

GREY VALUE MANAGEMENT, LLC

PETROLEUM GEO-SERVICES / VERITAS DGC TRADE

Petroleum Geo-Services (PGO) / Veritas DGC (VTS) Spread Trade on Completion of Bank Financing (3/13/02)

I had been involved with this deal almost from inception, and considered the possibility that the spread might tighten significantly upon PGO receiving the bridge financing necessary to carry the Company through to the deal's completion. The logic of this thesis was straightforward: Given the leverage and operational difficulties of PGO, the bankers would under no circumstances extend a bridge unless they were confident that the other components necessary to the deal's completion were in place. Of all the parties involved, the bankers would be in a position to know, and because extending the bridge under any other scenario would be foolhardy, the market would probably react favorably to their extending financing.

The bridge was indeed extended and the spread contracted by approximately 26%. In the end, as both an event-within-an-event and a very short-term commitment, this was an attractive opportunity.

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| Average Spread | \$2.70 |
| Spread at Unwinding | \$2.00 |
| Gross Return on Trade | 19% |
| Timeframe | ~ 1 day |

Steven R. Grey