



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

Our ref.: PU

Oslo, 10 April 2017

PETROLEUM GEO-SERVICES ASA ANNUAL GENERAL MEETING
10 MAY 2017 – 15.00 CET

Enclosed please find:

- Calling Notice
- Proxy form

The annual report for 2016 and the other appendices to the Calling Notice will be made available on www.pgs.com. The hardcopy of the appendices will not 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 "Walter Qvam".

Walter Qvam
Chairman

ENCLOSURES

**CALLING NOTICE FOR
ANNUAL GENERAL MEETING**

Notice is hereby given of the 2017 Annual General Meeting of Petroleum Geo-Services ASA (the “Company”) at the PGS head office, Lilleakerveien 4C, 0216 Oslo, Norway to be held on

10 May 2017, at 15:00 (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 2016

The Board of Directors’ Report and the Financial Statements of Petroleum Geo-Services ASA and the group for 2016 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 2016 are approved.

ITEM 4 APPROVAL OF THE AUDITOR’S FEE FOR 2016

The Auditor’s fees for 2016 for Petroleum Geo-Services ASA are NOK 1.8 million. 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.

Proposed resolution:

The General Meeting approves the Auditor's fees for 2016.

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 Walter Qvam

Proposed resolution:

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

ITEM 5.2 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 5.3 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 5.4 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 5.5 Anne Grethe Dalane

Proposed resolution:

Anne Grethe Dalane shall be re-elected to the Board of Directors for a service period commencing on the date hereof.

ITEM 5.6 Morten Borge

Proposed resolution:

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

ITEM 5.7 Richard Herbert

Proposed resolution:

Richard Herbert shall be 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 Harald Norvik (Chairperson)

Proposed resolution:

Harald Norvik shall be elected to the Nomination Committee as Chairperson for a service period commencing on the date hereof and ending with the 2018 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 2018 annual general meeting.

ITEM 6.3 Terje Valebjørg

Proposed resolution:

Terje Valebjørg shall be re-elected to the Nomination Committee for a new service period commencing on the date hereof and ending with the 2018 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 2016. 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 10 May 2017 to the annual general meeting 2018

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 10 May 2017 to the annual general meeting 2018, see Appendix V.

Proposed resolution:

The General Meeting approves the principles for the shareholder elected Board members' fees for the period 10 May 2017 to the annual general meeting 2018.

Item 7.3 Motion to approve the principles for the fees for the members of the Nomination Committee for the period 10 May 2017 to the annual general meeting 2018

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 10 May 2017 to the annual general meeting 2018, see Appendix VI.

Proposed resolution:

The General Meeting approves the principles for the Nomination Committee members' fees for the period 10 May 2017 to the annual general meeting 2018.

ITEM 8 AUTHORIZATION TO ACQUIRE TREASURY SHARES

The General Meeting of the Company 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 in a regulated market where the shares are traded.*
- (iii) *The shares may 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 101,573,998. 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 150.*
- (v) *This authorization is valid from registration in the Norwegian Register of Business Enterprises and expires on 30 June 2018.*
- (vi) *The authorization to acquire Treasury Shares granted on 11 May 2016 is revoked with effect from the time the above authorization in this item 8 becomes effective.*

ITEM 9 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.

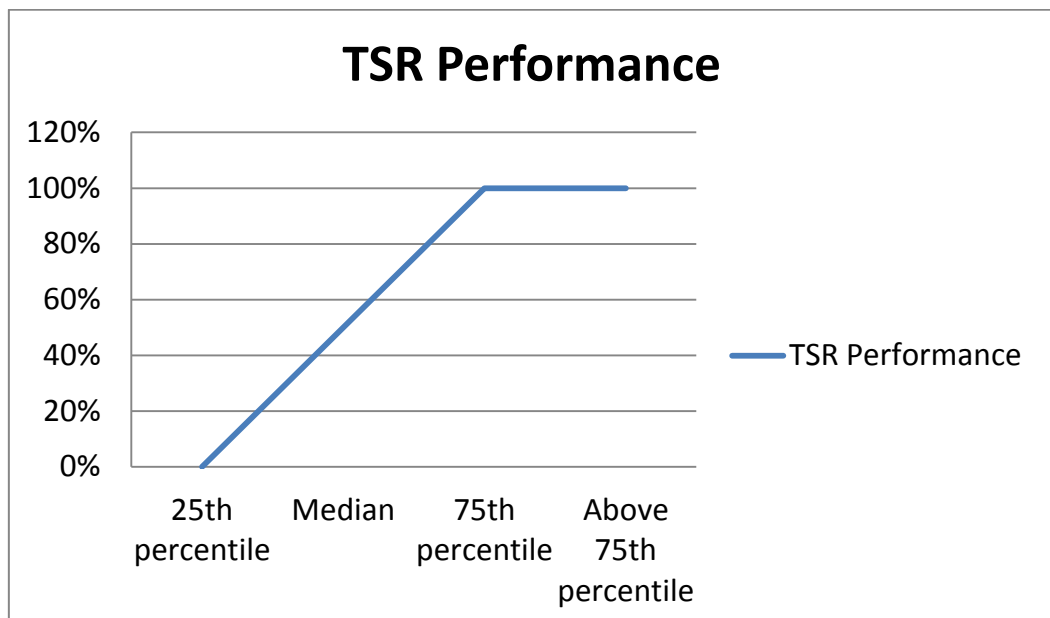
ITEM 10 APPROVAL OF LONG TERM INCENTIVE PLAN FOR EMPLOYEES

The Board of Directors proposes to the General Meeting to approve a long term incentive plan (“LTI Plan”) for employees effective from 10 May 2017. No award will be made from the plan after 10 May 2020. The proposed LTI Plan is similar to the plan approved at the 2016 AGM with some noticeable changes.

Pursuant to the LTI Plan, the Company may grant restricted stock units (“RSUs”) and performance based restricted stock units (“PRSUs”) to employees.

Any awarded RSU will, subject to the participant’s continued employment with the Company (or a subsidiary), be settled three years after grant.

Settlement of 75% of the awarded PRSUs are in addition subject to the Company achieving a Total Shareholder Return (“TSR”) from award to settlement above the lower quartile measured against the average TSR of the companies included in the STOXX TMI Oil Equipment, Services & Distribution index. For Company TSR performance above the lower quartile of the Companies in the STOXX index this part of the PRSUs will settle in accordance with this chart:



Percentages of awarded PRSUs settling are given on the vertical axis. Examples of TSR achievements are given on the horizontal axis.

Settlement of 25% of the PRSUs are subject to the Company achieving a goal (defined as a range) on free cash flow after capex in the three financial years prior to the date of settlement. The range will be set prior to the award of

PRSUs. If the Company achieves a free cash flow after capex below the range the PRSUs subject to this goal will not settle. If free cash flow after capex is above the set range all PRSUs subject to this goal will settle while there will be partial settlement of PRSUs for achievements within the range.

This goal for 25% of the awarded PRSUs is a new introduction in the 2017 LTI Plan. The Board is of the opinion that it is beneficial to include a second goal in addition to TSR when measuring management performance.

For a more detailed description of settlement of PRSUs, see the full LTI Plan document included in Appendix VIII.

Upon settlement, the participant will receive a number of shares in the Company which equals the number of RSUs and PRSUs awarded and settled. PRSUs that do not settle will be terminated. Delivery of shares will take place from the Company's pool of treasury shares or, if an insufficient number of treasury shares exists, by cash payment of an equivalent value. Therefore there will be no dilutive effect for the Company's shareholders.

Pursuant to the proposed LTI Plan, the Board shall propose the maximum number of RSUs and PRSUs available for grant. The Board proposes that the maximum number of RSUs and PRSUs to be granted under the 2017 LTI Plan is 1,500,000. Consequently, the maximum number of shares to be delivered to participants equals 1,500,000. For the CEO and the executive officers at least 80% of any grant shall be PRSUs. No participant in the LTI Plan (including the CEO) may receive more than 7% of the total pool.

The main elements of the total direct compensation to the executives and other key employees in the Company normally consist of a base salary, a short term incentive (annual performance bonus scheme) and a LTI Plan. For 2016 and 2017 the short term incentive schemes were cancelled due to the challenging market.

In the Board's opinion, a LTI Plan whereby PRSUs settle to the extent the Company over time delivers TSR compared to a comparable index and a defined free cash flow after capex aligns the compensation of key employees with the interests of the Company and the shareholders. Further, the program creates a retention effect on key employees as the RSU part of the grant will always have a value to the participant.

The complete terms and conditions of the new LTI Plan are seen in Appendix VIII.

On June 6 2017 a total of 624,850 RSUs awarded under the 2014 RSU program will settle. Following approval of the proposed LTI Plan and settlement of the mentioned 2014 RSU program the outstanding PRSUs and RSUs awarded to employees will be 4,316,900 which amount to 1.28 % of the Company's total share capital.

The General Meeting is requested to approve the Long Term Incentive Plan.

Proposed resolution:

The 2017 Long Term Incentive Plan is approved.

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

The General Meeting of the Company 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 2016.

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.

Further, the Board has proposed to restrict the general authorization in item 11 so that the number of shares to be issued under the authorization and the authorization in item 12 to issue convertible loans in the aggregate cannot exceed 10% of the Company's share capital.

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 101,573,998 through one or more subscriptions. The authorization is, however, restricted so that the number of shares to be issued under this authorization and the authorization to issue convertible bonds set out in item 12 of the minutes from the Annual General Meeting held 10 May 2017 in the aggregate cannot exceed 10% of the Company's share capital at the time of the resolution to issue shares. 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, debt*

repurchases 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 2018.*
- (vii) The general authorization to issue new shares that was granted on the General Meeting 11 May 2016 is revoked with effect from the time the above authorization in this item 11 becomes effective.*

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

The General Meeting of the Company has previously granted the Board of Directors the authority to issue convertible loans. 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. The Board has, however, proposed to restrict the authorization so that that the number of shares to be issued pursuant to convertible loans under the authorization and the authorization in item 11 to issue shares in the aggregate cannot exceed 10% of the Company's share capital.

Proposed resolution:

The General Meeting hereby approves the following authorization:

- (i) The Company may raise new convertible loans up to or 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 101,573,998 as a result of the loans referred to in sub item (i) above being converted into equity. The authorization is, however, restricted so that the number of shares to be issued under this authorization and the general authorization to issue shares as set out in item 11 of the minutes from the Annual General Meeting held 10 May 2017 in the aggregate cannot exceed 10% of the Company's share capital at the time of the resolution to issue convertible bonds.*
- (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 2018. 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 11 May 2016 is revoked with effect from the time the above authorization in this item 12 becomes effective.*

ITEM 13 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board of Directors proposes certain amendments to the Articles of Association, see Appendix IX. The proposals are done primarily to reflect applicable rules in Public Companies Act and a wish to align the Articles of Association to these.

Pursuant to Section 5-10 (2), cf. Section 5-11b no. 1 of the Norwegian Public Limited Liabilities Act, the notice period for general meetings of public limited liability companies (ASA) whose shares are admitted to trading on a regulated market is at least 21 days unless the Articles of Association stipulates a longer notice period. The Board of Directors find that Articles of Association should be amended in order reflect this.

Proposed resolution:

The following paragraph shall replace the current § 7 first paragraph of the Articles of Association:

Notice of the Annual General Meeting shall be given at least four weeks before the meeting. The notice convening an Extraordinary General Meeting shall be given at least three weeks before the meeting.

ITEM 14 INDEMNIFICATION OF BOARD OF DIRECTORS AND CEO

It has been the practice of the Company that the Annual General Meeting passes a resolution providing an indemnification for the Board members and the CEO 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 and the CEO for the period between 11 May 2016 and 10 May 2017.

ITEM 15 CORPORATE GOVERNANCE STATEMENT

The corporate governance statement of the Company shall be a separate item on the agenda for the Annual General Meeting. The statement is also referred to in the 2016 Board of Directors' Report and included in the annual report setting out the Financial Statements and attached separately hereto as Appendix X.

This is a non-voting item as the corporate governance statement is subject to discussions only and not to separate approval by the shareholders.

* * *

At the Company's Annual General Meeting, each share has one vote. There are a total of 338,579,996 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 provides 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 no later than 8 May 2017 by 12 noon (CET). Notice may be sent electronically through the Company's website www.pgs.com or through VPS Investor Services. Advance votes may only be cast electronically, through the Company's website www.pgs.com or through VPS Investor Services. To access the electronic system for notification of attendance and advance voting through the Company's website, reference number and PIN code must be stated. Notice may also be sent by e-mail: genf@dnb.no. Regular mail to DNB Bank ASA, Registrar's Department, P.O. Box 1600 Sentrum, 0021 Oslo, Norway.

Oslo, 10 April 2017



Walter Qvam
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 10 May 2017, Appendix III*
- *Principles for Board members' and Nomination Committee members' fees up to 10 May 2017, Appendix IV*
- *Principles for Board members' fees up to the annual general meeting 2018, Appendix V*
- *Principles for Nomination Committee members' fees up to the annual general meeting 2018, Appendix VI*
- *Remuneration Statement, Appendix VII*
- *Long Term Incentive Plan, Appendix VIII*
- *Amended Articles of Association, Appendix IX*
- *Corporate Governance Statement, Appendix X*

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

Walter Qvam

Jon Erik Reinhardsen

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

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P.O. Box 251 Lilleaker
0216 Oslo - Norway*



"last name + first name"
 "name 3"
 "address 1"
 "address 2"
 "postal code + town"
 "country"

Ref no: PIN code:

Notice of ordinary General Meeting

An ordinary General Meeting of Petroleum Geo-Services ASA will be held on Thursday 10 May 2017 at 15:00 pm at PGS head office, Lilleakerveien 4C, 0216 Oslo, Norway

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

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

Notice of attendance/voting prior to the meeting

The undersigned will attend the ordinary General Meeting on 10 May 2017 and vote for:

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

This notice of attendance must be received by DNB Bank ASA no later than 12 noon on 8 May 2017. **Notice of attendance may be sent electronically through the Company's website www.pgs.com or through VPS Investor Services. Advance votes may only be cast electronically, through the Company's website www.pgs.com or through VPS Investor Services.** To access the electronic system for notification of attendance and advance voting through the Company's website, the above-mentioned reference number and PIN code must be stated. It may also be sent by e-mail: genf@dnb.no. Regular mail to DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway.

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

Ref no: PIN code:

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

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

The proxy form should be received by DNB Bank ASA, Registrar's Department no later than 12 noon on 8 May 2017. **The proxy may be sent electronically through Petroleum Geo-Services ASA's website <http://www.pgs.com>, or through VPS Investor Services.** It may also be sent by e-mail: genf@dnb.no Post to DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway.

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

- the Chair of the Board of Directors (or a person authorised by him), or
- _____
 (Name of proxy holder in capital letters)

a proxy to attend and vote for my/our shares at the ordinary General Meeting of Petroleum Geo-Services ASA on 10 May 2017.

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

**Proxy (with voting instructions)**

Ref no:

PIN code:

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

The proxy form must be received by DNB Bank ASA, Registrar's Department, no later than 12 noon on 8 May 2017. It may be **sent by e-mail: genf@dnb.no** /regular mail to DNB Bank ASA, Registrar's Department, P.O.Box 1600 Sentrum, 0021 Oslo, Norway.

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

- the Chair of the Board of Directors (or a person authorised by him), or
- _____
Name of proxy holder (in capital letters)

a proxy to attend and vote for my/our shares at the ordinary General Meeting of Petroleum Geo-Services ASA on 10 May 2017.

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

Agenda ordinary General Meeting 2017	For	Against	Abstention
1. APPROVAL OF THE CALLING NOTICE AND AGENDA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. ELECTION OF PERSON TO COUNTERSIGN THE MINUTES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. APPROVAL OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS OF PETROLEUM GEO-SERVICES ASA AND THE GROUP FOR 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. APPROVAL OF THE AUDITOR'S FEE FOR 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. ELECTION OF BOARD OF DIRECTORS			
5.1. Walter Qvam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2. Daniel J. Piette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3. Holly Van Deursen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.4. Carol Bell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.5. Anne Grethe Dalane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.6 Morten Borge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.7 Richard Herbert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. NOMINATION COMMITTEE – ELECTION OF MEMBERS			
6.1. Harald Norvik (Chairperson)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2. C. Maury Devine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3. Terje Valebjørg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. APPROVAL OF THE BOARD MEMBERS' AND NOMINATION COMMITTEE MEMBERS' FEES			
7.1. Motion to approve Board members' and Nomination Committee members' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2. Motion to approve the principles for the shareholder elected Board members' fees for the period 10 May 2017 to the annual general meeting 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.3. Motion to approve the principles for the fees for the members of the Nomination Committee for the period 10 May 2017 to the annual general meeting 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. AUTHORIZATION TO ACQUIRE TREASURY SHARES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. STATEMENT FROM THE BOARD REGARDING REMUNERATION PRINCIPLES FOR SENIOR EXECUTIVES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



10. APPROVAL LONG TERM INCENTIVE PLAN FOR EMPLOYEES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. MOTION TO AUTHORIZE THE COMPANY'S BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. MOTION TO AUTHORIZE THE COMPANY'S BOARD OF DIRECTORS TO ISSUE CONVERTIBLE LOANS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. AMENDMENTS TO THE ARTICLES OF ASSOCIATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. INDEMNIFICATION OF BOARD OF DIRECTORS AND CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CORPORATE GOVERNANCE STATEMENT			

Place

Date

Shareholder's signature
(Only for granting proxy with voting instructions)

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

Nomination Committee Report to 2017 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), C. Maury Devine and Terje Valebjørg. 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 six meetings in 2016.

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

Nominees for the Board of Directors

The Nomination Committee has in preparation of its work on proposing nominees for election as members and chairperson to the Board of Directors interviewed existing members of the Board of Directors and the CEO and met with large shareholders to solicit their input. For the Annual General Meeting (AGM) May 10 2017, 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.

The proposal is to re-elect for a one year term the Chairperson Walter Qvam and the Directors Daniel J. Piette, Holly Van Deursen, Carol Bell, Morten Borge and Anne Grethe Dalane.

In addition the Nomination Committee proposes the following new member to the Board for election for a one year term;

Richard Herbert

Mr. Herbert was Head of Exploration for BP plc until 2016. In this role he was a member of the executive team of upstream business and headed global exploration function on

behalf of BP. Prior to this was an Executive Vice President for Exploration in Talisman Energy Inc. Before joining Talisman he held various executive and management positions in BP's operations around the world. He holds a BS, Hons Geology from the University of Bristol in the UK.

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 existing 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 – taking into consideration both shareholder elected and employee elected 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 2017 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.

The Chairperson Mr. O'Neil has informed the Nomination Committee that he will not stand for re-election. The Nomination Committee thanks Mr. O'Neil for his significant contribution since being elected on to the committee in 2005.

On this basis, the Nomination Committee proposes that Nomination Committee members C. Maury Devine and Terje Valebjørg be re-elected for a one year term.

In addition the Nomination Committee proposes that Mr. Harald Norvik is elected Chairperson for a one year term.

Harald Norvik

Mr. Norvik has during his career held various executive positions in the oil and gas industry. He served as CEO and President of Statoil ASA between 1988 and 1999. Since then he has had a number of Board positions in large industrial companies and he still serves on the Boards of ConocoPhillips Inc., Umoe AS, Imatis AS, EnergyNest AS and

Arundo Analytics AS. He is further Chairperson of the Nomination Committee at Veidekke ASA. Mr. Norvik also runs his own advisory consulting company.

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. Given the difficult industry environment the Nomination Committee has concluded that it is not appropriate to increase the compensation for the Chairperson of the Board of Directors or for the other Directors. Therefore current compensation levels are proposed to remain unchanged. The remuneration scheme thus proposed for the period between the 2017 AGM and the 2018 AGM is seen in Appendix V to the calling notice for the 2017 AGM.

The remuneration payable to the Directors for the previous period between the 2016 AGM and the 2017 AGM is set forth in Appendix III to the calling notice. This remuneration is calculated in accordance with the principles for Director remuneration that were adopted by the 2016 AGM, see Appendix IV to the 2017 AGM calling notice.

Remuneration of the Nomination Committee

The principles for and levels of Nomination Committee member fees for the period between the 2017 AGM to the 2018 AGM proposed by the Nomination Committee are seen in Appendix VI to the calling notice for the 2017 AGM. Given the difficult industry environment the proposal is to keep the remuneration on the same level as it has been in the period between the 2016 AGM and the 2017 AGM.

The fees payable to the Nomination Committee members for the period between the 2016 AGM and the 2017 AGM 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 2016 AGM, see Appendix IV to the 2017 AGM calling notice.

* * *

Shareholders who wish to propose new board members to PGS could do so by sending an e-mail to the Chairperson of the Nomination Committee 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
13 May 2015 - 11 May 2016

Appendix III

			2Q 2016	3Q 2016	4Q 2016	1Q 2017	TOTAL
Qvam, Walter	Chairperson	USD	18 888	31 250	27 750	27 750	105 638
Piette, Daniel J.	Vice Chairperson + Member Audit Committee	USD	25 444	20 000	30 750	30 750	106 944
Bell, Carol	Director + Member Audit Committee	USD	23 250	23 250	26 500	22 500	95 500
Van Deursen, Holly A.	Director + Chairman Remuneration Committee	USD	24 000	21 000	28 750	29 000	102 750
Dalane, Anne Grethe	Director + Chairman Audit Committee	USD	20 750	24 500	21 750	21 750	88 750
Borge, Morten	Director + Member Remuneration Committee	USD	18 625	21 625	18 875	19 125	78 250
Gugen, Francis R.		USD	16 611	0	0	0	
Norvik, Harald		USD	6 941	0	0	0	
			154 509	141 625	154 375	150 875	472 194

			2Q 2016	3Q 2016	4Q 2016	1Q 2017	TOTAL
O'Neil, Roger	Chair Person Nomination Committee	USD	2 625	5 875	6 875	2 625	18 000
Devine, C. Maury	Member Nomination Committee	USD	2 000	6 750	12 250	2 000	23 000
Valebjørg, Terje	Member Nomination Committee	USD	694	2 250	6 250	2 000	
Hatlem, Hanne	Member Nomination Committee	USD	1 306	0	0	0	1 306
			6 625	14 875	25 375	6 625	42 306

PRINCIPLES FOR THE BOARD MEMBERS' FEES ¹⁾
For the period from 11 May 2016 to the annual general meeting 2017

	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	\$ 100,000			\$ 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.

PRINCIPLES FOR THE NOMINATION COMMITTEE MEMBERS' FEES
For the period 11 May 2016 to the annual general meeting 2017

	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 10 May 2017 to the annual general meeting 2018

	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	\$ 100,000			\$ 1,000	\$ 750	As for other members
Deputy Chairperson	Additional \$ 5,000					

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 have been decided by the Company.

PRINCIPLES FOR THE NOMINATION COMMITTEE MEMBERS' FEES
For the period 10 May 2017 to the annual general meeting 2018

	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 2017 Annual General Meeting.

PGS is an international company operating in the global geophysical industry. Our operations are conducted world-wide and our employment base is and needs to be largely international. The total compensation package for our CEO and other executive officers shall therefore be competitive both within the Norwegian 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 defined contribution pension scheme.

The CEO and two executive officers have an early retirement plan allowing for termination of employment without cause 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 a yearly payment of up to 60% of the last base salary beginning in the year of retirement until the CEO or the executive officers reach the age of 67.

The variable elements today consist of a performance bonus scheme and participation in performance based restricted stock unit programs.

Participation in the performance bonus scheme and the target levels and the maximum levels of the annual performance bonus scheme are determined annually. Normally payment under the performance bonus scheme is based partly on achievements of agreed financial key performance indicators ("KPIs") for the group and partly on achievements of agreed operational, financial and organizational KPIs included in a personal performance contract. However, due to the extraordinary challenging market conditions the Board has decided to cancel all 2017 bonus programs, including to the CEO and the executive officers which was also the case in 2015 and 2016. Should 2017 turn out to be materially better than anticipated the Board may elect to give the CEO, the executive officers and other employees a bonus at the Board's discretion. Such bonus will in any case be substantially lower than what would have followed from the normal performance bonus scheme. The Board expects that it will reinstate the regular annual bonus programs in 2018.

The Annual General Meetings in 2013, 2014, 2015 and 2016 authorized a performance based restricted stock unit program in order to ensure continued long term incentives which are linked to the development of the Company's share price. The Board of Directors will propose to the 2017 Annual General Meeting a Long Term Incentive program similar to the 2016 Long Term Incentive Program. The 2017 Long Term Incentive Program will for the CEO and executive officers consist of 80% Performance based Restricted Stock Units ("PRSU") and 20% Restricted Stock Units ("RSU").

Settlement of 75% of the PRSUs and subsequent transfer of shares to the eligible employee will take place three years later subject to achieving a satisfactory Total Shareholder Return compared to a the companies in STOXX TMI Oil Equipment, Services & Distribution index adjusted for dividends and further employment by the Company. Settlement of 25% of the PRSUs and subsequent transfer of shares to the eligible employee will take place three years later subject to the Company achieving a set goal on cash flow after capex for the three preceding financial years. The Board of Directors will set the cash flow after capex target prior to award of the PRSUs. Settlement of the RSUs and subsequent transfer to the eligible employee of shares in the Company will take place three years later subject principally to further employment by the Company.

The Board of Directors will propose for approval by the Annual General Meeting a pool of PRSUs and RSUs which will be granted to eligible employees in 2017. The full Long Term Incentive Plan including all targets, terms and conditions will be presented to the Annual General Meeting in May 2017 for approval. The Board of Directors will not distribute any other share based incentives than the Long Term Incentive Plan to the CEO or any executive officer during 2017.

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 number of managers and key employees are normally included in performance based remuneration schemes, which contain all or some of the above mentioned elements (not applicable for 2017). In addition, all other employees may traditionally receive up to a maximum of one month salary in annual bonus (not applicable for 2017).

Remuneration of the CEO and other executive officers are evaluated regularly by the Remuneration and Corporate Governance Committee and the Board of Directors. The Remuneration and Corporate Governance Committee annually reviews the total compensation level, the mix between fixed and performance related compensation and the mix between short, medium and long term compensation. The Remuneration and Corporate Governance Committee has developed an annual schedule in order to ensure and facilitate a structured approach to the annual review of executive compensation. The committee normally engages an external advisor for this work.

A specific peer group of comparable companies and an executive remuneration philosophy has been adopted. The peer group currently consists of nineteen companies from Norway, Europe and the Americas. All companies are of comparable size and with international operations within the oil service sector. The external advisor collects and combines relevant information on the companies in the peer group. This is used by the Remuneration and Corporate Governance Committee and the Board of Directors for benchmarking of executive remuneration. The executive remuneration philosophy document includes certain targets and guidelines on how the Company's CEO and executive officers should compare to the peer group. These tools amongst others are used by the Remuneration and Corporate Governance Committee and the Board of Directors to decide on an appropriate remuneration structure and to set appropriate total remuneration for the CEO and executive officers.

Since the Annual General Meeting in May 2016 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.

10 May, 2017

Petroleum Geo-Services ASA 2017 Long Term Incentive Plan

1. *Plan.* The Petroleum Geo-Services ASA 2017 Long Term Incentive Plan (the “Plan”) was adopted by Petroleum Geo-Services ASA to reward certain corporate officers and employees of the Company and its Subsidiaries by enabling them to receive Shares of the Company.

2. *Objectives.* The purpose of the Plan is to further align the interests of the Company, its Subsidiaries and its shareholders by providing long term 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 long term progress. This Plan will also enable the Company and its Subsidiaries to attract and retain such employees.

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

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

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

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

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

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

“Company” means Petroleum Geo-Services ASA.

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

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

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

“Good Leaver” is defined in Paragraph 9(a)(iii).

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

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

“Plan” is defined in Paragraph 1.

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

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

“Settlement Date” means, subject to Paragraph 19, the third anniversary of the Grant Date, and if the applicable Settlement Date falls on a Saturday, Sunday or public holiday in Norway, the Settlement Date shall be the first day thereafter where banks in Norway are generally open for business.

“Shares” means the ordinary shares of the Company.

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

“TSR” means total shareholder return (share price differential and dividend) from the Grant Date until the Settlement date.

“LTI Comparative Group” means the average TSR of the companies included in the STOXX TMI Oil Equipment, Services & Distribution index at the Settlement date.

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

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

5. *Shares Available for Awards.*

(a) Subject to the provisions of Paragraph 16 hereof, no Award shall be granted if it shall result in the aggregate number of Shares to be received by Participants under the Plan plus the number of Shares covered by or subject to Awards then outstanding under this Plan (after giving effect to the grant of the Award in question) exceeding 1,500,000.

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

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

6. *Administration.*

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

(b) Subject to the provisions hereof, the Committee shall have full and exclusive power and authority to administer this Plan and to take all actions that are specifically contemplated hereby or are necessary or appropriate in connection with the administration hereof. The Committee shall also have full and exclusive power to adopt such rules, regulations

and guidelines for carrying out this Plan as it may deem necessary or proper and which are either (i) not materially adverse to the Participant to whom such Award was granted, (ii) consented to by such Participant, or (iii) made pursuant to the adjustment provisions in Paragraph 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.

(c) No member of the Committee or officer of the Company to whom the Committee has delegated authority in accordance with the provisions of Paragraph 7 of this Plan shall be liable for anything done or omitted to be done by him or her, by any member of the Committee or by any officer of the Company in connection with the performance of any duties under this Plan, except for his or her own willful misconduct or as expressly provided by statute.

7. *Delegation of Authority.* The Board or the Committee may authorize a committee of one or more members of the Board to grant individual Awards pursuant to this Plan. The Committee may delegate to the Chief Executive Officer or to other employees of the Company or its Subsidiaries its administrative duties under this Plan (excluding its granting authority) pursuant to such conditions or limitations as the Committee may establish. The Committee may engage or authorize the engagement of a third-party administrator to carry out administrative functions under the Plan. The Board shall itself determine any Award to the Chief Executive Officer and shall not delegate this or any authority under this Plan related to the Award to the Chief Executive Officer.

8. *Awards.*

(a) The Committee (or other committee to whom such authority is delegated under Paragraph 7) shall designate from time to time the Employees who are to be the Participants. Any Award shall be granted in the Committee's discretion based on amongst other considerations the position in the Company and a review on the individual Participant's performance prior to award.

(b) The Committee shall decide how many RSUs and PRSUs each Participant shall receive. The Award to the Chief Executive Officer and the Chief Executive Officer's direct reports at the time of Award, shall include at least 80% PRSUs and no more than 20% RSUs.

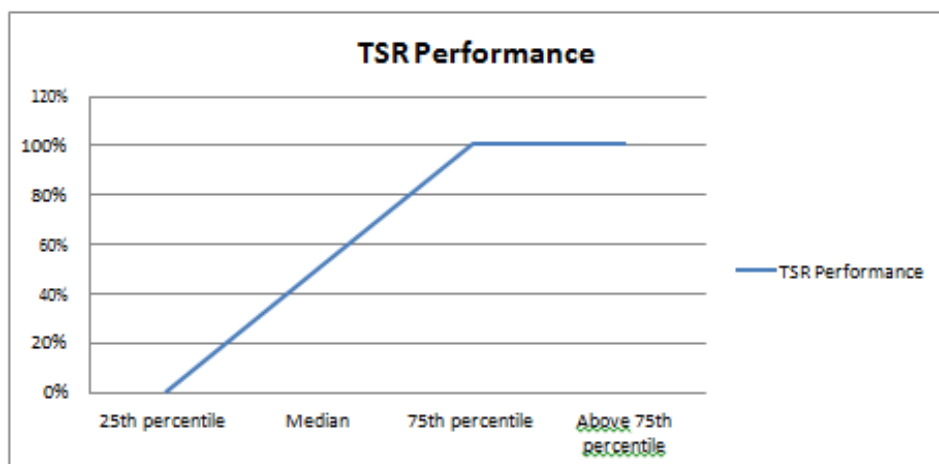
(c) Each Award may, in the discretion of the Committee, be embodied in an Award Agreement, which shall contain such terms, conditions, and limitations as shall be determined by the Committee in its sole discretion and, if required by the Committee, shall be signed by the Participant to whom the Award is granted and signed for and on behalf of the Company. Awards may be granted singly, in combination or in tandem. Awards may also be granted in combination or in tandem with, in replacement of, or as alternatives to, grants or rights under this Plan or any other employee plan of the Company or any of its Subsidiaries, including the plan of any acquired entity. All or part of an Award may be subject to conditions established by the Committee.

9. *PRSU and RSU Terms*

(a) An Award shall be in the form of PRSUs and/or RSUs, subject to the terms and conditions of the Plan and the Award Agreement. Unless otherwise provided by the Committee or this Paragraph 9 the following terms shall apply to all PRSUs and RSUs:

(i) *Settlement of RSUs:* Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Paragraph 19, all RSUs will automatically be settled at the applicable Settlement Date. Following settlement, and subject to Paragraph 5, last sub-paragraph and the further terms and conditions of the Plan and the Award Agreement, a number of Shares equal to the number of RSUs settled will be delivered by the Company to the Participant's Securities Account as soon as practicable. Any delivery of Shares is conditional upon the Participant having registered a Securities Account and notified the Committee of the account details. Until the date that Shares are registered with a Participant's Securities Account, the Participant shall have no rights as a shareholder pursuant to the Plan or any Award Agreement. From the date when the Shares are registered with the Participant's Securities Account, the Participant will have the right to receive dividends thereafter declared with respect to such Shares and to exercise other shareholder rights.

(ii) *Settlement of 75% of awarded PRSUs:* Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Paragraph 19, 75% of the PRSUs will automatically be settled at the applicable Settlement Date as follows: all of the 75% of the PRSUs will automatically settle if the Company has delivered a TSR in the upper quartile of the LTI Comparator Group. None of the 75% of the PRSUs will settle if the Company has delivered a TSR in the lower quartile of the LTI Comparator Group. Half of 75% of the PRSUs will settle if the Company has delivered a TSR at the Median of the LTI Comparator Group. For Company TSR performance between the lower and the upper quartile of the LTI Comparator Group 75% of the PRSUs will settle in accordance with this chart:



Percentages of awarded PRSUs settling are given on the vertical axis. Examples of TSR achievements are given on the horizontal axis.

Settlement of 25% of awarded PRSUs: Subject to the terms and conditions of this Plan and the Award Agreement, and further subject to Paragraph 19, 25% of the PRSUs awarded will automatically be settled at the applicable Settlement Date subject to the Company's achievement of free cash flow after capex in the three full financial years prior to Settlement Date, compared with a free cash flow goal after capex for the said period. The Committee will prior to the Award Date determine a range of free cash flow for the three full financial years prior to the Settlement Date where achievements below the range will result in no settlement of 25% of awarded PRSUs while achievement above the range will result in 100% settlement of 25% of awarded PRSUs. Achievement within the range will lead to an award between 0-100% as determined by the Committee.

Following settlement, and subject to Paragraph 5, last sub-paragraph and the further terms and conditions of the Plan and the Award Agreement, a number of Shares equal to the number of PRSUs settled will be delivered by the Company to the Participant's Securities Account as soon as practicable. Any delivery of Shares is conditional upon the Participant having registered a Securities Account and notified the Committee of the account details. Until the date that Shares are registered with a Participant's Securities Account, the Participant shall have no rights as a shareholder pursuant to the Plan or any Award Agreement. From the date when the Shares are registered with the Participant's Securities Account, the Participant will have the right to receive dividends thereafter declared with respect to such Shares and to exercise other shareholder rights. PRSUs which does not settle a the Settlement Date are terminated and become null and void.

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

10. *Change of Control.* Notwithstanding any other provisions of the Plan, including Paragraphs 7 and 8 hereof, unless otherwise expressly provided in the applicable Award Agreement, in the event of the occurrence of a Change of Control, each RSU and PRSU granted under this Plan to the Participant shall be immediately settled in full; *provided, however,* that

with respect to a Participant subject to United States taxation, no Change of Control shall be deemed to have occurred unless such event also constitutes an event specified in Code Section 409A(2)(A)(v) and the Treasury Regulations promulgated thereunder. For the avoidance of doubt settlement of all granted PRSUs shall follow Article 9 (i) and not Article 9 (ii) in the event of a Change of Control.

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

12. *Securities Law regulations.*

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

(b) 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.

(c) The Committee may adopt additional rules and procedures regarding the settlement of RSUs and/or PRSUs 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 settlement of RSUs and/or PRSUs and delivery of Shares or payment of cash. The Company will declare any Award and any delivery of Shares or payment of cash on the basis of an Award Agreement to the Norwegian and/or other relevant tax authorities in accordance with applicable laws at all times. The Company or its designated third-party administrator shall have the right to deduct applicable taxes (including withholding taxes) from any Award payment and withhold, at the time of delivery of cash or Shares under this Plan, an appropriate amount of cash or number of Shares or a combination thereof for payment of taxes (including withholding taxes) or other amounts required by law or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for withholding of such taxes.

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

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

18. *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.

19. *Postponement of the Settlement Date.* If, due to securities law restrictions, the Committee in its discretion finds it appropriate, the Committee may elect to postpone the applicable

Settlement Date. The Settlement Date may, however, only be postponed for as long as the securities law restrictions apply.

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

21. *Section 409A.*

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

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

22. *Effectiveness and Term.* The Plan is effective as of 10 May, 2017. No Award shall be made under the Plan after 10 May, 2020.



Articles of Association
for
Petroleum Geo-Services ASA

(Changed in Annual General Meeting 10.05. 2017)

§1 The Company's registered name is Petroleum Geo-Services ASA. The Company is a public limited liability company.

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

§3 The share capital of the Company shall be NOK 1,015,739,988 divided into 338,579,996 shares, each with a par value of NOK 3.

The shares shall be registered with the Norwegian Registry of Securities (Verdipapirsentralen).

§4 The Company's domicile shall be in the Municipality of Oslo.

§5 The Board of Directors of the Company shall have from three to 13 directors. Any two directors jointly, or the chief executive officer and one director jointly, may sign for the Company.

The period of service for members of the Board of Directors shall be one year.

§6 The Nomination Committee shall consist of three members. The service shall be two years unless the General Meeting determines that the period shall be shorter.

The Nomination Committee shall prepare a motion for the General Meeting relating to:

- a) Election of members of the Board of Directors and the chairperson of the Board of Directors
- b) Election of the members of the Nomination Committee and the chairperson of the Committee
- c) The remuneration of the directors and the members of the Nomination Committee
- d) Any amendments to the Nomination Committee's mandate and charter

Sections 6-7 and 6-8 of the Norwegian Public Limited Liability Companies Act apply correspondingly in relation to the members of the Nomination Committee.

- §7 Notice of the Annual General Meeting shall be given at least four weeks before the meeting. The notice convening an Extraordinary General Meeting shall be given at least three weeks before the meeting.

In the Company's General Meeting each share has one vote. An owner with shares registered through a custodian approved pursuant to Section 4-10 of the Norwegian Public Limited Liability Companies Act has voting rights equivalent to the number of shares which are covered by the custodian arrangement provided that the owner of the shares shall within two working days before the General Meeting provide the Company with his name and address together with a confirmation from the custodian to the effect that he is the beneficial owner of the shares held in custody, and provided further the Board of Directors shall not disapprove such beneficial ownership after receipt of such notification in accordance with the rules set out in this §7.

Shareowners who wish to take part in the General Meeting, must give notice to the Company by the date stated in the calling notice, which date must be at least two working days before the General Meeting.

Documents that shall be considered at the General Meeting may be published on the Company's website. The same applies to documents that due to statutory requirements must be attached to or included in the calling notice to the General Meeting. If the documents are published in such manner, the statutory requirements for distribution to the shareholders shall not apply. A shareholder may still request to be sent documents that shall be considered by the General Meeting.

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

- §8 The Annual General Meeting shall be held by the end of the month of June each year.

The General Meeting shall deal with the following:

- a) Approval to the Annual Accounts and Annual Report including distribution of dividend
- b) Election of Board members and the Chairperson of the Board
- c) Election of the members and the chairperson of the Nomination Committee and amendments to the Nomination Committee's Mandate and Charter
- d) Such other matters as, according to law or the Articles of Association, fall within the duties of the General Meeting.

- §9 The General Meeting shall be chaired by the Chairperson of the Board of Directors.

- §10 In other respects, the stipulations of valid Norwegian Public Limited Companies legislation shall be applied.

CORPORATE GOVERNANCE

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

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

The Norwegian Public Limited Liability Companies Act section 5-6 (4) requires that the Annual General Meeting ("AGM") approves the statement of Corporate Governance. Consequently, this report will be presented to the General Meeting on May 10, 2017.

Our corporate governance principles, which have been adopted by our Board of Directors, are summarized below. Our website provides full versions of our basic corporate governance documents and an overview of our governance structure. These items include the Company's Articles of Association, the Board of Directors' Rules of Procedure, and the charters for the Company's Audit Committee, Remuneration and Corporate Governance Committee, and Nomination Committee. The documents can be downloaded from our website: www.pgs.com.

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

1. Code of Conduct, Core Values and Corporate Responsibility

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

At the heart of our Core Values is also a principled approach to Corporate Responsibility. We have built our framework for Corporate Responsibility around four key areas: People, Environment, Conduct, and Stakeholders. For a further description, see our Corporate Responsibility Report, which is available at www.pgs.com.

2. Business

PGS is a focused marine geophysical company that provides a broad range of seismic and reservoir services, including acquisition, imaging, interpretation, and field evaluation. The Company's MultiClient data library is among the largest in the seismic industry. The Company operates on a worldwide basis with headquarters in Oslo, Norway.

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

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

Our business operations and the goals and strategies for our business areas are presented in greater detail on pages 15–21 and 37–46 of the annual report.

3. Equity and Dividends

The shareholders' equity as of December 31, 2016 was \$1 359.4 million, corresponding to 48% of total assets.

The Board of Directors believes that the Company's Net Interest-Bearing Debt should be at moderate levels. The current guideline is to plan for a Net Interest-Bearing Debt not to exceed two times annual EBITDA in the weak part of a business

cycle and not to exceed one times annual EBITDA in a strong market. As a result of the weak market the current Net Interest-Bearing Debt of \$1 029.7 million is above this guideline. In a situation where Net Interest-Bearing Debt exceeds the targeted level, actions to come back inside may be gradual and take place over a period of time. The Board continually monitors the adequacy of the Company's equity in light of its objectives, strategy, and risk profile.

As part of this process the Board of Directors decided to initiate a refinancing exercise during 2016. On 14 December 2016, an Extraordinary General Meeting resolved to approve a private placement of new shares, each with a par value of NOK 3.00, for gross proceeds of a NOK amount equivalent to approximately \$225 million (the "Private Placement"). PGS also offered new shares, each with a par value of NOK 3.00, for gross proceeds of up to a NOK amount equivalent to \$35 million, directed towards existing shareholders of PGS that were not allocated new shares in the Private Placement (the "Subsequent Offering"). This Subsequent Offering was more than fully subscribed on 6 January 2017. A portion of the gross proceeds from the Private Placement was used to fund the exchange of the Company's 7.375% senior notes due December 2018 (the "Old Notes") for new 7.375% senior exchange notes due December 2020 and a cash payment (the "Exchange Offer") to which a required number of holders of the Old Notes consented to on 23 December 2016. In relation to this refinancing, the Company also received consent from required lenders under its combined Revolving Credit and Term Loan B facility, to an extension of the maturity date of the Revolving Credit to September 2020 and a reduction of the revolving commitments thereunder to \$400 million, with a further reduction to \$350 million in September 2018.

Following the refinancing process the Company's funding and equity positions are considered satisfactory by the Board of Directors.

The Company has used above the alternative performance measures being "EBITDA" and "Net Interest Bearing Debt". These terms are defined in the annual report.

The Board of Directors has adopted a dividend policy whereby it is the intention to distribute 25 to 50 percent of annual net income as dividends. The Board of Directors has no general authorization to distribute dividends. Any year's dividend is decided by the AGM after a proposal from the Board of Directors.

The Company is restricted in its combined Revolving Credit and Term Loan B facility from proposing a dividend for 2016 and while the facility remains in place it provides certain requirements to be in place before the Company can propose a dividend.

The Board of Directors is authorized to buy back up to 10 percent of the Company's share capital (treasury shares). The current authorization expires on June 30, 2017. However, a new authorization will, in line with past practice, be proposed at the next AGM. Purchase of treasury shares are subject to restrictions in the Revolving Credit and Term Loan B facility identical to those applicable for distribution of dividends.

It has been an ongoing practice of PGS shareholders to grant authorizations to the Board of Directors permitting it to increase the Company's share capital or issue convertible loans for up to 10 percent of the Company's share capital for certain defined purposes. The current authorizations expire on June 30, 2017. New authorization in line with past practice will be proposed at the next AGM.

Separate General Meeting votes are held for (a) authorizations to increase the share capital related to employee stock option programs, (b) authorizations to increase the share capital for other purposes, (c) authorization to issue convertible loans and (d) authorization to acquire treasury shares. When a proposed resolution encompasses share capital increases and/or the issuance of convertible loans and/or acquisition of treasury shares for various purposes, the Company does not find it practical to hold separate votes on each element of proposals. This is a deviation from the NUES Recommendation (identified below) No. 3 where it is recommended that when the General Meeting is to consider mandates to the board of directors for the issue of shares for different purposes, each mandate should be considered separately by the meeting

4. Equal Treatment of Shareholders and Transactions with Close Associates

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

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

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

5. Freely Transferable Shares

The Company's shares are freely transferable.

6. General Meetings

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

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

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

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

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

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

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

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

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

7. Nomination Committee

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

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

Once a year, the Nomination Committee meets with each director individually and discusses how the Board and its committees function and whether there is a need for changes to the Board. The Nomination Committee also keeps contact with shareholders and the Chief Executive Officer as part of its work.

Nomination Committee Members

The Nomination Committee comprises Roger O'Neil (chairperson), C. Maury Devine, and Terje Valebjørg. The two first were re-elected, whilst the latter was a first time electee, at the AGM held May 11, 2016 for a service period ending with the 2017 AGM.

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

In 2016, the Nomination Committee held six meetings and conference calls. The Nomination Committee's report on its work and recommendations will be distributed with the notice of the 2017 AGM.

8. Board of Directors — Composition and Independence

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

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

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

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

As of December 31, 2016, the Board of Directors comprised six shareholder representatives and three directors elected among the employees. Current board members are presented on the Company's website: www.pgs.com and in this annual report.

All shareholder elected Directors are independent of the Company's management. All Directors are also per December 31, 2016, independent of our major business relations. All Directors except for Morten Borge are independent of our major shareholders. Mr. Borge is an Investment Director in Ferd AS. Ferd AS owns ~11% of the shares in the Company. No shareholder elected member of our Board of Directors may be an executive of PGS. Directors are not permitted to perform paid consultancy work for PGS. Six board members, directly or indirectly, own PGS shares.

Shareholders and other interested parties may communicate directly with our shareholder elected Directors by written correspondence addressed to Petroleum Geo-Services ASA, Board of Directors (shareholder elected members), Secretary of the Board of Directors or to the Company's EVP & General Counsel Rune Olav Pedersen, PO Box 251, NO-0216 Oslo, Norway. Further, our website: www.pgs.com invites shareholders wishing to discuss corporate governance or corporate responsibility matters to contact Mr. Pedersen by phone or arrange a meeting with him.

9. The work of the Board of Directors

In accordance with Norwegian corporate law, our Board of Directors has overall responsibility for management of the Company, while the Company's Chief Executive Officer ("CEO") is responsible for day-to-day management.

The Board of Directors provides oversight of the CEO's day-to-day management and company activities in general. The Board of Directors is also responsible for ensuring that appropriate management, guidelines, and control systems are in place and are followed. The CEO, as agreed with the chairperson of the Board of Directors, annually submits a schedule of the meetings of the Board of Directors in the upcoming calendar year. The schedule is subject to Board approval. In 2016, the Board of Directors held twelve meetings including conference calls. During 2016, all the current shareholder elected directors participated in all meetings and conference calls, with the exception of one director who missed one conference call and one director who missed two conference calls.

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

The Rules of Procedure also require an annual self-evaluation to determine whether the Board of Directors and its committees are functioning effectively. The annual self-evaluation is prepared and facilitated by the Remuneration and Corporate Governance Committee. An anonymous survey is carried out and the findings are discussed by the Board of Directors. The survey's findings are made available to the Nomination Committee. The Chairperson of the Nomination Committee also shares with the Board relevant information for improvement of Board processes that may come up in their annual interviews with individual directors.

Each scheduled Board of Directors meeting includes a separate session at which issues may be discussed without the presence of management.

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

Our governance structure is organized as described below.

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

Board responsibilities include:

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

The responsibilities of the CEO include:

- Day-to-day management of company activities
- Organizing PGS' Executive Committees and the Disclosure Committee to further assist the CEO
- The CEO, under the guidance and supervision of the Board of Directors and the Audit Committee, is responsible for ensuring that the Company's financial statements in all material respects, fairly present the Company's financial condition and the results of its operations. Timely disclosure of issues to the Board of Directors is also essential to the assessment of the Company's financial condition, business performance and risks.

Board of Directors Committees

Our Audit Committee comprises board members Anne Grethe Dalane (chairperson), Carol Bell, Daniel J. Piette, Anette Valbø and Berit Osnes. All shareholder elected members of the committee are considered independent of the Company. The committee's functions are to assist the Board of Directors in its supervision of the integrity of PGS' financial statements; to monitor the independent auditor's qualifications, independence and performance; to monitor the performance of the internal audit function; and to promote and review compliance with laws and regulatory requirements.

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

10. Risk Management and Internal Control

The Board of Directors is responsible for ensuring that appropriate guidelines, monitoring, and internal control systems are in place. These are to include embedding risk management, designating risk ownership, and implementing risk responses and controls.

The Board of Directors has systems in place to assess that the CEO exercises appropriate and effective management. The Board of Directors' Audit Committee assesses the integrity of PGS' accounts. It also inquires into, on behalf of the Board of Directors, issues related to financial review and external audit of PGS' accounts. Further, the Board of Directors and

the Audit Committee supervise and verify that effective internal control systems are in place, including systems for risk management and financial reporting.

The Board of Directors and the Audit Committee take steps to ensure that the Company's internal control functions are working as intended and that necessary measures are taken to reduce extraordinary risk exposure. Furthermore, the Board of Directors makes certain that there are satisfactory routines for follow-up of principles and guidelines adopted by the Board of Directors governing ethical conduct; compliance with laws, rules and regulations; health, safety and working environment; and corporate social responsibility.

The Company's anti-corruption program includes a policy, a management statement, and procedures as to several ethical issues, periodic training, high risk area assessment and monitoring, compulsory contract wording, etc. The policy and procedures are available at www.pgs.com. The program is evaluated on a regular basis by the Audit Committee.

Management maintains and regularly reviews a risk matrix setting out the main risks for the Company. These risk factors and the Company's risk mitigating activities are subject to discussion in the Board of Directors at least once a year.

Management conducts day-to-day follow-up of financial management and reporting. Management has established a structured process to ensure that Internal Control over Financial Reporting is effective. The process includes identification and assessment of all material financial reporting risks, identifying and documenting relevant controls to address these risks, and monitoring that controls are implemented and performed. For controls that are not operationally effective at year-end, their potential financial exposure and impact on the consolidated financial statements are evaluated.

Internal Audit Department

PGS has an Internal Audit Department reporting directly to the Audit Committee on its audit planning and audit reports. The purpose of the Internal Audit Department is to perform independent, objective assurance and consulting activities that add value and improve the Company's initiatives in financial, operational and compliance areas.

The scope of work for the Internal Audit Department includes determining whether the Company's risk management, control, and governance processes, as designed and represented by management, are adequate and well-functioning. The department has established a process for monitoring that adequate internal control-related activities are integrated into significant PGS business operations worldwide and that focus is directed towards areas of perceived high risk. Any non-conformance is systematically followed up and corrective measures are implemented and their effects monitored.

11. Remuneration of the Board of Directors and Executive Management

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

For details on compensation to individual board members, please see Note 28 to the financial statement of PGS.

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

Executive remuneration is one of the primary tasks of the Remuneration and Corporate Governance Committee. The committee annually reviews the total compensation level, the mix between fixed and performance related compensation and the mix between short, medium and long-term compensation. The Remuneration and Corporate Governance Committee has developed an annual schedule in order to ensure and facilitate a structured approach to the annual review of executive compensation. The committee normally also engages an external advisor for this work.

A specific peer group of comparable companies and an executive remuneration philosophy have been adopted. The peer group currently consists of nineteen companies from Norway, Europe, and the Americas. All companies are of comparable size and have international operations in the oil service sector. The external advisor collects and compiles relevant information on peer group companies. This information is used by the Remuneration and Corporate Governance Committee for benchmarking executive remuneration. The executive remuneration policy document includes certain targets and guidelines on how the Company's executives should compare to the peer group. These tools, amongst others, are used by the Remuneration and Corporate Governance Committee to decide on an appropriate remuneration structure and to set appropriate total remuneration.

Compensation for the CEO adheres to the same process as that used for other executives, but is also subject to approval by the Board of Directors.

PGS currently has a compensation structure for executive managers that include a base salary, benefits such as newspaper and mobile phone subscriptions, cash bonuses, pension plans, and stock-based long-term incentive programs. Features of these programs include an absolute ceiling on performance-related remuneration. For further details on the compensation structure and total compensation to executive team members, see Note 28 to the financial statement of PGS.

12. Information and Communications

The Board of Directors is committed to reporting financial results and other relevant information based on openness and the requirement of equal treatment of all shareholders and securities market participants. The Company complies with relevant disclosure rules and regulations. Announcements are released through the Nasdaq OMX reporting channel and posted on the Oslo Stock Exchange's news service: www.newsweb.no. In addition, all announcements are available on the Company's website: www.pgs.com. The Company's policy of accessibility for shareholders is also presented on the Company's website.

The Company has an investor relations function to ensure that requests for information from shareholders, analysts and other interested parties are satisfied. The Company has an active investor communication program which includes senior management roadshows in connection with reporting of financial results, presentations at relevant investor conferences, and availability for one-on-one meetings. The Company hosts a Capital Markets Day presentation once a year.

The Board of Directors and the Nomination Committee send a letter to the largest shareholders once a year inviting them to join in a dialog on corporate governance and corporate responsibility matters. The letter is also posted on www.pgs.com and any shareholder may initiate communication with the Company on these matters. During 2016, several meetings and phone conferences were conducted with shareholders under this initiative.

13. Takeover Bids

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

14. Auditor

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

house policies govern the use of the auditor's services. Use of the auditor for services other than the audit of PGS requires pre-approval by the Audit Committee.

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

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

15. Compliance with Laws, Rules, Regulations and Recommendations

As part of PGS' Business Practice outlined on www.pgs.com, PGS is inter alia committed to comply with relevant laws, rules, and regulations. In addition, PGS complies with the current recommendations set forth in the NUES Recommendations, subject only to deviations identified and justified in this report. The NUES Recommendations are available at www.nues.no.

The Board of Directors further conducts periodic reviews of PGS' corporate governance policies and procedures, including the Board of Directors' Rules of Procedure. This process is conducted annually and managed by the Remuneration and Corporate Governance Committee. Any changes to policies or procedures are presented to the Board of Directors for approval.