

Non-restricted bondholders

14 January 2003



Agenda

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2. Update on events and activities
3. Next steps

Appendices

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The new team

Section 1



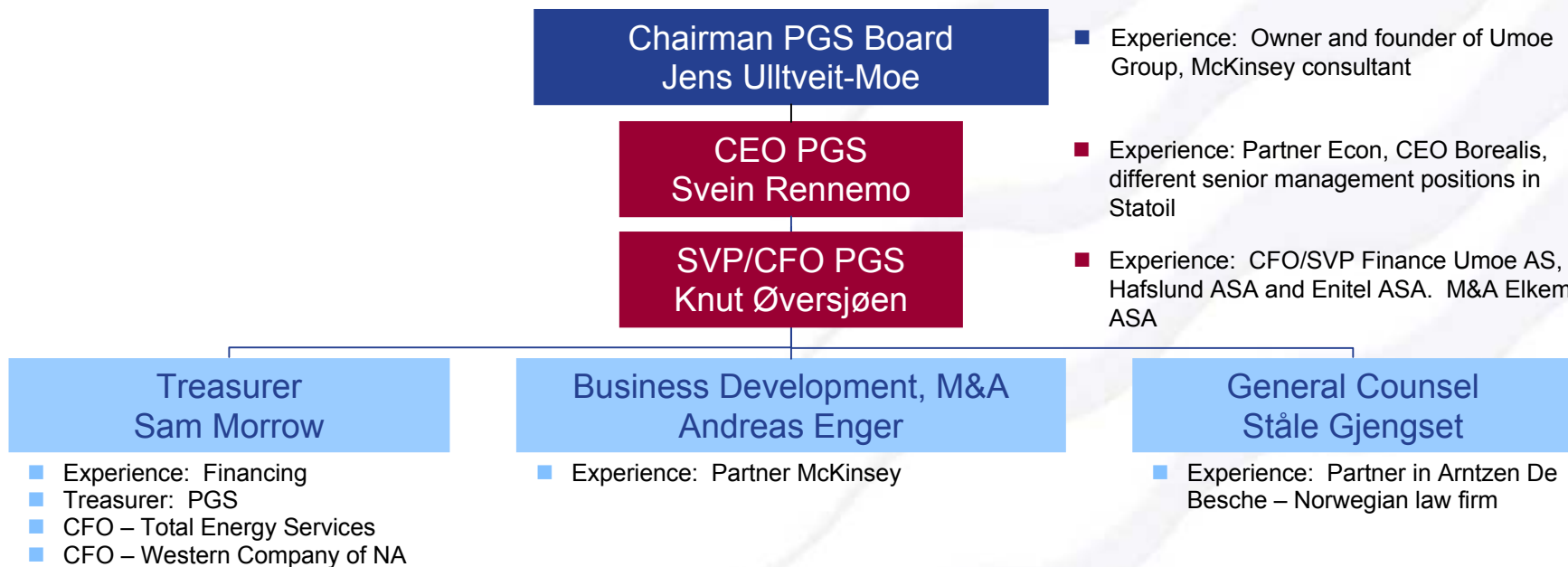
New Board of Directors in place

Extensive oil company and restructuring expertise

- Geir Aune (2002)
 - Former CEO, Søndensjidske, Director Ocean Rig, Field Operative, Schlumberger
- Thorleif Enger (new)
 - Executive Vice President Hydro Agri, former President Hydro oil division
 - PhD Engineering
- Jens Gerhard Heiberg (1992)
 - Chairman Lillehammer Olympic Organising Committee, former Chairman Aker ASA
- Marianne Johnsen (new)
 - Vice President Strategy, Business Development, Elkem ASA
 - MBA, Law Degree
- Reidar Michaelsen (1990)
 - Former President, CEO, PGS
 - MBA
- Rolf Erik Rolfsen (new)
 - Former Head Fina, Total Norway 1987 – 2000
 - Economic College
- Jens Ulltveit-Moe (new)
 - Chairman PGS, CEO Umoe Group



PGS financial restructuring team



External advisors

- UBS Warburg – Financial Advisor
- ABG Sundal Collier – Financial Advisor
- Ernst & Young – Financial Due Diligence/Auditors
- Linklaters – Legal Advisors

Internal resources

- Svein Knudsen – Finance
- Dave Dakin – Controller Geophysical
- Reidar Stokke – Controller Production
- Christin Steen Nilsen – PGS Chief Accountant
- Sean Gore – PGS Group Controller



Update on events and actions

Section 2



Actions taken

- Completed balance sheet due diligence
 - US\$1,200 million in write-offs and unusual items
- 5 year business plan finalised
 - 3 separate business cases – low, base and high
 - E&Y and PWC reviews approaching completion
- Ongoing rolling 3-month weekly liquidity forecast
- Valuation work approaching completion
- 6 PGS ASA Board meetings to analyse debt capacity, 5-year business plan, liquidity position, potential financial structures and possible solutions
- Advisers appointed and committees established to represent banks and bondholders

Actions taken (continued)

- Working on waivers / standstill / miscellaneous facilities
- Development of an initial restructuring proposal and discussed with creditors
- Internal working group established to review and improve working capital
 - independent consultants engaged to assist
 - E&Y assisting process
- Working group established to give effect to cost saving programme as per business plan
- RS Platou are preparing a valuation of each FPSO and seismic vessel, with Kennedy Marr preparing a valuation of each of the FPSO vessels

The short-term picture

- EBITDA US\$104 million for Q3; US\$333 million for 9 months ending 30 September 2002
- Geophysical responding well to a soft market with all vessels utilised
- Stable operations in production
- APG sale closed on 10 December
- Atlantis divestment pending
- Liquidity remains challenging
- Financial covenants breached in Q3 2002
 - waiver discussions ongoing
- 30 December 2002 and 15 January 2003 bond interest payment grace period used to preserve liquidity



Business focus

- Business plan developed based on an oil price scenario around US\$20/bbl and a soft economy
 - Geophysical: overall softening of prices from limited demand growth and competitive pricing, mitigated by PGS positioning and competitive advantage
 - Production services: long term contracts mitigate effects of macro environment over business plan period, redeployment assumed at end of contract periods at reasonable terms after short idle periods
- Management now focused on:
 - decreasing cost base in business and streamlining operations
 - control of liquidity and improving working capital position
 - increasing focus in geophysical on contract work and obtaining higher levels of pre-funding in any multi client work
 - improving returns from specific large assets



Next steps

Section 3



Next steps

- Completion of PWC and E&Y review
- Completion of valuation
- Completion of assessment of alternatives
- Negotiation with banks and bondholders
- Development of agreed restructuring proposal
- Preparation and implementation of proposal

Appendix 1

Biographies



Jens Ulltveit-Moe, Chairman



■ Experience

- 1984 to present CEO and President, Umoe group
- 1980 to 1984 Managing Director, Knutsen OAS Shipping
- 1972 to 1980 Managing Director, Tanker Division, SHV Corporation
- 1968 to 1972 Associate, McKinsey & Co, New York and London

■ Education

- MIA, School of International Affairs, Columbia University
- MBA, Norwegian School of Economics and Business Administration

- President Confederation of Norwegian Business and Industry (NHO)
Chairman UNITOR ASA
Director Kongsberg Group



Svein Rennemo – CEO



■ Experience

- 2001 to present Partner in Econ Management
- 1994 to 2001 CEO (from 1997) and CFO, Borealis, a leading producer of polyolefin plastics
- 1982 to 1994 Several senior management positions within Statoil, including CFO; President Petrochemicals; Head of International Crude and Product Supply; Head of Scandinavian Retail Operations
- 1972-1982 Analyst/advisor with the Central Bank/Ministry of Finance/OECD

■ Education

- Masters degree in economics at the university of Oslo in 1971

- In addition, Mr. Rennemo is serving on boards of several companies – Petoro (to resign), Dynea (Finland) and Nutreco (Netherlands). He serves on the Supervisory Board of Orkla



Knut Oversjoen

■ Experience

- 2001 – 2002 SVP Finance, M&A Activities UMOE Group
Oil & gas industry/shipping
- 2001 SVP Finance/CFO ENITEL (Telecom)
- 2000 – 2001 M&A/Strategy Elkem ASA
- 1996 – 2000 CFO/SVP Finance Hafslund ASA
Utility/Investment company
- 1990 – 1996 Ass. Treasurer Hafslund Nycomed

■ Education

- MBA 1989 Norwegian School of Management

■ Present Board Positions: UNITOR ASA, PEMCO AS, Umoe Catering

■ Previous Board Positions: Actinor, Shipping ASA, Swan ASA, Fesil ASA, Sparebank 1 Midt-Norge, Pelican AS, Tensil Ltd, and others...

