EARNINGS RELEASE

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FOR IMMEDIATE RELEASE
FEBRUARY 26, 2003

PETROLEUM GEO-SERVICES ANNOUNCES 4TH QUARTER AND YEAR END 2002 RESULTS

FEBRUARY 26, 2003: OSLO, NORWAY - Petroleum Geo-Services ASA (`PGS`) (NYSE: PGO; OSE: PGS) announced today its 4th quarter and year end 2002 results.

(In millions of dollars)	Q4 2002	Q4 2001	2002	2001
Revenues	$262.0	$254.5	$994.0	$885.0
Operating profit (loss)	3.5	(28.6)	(629.5)	189.3
Net income (loss)	(122.5)	(104.9)	(1,392.1)	4.5
EBITDA, as defined (A)	126.2	118.8	458.8	433.8
CAPEX (B)	(7.2)	(30.9)	(60.9)	(185.3)
Investments in multi-client (C)	(34.5)	(59.4)	(190.4)	(230.2)
Cash flow defined as (A+B+C)	$84.5	$28.5	$207.5	$18.3

Q4 operations:

- Higher portion of contract seismic
- Higher level of pre-funding
- Lower throughput on Varg, Foinaven and Banff
- Lower revenues on Varg due to tail end production of Varg field

2002 Operations:

- Overall excellent safety and regularity performance
- Increase in and focus on post capex cash flow
- Increased portion of contract work and higher pre-funding on multi-client

2002 – a challenging year:

- Continued overcapacity in seismic markets
- Veritas merger plans terminated
- Atlantis sale delayed (concluded February 2003)
- Steep downgrades in financial ratings and in the share price
- New Board, new CEO, new CFO
- Substantial write downs and impairments in Q3
- A comprehensive financial restructuring / refinancing effort initiated and in progress

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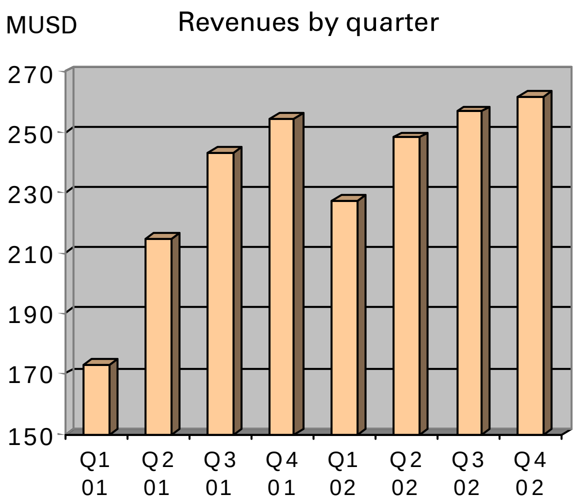
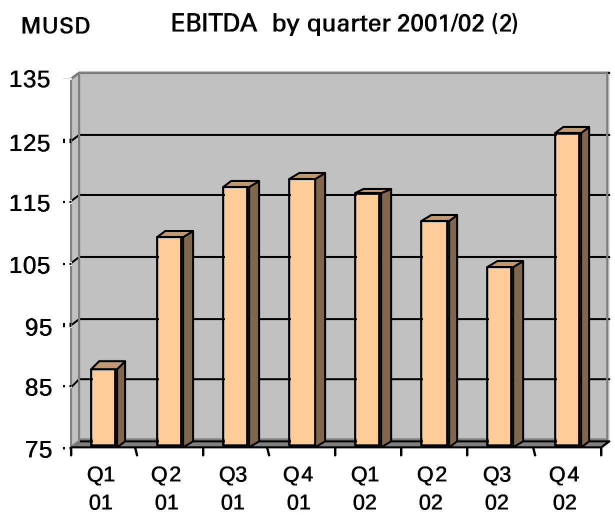
Petroleum Geo-Services ASA (1)
Consolidated Statements of Operations

(In thousands of dollars)	Quarter ended December 31, 2002 Unaudited	Quarter ended December 31, 2001	Year ended December 31, 2002 Unaudited	Year ended December 31, 2001
Revenue	$ 262 019	$ 254 464	$ 994 019	$ 885 063
Cost of sales	122 892	117 305	476 212	381 019
Research and technology costs	717	934	2 766	3 752
Selling, general and administrative costs	12 147	17 458	56 198	66 505
Operating expenses before depreciation, amortization and unusual items	135 756	135 697	535 176	451 276
Depreciation and amortization	113 988	122 905	362 553	333 027
Unusual items, net	8 797	24 498	725 815	(88 550)
Operating profit (loss)	**3 478**	**(28 636)**	**(629 525)**	**189 310**
Financial expense, net	(41 868)	(38 079)	(148 473)	(140 808)
Other loss, net	(311)	(2 554)	(16 533)	(4 853)
Income (loss) before income taxes	(38 701)	(69 269)	(794 531)	43 649
Provision (benefit) for income taxes	6 947	36 339	204 099	29 386
Discontinued operations/operations held for sale, net of tax	(76 875)	688	(207 545)	(9 810)
Income (loss) before cumulative effect of accounting change	(122 523)	(104 920)	(1 206 175)	4 453
Cumulative effect of accounting change, net of tax	-	-	(185 933)	-
Net income (loss)	**$ (122 523)**	**$ (104 920)**	**$ (1 392 108)**	**$ 4 453**





thousands of dollars)	Quarter ended December 31, 2002 Unaudited	Quarter ended December 31, 2001	Year ended December 31, 2002 Unaudited	Year ended December 31, 2001
BITDA, as defined (2) (A)	$ 126 263	$ 118 767	$ 458 843	$ 433 787
nvestments in multi-client library (B)	(34 491)	(59 349)	(190 436)	(230 166)
apital expenditures (C)	(7 240)	(30 904)	(60 894)	(185 294)
Cashflow defined as A+B+C	**$ 84 532**	**$ 28 514**	**$ 207 513**	**$ 18 327**
et interest bearing debt			$ 2 439 195	$ 2 394 141

(1) The accompanying financial statements have been prepared assuming that PGS will continue as a going concern. PGS is, however, experiencing credit and liquidity constraints that raise doubt about its ability to continue as a going concern. PGS is seeking to effect a financial restructuring that would address these credit and liquidity constraints, but there can be no assurance that PGS will be successful in doing so. The accompanying consolidated financial statements do not include any adjustments that might result from PGS not continuing as a going concern (see Liquidity and Capital Resources for further discussion).

(2) EBITDA, as defined, consists of operating income (loss) before depreciation and amortization expense and before unusual items. EBITDA, as defined, may not be comparable to other similarly titled measures from other companies. We have included EBITDA, as defined, as a supplemental disclosure because our management believes that it provides useful information regarding our ability to service debt and to fund capital expenditures and provides investors a helpful measure for comparing our operating performance with the performance of other companies.

Q4 2002 – stable operations

Revenues increased to $262.0 million in Q4 2002 compared to $254.5 million last year, an increase of 3%. EBITDA, as defined, for Q4 2002, was $126.3 million versus $118.8 million in Q4 2001, an increase of 6%. This improvement was mainly due to higher sales from the multi-client library, higher levels of pre-funding on new multi-client investments, higher portion of the seismic fleet operating in the contract market, increased activity for onshore seismic and a lower cost base. Adverse factors were mainly lower revenues associated with lower throughput over production vessels *Ramform Banff* and *Petrojarl Varg*.

The FPSO vessels continued their excellent operating performance. In Q4 2001 the *Petrojarl Varg* FPSO was on contract with Norsk Hydro ($24.6 million in revenues), while in Q4 2002 it operated on the same field, but now owned 70% by PGS, with a combined $20.2 million in revenue from charter hire and oil production. A new sidetrack well on the Varg field, with an estimated $10 million investment, was completed mid February 2003 adding about 12,500 barrels of oil per day. The *Ramform Banff* FPSO had 17% lower production revenues compared to last year, due to disappointing reservoir performance and associated lower production under its tariff based contract.

On November 17, 2002, we experienced a fire on board the *Ramform Valiant* seismic vessel, which kept this vessel out of service until January 12, 2003. The total charge to PGS for vessel repairs was approximately $2.5 million, after insurance proceeds. PGS presently has no business interruption insurance coverage. All other vessels were fully utilized during Q4 2002. Multi-client investments totalled $34.5 million in Q4 2002 compared to $59.4 million the previous year. The level of pre-funding on new multi-client projects increased by $7.8 million to $19.9 million in Q4 2002, while multi-client late sales generated $63.0 million in Q4 2002 compared to $55.9 million the previous year. The total multi-client revenue was $82.9 million in Q4 2002 versus $68.0 million the previous year, an increase of 22%.

On December 11, 2002, PGS completed the sale of its Production Services division (former Atlantic Power) to Petrofac Ltd. for $20.2 million in cash proceeds at closing, and contingent payments of up to $15.0 million to be paid during 2003 through 2010. The Production Services division has been accounted for as a component of assets held for sale, and the sale resulted in a $26.8 million loss recorded under discontinued operations/operations held for sale, net of tax.

On February 20, 2003 PGS signed a final agreement with China National Chemicals Import & Export Corporation (Sinochem) to sell its Atlantis Subsidiary. Approximately $55 million was paid at closing, and another $50 million is subject to completion and terms of certain sales contracts. As a result PGS has recorded a loss of $50.0 million under discontinued operations/operations held for sale in the Q4 2002 results.

PGS decided to use the 30 day grace period for payment of interest due December 30, 2002 related to the Company's 6 5/8% Senior Notes due 2008 and its 7 1/8% Senior Notes due 2028. The decision was made due to the Company's ongoing dialogue with its banks and bondholders in assessing PGS' financial condition and optimising its liquidity position. In addition PGS decided to defer distribution payments on preferred securities issued by its trust subsidiary PGS Trust I (PGO PrA), commencing with the December 31, 2002 distribution payment. Under the terms of the Securities, PGS has the option to defer distributions for up to 20 consecutive quarterly periods without causing default.

PGS has organised a set of external advisors to assist in the forthcoming financial restructuring of the PGS Group. A substantial number of bondholders have formed an ad hoc committee through the law firm Bingham McCutchen LLP. A steering committee of PGS's banks has also been formed. The financial advisors of PGS are UBS Warburg and ABG Sundal Collier. (see Liquidity and Capital Resources for further discussion).

On December 20, 2002, the PGS Board member, Endre Ording Sund, resigned from the Board of Directors as a result of Mr. Sund assuming a key position in Orkla Enskilda Securities ASA (Scandinavian investment bank).

2002 - a year of challenges

General: During autumn 2002 an extraordinary general assembly elected Mr. Jens Ulltveit-Moe as new chairman of PGS ASA. Ms. Marianne Johnsen, Mr. Rolf Erik

Rolfsen and Mr. Thorleif Enger were elected as new Directors. Following this change Mr. Svein Rennemo was employed as new CEO and Mr. Knut Øversjøen as new CFO. The corporate headquarters was consolidated in Oslo, Norway.

PGS received a withdrawal notice from Veritas DGC Board relating to the proposed merger with PGS on July 30, 2002. The merger proposal was announced November 27, 2001.

The geophysical market was characterised by continued overcapacity during 2002, although there was a trend towards capacity reduction and moderately firming rates throughout the year. An industry-wide shift towards more contract work and less multi-client work was experienced during the second half of 2002. However, the overall price level remained soft during the year. The Company had full seismic fleet utilization throughout the year.

All 4 FPSO vessels were on contract during 2002 and the operating performance was excellent. The historically problematic *Ramform Banff* FPSO had the first year of full production with excellent regularity. The FPSO market outlook remains positive, and the majority of new FPSO prospects are on the Norwegian Continental Shelf, where the Company has a strong competitive position.

Operations: Revenues increased to $994.0 million in 2002 compared to $885.1 million the previous year, an increase of 12%. EBITDA, as defined, was $458.8 million versus $433.8 million, an increase of 6%. This improvement was mainly due to *Petrojarl 1* on contract for the full year versus only a portion of 2001, higher levels of pre-funding on new multi-client investments, higher portion of the seismic fleet operating in the contract market and increased activity for onshore seismic. Adverse factors were mainly lower revenues for production vessels *Ramform Banff* and *Petrojarl Varg*, due to declining field production with tariff based contracts.

The **Production** operation had excellent regularity during 2002, and measured against 2001 the following comparisons are made:

- *Petrojarl 1* was on yard stay until mid August 2001, implying a $42.4 million in increased revenues for 2002.
- *Ramform Banff* was out of production from January to mid March 2001. Still, disappointing reservoir performance resulted in a $9.5 million drop in revenues compared to last year.
- The revenue increase of 8% for *Petrojarl Foinaven* was mainly due to higher production volumes and associated tariff revenues.
- The transfer by Norsk Hydro of its Production License 038 (PL038) in the Norwegian sector of the North Sea to a PGS subsidiary (Pertra) was completed during Q3 2002. The average production was 12,150 barrels of oil per day post acquisition. Pertra effectively holds 70% of the license, with Petoro (Norwegian State owned) holding the remaining 30%. As consideration for the 70% share, Pertra assumed its portion of the field's abandonment cost. The revenue in Pertra reached $32.7 million in 2002.
- As a result of the PL038 acquisition and declining production volumes compared to 2001, the revenues for *Petrojarl Varg* decreased from $87.7 million in 2001 to $54.6 million in 2002.
- In 2001, PGS subleased certain of its excess shuttle tanker capacity on the spot market, resulting in an additional $10.1 million in revenues. In 2002, PGS had no such sub-lease revenue.

The **Geophysical** business shifted focus in 2002 to further increase the share of revenues in the marine contract market and to reduce the risk in multi-client investments by increasing the level of pre-funding and by being more critical towards exposure to high risk projects. The following comparisons are made for the 2002 versus 2001 figures:

- Revenues for contract seismic business increased from $307.3 million in 2001 to $357.4 million in 2002, an increase of 16%.
- The level of pre-funding for multi-client projects increased by $36.0 million to $106.5 million for 2002. That increase, combined with lower total investments, reduced our risk exposure in the seismic business.
- Multi-client late sales were $162.5 million down $6.4 million from last year.
- Onshore revenues (both multi-client and contract work) increased by $17.9 million, mainly due to higher utilisation of the existing equipment.

Change in accounting principle and unusual items: The Company adopted SFAS No 142 regarding accounting for goodwill, and goodwill was impaired by $185.9 million as of January 1, 2002, as a result of the transitional impairment test, of which $173.1 million related to Production and $12.8 million to Geophysical.

Net unusual items of $725.8 million were mainly due to the impairment of *Ramform Banff* ($425.2 million), multi-client library ($268.4 million) and seismic equipment and related assets ($56.2 million).

The *Ramform Banff* $425.2 million impairment was based on discounted cash flow analysis, over the life of the vessel using an 8% discount rate and based on estimated cash flows for the existing contract with Conoco until 2007. Post 2007 market rates are assumed inclusive of the cost of a storage tanker.

A large part of the $268.4 million multi-client library impairment was on investments made in the years 1998-2000. Assumptions supporting those investments have not and are not expected to fully materialize.

Discontinued operations / operations held for sale: During 2002 we impaired in total $190.1 million of our oil and gas investments through our Atlantis subsidiary gross of tax benefits of $53.2 million. On December 11, 2002, we completed the sale of our Production Services business and recognised a loss of $26.8 million with zero rate tax effect.

Net financial items: The net interest bearing debt (excluding debt in assets held for sale) has increased with $45.1 million, during 2002, to $2,439.2 million as of December 31, 2002. Gross financial expense for 2002 equaled $154.1 million, which implies an average interest rate of 6.4%. Gross financial expense for 2001 was $ 160.6 million.

Tax: During 2002, PGS' provision for income taxes included a net expense of $91.0 million due to the effects of exchange rate fluctuations. Additionally, the Company recorded a $215.2 million valuation allowance charge related to certain net deferred tax assets, compared to $65.9 million in 2001.

Petroleum Geo-Services ASA (1)
Consolidated Balance Sheets

	December 31,	
(In thousands of dollars)	2002 Unaudited	2001
Assets		
Cash and cash equivalents	$ 113 031	$ 102 130
Accounts receivable, net	220 895	234 887
Other current assets	74 390	97 921
Oil and gas assets	17 324	-
Assets held for sale	65 309	241 097
Total current assets	490 949	676 035
Multi-client library, net	660 383	918 072
Property and equipment, net	1 731 105	2 281 334
Goodwill	-	185 933
Other long-term assets, net	121 600	241 432
Total assets	**$ 3 004 037**	**$ 4 302 806**

Major changes to the **total assets** are as follows:

- Oil and gas assets is PL038 / Pertra.
- Reduction in assets held for sale relates to our Production Services business (Atlantic Power) and impairment charges.
- The net reduction in the multi-client library relates to the $268.4 million impairment in Q3 2002 in addition to this year's effect of multi-client investments and amortization.
- The net reduction in property and equipment is mainly due to the

impairment of *Ramform Banff* and miscellaneous seismic equipment.

- Impairment of goodwill by $185.9 million, $173.1 million in Production and $12.8 million in Geophysical.

Capital expenditures in PGS are mainly in 4 areas of operations:

- Investments in multi-client library totalled $190.4 million ($230.2 million in 2001).
- Investments in Atlantis totalled $77.1 million ($54.1 million in 2001).
- Investments in FPSOs/PL038 totalled $19.2 million ($158.9 million in 2001 of which *Ramform Banff* was $66.2 million and *Petrojarl 1* was $87.2 million).
- Investments in Geophysical totalled $41.7 million ($26.4 million in 2001).

Petroleum Geo-Services ASA (1)
Consolidated Balance Sheets

(In thousands of dollars)	December 31, 2002 Unaudited		December 31, 2001	
Liabilities and Shareholders' Equity				
Short-term debt and current portion of long-term debt and capital lease obligations	$	959 550	$	246 429
Debt and other liabilities held for sale		19 980		55 732
Accounts payable and accrued expenses		250 524		275 244
Income taxes payable		19 034		16 448
Total current liabilities		1 249 088		593 853
Long-term debt and capital lease obligations		1 386 400		1 945 254
Other long-term liabilities		54 701		24 161
Deferred income taxes		132 115		73 503
Total liabilities		2 822 304		2 636 771
Commitments and contingencies				
Guaranteed preferred beneficial interest in PGS junior subordinated debt securities		142 322		141 000
Mandatorily redeemable cumulative preferred stock related to multi-client securitization		63 954		163 588
Shareholders' equity:				
Common stock, par value NOK 5; issued & outstanding 103,345,987 shares at December 31, 2001 and December 31, 2002		71 089		71 089
Additional paid-in capital		1 225 115		1 225 115
Retained earnings		(1 294 322)		98 863
Accumulated other comprehensive loss		(26 425)		(33 620)
Total shareholders' equity		(24 543)		1 361 447
Total liabilities and shareholders' equity	**$**	**3 004 037**	**$**	**4 302 806**
Interest bearing debt, net (excluding debt in held for sale activities)	$	2 439 195	$	2 394 141

Liquidity and Capital Resources

The PGS Group has approximately $1.1 billion of debt and other contractual obligations maturing in 2003, of which $930 million are bank and senior note obligations of PGS ASA (the Parent Company of the Group) itself. Based on the Company's existing business plan and forecast, PGS ASA is dependent on a restructuring, refinancing and/or extension of the maturities of such obligations to continue as a going concern.

In connection with the financial and liquidity issues faced by PGS ASA, the Company's financial advisors continue to assist PGS in the ongoing evaluation of the Company's financial condition and a review of alternatives for financial restructuring, refinancing and/or extension focused on PGS ASA. In this connection, PGS and its advisors have continued to have discussions with the Company's banks, the ad hoc committee of bondholders, lessors and other creditors. In connection with these discussions, PGS has agreed to pay certain fees and expenses incurred by the banks and bondholder group, including fees and expenses of financial, accounting and legal advisors. At this point, PGS has not reached any agreement with the banks, the ad hoc bondholder committee or other creditors. PGS is of the opinion that it is possible to reach such agreements with the banks, the bondholder committee and other creditors, but it is not certain that such agreements can be reached. If no such restructuring agreement is reached on a timely basis, PGS may be required to, among other things, take appropriate legal steps to seek protection from its creditors. In addition, it is possible that a restructuring agreement could involve a process requiring court approval of a restructuring or reorganization plan.

PGS is currently in violation of certain financial and other covenants in various bank credit and leasing agreements, and has been seeking and is seeking waivers of these defaults. Certain defaults have been waived, but not all. PGS is continuing discussions in relation to outstanding waivers with relevant counter-parties. There can be no assurance that these waivers will be obtained or that the parties to these agreements will not seek to enforce their remedies, which could lead to PGS seeking relief from its creditors under applicable laws.

While PGS has used the grace periods under several of its indentures to defer the payment of interest to improve the Company's short-term liquidity, PGS is current on all interest payments that are due under its outstanding debt. PGS has also elected, beginning in December 2002, to utilize its option to defer distribution payments on the preferred securities issued by the Company's trust subsidiary, PGS Trust I. Such deferral may be continued for up to 20 consecutive quarterly periods without causing a default. As a part of the financial restructuring of PGS and the monitoring of the short-term liquidity the Company will continue to utilise contractual possibilities to extend payment terms in order to create short-term financial flexibility.

The current corporate credit rating for PGS' senior unsecured debt is C from Standard & Poor's Rating Services and Ca from Moody's Investor Services. As a result, in the absence of a significant restructuring and/or extension of its obligations, the Company's ability to raise capital for purposes of refinancing its obligations is very limited. As of December 31, 2002, all of the Company's credit facilities were fully drawn.

PGS is committed to exploring an orderly financial restructuring at the PGS ASA level that will permit the Company to continue its subsidiary level geophysical and production operations and to attempt to preserve the enterprise value of the Company's business. However, there can be no assurance that PGS will be successful in doing so.

Outlook

PGS is engaged in two main businesses: geophysical services and floating production. The synergies between the two are seen as limited. The business plan and improvement efforts are therefore focused on developing the position and cash capabilities of these businesses separately.

The new management has ongoing efforts to rebuild PGS' business platform, and the main areas of focus are:

- Having a balance sheet reflecting realistic asset values
- Further improving post capex cash flow
- Establishing a debt level and debt structure that is aligned with PGS' future cash generating capabilities
- Continuing focus on day-to-day operations and performance

The main drivers in delivering further post capex cash flow improvements will be:

- To deliver cost cutting of minimum \$75 million as previously announced
- To improve working capital by a minimum of \$25 million
- To reduce multi-client investments by a minimum of 20 %
- To increase the level of pre-funding of multi-client projects, and further raise the portion of contract work for the streamer fleet
- To achieve higher late sales from the multi-client library
- To enhance throughput for the *Ramform Banff* FPSO
- To continue to have *Petrojarl I*, *Petrojarl Foinaven* and *Petrojarl Varg* employed on attractive contracts
- To fully capture the upside of Pertra's cash generation potential
- To implement a flatter and simpler organisational structure

In January 2003 a new production well was put on stream through the *Ramform Banff*, and the production volumes increased to over 20,000 barrels of oil per day. This implies short-term positive cash flow on this FPSO. Work continues to further improve the volume across the vessel.

NYSE Matters

Because of the low trading price for PGS' ADSs and due to the Company's market capitalization and shareholders' equity, the Company no longer meets the New York Stock Exchange's (NYSE) continued listing criteria. As previously disclosed, the Company was notified by the NYSE that it had fallen below the NYSE's continued listing criteria relating to the minimum share price of $1. The Company has had ongoing discussions with the NYSE staff regarding these matters. Accordingly, the NYSE may take action in the future to de-list the Company's ADSs from trading on the NYSE. Following any such de-listing PGS expects that its ADSs will be traded in the over-the-counter market in the United States. ADS's issued by the Company may also be converted into shares in the Company, which are listed on the Oslo Stock Exchange.

UK Leases

The Company entered into certain lease structures from 1996 to 1998 relating to *Ramforms Challenger*, *Valiant*, *Viking*, Victory and *Vanguard*; *Petrojarl Foinaven*; and production equipment of the *Ramform Banff*. The Company paid funds to large international banks (the "Payment Banks"), and in exchange, the Payment Banks assumed liability for making rental payments required under the leases (the "Defeased Rental Payments") and the lessors legally released the Company as obligor of such rental payments. Accordingly, the Company has recorded no capital lease obligations on its consolidated balance sheets with respect to these leases.

The Defeased Rental Payments are based on assumed Sterling LIBOR rates of between 8% and 9% (the "Assumed Interest Rates"). If actual interest rates are greater than the Assumed Interest Rates, the Company receives rental rebates. Conversely, if actual interest rates are less than the Assumed Interest Rates, the Company is required to pay rentals in excess of the Defeased Rental Payments (the "Additional Required Rental Payments"). Currently interest rates are below the Assumed Interest Rates, and based on forward market rates for Sterling LIBOR, as of December 31, 2002 the net present value of Additional Required Rental Payments aggregated GBP 32 million, using an 8% discount rate. The Additional Required Rental Payments are reflected in other financial income (loss) as they are incurred and paid.

PGS as a going concern

The accompanying financial statements have been prepared assuming that PGS will continue as a going concern. PGS is, however, experiencing credit and liquidity constraints that raise doubt about its ability to continue as a going concern. PGS is seeking to effect a financial restructuring that would address these credit and liquidity constraints, but there can be no assurance that PGS will be successful in doing so. The accompanying consolidated financial statements do not include any adjustments that might result from PGS not continuing as a going concern.

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Petroleum Geo-Services is a technologically focused oilfield service company principally involved in geophysical and floating production services. PGS provides a broad range of seismic- and reservoir services, including acquisition, processing, interpretation, and field evaluation. PGS owns and operates four floating production, storage and offloading units (FPSO's). PGS operates on a worldwide basis with headquarters in Oslo, Norway. For more information on Petroleum Geo-Services visit www.pgs.com.

The information included herein contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical and future trends, on general economic and business conditions and on numerous other factors, including expected future developments, many of which are beyond the control of the Company.

Such forward-looking statements are also subject to certain risks and uncertainties as disclosed by the Company in its filings with the Securities and Exchange Commission. As a result of these factors, the Company's actual results may differ materially from those indicated in or implied by such forward-looking statements.

Petroleum Geo-Services ASA (1)
Consolidated Statements of Cash Flows

(In thousands of dollars)	Quarter ended December 31, 2002 Unaudited	Quarter ended December 31, 2001	Year ended December 31, 2002 Unaudited	Year ended December 31, 2001
Cash flows from operating activities:				
Net income (loss)	$ (122 523)	$ (104 920)	$ (1 392 108)	$ 4 453
Adjustments to reconcile net income (loss) to				
net cash provided by operating activities:				
Depreciation and amortization charged to expense	113 988	122 905	362 553	333 027
Non-cash unusual items and sale of subsidiary, net	81 613	15 992	1 182 037	(97 027)
Cash effects related to assets and liabilities held for sale	3 743	(3 419)	5 864	(8 779)
Provision (benefit) for deferred income taxes	(9 968)	25 306	183 407	22 114
Working capital changes and other items	26 008	56 567	(10 729)	(50 865)
Net cash provided by operating activities	**92 861**	**112 431**	**331 024**	**202 923**
Cash flows from investing activities:				
Investment in multi-client library	(34 491)	(59 349)	(190 436)	(230 166)
Capital expenditures	(7 240)	(30 904)	(60 894)	(185 294)
Development of assets held for sale	(14 271)	(21 595)	(77 229)	(54 329)
Sale of subsidiary	20 222	-	20 222	175 000
Other items, net	564	(657)	(9 030)	(19 485)
Net cash (used in) investing activities	**(35 216)**	**(112 505)**	**(317 367)**	**(314 274)**
Cash flows from financing activities:				
Net proceeds from issuance of subsidiary preferred stock	-	-	-	234 285
Redemption of preferred stock	(21 783)	(22 354)	(98 983)	(77 280)
Repayment of long-term debt	(4 960)	770	(241 826)	(11 414)
Principal payments under capital lease obligations	(4 900)	(2 949)	(15 496)	(7 806)
Net increase (decrease) in bank facility and short-term debt	47	71 030	335 348	(5 667)
Net receipts (payments) under tax equalization swap contracts	-	(16 415)	9 566	(64 575)
Other items, net	-	(4 986)	8 098	816
Net cash (used) provided by financing activities	**(31 596)**	**25 096**	**(3 293)**	**68 359**
Effect of exchange rate changes in cash and cash equivalents	133	(28)	537	(93)
Net increase (decrease) in cash and cash equivalents	26 182	24 994	10 901	(43 085)
Cash and cash equivalents at beginning of period	86 849	77 136	102 130	145 215
Cash and cash equivalents at end of period	**$ 113 031**	**$ 102 130**	**$ 113 031**	**$ 102 130**

Petroleum Geo-Services ASA
Supporting Tables

Geographic Distribution of Revenue

The distribution of our revenue by geographic region for the periods presented was as follows:

(In thousands of dollars, except percentage)	Quarter ended Dec. 31, 2002			Quarter ended Dec. 31, 2001		
	Revenue		Percentage	Revenue		Percentage
North and South America		46 448	18 %		23 380	9 %
Europe, Africa and Middle East		165 483	63 %		184 279	73 %
Asia Pacific		50 088	19 %		46 805	18 %
Total	**$**	**262 019**	100 %	**$**	**254 464**	100 %

(In thousands of dollars, except percentage)	Year ended Dec. 31, 2002			Year ended Dec. 31, 2001		
	Revenue		Percentage	Revenue		Percentage
North and South America	$	221 427	22 %	$	184 210	21 %
Europe, Africa and Middle East		630 422	64 %		587 354	66 %
Asia Pacific		142 170	14 %		113 499	13 %
Total	**$**	**994 019**	100 %	**$**	**885 063**	100 %

Revenue Distribution by Operating Segment

The distribution of our revenue by operating segment for the periods presented was as follows:

(In thousands of dollars)	Quarter ended December 31,				Year ended December 31,			
	2002		2001		2002		2001	
Geophysical revenue:								
- Marine seismic	$	145 098	$	133 845	$	511 958	$	450 492
- Land seismic		25 768		20 079		109 094		91 173
- Data processing, reservoir consultants & other		11 253		12 897		50 353		52 842
Total Geophysical revenue (A)		182 119		166 821		671 405		594 507
Production revenue (B)		79 900		87 643		322 614		290 556
Total	**$**	**262 019**	$	254 464	**$**	**994 019**	$	885 063
(A) Geophysical revenue by service type:								
- Multi-client pre-funding	$	19 865	$	12 091	$	106 544	$	70 506
- Multi-client late sales		63 019		55 881		162 508		168 910
- Contract seismic		88 190		85 487		357 363		307 272
- Other		11 045		13 362		44 990		47 819
Total	**$**	**182 119**	$	166 821	**$**	**671 405**	$	594 507
(B) Production revenue split by operations:								
- *Petrojarl I*	$	16 285	$	15 079	$	62 631	$	20 269
- *Petrojarl Foinaven*		32 781		35 387		133 364		124 059
- *Ramform Banff*		10 133		12 226		37 886		47 357
- *Petrojarl Varg*		3 884		24 606		54 572		87 715
- Other FPSO (a)		147		56		242		10 119
Total FPSO revenue		63 230		87 354		288 695		289 519
Varg Field (PL038) revenue (b)		16 360		-		32 697		-
Other (b)		310		289		1 222		1 037
Total	**$**	**79 900**	$	87 643	**$**	**322 614**	$	290 556

(a) Includes revenue for several FPSO shuttle tankers that were leased into the spot market during 2001.

(b) Consist of our oil and gas exploration and production activities.

(1) The accompanying supporting tables have been prepared assuming that PGS will continue as a going concern. PGS is, however, experiencing credit and liquidity constraints that raise doubt about its ability to continue as a going concern. PGS is seeking to effect a financial restructuring that would address these credit and liquidity constraints, but there can be no assurance that PGS will be successful in doing so. The accompanying supporting tables do not include any adjustments that might result from PGS not continuing as a going concern

EBITDA, as defined, by operating segment

The distribution of our EBITDA, as defined, by operating segment for the periods presented was as follows:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Geophysical operations	$ 91 357	$ 70 054	$ 296 284	$ 274 480
Production operations (A)	34 906	48 713	162 559	159 307
Total	**$ 126 263**	$ 118 767	**$ 458 843**	$ 433 787
(A) Production split by operations:				
- *Petrojarl I*	$ 8 322	$ 8 033	$ 29 851	$ 9 443
- *Petrojarl Foinaven*	19 102	24 208	86 132	79 379
- *Ramform Banff (a)*	(2 616)	4 375	(1 016)	24 895
- *Petrojarl Varg*	7 470	16 373	47 188	58 310
- Other FPSO (b)	(26)	369	(1 518)	2 475
Total FPSO	32 252	53 358	160 637	174 502
Varg Field (PL038) (c)	4 116	-	9 461	-
Other (c)	(1 462)	(4 645)	(7 539)	(15 195)
Total	**$ 34 906**	$ 48 713	**$ 162 559**	$ 159 307

(a) Included $5.0M loss contract accrual reversal for the quarter ended December 31, 2001, and $ 8.2M and $16.5M for the year ended December 31, 2002 and 2001, respectively.

(b) Includes operating loss for several FPSO shuttle tankers that were leased into the spot market during 2001.

(c) Consist of our oil and gas exploration and production activities.

Depreciation and amortization

Depreciation and amortization comprise following items for the periods presented:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Gross depreciation (a)	$ 48 842	$ 45 126	$ 181 194	$ 167 860
Depreciation capitalized to MCS library	(5 710)	(6 284)	(31 528)	(30 234)
Sales related amortization of MCS library	63 119	44 993	173 107	156 331
Forced amortization MCS Library (b)	7 737	39 070	39 780	39 070
Total	**$ 113 988**	$ 122 905	**$ 362 553**	$ 333 027

(a) Under the guidelines of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", we have recognized as of January 1, 2002 a $185.9M impairment charge, excluding taxes, against our goodwill. We did not recognize any goodwill amortization during 2002; during 2001 we recognized goodwill amortization (excluding goodwill amortization on operations as held-for-sale) of $1.4M for the quarter ended December 31, 2001 and $5.9M for the year ended December 31, 2001.

(b) Forced amortization charges required to conform with our minimum amortization policy for the multi-client library.

Unusual Items

Unusual items consist of the following items for the periods presented:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Impairment of MCS library	$ -	$ -	$ (268 403)	$ (13 155)
Impairment of *Ramform Banff*	-	-	(425 214)	-
Impairment of seismic equipment and other geophysical assets	-	-	(56 169)	-
Impairments of seismic and oil and gas investments	-	-	(14 744)	-
Gain/(loss) on tax equalization swap contracts	-	(8 507)	54 149	(17 996)
Other unusual items, net	(5 181)	(15 991)	(11 818)	(18 901)
Sale of subsidiaries (a)	-	-	-	138 602
Debt restructuring/refinancing costs (b)	(3 616)	-	(3 616)	-
Total Unusual Items	**$ (8 797)**	$ (24 498)	**$ (725 815)**	$ 88 550
Tax effect on above entries (c)	2 531	6 696	103 904	(26 000)
Net Income effect of Unusual Items	$ (6 266)	$ (17 802)	$ (621 911)	$ 62 550

(a) Gain on the sale of our data management business in Q1 2001.

(b) Costs in relation to restructuring/refinancing of the PGS Group.

(c) Any tax benefit is offset towards valuation allowance. See note; (Provision)/benefit for income taxes below.

Financial expense, net

Financial expense, net consist of following items for the periods presented:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Financial expense	$ (42 554)	$ (40 399)	$ (154 051)	$ (160 551)
Capitalized interest	686	2 320	5 578	19 743
Total	**$ (41 868)**	$ (38 079)	**$ (148 473)**	$ (140 808)

Other loss, net

Other loss, net consist of following items for the periods presented:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Foreign exchange gain/(loss)	$ 3 274	$ (532)	$ (8 970)	$ (1 958)
Other, net	(3 585)	(2 022)	(7 563)	(2 895)
Total	**$ (311)**	$ (2 554)	**$ (16 533)**	$ (4 853)

(Provision)/benefit for income taxes

(Provision)/benefit for income taxes consist of the following items for the periods presented:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Valuation allowance relating to deferred tax assets	$ 5 978	$ (65 912)	$ (215 154)	$ (65 912)
Tax effect of exchange fluctuations	(16 815)	4 346	(91 020)	700
Tax effect on unusual items	2 531	6 696	103 904	(26 000)
Net gains associated with resolution of uncertainties outstanding tax issues	-	-	-	14 400
Tax effect from ongoing operations	1 359	18 531	(1 829)	47 426
Total	**$ (6 947)**	$ (36 339)	**$ (204 099)**	$ (29 386)

Discontinued operations/operations held for sale, net of tax

Discontinued operations/operations held for sale consist of the following items for the periods presented:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Pretax income from operations held for sale	$ 207	$ 53	$ 13 292	$ (3 393)
Impairment of Atlantis (a)	(50 000)	-	(190 101)	-
Loss on sale of Production Services division	(26 791)	-	(26 791)	-
Tax expense on operations held for sale	(291)	635	(3 945)	(6 417)
Total	**$ (76 875)**	$ 688	**$ (207 545)**	$ (9 810)

(a) Excludes tax benefits for $14.0M in Q4 2002 and $53.2M for the full year of 2002.

Multi-client library

The net book-value of our multi-client library by year of completion is as follows:

(In thousands of dollars)	December 31, 2002	December 31, 2001
Completed during 1997 and years prior	$ 20 837	$ 48 086
Completed during 1998	34 168	69 730
Completed during 1999	69 642	188 373
Completed during 2000	98 179	234 824
Completed during 2001	267 992	300 095
Completed during 2002	91 845	-
Completed surveys	582 663	841 108
Surveys in progress	77 720	76 964
Multi-client library, net	**$ 660 383**	$ 918 072

Depreciation and interest capitalized into the multi-client library was as follows for the periods presented:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Capitalized depreciation	$ 5 710	$ 6 284	$ 31 528	$ 30 234
Capitalized interest	686	2 320	5 578	15 851

Outstanding financial obligations

Outstanding financial obligatons (including capital leases) and preferred securities were as follows:

(In thousands of dollars)	December 31, 2002	December 31, 2001	Net change
Short-term and long-term debt, current and long-term portion	$ 2 251 431	$ 2 140 069	$ 111 362
Capital lease obligations, current and long-term portion (a)	94 519	51 614	- 42 905
Trust preferred securities	142 322	141 000	1 322
Securitization preferred securities	63 954	163 588	(99 634)
Total debt and preferred securities (b)	**$ 2 552 226**	$ 2 496 271	$ 55 955

(a) Increase in capital lease obligations includes leases for part of our Onshore equipment, previously accounted for as operating leases.

(b) In addition debt included in operations held for sale	$ 15 800	$ 21 228	$ (5 428)

Summary of Debt, Capital Leases and Other Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2002, to make future principal/redemption payments through 2005 and thereafter:

(In millions of dollars)	Total obligation	Due in 2003	Due in 2004	Due in 2005	Due in 2006 and thereafter
Short-term and long-term debt, including current portion, excluding debt held for sale	$ 2 255,7	$ 941,3	$ 12,2	$ 13,0	$ 1 289,2
Capital lease obligations, including current portion, at gross contractual commitment	101,7	20,0	18,0	28,4	35,3
Operating lease obligations	249,4	84,0	57,0	33,7	74,7
Guaranteed preferred beneficial interest in junior subordinated debt securities, exclusive of issue costs (b)	143,8	-	-	-	143,8
Mandatorily redeemable cumulative preferred securities, exclusive of issue costs	64,0	64,0	-	-	-
Total (a)	$ 2 814,6	$ 1 109,3	$ 87,2	$ 75,1	$ 1 543,0

(a) In addition debt held for sale, $15.8M, all due in 2003.

(b) For information regarding the $143.8M liquidation amount of 9.625% trust preferred securities issued by PGS Trust I, a statutory business trust formed by the Company, see Note 11 in the Notes to Consolidated Financial Statements contained in the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2001. The sole assets of the trust are junior subordinated debentures of the Company that bear interest rate of 9.625% per year and mature on June 30, 2039. As of December 31, 2002 and 2001, the trust held $148.2M principal amount of such debentures.

Financial expense, includes minority interest related to the trust's securitites for the periods presented:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Minority interest Trust securities	$ 3 801	$ 3 647	$ 14 974	$ 14 935

Capital expenditures

Our capital expenditures were as follows for the periods presented:

(In thousands of dollars)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Geophysical operations (a)	$ 3 043	$ 12 000	$ 41 743	$ 26 389
Production FPSO operations (b)	(1 052)	18 904	10 913	158 905
Production Varg Field (PL038) (c)	5 249	-	8 238	-
Total	**7 240**	30 904	**60 894**	185 294
(a) Geophysical split by operation:				
Marine seismic	$ 2 120	$ 9 960	$ 30 968	$ 18 466
Land seismic	(84)	(471)	7 037	1 757
Data Processing, reservoir consultants & other	1 007	2 511	3 738	6 166
Total	**3 043**	12 000	**41 743**	26 389
(b) Production split by FPSO:				
Ramform Banff	-	4 344	455	66 150
Petrojarl I	(1 146)	14 560	10 158	87 169
Other	94	-	300	5 586
Total	**$ (1 052)**	$ 18 904	**$ 10 913**	$ 158 905

(c) Capital expenditures for the Varg field (PL038) for the quarter and year ended December 31, 2002, includes $4.7 million in drilling expenses.

Earnings/(loss) per share

Earnings/(loss) per share for the periods presented was as follows:

(In dollars, except for numbers of shares)	Quarter ended December 31, 2002	Quarter ended December 31, 2001	Year ended December 31, 2002	Year ended December 31, 2001
Basic earnings (loss) per share before cumulative effect of accounting change	(1,19)	(1,02)	(11,67)	0,04
Cumulative effect of accounting change, net of tax	-	-	-	-
Basic earnings (loss) per share	**$ (1,19)**	**$ (1,02)**	**$ (11,67)**	**$ 0,04**
Diluted earnings (loss) per share before cumulative effect of accounting change	(1,19)	(1,02)	(11,67)	0,04
Cumulative effect of accounting change, net of tax	-	-	(1,80)	-
Diluted earnings (loss) per share	**$ (1,19)**	**$ (1,02)**	**$ (13,47)**	**$ 0,04**
Basic shares outstanding	103 345 987	103 345 987	103 345 987	102 768 283
Diluted shares outstanding	103 345 987	103 345 987	103 345 987	102 788 055