	100 458	95 248	145 295	145 295
<b>Cash and cash equivalents at end of period</b>	<b>\$ 184 008</b>	<b>\$ 87 759</b>	<b>\$ 184 008</b>	<b>\$ 87 759</b>	<b>\$ 95 248</b>

**Petroleum Geo-Services ASA**  
**Notes to the Interim Consolidated Financial Statements - Third Quarter 2009**

**Note 1 - General**

The Company is a Norwegian limited liability company and has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") No. 34 "Interim Financial Reporting".

- (1) Certain reclassifications have been made to prior period amounts to conform to the current presentation. Financial information for the full year 2008 is derived from the audited financial statements as presented in the 2008 Annual Report.
- (2) Adjusted EBITDA, when used by the Company, means income before income tax expense less, currency exchange gain (loss), other financial expense, other financial income, interest expense, loss from associated companies, other operating income, impairments of long-lived assets and depreciation and amortization. EBITDA may not be comparable to other similar titled measures from other companies. PGS has included Adjusted EBITDA as a supplemental disclosure because management believes that it provides useful information regarding PGS' ability to service debt and to fund capital expenditures and provides investors with a helpful measure for comparing its operating performance with that of other companies.

**Note 2 - Basis of presentation**

The consolidated interim financial statements reflects all adjustments, in the opinion of PGSs management, that are necessary for a fair presentation of the results of operations for all periods presented. Operating results for the quarter period is not necessary indicative of the results that may be expected for any subsequent interim period or year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended December 31, 2008, except for the adoption of amendment to IAS 1 - *Presentation of Financial Statements*. See Note 2 to the Consolidated Financial Statements in the 2008 Annual Report for information of the Company's significant accounting policies.

**Note 3 - New policies and standards adopted in 2009**

**Amendment to IAS 1 - Presentation of Financial Statements**

The amendment to IAS 1 affect the presentation of owner changes in equity and of comprehensive income and does not impact on recognition and measurement as required by any other IFRS standards. The Company has presented a Consolidated Statement of Comprehensive Income separately, which include all non-owner changes in shareholders' equity. All changes in shareholders' equity resulting from transactions with owners in their capacity as owners are presented in shareholders equity, see reconciliation below.

**Note 4 - Segment information**

The Company operates its business in two segments; Marine and Onshore. "Other" includes Corporate administration costs, unallocated Global Shared Services costs (net) and PGS EM. Financial items and income tax expense are not included in the measure of segment performance.

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

	Quarter ended		Nine months ended		Year ended
	September 30,		September 30,		December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
Marine revenues by service type:					
- Contract seismic	\$ 263 280	306 974	\$ 734 895	831 347	\$ 1 065 048
- MultiClient pre-funding	31 465	71 878	137 564	168 229	249 602
- MultiClient late sales	42 651	48 197	94 452	140 662	189 823
- Data Processing	21 639	19 772	66 673	66 433	86 027
- Other	2 418	13 612	12 961	41 305	48 257
<b>Marine revenues</b>	<b>\$ 361 453</b>	<b>\$ 460 433</b>	<b>\$ 1 046 545</b>	<b>\$ 1 247 976</b>	<b>\$ 1 638 757</b>
Onshore revenues by service type:					
- Contract seismic	\$ 52 978	\$ 53 874	\$ 132 159	\$ 145 000	\$ 204 463
- MultiClient pre-funding	-	15 472	1 595	50 259	55 958
- MultiClient late sales	2 356	2 880	2 408	9 091	12 653
<b>Onshore revenues</b>	<b>\$ 55 334</b>	<b>\$ 72 226</b>	<b>\$ 136 162</b>	<b>\$ 204 350</b>	<b>\$ 273 074</b>
Other revenues by service type:					
- Contract seismic	\$ -	\$ 1 517	\$ -	\$ 1 541	\$ 4 316
- Other	-	642	-	4 427	4 426
<b>Other revenues</b>	<b>\$ -</b>	<b>\$ 2 159</b>	<b>\$ -</b>	<b>\$ 5 968</b>	<b>\$ 8 742</b>
Elimination of inter-segment revenues:					
- Data Processing	\$ (355)	\$ (540)	\$ (961)	\$ (1 854)	\$ (2 555)
- Other	-	-	-	(516)	(516)
<b>Elimination of inter-segment revenues</b>	<b>\$ (355)</b>	<b>\$ (540)</b>	<b>\$ (961)</b>	<b>\$ (2 370)</b>	<b>\$ (3 071)</b>
Total revenues by service type:					
- Contract seismic	\$ 316 258	\$ 362 365	\$ 867 054	\$ 977 888	\$ 1 273 827
- MultiClient pre-funding	31 465	87 350	139 159	218 488	305 560
- MultiClient late sales	45 007	51 077	96 860	149 753	202 476
- Data Processing	21 284	19 232	65 712	64 579	83 472
- Other	2 418	14 254	12 961	45 216	52 167
<b>Total revenues</b>	<b>\$ 416 432</b>	<b>\$ 534 278</b>	<b>\$ 1 181 746</b>	<b>\$ 1 455 924</b>	<b>\$ 1 917 502</b>

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

	Quarter ended		Nine months ended		Year ended
	September 30,		September 30,		December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
<i>Marine:</i>					
Adjusted EBITDA	\$ 176 078	\$ 272 440	\$ 555 766	\$ 700 510	\$ 939 954
Other operating income	-	-	-	71 561	71 561
Impairments of long-lived assets	(52 406)	-	(151 212)	-	(62 011)
Depreciation and amortization (a)	(33 668)	(32 111)	(91 022)	(78 899)	(110 432)
Amortization of MultiClient library (a)	(28 798)	(37 935)	(90 197)	(85 193)	(144 101)
Operating profit/EBIT, Marine	61 206	202 394	223 335	607 979	694 971
<i>Onshore:</i>					
Adjusted EBITDA	\$ 11 139	\$ 18 035	\$ 13 411	\$ 60 515	\$ 74 161
Depreciation and amortization (a)	(5 347)	(3 998)	(15 456)	(10 504)	(14 913)
Amortization of MultiClient library (a)	(1 738)	(9 840)	(3 626)	(41 256)	(47 439)
Operating profit (loss)/EBIT, Onshore	4 054	4 197	(5 671)	8 755	11 809
<i>Other:</i>					
Adjusted EBITDA	\$ (5 232)	\$ (14 241)	\$ (24 499)	\$ (35 477)	\$ (47 758)
Impairments of long-lived assets	-	-	-	-	(99 129)
Depreciation and amortization (a)	(2 549)	(4 434)	(7 234)	(12 917)	(17 366)
Amortization of MultiClient library (a)	17	-	(772)	-	(1 442)
Operating profit (loss)/EBIT, Other	(7 764)	(18 675)	(32 505)	(48 394)	(165 695)
<i>Inter-segment eliminations:</i>					
Adjusted EBITDA	\$ (973)	\$ (181)	\$ (552)	926	\$ 1 477
Depreciation and amortization (a)	(74)	37	-	119	156
Amortization of MultiClient library (a)	5	5	16	16	21
Operating profit (loss)/EBIT, Other	(1 042)	(139)	(536)	1 061	1 654
<i>Total Operating profit:</i>					
Adjusted EBITDA	\$ 181 012	\$ 276 053	\$ 544 126	\$ 726 474	\$ 967 834
Other operating income	-	-	-	71 561	71 561
Impairments of long-lived assets	(52 406)	-	(151 212)	-	(161 140)
Depreciation and amortization (a)	(41 638)	(40 506)	(113 712)	(102 201)	(142 555)
Amortization of MultiClient library (a)	(30 514)	(47 770)	(94 579)	(126 433)	(192 961)
Total Operating profit/EBIT	\$ 56 454	\$ 187 777	\$ 184 623	\$ 569 401	\$ 542 739

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

**Note 5 - Research and development costs**

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

	Quarter ended		Nine months ended		Year ended
	September 30,		September 30,		December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
Research and development costs, gross	\$ 9 483	\$ 7 773	\$ 26 763	\$ 22 398	\$ 30 829
Capitalized development costs	(4 836)	(1 118)	(9 127)	(7 821)	(11 456)
Total	\$ 4 647	\$ 6 655	\$ 17 636	\$ 14 577	\$ 19 373

**Note 6 - Depreciation and amortization**

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

	Quarter ended		Nine months ended		Year ended
	September 30,		September 30,		December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
Gross depreciation	\$ 45 922	\$ 43 881	\$ 129 396	\$ 111 739	\$ 156 804
Depreciation capitalized to multi-client library	(4 284)	(3 375)	(15 684)	(9 538)	(14 249)
Amortization of multi-client library	30 514	47 770	94 579	126 433	192 961
Total	\$ 72 152	\$ 88 276	\$ 208 291	\$ 228 634	\$ 335 516

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

The Company also applies minimum amortization criteria for the library projects based generally on a five-year life. The Company calculates and records minimum amortization individually for each multi-client survey or pool of surveys at year-end. The Company calculates and records minimum amortization individually for each multi-client survey or pool of surveys at year-end.

**Note 7 - Impairments of long-lived assets**

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

	Quarter ended		Nine months ended		Year ended
	September 30,		September 30,		December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
Property and equipment	\$ 52 406	\$ -	\$ 151 212	\$ -	\$ 59 935
Other intangible assets	-	-	-	-	99 129
Oil and gas assets (other long-lived assets)	-	-	-	-	2 076
Total	\$ 52 406	\$ -	\$ 151 212	\$ -	\$ 161 140

**Note 8 - Interest expense**

Interest expense consists of the following for the periods presented:

	Quarter ended		Nine months ended		Year ended
	September 30,		September 30,		December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
Interest expense, gross	\$ (16 281)	\$ (24 601)	\$ (54 769)	\$ (76 122)	\$ (98 709)
Capitalized interest, multi-client library	2 283	4 354	5 865	8 140	9 802
Capitalized interest, construction in progress	3 133	16 081	17 462	24 155	32 259
Total	\$ (10 865)	\$ (4 166)	\$ (31 442)	\$ (43 827)	\$ (56 648)

**Note 9 - Other financial income**

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

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
Interest income	\$ 1 900	\$ 3 049	\$ 4 942	\$ 12 589	\$ 14 490
Gain on repurchase of convertible notes	-	5 763	3 778	5 763	12 147
Gain from sale of shares	8 202	-	8 611	-	-
Day 1 gain on investment in shares available for sale	3 053	-	3 053	-	-
Other	1 711	-	2 226	588	704
<b>Total</b>	<b>\$ 14 866</b>	<b>\$ 8 812</b>	<b>\$ 22 610</b>	<b>\$ 18 940</b>	<b>\$ 27 341</b>

**Note 10 - Other financial expense**

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

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
Impairment of shares available-for-sale	\$ -	\$ -	\$ -	\$ -	\$ (7 324)
Other	(3 468)	(2 090)	(7 317)	(3 613)	(7 480)
<b>Total</b>	<b>\$ (3 468)</b>	<b>\$ (2 090)</b>	<b>\$ (7 317)</b>	<b>\$ (3 613)</b>	<b>\$ (14 804)</b>

**Note 11 - MultiClient library**

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

	September 30,		December 31,
	2009	2008	2008
	(In thousands of dollars)		
Completed during 2004 and prior years	\$ 874	\$ 8 424	\$ 2 676
Completed during 2005	1 192	3 507	1 918
Completed during 2006	474	1 409	1 047
Completed during 2007	15 036	27 414	20 142
Completed during 2008	92 617	47 846	117 337
Completed during 2009	108 960	-	-
Completed surveys	219 153	88 600	143 120
Surveys in progress	140 065	203 727	151 481
<b>MultiClient library, net</b>	<b>\$ 359 218</b>	<b>\$ 292 327</b>	<b>\$ 294 601</b>

Key figures MultiClient library by segment for the periods presented:

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
<b>Marine:</b>					
MultiClient pre-funding (a)	\$ 31 465	\$ 71 878	\$ 137 564	\$ 168 229	\$ 249 602
MultiClient late sales (a)	42 651	48 197	94 452	140 662	189 823
Cash investment in MultiClient library	34 416	67 969	135 988	169 168	223 734
Capitalized interest in MultiClient library	2 282	3 423	5 671	6 275	7 710
Capitalized depreciation (non-cash)	4 284	2 760	15 684	7 790	12 153
Amortization of MultiClient library	28 798	37 935	90 197	85 193	144 101
<b>Onshore:</b>					
MultiClient pre-funding (a)	\$ -	\$ 15 472	\$ 1 595	\$ 50 259	\$ 55 958
MultiClient late sales (a)	2 356	2 880	2 408	9 091	12 653
Cash investment in MultiClient library	238	11 196	3 063	55 509	61 043
Capitalized interest in MultiClient library	1	931	194	1 865	2 092
Capitalized depreciation (non-cash)	-	532	-	1 665	2 013
Amortization of MultiClient library	1 738	9 840	3 626	41 256	47 439
<b>Other/Elimination:</b>					
Cash investment in MultiClient library	\$ 7	2 914	\$ 18	2 925	\$ 5 254
Capitalized depreciation	-	83	-	83	83
Amortization of MultiClient library	(22)	(5)	756	(16)	1 421
<b>Total MultiClient library, key figures:</b>					
MultiClient pre-funding (a)	\$ 31 465	\$ 87 350	\$ 139 159	\$ 218 488	\$ 305 560
MultiClient late sales (a)	45 007	51 077	96 860	149 753	202 476
Cash investment in MultiClient library (b)	34 661	82 079	139 069	227 602	290 031
Capitalized interest in MultiClient library (c)	2 283	4 354	5 865	8 140	9 802
Capitalized depreciation (non-cash) (d)	4 284	3 375	15 684	9 538	14 249
Amortization of MultiClient library (d)	30 514	47 770	94 579	126 433	192 961

(a) See segment information above.

(b) See Consolidated statements of cash flows.

(c) See Interest expense above.

(d) See Depreciation and amortization above.

**Note 12 - Capital expenditures (cash)**

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

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
Marine	\$ 39 063	\$ 89 857	\$ 186 844	\$ 285 046	\$ 395 312
Onshore	4 177	14 137	9 820	26 820	36 103
Other	346	8 576	3 043	11 569	19 204
<b>Total</b>	<b>\$ 43 586</b>	<b>\$ 112 570</b>	<b>\$ 199 707</b>	<b>\$ 323 435</b>	<b>\$ 450 619</b>

**Note 13 - Components of other comprehensive income**

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

	Quarter ended		Nine months ended		Year ended
	September 30,	2008	September 30,	2008	December 31,
	2009		2009		2008
(In thousands of dollars)					
Cash flow hedges:					
Gains (losses) arising during the period	\$ (8 181)	\$ (4 504)	\$ (4 468)	\$ (4 833)	\$ (34 195)
Less: Reclassification adjustments for losses included in the CSO	4 666	3 195	12 356	7 761	9 607
Cash flow hedges, net	\$ (3 515)	\$ (1 309)	\$ 7 888	\$ 2 928	\$ (24 588)
Revaluation of shares available-for-sale:					
Gains (losses) arising during the period	\$ (4 864)	\$ (18 494)	\$ 2 994	\$ 871	\$ 725
Less: Reclassification adjustments for (gains) included in the CSO	(1 231)	-	(1 275)	-	-
Revaluation of shares available-for-sale, net	\$ (6 095)	\$ (18 494)	\$ 1 719	\$ 871	\$ 725

**Note 14 - Shareholders' equity**

	Common stock par value	Treasury shares par value	Additional paid-in capital	Accumulated earnings (deficit)	Cumulative translation adjustm. and other reserves	Minority interests	Shareholders' equity
(In thousands of dollars)							
Balance at December 31, 2007	\$ 78 208	\$ (2 034)	\$ 124 820	\$ 562 816	\$ (23 117)	\$ 41	\$ 740 734
<b>Reconciliation Q1 and Q2 2008:</b>							
Deferred tax on convertible notes (a)	-	-	-	(19 035)	-	-	(19 035)
Total comprehensive income	-	-	-	254 025	28 406	349	282 780
Dividends to minority interests	-	-	-	-	-	(33)	(33)
Employee share options	-	-	3 227	-	-	-	3 227
Exercise, employee share options	-	72	-	2 599	-	-	2 671
Balance at June 30, 2008	\$ 78 208	\$ (1 962)	\$ 128 047	\$ 800 405	\$ 5 289	\$ 357	\$ 1 010 344
<b>Reconciliation Q3 2008:</b>							
Total comprehensive income	-	-	-	124 390	(19 343)	358	105 405
Dividends to minority interests	-	-	-	-	-	(699)	(699)
Employee share options	-	-	3 570	-	-	-	3 570
Transferred shares, deferred consideration	-	94	-	(94)	-	-	-
Repurchase convertible notes	-	-	-	(336)	-	-	(336)
Balance at September 30, 2008	\$ 78 208	\$ (1 868)	\$ 131 617	\$ 924 365	\$ (14 054)	\$ 16	\$ 1 118 284
<b>Reconciliation Q4 2008:</b>							
Total comprehensive income	-	-	-	38 969	(20 608)	(1)	18 360
Dividends to minority interests	-	-	-	-	-	(5)	(5)
Employee share options	-	-	3 041	-	-	-	3 041
Transferred shares, deferred consideration	-	-	-	-	-	-	-
Repurchase convertible notes	-	-	-	-	-	-	-
Balance at December 31, 2008	\$ 78 208	\$ (1 868)	\$ 134 658	\$ 963 334	\$ (34 662)	\$ 10	\$ 1 139 680
<b>Reconciliation Q1 2009:</b>							
Total comprehensive income	-	-	-	54 164	5 401	-	59 565
Employee share options	-	-	3 488	-	-	-	3 488
Balance at March 31, 2009	\$ 78 208	\$ (1 868)	\$ 138 146	\$ 1 017 498	\$ (29 261)	\$ 10	\$ 1 202 733
<b>Reconciliation Q2 2009:</b>							
Total comprehensive income	-	-	-	41 042	10 617	(2)	51 657
Share issue (17,999,999 shares) (b)	8 375	-	91 083	-	-	-	99 458
Sale of treasury shares (c)	-	1 779	-	18 497	-	-	20 276
Dividends to minority interests	-	-	-	-	-	(5)	(5)
Employee share options	-	-	3 599	-	-	-	3 599
Repurchase convertible notes	-	-	-	(16)	-	-	(16)
Balance at June 30, 2009	\$ 86 583	\$ (89)	\$ 232 828	\$ 1 077 021	\$ (18 644)	\$ 3	\$ 1 377 702
<b>Reconciliation Q3 2009:</b>							
Total comprehensive income	-	-	-	47 748	(8 525)	(1)	39 222
Employee share options	-	-	2 305	-	-	-	2 305
<b>Balance at September 30, 2009</b>	<b>\$ 86 583</b>	<b>\$ (89)</b>	<b>\$ 235 133</b>	<b>\$ 1 124 769</b>	<b>\$ (27 169)</b>	<b>\$ 2</b>	<b>\$ 1 419 229</b>

(a) Effective January 1, 2008, the Company calculated deferred tax on the temporary differences related to the convertible notes directly to shareholders' equity.

(b) Transaction costs amounting to \$3.4 million are recognized against "Additional paid-in capital" net of related income tax benefits of \$0.9 million.

(c) Transaction costs amounting to \$0.7 million are recognized against "Accumulated earnings (deficit)".

**Note 15 - Net interest bearing debt**

Reconciliation of net interest bearing debt:

	September 30,		December 31,
	2009	2008	2008
(In thousands of dollars)			
Cash and cash equivalents	184 008	87 759	\$ 95 248
Restricted cash (current and long-term)	26 101	24 274	18 374
Short-term debt and current portion of long-term debt	(15 790)	(268 242)	(20 459)
Capital lease obligations (current and long-term)	(462)	(5 915)	(4 051)
Long-term debt	(996 775)	(1 001 937)	(1 212 065)
Adjust for deferred loan costs (offset in long-term debt)	(10 063)	(13 528)	(12 632)
<b>Total</b>	<b>\$ (812 981)</b>	<b>\$ (1 177 589)</b>	<b>\$ (1 135 585)</b>

**Note 16 - Earnings per share**

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

	Quarter ended September 30,		Nine months ended September 30,		Year ended December 31,
	2009	2008	2009	2008	2008
	(In thousands of dollars)				
Net income from continuing operations	\$ 47 747	\$ 124 748	\$ 141 951	\$ 378 160	\$ 416 628
Net income from discontinued operations	-	-	1 000	962	1 462
Minority interest	1	(358)	3	(707)	(706)
<b>Net income to equity holders of PGS ASA</b>	<b>\$ 47 748</b>	<b>\$ 124 390</b>	<b>\$ 142 954</b>	<b>\$ 378 415</b>	<b>\$ 417 384</b>
Effect of interest on convertible notes, net of tax	-	4 679	-	14 764	21 541
<b>Net income for the purpose of diluted earnings per share</b>	<b>\$ 47 748</b>	<b>\$ 129 069</b>	<b>\$ 142 954</b>	<b>\$ 393 179</b>	<b>\$ 438 925</b>
<b>Earnings per share:</b>					
- Basic	\$ 0.24	\$ 0.71	\$ 0.77	\$ 2.15	\$ 2.37
- Diluted	\$ 0.24	\$ 0.69	\$ 0.77	\$ 2.11	\$ 2.36
<b>Earnings per share from continuing operations,</b>					
- Basic	\$ 0.24	\$ 0.71	\$ 0.76	\$ 2.15	\$ 2.36
- Diluted	\$ 0.24	\$ 0.69	\$ 0.76	\$ 2.11	\$ 2.35
Weighted average basic shares outstanding	197 818 233	176 013 220	186 107 949	175 954 225	176 014 248
Dilutive potential shares (1)	-	10 191 823	-	10 201 709	10 009 795
<b>Weighted average diluted shares outstanding</b>	<b>197 818 233</b>	<b>186 205 043</b>	<b>186 107 949</b>	<b>186 155 934</b>	<b>186 024 043</b>

(1) For the quarter ended September 30, 2009 and nine months ended September 30, 2009, 8.9 million shares related to convertible notes were excluded from the calculation of dilutive earnings per share as they were anti-dilutive.

**FOR DETAILS CONTACT:**

**Tore Langballe, SVP Corporate Communications**

Mobile: +47 90 77 78 41

**Bård Stenberg, Investor Relations Manager**

Mobile: +47 99 24 52 35

**PGS Main Offices:**

OSLO (headquarter)  
Petroleum Geo-Services ASA  
Strandveien 4  
P.O.Box 89  
1325 Lysaker, Norway  
Phone: +47 67 52 64 00  
Fax: +47 67 52 64 64

**HOUSTON**

Petroleum Geo-Services, Inc  
15150 Memorial Drive  
Houston Texas 77079 USA  
Phone: +1 281 509 8000  
Fax: +1 281 509 8500

**LONDON**

Petroleum Geo-Services (UK) Ltd.  
4, The Hights  
Brooklands  
Weybridge  
Surrey KT13 0NY, UK  
Phone: +44 1932 3760 00  
Fax: +44 1932 3761 00

**SINGAPORE**

Petroleum Geo-Services Asia  
#02-00 Thong Teck Bldg.  
15 Scott Road 22 82 18  
Singapore  
Phone: +65 6735 6411  
Fax: +65 6735 6413

**Board of Directors:**

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

**Executive Officers:**

Jon Erik Reinhardsen	President and CEO
Gottfred Langseth	Executive Vice President and CFO
Rune Eng	Group President Marine
Sverre Strandenes	Group President Data Processing and Technology
Eric Wersich	Group President Onshore

**Other Corporate Management:**

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

**Web-Site:**

[www.pgs.com](http://www.pgs.com)

**Financial Calendar 2009:**

Q3 2009	Tuesday October 27, 2009
Capital Markets Day	Wednesday December 16, 2009

The dates are subject to change