

GENERAL GEOPHYSICS CO

Form F-4/A

November 27, 2006

Table of Contents

As filed with the Securities and Exchange Commission on November 27, 2006

Registration No. 333-138033

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Amendment No. 1**

**to**

**Form F-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

**Compagnie Générale de Géophysique**

*(Exact name of registrant as specified in its charter)*

**General Geophysics Company**

*(Translation of registrant's name into English)*

**Republic of France**

*(State or other jurisdiction of  
incorporation or organization)*

**1382**

*(Primary Standard Industrial  
Classification Code Number)*

**Not Applicable**

*(I.R.S. Employer  
Identification No.)*

**Tour Maine-Montparnasse**

**33, avenue de Maine**

**BP 191**

**75755 Paris Cedex 15**

**France**

**+33 1 64 47 45 00**

*(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)*

**CT Corporation System**

**111 Eighth Avenue**

**New York, New York 10011**

**(212) 894-8400**

*(Name, address, including zip code, and telephone number,  
including area code, of agent for service)*

**With copies to:**

**Thierry Le Roux**

**Group President and Chief Financial  
Officer**

**Compagnie Générale de Géophysique**

**Tour Maine-Montparnasse**

**33, avenue du Maine**

**BP 191**

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933 (the Securities Act ), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

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**Table of Contents**

The information contained herein is subject to completion or amendment. No securities may be sold until a registration statement filed with the U.S. Securities and Exchange Commission is effective. This preliminary proxy statement/ prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful.

**SUBJECT TO COMPLETION, DATED NOVEMBER 27, 2006**

To the Stockholders of Veritas DGC Inc.:

You are cordially invited to attend a special meeting of stockholders of Veritas DGC Inc. scheduled for January 9, 2007 at 10:00 a.m., Houston time, at the offices of Veritas DGC, Inc., 10300 Town Park Drive, Houston, Texas 77072. At the special meeting, you will be asked to adopt our agreement and plan of merger, dated as of September 4, 2006, with Compagnie Générale de Géophysique and its wholly-owned subsidiaries, Volnay Acquisition Co. I and Volnay Acquisition Co. II, as this agreement may be amended from time to time, which is referred to as the merger agreement. In the merger, Volnay Acquisition Co. I will merge with and into Veritas, with Veritas surviving the merger as a wholly-owned subsidiary of CGG, immediately followed by Veritas merging with and into Volnay Acquisition Co. II, with Volnay Acquisition Co. II surviving the merger and continuing its corporate existence as a wholly-owned subsidiary of CGG. Immediately after the merger is effective, the combined company will be renamed CGG-Veritas.

Pursuant to the merger agreement, CGG will issue to Veritas stockholders up to approximately 49.8 million CGG ADSs, representing approximately 10.0 million CGG ordinary shares, and will pay to Veritas stockholders approximately \$1.6 billion in cash (based on the outstanding shares of Veritas common stock on July 31, 2006 and the maximum number of additional shares of Veritas common stock that may be issued in accordance with the merger agreement pursuant to the exercise of outstanding Veritas stock options or the conversion of Veritas convertible senior bonds due 2024 or otherwise). Because the value of the per share merger consideration is determined in part based on the average of the closing prices of CGG ADSs on the New York Stock Exchange during a trading period that ends just prior to the effective time of the merger, the actual amount of cash or number of CGG ADSs that you will be entitled to receive for each share of Veritas common stock cannot be determined until the effective time of the merger and will not be known at the time of the Veritas special meeting to vote upon the merger agreement. The formula that will determine the amount of per share merger consideration that you will be entitled to receive is described on page 93 of this proxy statement/ prospectus. The tables on pages 3 and 96 of this proxy statement/ prospectus give calculations of the merger consideration that you will be entitled to receive over a hypothetical range of values for the CGG ADSs.

You may elect to receive either cash or CGG ADSs with respect to each share of Veritas common stock you hold, subject in each case to proration as set forth in the merger agreement and described in this proxy statement/ prospectus. **Regardless of whether you elect to receive cash, CGG ADSs or a combination of cash and CGG ADSs, or make no election, the merger agreement contains provisions designed to cause the value of the per share consideration you receive to be substantially equivalent.**

Each CGG ADS represents one-fifth of one CGG ordinary share, nominal value \$2 per share. CGG ADSs trade on the New York Stock Exchange under the symbol the GGY. We estimate that immediately after the effective time of the merger, former Veritas stockholders will hold CGG ADSs representing approximately 36% of the then-outstanding CGG ordinary shares (based on the outstanding shares of Veritas common stock on July 31, 2006 and the maximum number of additional shares of Veritas common stock that may be issued in accordance with the merger agreement pursuant to the exercise of outstanding Veritas stock options or the conversion of Veritas convertible senior bonds due 2024 or otherwise).

The merger cannot be completed unless Veritas stockholders adopt the merger agreement by the affirmative vote of the holders of at least a majority of the shares of Veritas common stock outstanding on November 18, 2006 the record

date for the special meeting.

The Veritas board of directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement and unanimously recommends that you vote FOR the proposal to adopt the merger agreement, which is described in detail in this proxy statement/ prospectus.

The accompanying proxy statement/ prospectus contains detailed information about the merger, the merger agreement and the Veritas special meeting. This document is also a prospectus for the CGG ordinary shares underlying the CGG ADSs that will be issued pursuant to the merger. **We encourage you to read this proxy statement/ prospectus carefully before voting, including the section entitled Risk Factors beginning on page 24. Your vote is very important.** Whether or not you plan to attend the Veritas special meeting, please take the time to submit your proxy by completing and mailing the enclosed proxy card or, if the option is available to you, by granting your proxy electronically over the Internet or by telephone. If your shares of Veritas common stock are held in street name, you must instruct your broker how to vote such shares.

Sincerely,

Thierry Pilenko  
Chairman of the Board of Directors and  
Chief Executive Officer  
Veritas DGC Inc.

**Neither the U.S. Securities and Exchange Commission nor any non-U.S. or state securities commission has approved or disapproved of the securities to be issued under this proxy statement/ prospectus or has passed upon the adequacy or accuracy of the disclosure in this proxy statement/ prospectus. Any representation to the contrary is a criminal offense.**

This proxy statement/ prospectus is dated [1], 2006, and is first being mailed to Veritas stockholders on or about [1], 2006.

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**Table of Contents**

**Veritas DGC Inc.  
10300 Town Park Drive  
Houston, Texas 77072  
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JANUARY 9, 2007**

To the Stockholders of Veritas DGC Inc.:

We will hold a special meeting of stockholders of Veritas on January 9, 2007 at 10:00 a.m., Houston time, at the offices of Veritas DGC, Inc., 10300 Town Park Drive, Houston, Texas 77072, for the following purposes:

1. to consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated as of September 4, 2006 (which we refer to as the merger agreement), by and among Veritas, CGG, Volnay Acquisition Co. I and Volnay Acquisition Co. II, as this agreement may be amended from time to time; and

2. to transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

Only Veritas stockholders of record at the close of business on November 18, 2006, the record date for the Veritas special meeting, are entitled to notice of, and to vote at, the Veritas special meeting and any adjournments or postponements of the Veritas special meeting.

**The Veritas board of directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement and unanimously recommends that you vote FOR the proposal to adopt the merger agreement, which is described in detail in this proxy statement/ prospectus.**

**YOUR VOTE IS IMPORTANT**

Whether or not you plan to attend the meeting, please submit a proxy as soon as possible. To submit a proxy, call the toll-free telephone number listed on your proxy card, use the Internet as described in the instructions on the enclosed proxy card, or complete, sign, date and mail your proxy card. Submitting a proxy will assure that your vote is counted at the meeting if you do not attend in person. If your shares of Veritas common stock are held in street name by your broker or other nominee, only that holder can vote your shares of Veritas common stock and the vote cannot be cast unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares of Veritas common stock. You may revoke your proxy at any time before it is voted. Please review the proxy statement/ prospectus accompanying this notice for more complete information regarding the merger and the special meeting.

By Order of the Board of Directors of  
Veritas DGC Inc.,

Larry L. Worden  
Vice President, General Counsel and Secretary

Houston, Texas, [ 1 ], 2006

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**Table of Contents**

**ADDITIONAL INFORMATION**

This proxy statement/ prospectus incorporates by reference important business and financial information about CGG and Veritas from documents that are not included or delivered with this proxy statement/ prospectus. See Additional Information Where You Can Find More Information beginning on page 190.

Documents incorporated by reference are available to you without charge upon your written or oral request, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/ prospectus. You can obtain any of these documents by requesting them in writing or by telephone from the appropriate company.

Compagnie Générale de Géophysique  
Tour Maine Montparnasse  
33, avenue du Maine  
BP 191  
75755 Paris Cedex 15, France  
+33 1 64 47 45 00  
Attention: Investor Relations  
**www.cgg.com**

Veritas DGC Inc.  
10300 Town Park Drive  
Houston, Texas 77072  
(832) 351-8300  
Attention: Investor Relations  
**www.veritasdgc.com**

**In order for you to receive timely delivery of the documents in advance of the Veritas special meeting, CGG or Veritas, as applicable, should receive your request by no later than December 29, 2006.**

You also may obtain these documents at the website of the U.S. Securities and Exchange Commission, which is referred to as the SEC, [www.sec.gov](http://www.sec.gov), and you may obtain certain of these documents at CGG's website, [www.cgg.com](http://www.cgg.com), by selecting Investors and then selecting Financial Reports, and at Veritas' website, [www.veritasdgc.com](http://www.veritasdgc.com), by selecting Investors, then selecting Financials and then selecting SEC Filings.

CGG and Veritas are expressly not incorporating by reference the contents of the websites of the SEC, CGG, Veritas or any other person into this proxy statement/ prospectus. CGG and Veritas are providing for your convenience only the information about how you can obtain certain documents that are incorporated by reference into this proxy statement/ prospectus at these websites.

**ABOUT THIS DOCUMENT**

This document, which forms part of a registration statement on Form F-4 filed with the SEC by CGG (File No. 333-138033), constitutes a prospectus of CGG under Section 5 of the U.S. Securities Act of 1933, as amended, which is referred to as the Securities Act, with respect to the CGG ordinary shares underlying the CGG ADSs to be issued to Veritas stockholders pursuant to the merger. This document also constitutes a notice of meeting and a proxy statement under Section 14(a) of the U.S. Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, with respect to the special meeting of Veritas stockholders, at which Veritas stockholders will be asked to consider and vote upon a proposal to adopt the merger agreement.

**CURRENCIES**

In this proxy statement/ prospectus, unless otherwise specified or the context otherwise requires:

\$ and U.S. dollar each refer to the United States dollar;

and euro each refer to the euro, the single currency established for members of the European Economic and Monetary Union since January 1, 1999; and

NOK refers to Norwegian kroner.

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE VERITAS SPECIAL STOCKHOLDERS MEETING</u>	Q-1
<u>SUMMARY</u>	1
<u>The Companies</u>	1
<u>The Merger</u>	1
<u>Merger Consideration</u>	2
<u>Treatment of Stock Options</u>	4
<u>Treatment of Convertible Bonds</u>	5
<u>Recommendation of the Veritas Board of Directors</u>	5
<u>Stockholders Entitled to Vote; Vote Required</u>	5
<u>Opinions of Financial Advisors</u>	5
<u>Board of Directors After the Merger</u>	7
<u>Name and Executive Offices of the Combined Company</u>	7
<u>Ownership of the Combined Company After the Merger</u>	7
<u>Share Ownership of Directors and Executive Officers</u>	7
<u>Interests of the Directors and Executive Officers of Veritas in the Merger</u>	7
<u>Listing of CGG Ordinary Shares and CGG ADSs; Delisting and Deregistration of Shares of Veritas</u>	
<u>Common Stock</u>	8
<u>Appraisal Rights in the Merger</u>	8
<u>Conditions to Completion of the Merger</u>	9
<u>Regulatory Approvals Required for the Merger</u>	9
<u>No Solicitation</u>	10
<u>Termination of the Merger Agreement</u>	10
<u>Termination Fee</u>	11
<u>Certain U.S. Federal Income Tax Consequences of the Merger</u>	11
<u>Accounting Treatment</u>	11
<u>Payment of Dividend</u>	11
<u>Comparison of Rights of Veritas Stockholders and CGG Shareholders</u>	12
<u>SELECTED HISTORICAL FINANCIAL AND OPERATING INFORMATION OF CGG</u>	13
<u>SELECTED HISTORICAL FINANCIAL DATA OF VERITAS</u>	16
<u>SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	17
<u>UNAUDITED COMPARATIVE PER SHARE DATA</u>	19
<u>COMPARATIVE CGG AND VERITAS MARKET PRICE DATA AND DIVIDEND INFORMATION</u>	20
<u>CAPITALIZATION AND INDEBTEDNESS</u>	21
<u>EXCHANGE RATE INFORMATION</u>	23
<u>RISK FACTORS</u>	24
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	39
<u>CGG RECENT DEVELOPMENTS</u>	40
<u>THE VERITAS SPECIAL MEETING</u>	42
<u>Date, Time, Place and Purpose of the Veritas Special Meeting</u>	42
<u>Who Can Vote at the Veritas Special Meeting</u>	42



**Table of Contents**

	<b>Page</b>
<u>Vote Required for Approval; Quorum</u>	42
<u>Adjournments</u>	42
<u>Manner of Voting</u>	42
<u>Revoking a Proxy</u>	43
<u>Shares Held in Street Name</u>	43
<u>Tabulation of the Votes</u>	43
<u>Solicitation</u>	43
<b><u>THE MERGER</u></b>	44
<u>General</u>	44
<u>Background of the Merger</u>	44
<u>Recommendation of the Veritas Board of Directors and Its Reasons for the Merger</u>	51
<u>CGG's Reasons for the Merger</u>	54
<u>Financial Analysis of the Merger Consideration</u>	58
<u>Opinion of Veritas Financial Advisor</u>	63
<u>Opinions of CGG's Financial Advisors</u>	69
<u>Report of Lehman Brothers</u>	79
<u>Interests of the Directors and Executive Officers of Veritas in the Merger</u>	80
<u>Conditions to the Consummation of the Merger</u>	84
<u>Certain Material U.S. Federal Income Tax Consequences</u>	86
<u>Accounting Treatment</u>	90
<u>Listing of CGG Ordinary Shares and ADSs</u>	91
<u>Delisting and Deregistration of Veritas Common Stock</u>	91
<u>Restrictions on Sales of CGG ADSs Received in the Merger</u>	91
<b><u>THE MERGER AGREEMENT</u></b>	92
<u>Structure of the Merger</u>	92
<u>Effective Time of the Merger</u>	92
<u>Merger Consideration</u>	92
<u>Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration; Proration</u>	97
<u>Corporate Governance Matters</u>	103
<u>Representations and Warranties</u>	103
<u>Conditions to the Completion of the Merger</u>	105
<u>Conduct of Business Pending the Merger</u>	106
<u>Covenants</u>	110
<u>No Solicitation of Alternative Transactions</u>	117
<u>Termination of the Merger Agreement</u>	121
<b><u>APPRAISAL RIGHTS</u></b>	125
<b><u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u></b>	129
<b><u>CONTRACTS BETWEEN CGG AND VERITAS PRIOR TO THE MERGER</u></b>	163
<b><u>DESCRIPTION OF THE CGG AMERICAN DEPOSITARY SHARES</u></b>	164
<u>Dividends and Other Distributions</u>	164
<u>Deposit, Withdrawal and Cancellation</u>	165
<u>Voting Rights</u>	166
<u>Fees and Expenses</u>	167
<u>Payment of Taxes</u>	167



**Table of Contents**

	<b>Page</b>
<u>Reclassifications, Recapitalizations and Mergers</u>	168
<u>Amendment and Termination</u>	168
<u>Limits on CGG's Obligations and the Obligations of the Depository; Limits on Liability to Holders of ADSs</u>	168
<u>Requirements for Depository Actions</u>	169
<u>Your Right to Receive the CGG Ordinary Shares Underlying your ADRs</u>	169
<u>Pre-release of ADSs</u>	169
<u>Direct Registration System</u>	170
<b><u>COMPARISON OF RIGHTS OF VERITAS STOCKHOLDERS AND CGG SHAREHOLDERS</u></b>	171
<u>Size and Qualification of the Board of Directors; Committees</u>	171
<u>Removal of Directors and Vacancies</u>	172
<u>Duties of the Board of Directors and Liability of Directors</u>	172
<u>Transactions With Interested Parties</u>	174
<u>Indemnification</u>	174
<u>Stockholders Meetings, Voting and Quorum</u>	175
<u>Stockholder Proposals</u>	178
<u>Approval of Extraordinary Actions</u>	179
<u>Certain Rights of Preferred Stockholders</u>	180
<u>Stockholder Action By Written Consent</u>	180
<u>Disclosures of Interests</u>	180
<u>Payment of Dividends</u>	182
<u>Preferential Subscription Rights</u>	183
<u>Anti-Takeover Provisions</u>	183
<u>Stockholder Suits</u>	185
<u>Inspection of Books and Records</u>	185
<u>Reporting Requirements</u>	186
<b><u>ADDITIONAL INFORMATION</u></b>	189
<u>Stockholder Proposals</u>	189
<u>Legal Matters</u>	189
<u>Experts</u>	189
<u>Where You Can Find More Information</u>	190

## Annexes

<u>Annex A</u>	Agreement and Plan of Merger	A-1
<u>Annex B</u>	Opinion of Goldman, Sachs & Co.	B-1
<u>Annex C</u>	Opinion of Credit Suisse Securities (USA) LLC	C-1
<u>Annex D</u>	Opinion of Rothschild, Inc.	D-1
<u>Annex E</u>	Report of Lehman Brothers	E-1
<u>Annex F</u>	Section 262 of the General Corporation Law of the State of Delaware	F-1
<u>EX-5.1</u>		
<u>EX-8.1</u>		
<u>EX-23.1</u>		
<u>EX-23.2</u>		
<u>EX-23.3</u>		
<u>EX-23.4</u>		

EX-99.1  
EX-99.3  
EX-99.4  
EX-99.5  
EX-99.6  
EX-99.7

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE  
VERITAS SPECIAL STOCKHOLDERS MEETING**

*The following are some questions that you may have regarding the proposed merger being considered at the Veritas special meeting and brief answers to those questions. Veritas and CGG urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section does not provide all the information that might be important to you. Additional important information is also contained in the annexes to, and the documents incorporated by reference in, this proxy statement/prospectus. Unless stated otherwise, all references in this proxy statement/prospectus to CGG are to Compagnie Générale de Géophysique, a société anonyme organized under the laws of the Republic of France; all references to Veritas are to Veritas DGC Inc., a Delaware corporation; all references to CGG-Veritas are to the combined company; and all references to the merger agreement are to the Agreement and Plan of Merger, dated as of September 4, 2006, by and among Veritas, CGG, Volnay Acquisition Co. I and Volnay Acquisition Co. II, a copy of which is attached as Annex A to this proxy statement/prospectus and is incorporated by reference herein.*

**Q: What is the proposed transaction?**

A: CGG and Veritas have entered into a merger agreement, pursuant to which Volnay Acquisition Co. I will merge with and into Veritas, with Veritas surviving the merger as a wholly-owned subsidiary of CGG, immediately followed by Veritas merging with and into Volnay Acquisition Co. II, with Volnay Acquisition Co. II surviving the merger and continuing its corporate existence as a wholly-owned subsidiary of CGG (together, these transactions are referred to in this proxy statement/prospectus as the merger). CGG will be renamed CGG-Veritas immediately after the effective time of the merger.

**Q: Why are CGG and Veritas proposing the merger?**

A: The boards of directors of CGG and Veritas believe that the combination of CGG and Veritas will provide substantial strategic and financial benefits to the shareholders of both companies and will allow shareholders the opportunity to participate in a strong, pure-play seismic company offering a broad range of seismic services and, through Sercel, geophysical equipment, to the industry across all markets. To review the reasons for the merger in greater detail, see [The Merger Recommendation of the Veritas Board of Directors and Its Reasons for the Merger](#) and [The Merger CGG's Reasons for the Merger](#).

**Q: Why am I receiving this proxy statement/prospectus?**

A: Veritas stockholders are being asked to adopt the merger agreement. Under the General Corporation Law of the State of Delaware, which governs Veritas, adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Veritas common stock entitled to vote. Accordingly, if a Veritas stockholder fails to vote, or if a Veritas stockholder abstains, that will have the same effect as a vote against adoption of the merger agreement. Your broker will **not** be able to vote shares of Veritas common stock held in street name unless you instruct your broker how to vote.

This proxy statement/prospectus contains important information about the proposed merger, the merger agreement and the Veritas special meeting, which you should read carefully before voting. The enclosed voting materials allow you to cause your shares of Veritas common stock to be voted without attending the Veritas special meeting in person.

***Your vote is very important. You are encouraged to submit a proxy as soon as possible.***

**Q:**

**What is the amount of cash and/or the number of CGG ADSs that I will be entitled to receive for my shares of Veritas common stock?**

A: Under the merger agreement, the actual amount of cash or number of CGG ADSs that you will be entitled to receive for each share of Veritas common stock you hold cannot be determined until the effective time of the merger. Those amounts will be determined based on a formula set forth in the merger agreement and described in this proxy statement/ prospectus. The per share consideration will be equal to the aggregate value of all CGG ADSs and cash being issued pursuant to the merger

Q-1

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**Table of Contents**

divided by the total number of shares of Veritas common stock outstanding immediately prior to the effective time of the merger. The value of the CGG ADSs for these purposes, or average CGG ADS value, as it is referred to in this proxy statement/ prospectus, will be the average of the closing prices of CGG ADSs on the New York Stock Exchange, referred to as the NYSE, as reported by *The Wall Street Journal* during the 20 consecutive trading day period during which the CGG ADSs are traded on the NYSE ending three calendar days before the effective time of the merger or, if such calendar day is not a trading day, then ending on the trading day immediately preceding such calendar day. There are tables on pages 3 and 96 of this proxy statement/ prospectus that set forth the per share cash consideration and the per ADS consideration that would be received by Veritas stockholders based on a range of hypothetical average CGG ADS values.

For a more complete description of what Veritas stockholders will be entitled to receive pursuant to the merger, see The Merger Agreement Merger Consideration.

**Q: If I am a Veritas stockholder, when must I elect the type of merger consideration that I prefer to receive?**

A: Holders of Veritas common stock who wish to elect the type of merger consideration they prefer to receive pursuant to the merger should carefully review and follow the instructions set forth in the election form provided to Veritas stockholders. These instructions require that a properly completed and signed election form along with your shares of Veritas common stock be received by the exchange agent by the election deadline, which is 5:00 p.m., New York City time, on January 10, 2007. If a Veritas stockholder does not submit a properly completed and signed election form to the exchange agent by the election deadline, then such stockholder will have no control over the type of merger consideration such stockholder will receive, and, consequently, will receive only cash, only CGG ADSs, or a combination of cash and CGG ADSs pursuant to the merger.

For a more complete description of what Veritas stockholders will be entitled to receive pursuant to the merger, see The Merger Agreement Merger Consideration.

**Q: What is a CGG ADS?**

A: An American Depositary Share, or ADS, is a security that allows shareholders in the United States to more easily hold and trade interests in foreign-based companies. ADSs are often evidenced by certificates known as American Depositary Receipts, or ADRs. CGG is a French company that issues ordinary shares that are similar in many respects to common stock of a U.S. company. Each CGG ADS represents one-fifth of one CGG ordinary share. CGG ordinary shares are quoted in euros on the Euronext Paris SA, which is the French national stock exchange. CGG ADSs represent certain rights with respect to the underlying CGG ordinary shares. See Description of the CGG American Depositary Shares.

**Q: Are CGG ADSs publicly traded in the United States?**

A: Yes. CGG ADSs are publicly traded in the United States and are listed on the NYSE under the trading symbol GGY.

**Q: What are the implications of CGG being a foreign private issuer ?**

A: CGG is subject to the reporting requirements under the Exchange Act applicable to foreign private issuers. CGG is required to file its annual report on Form 20-F with the SEC within six months after the end of each fiscal year. In addition, CGG must furnish reports on Form 6-K to the SEC regarding certain information required to be publicly disclosed by CGG in France or filed with Euronext Paris SA, or regarding information distributed or required to be distributed by CGG to its shareholders. CGG is exempt from certain rules under the Exchange Act,

including the proxy rules which impose certain disclosure and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. Moreover, CGG is not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act; is not required to file financial statements prepared in accordance with U.S. GAAP (although it is required to reconcile its annual financial statements to U.S. GAAP); and is not required to comply with Regulation FD, which addresses certain restrictions on the selective disclosure of material information. In addition, among other matters,

Q-2

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**Table of Contents**

CGG's officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of CGG ordinary shares. If CGG or the combined company loses its status as a foreign private issuer, it will no longer be exempt from such rules and, among other things, will be required to file periodic reports and financial statements as if it were a company incorporated in the United States.

The covenants contained in CGG's outstanding 7 1/2% senior notes due 2015, referred to as the CGG senior notes, however, require CGG to furnish to the SEC a greater level of financial and non-financial information than the Exchange Act requires of foreign private issuers for so long as such notes remain outstanding. Specifically, CGG's current practice is to prepare financial statements on a quarterly basis and to furnish them under the Exchange Act on Form 6-K. CGG's current practice is also to prepare and furnish under the Exchange Act, together with such financial statements, disclosure with respect to its Operating and Financial Review and Prospects of the type described in Item 5 of SEC Form 20-F.

**Q: What will happen in the proposed merger to stock options to purchase Veritas common stock and other stock-based awards that have been granted to employees, directors and consultants of Veritas or its affiliates?**

A: Each option to purchase shares of Veritas common stock pursuant to any stock option plan, program or arrangement of Veritas (other than the Veritas 1992 Employee Non-Qualified Stock Option Plan) that is outstanding and unexercised immediately prior to the effective time of the merger, whether or not vested, will be cancelled and converted into a right to receive an amount in cash equal to the excess, if any, of the per share cash consideration in the merger over the exercise price per share under such option immediately prior to such cancellation and conversion (less any applicable withholding taxes). Each option to purchase shares of Veritas common stock pursuant to the Veritas 1992 Employee Non-Qualified Stock Option Plan which is outstanding and unexercised as of the effective time of the merger, whether or not vested, will be cancelled and no consideration will be paid in connection with such cancellation. Options that are currently outstanding and unexercised under that plan, however, may be exercised in accordance with their terms prior to the effective time of the merger.

All Veritas option plans, the Veritas 2001 Key Employee Restricted Stock Plan and any other plan providing for the issuance, transfer or grant of any capital stock of Veritas or any interest in respect of any capital stock of Veritas will be terminated as of the effective time of the merger.

**Q: What will happen to Veritas convertible bonds in the merger?**

A: Veritas floating rate convertible senior bonds due 2024 (referred to in this proxy statement/ prospectus as the convertible bonds) that are not converted by their holders into Veritas common stock prior to the merger will remain outstanding following the merger. After the effective time of the merger, the convertible bonds will become convertible for the merger consideration that a holder of shares of Veritas common stock that made no election would receive, which will not be determinable until after the election deadline.

A holder of the convertible bonds who converts into Veritas common stock prior to the election deadline may elect to receive cash or CGG ADSs or a combination of cash and CGG ADSs in the same manner as other Veritas stockholders, subject to the election procedures and proration mechanisms described in this proxy statement/ prospectus.

A holder of Veritas convertible bonds that wishes to have the right to make an election should tender his convertible bonds for conversion sufficiently in advance of the election deadline (in any event, no later than December 21, 2006) and return a properly completed election form prior to the election deadline of 5:00 p.m.

New York City time on January 10, 2007 with respect to the shares of Veritas common stock issued on conversion.

**Q: What conditions are required to be fulfilled to complete the merger?**

A: CGG and Veritas are not required to complete the merger unless certain specified conditions are satisfied or waived. These conditions include adoption by Veritas stockholders of the merger agreement,

Q-3

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**Table of Contents**

the approval by CGG shareholders of the issuance of CGG ordinary shares underlying the CGG ADSs to be issued pursuant to the merger and related matters, the effectiveness of the Form F-4 registration statement, of which this proxy statement/ prospectus constitutes a part, and of the Form F-6 registration statement, and the approval (visa) of the noted information by the AMF, relating to the CGG ordinary shares underlying the CGG ADSs to be issued in connection with the merger. There can be no assurance that such conditions will be satisfied. For a more complete summary of the conditions that must be satisfied or waived prior to the effective time of the merger, see *The Merger Agreement – Conditions to the Completion of the Merger* beginning on page 105.

**Q: How will CGG finance the cash component of the merger?**

A: CGG has entered into a senior secured bridge loan facility with Credit Suisse International, as sole and exclusive lead arranger and sole and exclusive bookrunner, of up to \$1.6 billion to be made available to CGG for the purposes of, among other things, financing the cash component of the merger consideration. The bridge loan facility may be drawn only in a single borrowing on the date of the merger and is payable in full by a single payment 18 months from the initial funding date, subject to a six-month extension at the sole option of a majority of lenders under the facility.

Under the bridge loan facility, CGG-Veritas is required to maintain certain financial covenants and is subject to affirmative and negative covenants that affect its ability, among other things, to borrow money, incur liens, dispose of assets and make acquisitions as further described under *CGG Recent Developments – Bridge Loan Facility* beginning on page 40. In addition, drawing under the bridge loan facility is conditioned upon certain conditions which, if not met and not waived by Credit Suisse International, will result in CGG being unable to draw funds under the bridge loan agreement and having to seek other financing to complete the merger. See *Risk Factors – Risks Related to the Combined Company’s Indebtedness*. If CGG is unable to draw funds under the commitment letter, it will have to seek other financing to complete the merger, which could be on terms that are less favorable to CGG.

**Q: When do CGG and Veritas expect the merger to be completed?**

A: CGG and Veritas are working to complete the merger as quickly as practicable. They currently expect the merger to be completed during the first quarter of 2007. However, neither CGG nor Veritas can predict the exact timing of the effective time of the merger because it is subject to certain conditions both within and beyond each of their control. See *The Merger Agreement – Conditions to the Completion of the Merger* beginning on page 105.

**Q: Are Veritas stockholders entitled to appraisal rights?**

A: If the merger is completed and any holder of Veritas common stock is required to receive cash (other than cash in lieu of fractional CGG ADSs) as consideration pursuant to the merger, holders of shares of Veritas common stock who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares, but only if they submit a written demand for such an appraisal prior to the vote on adoption of the merger agreement and they comply with the other Delaware law procedures and requirements explained in this proxy statement/ prospectus. See *Appraisal Rights* beginning on page 125.

**Q: How does the Veritas board of directors recommend that Veritas stockholders vote?**

A: The Veritas board of directors has determined that the execution and delivery of the merger agreement was advisable and the transactions contemplated by the merger agreement are in the best interests of the Veritas stockholders and unanimously recommends that Veritas stockholders vote **FOR** the proposal to adopt the merger

agreement. For a more complete description of the recommendation of the Veritas board of directors, see The Merger Recommendation of the Veritas Board of Directors and Its Reasons for the Merger beginning on page 51.

**Q: When and where will the Veritas special meeting be held?**

A: The Veritas special meeting will be held on January 9, 2007 at 10:00 a.m., Houston time, at the offices of Veritas DGC, Inc., 10300 Town Park Drive, Houston, Texas 77072.

Q-4

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**Table of Contents**

**Q: Who can attend and vote at the Veritas special meeting?**

A: All Veritas stockholders of record as of the close of business on November 18, 2006, the record date for the Veritas special meeting, are entitled to receive notice of and to vote at the Veritas special meeting.

**Q: What do I need to do now?**

A: After you have carefully read this proxy statement/ prospectus, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope or, if available, by submitting your proxy by telephone or through the Internet as soon as possible so that your shares of Veritas common stock will be represented and voted at the special meeting.

Please refer to your proxy card or the information forwarded by your broker or other nominee to see which options are available to you.

The Internet and telephone proxy submission procedures are designed to authenticate stockholders and to allow you to confirm that your instructions have been properly recorded.

The method by which you submit a proxy will in no way limit your right to vote at the Veritas special meeting if you later decide to attend the meeting in person. If your shares of Veritas common stock are held in the name of a broker or other nominee, you must obtain a proxy, executed in your favor, from the holder of record, to be able to vote at our special meeting.

All shares of Veritas common stock entitled to vote and represented by properly completed proxies received prior to the Veritas special meeting, and not revoked, will be voted at the Veritas special meeting as instructed on the proxies. **If you do not indicate how your shares of Veritas common stock should be voted on a matter, the shares of Veritas common stock represented by your properly completed proxy will be voted as the Veritas board of directors recommends and therefore FOR the adoption of the merger agreement.**

**Q: If I am a Veritas stockholder, should I send in my stock certificates with my proxy card?**

A: No. Please **DO NOT** send your Veritas stock certificates with your proxy card. Rather, prior to the election deadline, which is 5:00 p.m., New York City time, on January 10, 2007, you should send your Veritas common stock certificates to the exchange agent, together with your completed, signed election form. If your shares of Veritas common stock are held in street name by your broker or other nominee you should follow your broker's or other nominee's instructions for making an election with respect to your shares of Veritas common stock.

**Q: Can I change my vote after I have delivered my proxy?**

A: Yes. You may change your vote at any time before your proxy is voted at the Veritas special meeting. You can do this in any of the three following ways:

by sending a written notice to the Secretary of Veritas in time to be received before the Veritas special meeting stating that you would like to revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before the Veritas special meeting or, if you submitted your proxy through the Internet or by telephone, by submitting a proxy card at a later date, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, by attending the special meeting and voting in person. Simply attending the Veritas special meeting without voting will not revoke your proxy or change your vote.

If your shares of Veritas common stock are held in an account at a broker or other nominee and you desire to change your vote, you should contact your broker or other nominee.

**Q: What should I do if I receive more than one set of voting materials for the Veritas special meeting?**

A: You may receive more than one set of voting materials for the Veritas special meeting, including multiple copies of this proxy statement/ prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares of Veritas common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of Veritas common stock. If you are a holder of record and your shares of Veritas common stock are

Q-5

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**Table of Contents**

registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

**Q: If my shares of Veritas common stock are held in street name by my broker or other nominee, will my broker or other nominee vote my shares of Veritas common stock for me?**

A: Your broker will NOT vote your shares of Veritas common stock held in street name unless you instruct your broker how to vote. Such failure to vote will have the same effect as a vote AGAINST adoption of the merger agreement. You should therefore provide your broker or other nominee with instructions as to how to vote your shares of Veritas common stock.

**Q: Who can answer my questions?**

A: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement/ prospectus, the enclosed proxy card, voting instructions or the election form, you should contact:

Mellon Investor Services LLC  
480 Washington Boulevard  
Jersey City, New Jersey 07310  
Call toll-free: (866) 293-6622  
Call collect (201) 680-6590  
Q-6

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**Table of Contents**

**SUMMARY**

*The following is a summary that highlights information contained in this proxy statement/prospectus. This summary may not contain all of the information that is important to you. For a more complete description of the merger agreement and the transactions contemplated by the merger agreement, CGG and Veritas encourage you to carefully read this entire proxy statement/prospectus, including the attached annexes. In addition, CGG and Veritas encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about CGG and Veritas that has been filed with the SEC. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled *Additional Information Where You Can Find More Information* on page 190.*

**The Companies**

*Compagnie Générale de Géophysique.* CGG is a leading manufacturer of geophysical equipment and international provider of geophysical services. Founded in France in 1931, it sells its geophysical equipment primarily to other geophysical service companies and provides geophysical services principally to oil and gas companies that use seismic imaging to help explore for, develop and manage oil and gas reserves by (i) identifying new areas where subsurface conditions are favorable for the accumulation of oil and gas; (ii) determining the size and structure of previously identified oil and gas fields; and (iii) optimizing development and production of oil and gas reserves (reservoir management).

CGG ADSs are traded on the NYSE under the trading symbol *GGY*. Each CGG ADS represents one-fifth of one CGG ordinary share. CGG ordinary shares are quoted on Euronext Paris SA under the trading symbol *GLE*.

CGG's principal executive offices are located at Tour Maine-Montparnasse, 33, avenue du Maine, BP 191, 75755 Paris, Cedex 15 France.

*Veritas DGC Inc.* Veritas is a leading provider of integrated geophysical information services to the petroleum industry worldwide. Its customers include major national and independent oil and gas companies that utilize geophysical technologies to: (i) identify new areas where subsurface conditions are favorable for the production of hydrocarbons; (ii) determine the size and structure of previously identified oil and gas fields; and (iii) optimize development and production of hydrocarbon reserves. Veritas and its predecessors have been in operation for more than 36 years.

Veritas common stock is traded on the NYSE under the symbol *VTS*.

Veritas's principal executive offices are located at 10300 Town Park Drive, Houston, Texas 77072.

*Volnay Acquisition Co. I and Volnay Acquisition Co. II.* Volnay Acquisition Co. I and Volnay Acquisition Co. II, are each wholly-owned subsidiaries of CGG and are each organized under the laws of the State of Delaware. Volnay Acquisition Co. I and Volnay Acquisition Co. II were formed on September 5, 2006 solely for the purpose of effecting the merger. Volnay Acquisition Co. I and Volnay Acquisition Co. II have not conducted any business operations other than activities incidental to their formation and in connection with the transactions contemplated by the merger agreement.

The principal executive offices of Volnay Acquisition Co. I and Volnay Acquisition Co. II are c/o Compagnie Générale de Géophysique, Tour Maine-Montparnasse, 33, avenue du Maine, BP 191, 75755, Paris, Cedex 15 France.

**The Merger (see page 44)**

CGG and Veritas have agreed to combine their businesses pursuant to the merger agreement described in this proxy statement/prospectus. Under the terms of the merger agreement, Volnay Acquisition Co. I will merge with and into Veritas, with Veritas surviving the merger as a wholly-owned subsidiary of CGG, immediately followed by Veritas merging with and into Volnay Acquisition Co. II, with Volnay Acquisition Co. II surviving the merger and continuing its corporate existence as a wholly-



**Table of Contents**

owned subsidiary of CGG. The combined company will be renamed CGG-Veritas immediately after the effective time of the merger.

The merger agreement is attached as Annex A to this proxy statement/ prospectus and is incorporated by reference herein. CGG and Veritas encourage you to read the merger agreement in its entirety because it is the legal document that governs the merger.

**Merger Consideration (see page 92)**

The merger agreement provides that at the effective time of the merger, each outstanding share of Veritas common stock will be converted into the right to receive either a number of CGG ADSs or an amount of cash, subject to the election and proration procedures described in this proxy statement/ prospectus. The actual amount of cash or number of CGG ADSs that you will be entitled to receive for each share of Veritas common stock you hold cannot be determined until the effective time of the merger. Those amounts will be determined based on the formula set forth in the merger agreement and described in The Merger Agreement Merger Consideration beginning on page 92 of this proxy statement/ prospectus. The formula is designed to substantially equalize the value of the consideration to be received for each share of Veritas common stock, at the time the calculation is made, regardless of whether you elect to receive cash, CGG ADSs or a combination of cash and CGG ADSs, or make no election. CGG and Veritas deemed this equalization mechanism to be desirable because the value of the CGG ADSs will fluctuate between September 4, 2006, the date the merger agreement was entered into, and the effective time of the merger. The value of the merger consideration to be received with respect to each share of Veritas common stock will be equal to \$37.00 plus approximately \$1.14 per \$1.00 of average CGG ADS value.

The aggregate amount of cash and the total number of CGG ADSs to be paid and issued, respectively, pursuant to the merger are fixed (in each case subject to upward adjustment in the event that any shares of Veritas common stock are issued in accordance with the merger agreement pursuant to the exercise of outstanding Veritas stock options or conversion of Veritas convertible bonds or otherwise). Because the amount of cash and the number of CGG ADSs to be paid and issued, respectively, pursuant to the merger are fixed, the percentage of shares of Veritas common stock that will be exchanged for CGG ADSs and the percentage that will be exchanged for cash will depend upon the average CGG ADS value. The higher the average CGG ADS value is, the greater the percentage of shares of Veritas common stock that will be exchanged for CGG ADSs and the lower the average CGG ADS value is, the greater the percentage of shares of Veritas common stock that will be exchanged for cash.

For example, if the average CGG ADS value is \$30.00, a Veritas stockholder receiving CGG ADSs in exchange for shares of Veritas common stock would receive 2.373 CGG ADSs per share of Veritas common stock, with a value of \$71.20 per share based on that average CGG ADS value, and a Veritas stockholder receiving cash in exchange for shares of Veritas common stock would receive \$71.20 in cash per share of Veritas common stock. The exact proration of CGG ADSs and cash each Veritas stockholder will receive in exchange for such holder's shares of Veritas common stock is subject to the proration procedures described below. Based on an average CGG ADS value of \$30.00, approximately 48.03% of the outstanding shares of Veritas common stock would be exchanged for CGG ADSs, and approximately 51.97% would be exchanged for cash.

Assuming a hypothetical average CGG ADS value of \$33.33, which was the closing price of CGG ADSs on August 29, 2006, the merger would have a value of approximately \$75.00 per share of Veritas common stock. Assuming a hypothetical average CGG ADS value of \$39.73, which was the closing price of CGG ADSs on November 24, 2006, the last business day prior to the filing of this proxy statement/ prospectus, the merger would have a value of approximately \$82.29 per share of Veritas common stock. Assuming a hypothetical average CGG ADS value of \$36.80 based on the average of the per share closing prices of CGG ADSs as reported in *The Wall Street Journal* during the 20 consecutive trading day period ended on November 24, 2006 (which is three calendar days prior to the date of mailing of this proxy

**Table of Contents**

statement/ prospectus), the merger would have a value of approximately \$78.95 per share of Veritas common stock.

The following table sets forth, based on various hypothetical average CGG ADS values, the per share cash consideration and the per share CGG ADS consideration, as well as the value of such CGG ADS consideration based on the hypothetical average CGG ADS values. The table also shows the percentage of outstanding shares of Veritas common stock that would be converted into CGG ADSs and cash based on such average CGG ADS values.

Average CGG ADS Value	Per Share Cash Consideration	Per Share CGG ADS Consideration	Value of per Share CGG ADS Consideration(1)	Approximate Percentage of Merger Consideration	
				In ADSs	In Cash
\$30.00	\$71.20	2.3734	\$71.20	48.03%	51.97%
\$31.00	\$72.34	2.3336	\$72.34	48.85%	51.15%
\$32.00	\$73.48	2.2963	\$73.48	49.64%	50.36%
\$33.00	\$74.62	2.2613	\$74.62	50.41%	49.59%
\$34.00	\$75.76	2.2283	\$75.76	51.16%	48.84%
\$35.00	\$76.90	2.1972	\$76.90	51.88%	48.12%
\$36.00	\$78.04	2.1678	\$78.04	52.59%	47.41%
\$37.00	\$79.18	2.1400	\$79.18	53.27%	46.73%
\$38.00	\$80.32	2.1137	\$80.32	53.93%	46.07%
\$39.00	\$81.46	2.0888	\$81.46	54.58%	45.42%
\$40.00	\$82.60	2.0650	\$82.60	55.20%	44.80%
\$41.00	\$83.74	\$2.0425	\$83.74	55.81%	44.19%
\$42.00	\$84.88	\$2.0210	\$84.88	56.41%	43.59%
\$43.00	\$86.02	\$2.0005	\$86.02	56.99%	43.01%
\$44.00	\$87.16	\$1.9809	\$87.16	57.55%	42.45%
\$45.00	\$88.30	\$1.9623	\$88.30	58.10%	41.90%

**Note:**

(1) Based on the CGG ADS value.

The actual value of the cash consideration or number of CGG ADSs that you will be entitled to receive for each share of Veritas common stock you hold may differ from the hypothetical amounts shown in these examples because the actual amounts can only be determined at the effective time of the merger based on a formula set forth in the merger agreement and described in this proxy statement/ prospectus.

Following the effective time of the merger, Veritas stockholders are expected to own approximately 36% of CGG-Veritas on a fully diluted basis based on the outstanding shares of Veritas common stock on July 31, 2006 and the maximum number of additional shares of Veritas common stock that may be issued in accordance with the merger agreement pursuant to the exercise of outstanding Veritas stock options or the conversion of the Veritas convertible bonds or otherwise.

**No assurance can be given that the average value of CGG ADSs will be equivalent to the fair market value of CGG ADSs on the date that the merger consideration is received by a Veritas stockholder or at any other time. The actual fair market value of the CGG ADSs received by Veritas stockholders will depend upon the market price of CGG ADSs upon receipt, which may be higher or lower than the average CGG ADS value or the market price of CGG ADSs on the date the merger was announced, on the date this proxy statement/ prospectus is mailed to Veritas stockholders, on the date a Veritas stockholder makes an election with respect to the merger consideration, or on the date of the special meeting of Veritas stockholders.**



**Table of Contents**

**Election of Merger Consideration (see page 97)**

You may elect to receive cash or, CGG ADSs in exchange for each of your shares of Veritas common stock. However, since CGG is delivering a fixed number of CGG ADSs and paying a fixed amount of cash (in each case subject to upward adjustment in the event that any shares of Veritas common stock are issued in accordance with the merger agreement pursuant to the exercise of outstanding Veritas stock options, the conversion of Veritas convertible bonds or otherwise), you cannot be certain of receiving the form of consideration that you elect with respect to all of your shares of Veritas common stock. If the elections result in an oversubscription of the pool of cash or CGG ADSs, certain procedures for allocating cash and CGG ADSs among Veritas stockholders will be followed by the exchange agent. See The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration; Proration Proration beginning on page 101 of this proxy statement/ prospectus.

**Completion and Delivery of the Election Form (see page 99)**

You should have received an election form with instructions for making cash and CGG ADS elections. You should properly complete and deliver to the exchange agent your election form along with your stock certificates (or a properly completed notice of guaranteed delivery in lieu of the stock certificates). Do not send your stock certificates or election form with your proxy card.

Election forms and stock certificates (or a properly completed notice of guaranteed delivery in lieu of the stock certificates) must be received by the exchange agent by the election deadline, which is 5:00 p.m., New York City time, on January 10, 2007. Once you tender your stock certificates to the exchange agent, you may not transfer your shares of Veritas common stock until the merger is completed, unless you revoke your election by written notice to the exchange agent that is received prior to the election deadline.

If you fail to submit a properly completed election form, together with your stock certificates (or a properly completed notice of guaranteed delivery), prior to the election deadline, you will be deemed not to have made an election. As a holder making no election, you will be paid a value per share equivalent to the amount paid per share to holders making elections, but you may be paid in all cash, all CGG ADSs, or part cash and part CGG ADSs, depending on the remaining pool of cash and CGG ADSs available for paying merger consideration after honoring the elections that other Veritas stockholders have made.

If you own shares of Veritas common stock in street name through a broker or other nominee and you wish to make an election, you should seek instructions from the broker or other nominee holding your shares of Veritas common stock concerning how to make your election.

If the merger agreement is not adopted by Veritas stockholders, or the issuance of CGG ordinary shares underlying the CGG ADSs is not approved by CGG shareholders, stock certificates will be returned by the exchange agent by first class mail or through book-entry transfer (in the case of shares of Veritas common stock delivered in book-entry form to the exchange agent).

**Treatment of Stock Options (see page 102)**

Veritas intends to take such actions as are necessary to cause all stock options to purchase shares of Veritas common stock pursuant to any stock option plan, program or arrangement of Veritas (other than the Veritas 1992 Employee Non-Qualified Stock Option Plan) that are outstanding and unexercised at the effective time of the merger, whether or not vested, to be cancelled and converted into a right to receive an amount in cash equal to the excess, if any, of the per share cash consideration over the exercise price per share under such stock option immediately prior to such cancellation and conversion (less any applicable withholding taxes). Each option to purchase shares of Veritas common stock pursuant to the Veritas 1992 Employee Non-Qualified Stock Option Plan which is outstanding and unexercised as of the effective time of the merger, whether or not vested, will be cancelled and no consideration will be paid in connection with such cancellation. Options that are currently outstanding and unexercised under that plan, however, may be exercised in accordance with their terms prior to the effective time of the merger.

**Table of Contents**

All Veritas stock option plans and restricted stock plans will be terminated as of the effective time of the merger.

**Treatment of Convertible Bonds (see page 102)**

The outstanding Veritas floating rate convertible senior bonds due 2024 will be entitled, following the effective time of the merger, to receive upon conversion the merger consideration that a holder of shares of Veritas common stock that made no election would receive, which will not be determinable until the effective time. A holder of the convertible bonds who converts into shares of Veritas common stock prior to the election deadline may elect to receive cash or CGG ADSs or a combination of cash and CGG ADSs in the same manner as other Veritas stockholders, subject to the election procedures and proration mechanisms described in this proxy statement/prospectus.

A holder of Veritas convertible bonds that wishes to have the right to make an election should tender his convertible bonds for conversion sufficiently in advance of the election deadline (in any event, no later than December 21, 2006) and return a properly completed election form prior to the election deadline of 5:00 p.m. New York City time on January 10, 2007 with respect to the shares of Veritas common stock issued on conversion.

**Recommendation of the Veritas Board of Directors (see page 51)**

The Veritas board of directors has determined unanimously that the execution and delivery of the merger agreement is advisable and the transactions contemplated by the merger agreement are in the best interests of the Veritas stockholders, and has unanimously approved the merger agreement and the transactions contemplated by the merger agreement. The Veritas board of directors unanimously recommends that Veritas stockholders vote FOR the proposal to adopt the merger agreement.

**Stockholders Entitled to Vote; Vote Required (see page 42)**

You can vote at the Veritas special meeting if you owned shares of Veritas common stock at the close of business on November 18, 2006, which is referred to as the record date. On the record date, there were 36,193,953 shares of Veritas common stock outstanding and entitled to vote at the Veritas special meeting, held by approximately 732 holders of record. You may cast one vote for each share of Veritas common stock that you owned on the record date.

Abstentions will be counted in determining whether a quorum is present at the Veritas special meeting. However, an abstention will have the same effect as a vote against the proposal to adopt the merger agreement.

**Your vote is very important. You are encouraged to vote as soon as possible. If you do not indicate how your shares of Veritas common stock should be voted on a matter, the shares of Veritas common stock represented by your properly completed proxy will be voted as the Veritas board of directors recommends and therefore FOR the adoption of the merger agreement.**

**Opinions of Financial Advisors (see pages 63 and 69)**

*Opinion of Veritas Financial Advisor*

Goldman, Sachs & Co., which is referred to as Goldman Sachs, delivered its written opinion to the Veritas board of directors that, as of September 4, 2006 and based upon and subject to the factors and assumptions set forth therein, the per share ADS consideration and the per share cash consideration to be received by holders of the shares of Veritas common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated September 4, 2006, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this proxy statement/prospectus as Annex B. **Goldman Sachs**

**Table of Contents**

**advisory services and opinion were provided for the information and assistance of the Veritas board of directors in connection with its consideration of the merger and such opinion does not constitute a recommendation as to how any holder of shares of Veritas common stock should vote or make any election with respect to such merger.** Pursuant to an engagement letter between Veritas and Goldman Sachs, Veritas has agreed to pay Goldman Sachs a transaction fee that is contingent upon consummation of the merger and will be calculated based upon the final value of the merger consideration per share of Veritas common stock, subject to a minimum fee that will be paid only if the merger is consummated. Veritas estimates that the aggregate amount of the transaction fee would be approximately \$26 million, based upon the closing price of CGG ADSs as of November 20, 2006.

***Opinion of CGG's Financial Advisors***

***Credit Suisse.*** In connection with the merger, Credit Suisse Securities (USA) LLC, which is referred to as Credit Suisse, delivered a written opinion, dated September 4, 2006, to the CGG board of directors as to the fairness, from a financial point of view, to CGG of the aggregate consideration to be paid by CGG in the merger. The full text of Credit Suisse's written opinion is attached to this proxy statement/ prospectus as Annex C. You are encouraged to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Credit Suisse's opinion was provided to the CGG board of directors in connection with its evaluation of the aggregate consideration payable by CGG in the merger, does not address any other aspect of the proposed merger and does not constitute a recommendation to any security holder as to how such security holder should vote or act on any matter relating to the merger.**

***Rothschild.*** In connection with the merger, Rothschild, Inc., which is referred to as Rothschild, delivered a written opinion, dated as of September 4, 2006, to the CGG board of directors as to the fairness, from a financial point of view, to CGG of the aggregate consideration to be paid by CGG in the merger. The full text of Rothschild's written opinion is attached to this proxy statement/ prospectus as Annex D. You are encouraged to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Rothschild's opinion was provided to the CGG board of directors in connection with its evaluation of the aggregate consideration payable by CGG in the merger, does not address any other aspect of the proposed merger and does not constitute a recommendation to any security holder as to how such security holder should vote or act on any matter relating to the merger.**

**Report of Lehman Brothers (see page 79)**

The CGG board of directors engaged Lehman Brothers Europe Limited, which is referred to as Lehman Brothers, to deliver an independent financial assessment of the fairness to CGG, from a financial point of view, of the consideration to be paid by CGG upon consummation of the proposed merger, in accordance with a request from the French *Autorité des marchés financiers*, which is referred to herein as the AMF, that the CGG board of directors obtain such a report. Lehman Brothers delivered its report to the CGG board of directors in French and under French law. **An English translation of the Lehman Brothers report is attached to this proxy statement/prospectus as Annex E. The report is provided for informational purposes only and is qualified in its entirety by reference to the original French-language report filed with the AMF.** Lehman Brothers disclaims any responsibility for any errors or omissions in the translation. Lehman Brothers does not admit to being an independent expert under any rules or regulations applying to the merger, the French prospectus (*note d'opération*) or this proxy statement/prospectus (other than within the meaning of the rules of the AMF) or subject to rules applicable to experts in other contexts.

**Lehman Brothers was engaged effective October 10, 2006 and delivered its report on November 9, 2006 (after the CGG and Veritas boards of directors had approved the merger agreement and the agreement had been executed by both companies), and therefore, neither board of directors considered Lehman Brothers report when making its decision to enter into the merger agreement. The Lehman**

**Table of Contents**

**Brothers report is directed to the CGG board of directors and does not constitute a recommendation to any shareholder as to how such shareholder should vote with respect to the merger.**

**Board of Directors After the Merger (see page 103)**

At the meeting of its shareholders for the purpose of obtaining approval for the issuance of CGG ordinary shares underlying the CGG ADSs to be issued pursuant to the merger agreement, CGG will nominate up to five members of the Veritas board of directors (including Thierry Pilenko, chairman and CEO of Veritas) to the board of directors of the combined company effective as of, and conditioned upon, the occurrence of the effective time of the merger. Each nominee, if elected, will serve for a term of six years. After the effective time of the merger, the newly elected directors will serve on the board of the combined company together with the 10 current members of CGG's board of directors.

**Name and Executive Offices of the Combined Company**

***New Corporate Name***

Immediately after the effective time of the merger, CGG will be renamed CGG-Veritas.

***Executive Offices***

After the effective time of the merger, the executive offices of the combined company will be located in Paris, France, and the previous corporate headquarters of Veritas, located in Houston, Texas, will become the western hemisphere operating headquarters of the combined company.

**Ownership of the Combined Company After the Merger**

CGG will issue a maximum of approximately 49.8 million CGG ADSs pursuant to the merger, assuming exercise of all outstanding options to purchase shares of Veritas common stock and conversion of all Veritas convertible bonds into shares of Veritas common stock. After the effective time of the merger and based on the assumptions in the preceding sentence, Veritas stockholders will own approximately 36% of CGG-Veritas on a fully diluted basis based on the outstanding shares of Veritas common stock on July 31, 2006 (as disclosed in the merger agreement) and the maximum number of additional shares of Veritas common stock that may be issued in accordance with the merger agreement pursuant to the exercise of outstanding Veritas stock options or the conversion of the Veritas convertible bonds or otherwise. Consequently, Veritas stockholders, as a general matter, will have less influence over the management and policies of CGG-Veritas than they currently exercise over the management and policies of Veritas.

**Share Ownership of Directors and Executive Officers**

At the close of business on November 18, 2006, the directors and executive officers of Veritas and their affiliates beneficially owned and were entitled to vote approximately 63,392 shares of Veritas common stock, collectively representing approximately 0.2% of the shares of Veritas common stock outstanding and entitled to vote on that date. The directors and executive officers of Veritas have each indicated that they expect to vote FOR the proposal to adopt the merger agreement.

**Interests of the Directors and Executive Officers of Veritas in the Merger (see page 80)**

In considering the recommendation of the Veritas board of directors with respect to the merger agreement, you should be aware that certain members of the Veritas board of directors and certain of Veritas' executive officers have interests in the transactions contemplated by the merger agreement that

**Table of Contents**

may be different than, or in addition to, the interests of Veritas stockholders generally. These interests include, among other things, the following:

up to four directors from Veritas' current board of directors in addition to Thierry Pilenko, Chairman and CEO of Veritas, will be invited by CGG to serve on the board of directors of the combined company after the effective time of the merger;

certain executive officers whose employment is terminated under certain circumstances after the effective time of the merger will be entitled to severance benefits;

certain executive officers and directors hold stock options and other stock-based awards granted under Veritas equity compensation plans which in some cases will vest upon adoption of the merger agreement by Veritas stockholders and in other cases will vest if their employment is terminated under certain circumstances after the effective time of the merger;

in any event, such stock options outstanding at the effective time of the merger will be cancelled and converted into a right to receive an amount in cash equal to the excess, if any, of the per share cash consideration over the exercise price per share under such stock option immediately prior to such cancellation and conversion (less any applicable withholding taxes);

certain of Veritas' current executive officers will be offered continued employment with the combined company after the effective time of the merger; and

directors and officers will be indemnified by the combined company with respect to acts or omissions by them in their capacities as such prior to the effective time of the merger.

The Veritas board of directors was aware of these interests and considered them, among other matters, in making its recommendation. See "The Merger" Recommendation of the Veritas Board of Directors and Its Reasons for the Merger beginning on page 51.

**Listing of CGG Ordinary Shares and CGG ADSs; Delisting and Deregistration of Shares of Veritas Common Stock (see page 91)**

CGG will use its reasonable best efforts to cause the CGG ADSs to be issued in connection with the merger (and underlying CGG ordinary shares to be issued in connection with the merger) and to be approved for listing on the NYSE upon the effective time of the merger. Approval of the listing on the NYSE of the CGG ADSs to be issued pursuant to the merger is a condition to each party's obligation to complete the merger. If the merger is completed, shares of Veritas common stock and preferred stock rights associated with the common stock will be delisted from the NYSE and deregistered under the Exchange Act.

**Appraisal Rights in the Merger (see pages 97 and 125)**

In the event any holder of Veritas common stock is required to receive cash (other than cash in lieu of fractional CGG ADSs) as consideration pursuant to the merger, the shares of Veritas common stock outstanding immediately prior to the effective time of the merger and held by a holder who has not voted in favor of the adoption of the merger agreement and who has delivered a written demand for appraisal of such shares in accordance with Section 262 of the General Corporation Law of the State of Delaware, will not be converted into the right to receive the merger consideration, unless and until the dissenting holder fails to perfect or effectively withdraws or otherwise loses his or her right to appraisal and payment under the General Corporation Law of the State of Delaware. The holders of such shares will be entitled to seek an appraisal of such shares under Section 262 of the General Corporation Law of the State of Delaware. If, after the effective time of the merger, a dissenting stockholder fails to perfect or effectively withdraws or loses his or her right to appraisal, his or her shares of Veritas common stock will be treated as non-electing shares and be treated as if they had been converted as of the effective time of the merger into the right to receive the merger consideration without interest or dividends thereon.





## **Table of Contents**

### **Conditions to Completion of the Merger (see page 105)**

A number of conditions must be satisfied or waived, where legally permissible, before the proposed merger can be consummated. These include, among others:

adoption of the merger agreement by Veritas stockholders;

approval by CGG shareholders of the issuance of CGG ordinary shares underlying the CGG ADSs to be issued pursuant to the merger and certain related items;

the waiting period (and any extension thereof) applicable to the consummation of the merger under the Hart Scott Rodino Act, referred to as the HSR Act, having expired or been terminated (which occurred on October 25, 2006);

all required approvals by the European Commission applicable to the merger under applicable competition laws, including the EC Merger Regulation, having been obtained or any applicable waiting period thereunder having been terminated or having expired (although CGG and Veritas do not expect any such approvals by the European Commission will be required);

the receipt of certain other authorizations, consents, waiting periods and approvals of governmental entities in certain jurisdictions required to be obtained prior to consummation of the merger;

the effectiveness of the Form F-4 registration statement, of which this proxy statement/ prospectus constitutes a part, and of the Form F-6 registration statement, and no proceedings for such purpose pending before or threatened by the SEC, and the approval (*visa*) of the *note d information* by the AMF, relating to the CGG ordinary shares underlying the CGG ADSs to be issued in connection with the merger;

CGG ADSs issuable to the stockholders of Veritas pursuant to the merger and to the holders of the Veritas convertible debt (and, if required, the underlying CGG ordinary shares) will have been authorized for listing on the NYSE, subject to official notice of issuance, and the AMF and the Euronext Paris SA will have approved the listing of CGG ordinary shares to be issued in connection with the merger; and

the receipt of notification in writing by the Committee on Foreign Investment in the United States, which is referred to as the CFIUS, to CGG and Veritas that the CFIUS has determined not to investigate the transactions contemplated by the merger agreement (which occurred on November 16, 2006).

Neither CGG nor Veritas can give any assurance when or if all of the conditions to the merger will be either satisfied or waived or that the merger will occur as intended.

### **Regulatory Approvals Required for the Merger (see page 84)**

The merger was subject to review by the Antitrust Division of the U.S. Department of Justice, which is referred to as the Antitrust Division, and the Federal Trade Commission, which is referred to as the FTC, under the HSR Act. The Antitrust Division terminated the waiting period imposed by the HSR Act on October 25, 2006. CGG and Veritas submitted a notice of the merger to the CFIUS, in accordance with the regulations implementing the Exon-Florio Amendment to the Defense Production Act of 1950, which is referred to as the Exon-Florio Amendment, and on November 16, 2006, the CFIUS issued a letter stating that had concluded its action, having found no national security issues sufficient to warrant further investigation. CGG and Veritas each conduct business in Norway and each submitted filings to the Norwegian antitrust authorities, but these authorities are deemed to have authorized the merger by not requesting the submission of a full notification. In addition, CGG and Veritas have each submitted filings to the Brazilian and UK antitrust authorities, though the approval of these authorities is not required to complete the merger.

The merger may also be subject to the regulatory requirements of other municipal, state, federal and foreign governmental agencies and authorities, including those relating to the offer and sale of securities.



**Table of Contents**

**No Solicitation (see page 117)**

Under the merger agreement, neither CGG nor Veritas is permitted:  
to solicit, initiate, or knowingly encourage or facilitate the making of any inquiries regarding any other acquisition proposal; or

subject to certain exceptions, to disclose or provide any non-public information to any third party with respect to any such acquisition proposal, afford access to its properties, books or records to any third party that has made or is considering making such an acquisition proposal, or approve or recommend, or propose to approve or recommend, or enter into any agreement relating to such an acquisition proposal.

However, before receipt of the requisite approval by its stockholders, CGG or Veritas may engage in negotiations with a third party making an unsolicited, bona fide written acquisition proposal, provided that:

the board of directors of the party receiving the acquisition proposal has determined that such acquisition proposal constitutes, or is reasonably likely to result in, a superior proposal; and

the party receiving such acquisition proposal has complied with the terms of the merger agreement relating to acquisition proposals.

In addition, before receipt of the requisite approval by their respective stockholders, the board of directors of either CGG or Veritas may withdraw its recommendation or declaration of advisability of the merger agreement or recommend, adopt or approve another acquisition proposal if:

CGG or Veritas, as the case may be, receives a superior proposal; or

the board of directors determines in good faith that a failure to change its recommendation would reasonably be expected to be inconsistent with its fiduciary duties to CGG shareholders or Veritas stockholders, respectively.

**Termination of the Merger Agreement (see page 121)**

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger by mutual written consent of CGG and Veritas. Either party will also have the right to terminate the merger agreement upon the occurrence of any of the following:

the failure to consummate the merger by April 15, 2007, provided that a party may not terminate upon occurrence of this event if such party's failure to fulfill its obligations has caused or resulted in the merger not occurring before such time;

the failure to obtain the necessary Veritas stockholder approval or CGG shareholder approval;

the existence of a law or regulation prohibiting the merger, or the entry of a final and non-appealable injunction or government order which prohibits or restricts the merger;

a material breach of the other party's representations, warranties or covenants that gives rise to a failure of certain conditions to closing (subject to a 45 day cure period, if the breach is capable of being cured);

if the other party's board of directors has failed to recommend the merger, or has withdrawn or modified in a manner adverse to the other party its recommendation of the merger, or has recommended or entered into an agreement with a person making an acquisition proposal; or

by CGG, if CGG is responding to an unsolicited hostile acquisition proposal to acquire at least 40% of the stock or assets of CGG.

**Table of Contents**

**Termination Fee (see page 123)**

Under the merger agreement, Veritas or CGG may be required to pay to the other a termination fee of \$85 million or an expense reimbursement of \$20 million if the merger agreement is terminated under certain circumstances. See The Merger Agreement Termination of the Merger Agreement and The Merger Agreement Termination of the Merger Agreement Termination Fees and Expenses.

**Certain Material U.S. Federal Income Tax Consequences of the Merger (see page 86)**

The merger is intended to qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes. In addition, the obligation of Veritas to consummate the merger is conditioned upon the receipt by Veritas of a tax opinion of its legal counsel or a ruling by the IRS (a request for which was filed with the IRS on October 6, 2006) that the merger will not be subject to Section 367(a)(1) of the Internal Revenue Code. Veritas expects to receive a response from the IRS to the ruling request before the election deadline on January 10, 2007 and will publicize the response in a press release. If the IRS rules that the merger will not be subject to Section 367(a)(1) of the Internal Revenue Code, we expect that the material U.S. federal income tax consequences of the merger to Veritas stockholders will be as follows:

If you exchange Veritas common stock solely for cash in the merger, you generally will recognize capital gain or loss equal to the difference between the amount of cash received and your tax basis in the stock surrendered.

If you exchange Veritas common stock solely for CGG ADSs in the merger, you will not recognize any gain or loss, except to the extent of the cash you receive in lieu of a fractional CGG ADS.

If you exchange Veritas common stock for a combination of cash and CGG ADSs in the merger, you generally will recognize gain (but not loss). The gain you recognize generally will equal the lesser of (1) the excess of the sum of the cash and the fair market value of the CGG ADSs received over your tax basis in the Veritas common stock surrendered, or (2) the amount of cash received.

Your holding period for the CGG ADSs received in the merger generally will include your holding period for the Veritas common stock exchanged in the merger.

Please refer to The Merger Certain Material U.S. Federal Income Tax Consequences beginning on page 86 of this proxy statement/prospectus for a more complete discussion of the U.S. federal income tax consequences of the merger. Determining the actual tax consequences of the merger to you may be complex and will depend on your specific situation. You should consult your tax advisor for a full understanding of the tax consequences of the merger to you.

**Accounting Treatment (see page 90)**

CGG will account for the merger using the purchase method under International Financial Reporting Standards as adopted by the European Union, referred to as IFRS.

**Payment of Dividends (see page 182)**

***CGG***

CGG does not currently pay dividends on its ordinary shares. Dividend payments by CGG may be limited by the terms of the CGG senior notes.

***Veritas***

Veritas does not currently pay cash dividends on its common stock. The merger agreement generally provides that Veritas may not declare, set aside or pay any dividend prior to the effective time of the merger or the termination of the merger agreement.

**Table of Contents**

**Comparison of Rights of Veritas Stockholders and CGG Shareholders (see page 171)**

As a result of the merger, some or all of your shares of Veritas common stock may be all or partly converted into the right to receive cash or CGG ADSs representing CGG ordinary shares. Because Veritas is a corporation organized under the laws of Delaware and CGG is a *société anonyme* organized under the laws of the Republic of France, there are material differences between the rights of Veritas stockholders and the rights of holders of CGG ordinary shares. These differences are described in detail under Comparison of Rights of Veritas Stockholders and CGG Shareholders. The rights of holders of CGG ADSs differ from the rights of holders of CGG ordinary shares and are described under Description of the CGG American Depositary Shares.

**Table of Contents**

**SELECTED HISTORICAL FINANCIAL AND OPERATING INFORMATION OF CGG**

In accordance with regulation adopted by the European Union in July 2002, all companies incorporated under the laws of one of the member states of the European Union and whose securities are publicly traded within the European Union are required to prepare their consolidated financial statements for the fiscal year that started on or after January 1, 2005, on the basis of accounting standards issued by the International Accounting Standards Board. Therefore, in accordance with these requirements, CGG converted from using French generally accepted accounting principles to IFRS, as adopted by the European Union. As a first-time adopter of IFRS at January 1, 2005, CGG has followed the specific requirements described in IFRS 1, *First Time Adoption of IFRS*. The options selected for the purpose of the transition to IFRS are described in the notes to CGG's 2005 audited consolidated financial statements appearing in CGG's 2005 Form 20-F, which is incorporated into this proxy statement/ prospectus by reference. Effects of the transition on the balance sheet at January 1, 2004, the statement of income for the year ended December 31, 2004 and the balance sheet at December 31, 2004 are presented and discussed in Note 30 to CGG's 2005 audited consolidated financial statements appearing in CGG's 2005 Form 20-F.

The tables below set forth CGG's selected consolidated financial and operating data:

as of and for each of the six-month periods ended June 30, 2006 and 2005 in accordance with both IFRS and U.S. GAAP;

as of and for each of the two years in the period ended December 31, 2005 in accordance with IFRS; and

as of and for each of the five years in the period ended December 31, 2005 in accordance with U.S. GAAP.

The tables should be read in conjunction with, and are qualified in their entirety by reference to, CGG's consolidated annual financial statements and Operating and Financial Review and Prospects in CGG's 2005 Form 20-F and CGG's consolidated interim financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in the CGG current report on Form 6-K submitted to the SEC on September 5, 2006, both incorporated by reference in this proxy statement/ prospectus. All interim financial data are unaudited.

The differences between IFRS and U.S. GAAP as they relate to CGG, and the reconciliation of net income and shareholders' equity to U.S. GAAP for the years ended December 31, 2005 and 2004 and for the six month periods ended June 30, 2006 and 2005 are described in Note 31 to CGG's audited consolidated financial statements included in the CGG 2005 Form 20-F and Note 17 to CGG's unaudited interim consolidated financial statements as of and for the six month period ended June 30, 2006 included in CGG's current report on Form 6-K submitted to the SEC on September 9, 2006, respectively, both of which are incorporated by reference in this proxy statement/ prospectus.

**Table of Contents**

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,	
	2006	2005	2005	2004
	(In millions except for per share and ratio data)			
<i>Amounts in accordance with IFRS:</i>				
<b>Statement of Operations Data:</b>				
Operating revenues	634.5	387.0	869.9	687.4
Other revenues from ordinary activities	0.9	0.8	1.9	0.4
Cost of operations	(420.4)	(298.2)	(670.0)	(554.0)
Gross profit	215.0	89.6	201.8	133.8
Research and development expenses, net	(18.4)	(14.8)	(31.1)	(28.8)
Selling, general and administrative expenses	(60.3)	(41.9)	(91.2)	(78.6)
Other revenues (expenses)	9.8	(0.8)	(4.4)	19.3
Operating income	146.1	32.1	75.1	45.7
Cost of financial debt, net	(13.1)	(19.6)	(42.3)	(27.8)
Derivative and other expenses on convertible bonds	(23.0)	(14.7)	(11.5)	(23.5)
Other financial income (loss)	(6.6)	0.7	(14.5)	0.8
Income taxes	(33.0)	(14.8)	(26.6)	(10.9)
Equity in income of affiliates	5.8	6.7	13.0	10.3
Net income (loss)	76.2	(9.6)	(6.8)	(5.4)
Attributable to minority interests	0.9		(1.0)	(1.0)
Attributable to shareholders	75.3	(9.6)	(7.8)	(6.4)
Net income (loss) per share:				
Basic(1)	4.37	(0.82)	(0.64)	(0.55)
Diluted(2)	4.28	(0.82)	(0.64)	(0.55)
<b>Balance sheet:</b>				
Cash and cash equivalents	206.4	113.1	112.4	130.6
Working capital(3)	219.8	130.2	154.1	116.4
Property, plant & equipment, net	484.8	232.6	480.1	204.1
Multi-client surveys	79.4	113.8	93.6	124.5
Total assets	1,673.6	1,036.1	1,565.1	971.2
Financial debt(4)	431.7	246.6	400.3	249.6
Shareholders' equity	802.6	407.5	698.5	393.2
<b>Other financial historical data and other ratios:</b>				
ORBDA(5)	237.6	99.6	229.5	172.8
Capital expenditures (Property, plant & equipment)(6)	94.5	49.7	125.1	49.8
Capital expenditures for multi-client surveys	26.5	15.0	32.0	51.1
Net financial debt(7)	242.5	142.3	297.2	121.8
Financial debt(4)/ ORBDA (5)	1.8x	2.5x	1.7x	1.4x
Net indebtedness(7)/ ORBDA (5)	1.0x	1.4x	1.3x	0.7x
ORBDA (5)/ Net financial expenses	18.1x	5.1x	5.4x	6.2x



**Table of Contents**

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
(In millions except for per share and ratio data)							
<b>Amounts in accordance with U.S. GAAP:</b>							
<b>Statement of Operations Data:</b>							
Operating revenues	642.0	398.8	860.8	709.5	645.6	719.0	795.0
Operating income	144.2	28.5	61.9	55.0	42.7	81.9	48.6
Net income (loss)	42.6	7.3	8.3	(20.2)	3.1	15.1	9.3
Per share amounts:							
Basic common stock holder(1)	2.47	0.62	0.69	(1.73)	0.27	1.29	0.80
Diluted common stock holder(8)	2.42	0.55	0.67	(1.73)	0.26	1.29	0.80
<b>Balance sheet:</b>							
Total assets	1,677.7	1,047.9	1,573.8	975.8	924.2	1,036.8	1,008.0
Financial debt(4)	438.4	254.0	416.7	266.5	232.4	307.8	279.5
Stockholders equity	759.7	399.6	689.5	372.2	413.4	431.0	456.4
<b>Operational data (end of period):</b>							
Land teams in operations	11	11	11	8	12	14	12
Operational streamers(9)	52	40	46	39	42	42	48
Data processing centers	29	26	27	26	26	26	26

**Notes:**

- (1) Basic per share amounts under IFRS and U.S. GAAP have been calculated on the basis of 17,219,465 issued and outstanding CGG ordinary shares in the six month period ended June 30, 2006, 11,736,024 issued and outstanding CGG ordinary shares in the six month period ended June 30, 2005, 12,095,925 issued and outstanding CGG ordinary shares in 2005 and 11,681,406 issued and outstanding CGG ordinary shares in 2004. Basic per share amounts under U.S. GAAP have been calculated on the basis of 11,680,718 issued and outstanding CGG ordinary shares in 2003 and 2002 and 11,609,393 issued and outstanding CGG ordinary shares in 2001.
- (2) Diluted per share amount under IFRS has been calculated on the basis of 17,583,926 issued and outstanding CGG ordinary shares in the six month period ended June 30, 2006, 11,736,024 issued and outstanding CGG ordinary shares in the six month period ended June 30, 2005, 12,095,925 issued and outstanding shares in 2005 and 11,681,406 issued and outstanding CGG ordinary shares in 2004. For the six-month period ended June 30, 2005, the effect of convertible bonds was anti-dilutive.
- (3) Consists of trade accounts and notes receivable, inventories and work-in-progress, tax assets, other current assets and assets held for sale less trade accounts and notes payable, accrued payroll costs, income tax payable, advance billings to customers, current provisions and other current liabilities.
- (4) Financial debt means total financial debt including current maturities, capital leases and accrued interest but excluding bank overdrafts.
- (5)

A discussion of ORBDA (Operating Result Before Depreciation and Amortization, previously denominated Adjusted EBITDA), including a reconciliation to net cash provided by operating activities, is found in Item 5 Operating and Financial Review and Prospects Liquidity and Capital Resources included in the CGG 2005 Form 20-F incorporated herein by reference.

(6) Capital expenditures is defined as purchases of property, plant and equipment plus equipment acquired under lease.

The following table presents a reconciliation of capital expenditures to purchases of property, plant and equipment and equipment acquired under capital lease for the periods indicated:

	<b>For the Six Months Ended June 30,</b>		<b>For the Year Ended December 31,</b>	
	<b>2006</b>	<b>2005</b>	<b>2005</b>	<b>2004</b>
			<b>(In millions)</b>	
<i>Purchase of property, plant and equipment</i>	94.3	36.5	107.7	41.1
Equipment acquired under capital lease	0.2	13.2	17.4	8.7
<b>Capital expenditures</b>	94.5	49.7	125.1	49.8

(7) Net financial debt means bank overdrafts, financial debt including current portion (including capital lease debt) net of cash and cash equivalents.

(8) Diluted per share amounts under U.S. GAAP have been calculated on the basis of 17,583,926 issued and outstanding CGG ordinary shares in the six month period ended June 30, 2006, 13,325,731 issued and outstanding CGG ordinary shares in the six month period ended June 30, 2005, 12,378,209 issued and outstanding CGG ordinary shares in 2005, 11,681,406 issued and outstanding CGG ordinary shares in 2004, 11,760,630 issued and outstanding CGG ordinary shares in 2003, 11,680,718 issued and outstanding CGG ordinary shares in 2002 and 11,609,393 issued and outstanding CGG ordinary shares in 2001. In 2002 and 2001, the effects of stock options were not dilutive (as a result of applying the treasury stock method).

(9) Data includes Exploration Resources ASA's streamers (from and including December 31, 2005) and excludes streamers of vessels in transit or dry-dock.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA OF VERITAS**

The table below sets forth selected consolidated financial data for Veritas for the fiscal years ended July 31, 2002 through July 31, 2006 in accordance with U.S. GAAP. The selected consolidated financial data are qualified by reference to, and should be read in conjunction with, the consolidated financial statements of Veritas and its subsidiaries as of July 31, 2006 and 2005, and for each of the three years in the period ended July 31, 2006, and report on the effectiveness of internal control over financial reporting as of July 31, 2006, which are incorporated into this proxy statement/ prospectus by reference to Item 8 Consolidated Financial Statements and Supplementary Data of Veritas annual report on Form 10-K for the fiscal year ended July 31, 2006, which is referred to as the Veritas 2006 Form 10-K.

	<b>For the Year Ended July 31,</b>				
	<b>2006(1)</b>	<b>2005(2)</b>	<b>2004(3)</b>	<b>2003(4)</b>	<b>2002(5)</b>
	<b>(In \$ thousands, except per share amount)</b>				
<b>Statement of Operations Data:</b>					
Revenues	\$ 822,188	\$ 634,026	\$ 564,469	\$ 501,821	\$ 452,183
Operating income (loss)	132,879	64,241	27,770	(12,112)	(833)
Net income (loss)	82,231	83,001	5,221	(59,097)	(24,051)
Net income (loss) per common share basic	2.33	2.45	0.16	(1.77)	(0.74)
Net income (loss) per common share diluted	2.08	2.37	0.15	(1.77)	(0.74)
<b>Balance Sheet Data (at period end):</b>					
Total assets	\$ 1,158,030	\$ 966,598	\$ 776,246	\$ 790,945	\$ 781,403
Long-term debt (including current maturities)	155,000	155,000	155,000	194,225	140,000

**Notes:**

- (1) Includes a gain on involuntary conversion of assets of \$2.0 million.
- (2) Includes a gain on involuntary conversion of assets of \$9.9 million and a release of deferred tax valuation allowances of \$36.9 million.
- (3) Includes charges of \$22.1 million related to a change in multi-client accounting policies and \$7.4 million related to debt refinancing. The change in multi-client accounting policies may affect the comparability between periods and is more fully described in Note 1 of the Notes to Consolidated Financial Statements in the Veritas 2006 10-K, which is incorporated by reference into this proxy statement/ prospectus.
- (4) Includes charges of \$39.3 million for goodwill impairment, \$4.9 million for impairment of a multi-client survey, \$7.6 million loss related to the sale of Veritas (RC) software operations and \$21.0 million related to deferred tax asset valuation allowances.
- (5) Includes charges of \$55.3 million for impairment of multi-client surveys, \$14.6 million for costs of a terminated merger and \$6.5 million valuation allowance for deferred tax assets.

**Table of Contents**

**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following selected unaudited pro forma condensed combined financial information, which gives effect to the merger, is presented in millions of euros and reflects pro forma financial results of the merger of CGG and Veritas using the purchase method of accounting under IFRS and U.S. GAAP.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not indicative of the income (loss) from operating activities or the financial condition of the combined company that would have been achieved had the merger been completed during the periods presented, nor is the unaudited pro forma condensed combined selected financial information indicative of the future operating results or financial position of CGG-Veritas. The unaudited pro forma condensed combined financial information does not reflect any cost savings or other synergies that may result from the merger. The unaudited pro forma condensed combined financial information does not reflect any special items such as payments pursuant to contractual change-of-control provisions or restructuring and integration costs that may be incurred as a result of the merger. In addition, the financial effects of any actions described in the sections entitled *The Merger*, *CGG's Reasons for the Merger* and *The Merger Recommendation of the Veritas Board of Directors and Its Reasons for the Merger*, such as synergies or the effect of asset dispositions, if any, that may be required by regulatory authorities, cannot currently be determined and therefore are not reflected in the selected unaudited pro forma condensed combined financial information.

CGG reports its financial results in euros and in conformity with IFRS, with a reconciliation to U.S. GAAP. Veritas reports its financial results in U.S. dollars and in conformity with U.S. GAAP. IFRS differs from U.S. GAAP in certain significant respects. For a discussion of significant differences between U.S. GAAP and IFRS as they relate to CGG's consolidated financial statements and a reconciliation to U.S. GAAP of CGG's net income and shareholders equity for 2005 and 2004, see Note 31 to CGG's audited consolidated financial statements included in CGG's 2005 Form 20-F, which is incorporated by reference into this proxy statement/prospectus.

The selected unaudited pro forma condensed combined financial information has been derived from and should be read in conjunction with the unaudited proforma condensed combined financial information and the related notes included elsewhere in this proxy statement/prospectus, and the respective consolidated financial statements of CGG as at and for the year ended December 31, 2005 and at and for the six-month period ended June 30, 2006 and the consolidated financial statements of Veritas at and for the year ended July 31, 2006, each of which is incorporated by reference into this proxy statement/prospectus, and the consolidated financial statements of Veritas as of and for the six-months periods ended January 31, 2005 and 2006.

The selected unaudited pro forma condensed combined financial information is based on preliminary estimates and assumptions, which CGG believes to be reasonable. In the selected unaudited pro forma condensed combined financial information, the cash to be paid and CGG ADSs to be issued as merger consideration for Veritas shares of common stock have been allocated to the Veritas assets and liabilities based upon preliminary estimates by the management of CGG of their respective fair values as at the date of the merger. Any difference between the fair value of the merger consideration and the fair value of the Veritas assets and liabilities has been recorded as goodwill. Definitive allocations will be performed after the effective time of the merger. Accordingly, the purchase price allocation pro forma adjustments are preliminary and have been made solely for the purpose of preparing the unaudited pro forma condensed

**Table of Contents**

combined financial information and are subject to revision based on the final determination of fair value after the effective time of the merger.

At and for the Six Months Ended June 30, 2006		At and for the Year Ended December 31, 2005	
(US\$) <sup>(1)</sup>	( )	(US\$) <sup>(1)</sup>	( )

(in millions, except per share data)

**IFRS****Statement of Income Data in accordance with IFRS**

Combined pro forma operating revenues	1,239.0	969.6	1,763.4	1,489.1
Combined pro forma gross profit	361.0	282.5	346.0	292.2
Combined pro forma operating income (loss)	239.2	187.1	148.9	125.7
Combined pro forma net income attributable to shareholders	81.3	63.5	(38.6)	(32.6)
Earnings per share basic	3.08	2.41	(1.81)	(1.53)
Earnings per share diluted	3.03	2.37	(1.81)	(1.53)

**Balance sheet Data in accordance with IFRS**

Total assets	5,503.5	4,306.7	5,125.9	4,328.6
Shareholders equity attributable to shareholders	2,526.2	1,976.8	2,325.7	1,963.9
Cash, cash equivalents and marketable securities	407.9	319.2	138.1	116.6
Current portion of long-term debt	46.1	36.1	183.9	155.3
Bonds and Notes issued and long-term debt	1,990.9	1,558.0	1,773.2	1,497.4

**U.S. GAAP****Statement of Income Data in accordance with U.S. GAAP**

Combined pro forma operating revenues	1,245.4	974.6	1,746.0	1,474.4
Combined pro forma gross profit	366.9	287.1	341.4	288.3
Combined pro forma operating income (loss)	229.8	179.8	125.3	105.8
Combined pro forma net income attributable to shareholders	34.9	27.2	(17.8)	(15.0)
Earnings per share basic	1.32	1.03	(0.83)	(0.70)
Earnings per share diluted	1.30	1.02	(0.83)	(0.70)

**Balance sheet Data in accordance with U.S. GAAP**

Total assets	5,536.6	4,332.5	5,158.5	4,356.1
Shareholders equity attributable to shareholders	2,476.8	1,938.2	2,320.6	1,959.7
Cash, cash equivalents and marketable securities	407.9	319.2	138.1	116.6
Current portion of long-term debt	50.0	39.1	190.3	160.7
Bonds and Notes issued and long-term debt	2,019.1	1,580.0	1,798.6	1,518.8

**Note:**

(1) The period-end rate is the noon buying rate on the last business day of the applicable period.

**Table of Contents****UNAUDITED COMPARATIVE PER SHARE DATA**

The following table summarizes unaudited per share data for CGG and Veritas on a historical basis, on an equivalent pro forma combined basis for Veritas and on a pro forma combined basis for the combined company. It has been assumed for purposes of the pro forma financial information provided below that the merger was completed on January 1, 2005 for statement of income purposes, and on December 31, 2005 for balance sheet purposes. The following information should be read in conjunction with the audited consolidated financial statements of CGG and Veritas as of and for the years ended December 31, 2005 and July 31, 2006, respectively, and the unaudited consolidated financial statements of CGG for the six months ended June 30, 2006, each of which is incorporated by reference into this proxy statement/ prospectus, and with the information under Unaudited Pro Forma Condensed Combined Financial Information and related notes included elsewhere in this proxy statement/ prospectus. The pro forma information presented below is for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have been achieved if the merger had been completed as of the beginning of the period presented, nor is it necessarily indicative of the future operating results or financial position of the combined company.

	CGG Historical IFRS	CGG Historical U.S. GAAP	Veritas Historical U.S. GAAP(2)(5)	Veritas Pro Forma Equivalents U.S. GAAP(4)	CGG and Veritas Pro Forma IFRS(3)	CGG and Veritas Pro Forma U.S. GAAP(3)
(in euros)						
<b>For the six months ended June 30, 2006 (per share)</b>						
<b>Income (loss) from continuing operations</b>						
Basic	4.37	2.47	0.86	0.46	2.41	1.03
Diluted	4.28	2.42	0.78	0.46	2.37	1.02
<b>Dividends declared</b>						
<b>Book value at period end(1)</b>	46.61	44.12	15.59	33.00	74.81	73.35
<b>For the year ended December 31, 2005 (per share)</b>						
<b>Income (loss) from continuing operations</b>						
Basic	(0.64)	0.69	2.45	(0.32)	(1.53)	(0.70)
Diluted	(0.64)	0.67	2.31	(0.32)	(1.53)	(0.70)
<b>Dividends declared</b>						
<b>Book value at period end(1)</b>	57.74	57.0	14.89	41.4	92.20	92.00

**Notes:**

(1) Book value per share is calculated by dividing shareholders' equity by the weighted average number of shares outstanding over the period.

(2) Translated at the noon buying rate on June 30, 2006 of \$1.2779 per 1.00.

- (3) The pro forma combined income (loss) from continuing operations per share is calculated by dividing the pro forma income (loss) from continuing operations before non-recurring items by the pro forma weighted average number of shares outstanding over the period.
- (4) Veritas equivalent pro forma combined per share amounts are calculated by multiplying the pro forma combined per share amounts by an assumed exchange ratio of 2.25, the number of CGG ADSs that would be exchanged for each share of Veritas common stock pursuant to the merger, based on the price per CGG ADS of \$33.33, which was the closing price on August 29, 2006, and dividing the result by five, the number of CGG ADSs per CGG ordinary share.
- (5) Periods used for Veritas historical information consist of the six months ended July 31, 2006 and the twelve months ended January 31, 2006.

**Table of Contents****COMPARATIVE CGG AND VERITAS MARKET PRICE DATA AND DIVIDEND INFORMATION**

CGG ordinary shares are listed on the Eurolist of Euronext Paris SA under the symbol GLE and CGG ADSs are listed on the NYSE under the symbol GGY. Shares of Veritas common stock are listed on the NYSE under the symbol VTS. The following table presents closing prices for CGG ADSs and Veritas common stock on September 1, 2006, the last trading day before the public announcement of the execution of the merger agreement by CGG and Veritas, and November 24, 2006, the latest practicable trading day before the date of this proxy statement/prospectus. For illustrative purposes, the following table also provides Veritas equivalent per share information on those dates, as determined by multiplying the closing prices of CGG ADSs on those dates by 2.2522 and 2.1819, each representing the number of CGG ADSs that Veritas stockholders electing to receive CGG ADSs would receive pursuant to the merger for each share of Veritas common stock, based on (1) a hypothetical average CGG ADS value of \$33.27, which was the closing price of CGG ADSs on September 1, 2006, and (2) a hypothetical average CGG ADS value of \$35.51 based on the volume-weighted average of the trading sale prices per CGG ADS during the 20 consecutive trading days ending on November 24, 2006, respectively, and assuming no adjustment for oversubscriptions. The merger consideration will be based on a formula designed to substantially equalize the value of the consideration to be received for each share of Veritas common stock, at the time the calculation is made, regardless of whether you elect to receive cash, CGG ADSs or a combination of cash and CGG ADSs, or make no election. See The Merger Agreement Merger Consideration beginning on page 92 of this proxy statement/prospectus.

	<b>CGG ADSs</b>	<b>Veritas Common Stock</b>	<b>Veritas Equivalent Per Share Common Stock</b>
September 1, 2006	\$ 33.27	\$ 62.18	\$ 74.93
November 24, 2006	\$ 39.73	\$ 77.44	\$ 77.49

The table below sets forth, for the calendar quarters indicated, the high and low sale prices per CGG ADS and per share of Veritas common stock on the NYSE. No dividends have been declared on CGG ADSs and on Veritas common stock for the calendar quarters indicated.

<b>Calendar Year</b>	<b>CGG ADSs</b>		<b>Veritas Common Stock</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>2004</b>				
First Quarter	\$ 10.10	\$ 7.85	\$ 20.70	\$ 10.60
Second Quarter	12.41	8.80	23.15	17.85
Third Quarter	13.82	9.40	24.68	19.88
Fourth Quarter	14.03	11.38	23.64	19.89
<b>2005</b>				
First Quarter	\$ 18.96	\$ 13.35	\$ 29.96	\$ 20.26
Second Quarter	17.91	15.10	31.51	24.44
Third Quarter	20.90	16.52	37.05	27.75
Fourth Quarter	21.05	16.57	39.00	29.48
<b>2006</b>				
First Quarter	\$ 29.24	\$ 18.60	\$ 46.26	38.07
Second Quarter	40.50	28.35	53.90	43.81



Third Quarter	35.65	29.25	70.07	49.39
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CGG and Veritas urge you to obtain current market quotations for CGG ADSs and Veritas common stock before making any decision regarding the merger.

**Table of Contents****CAPITALIZATION AND INDEBTEDNESS**

The tables contained in this section are provided in accordance with French law and regulations applicable to prospectuses relating to the offering of securities. Since these tables are being made available in the French prospectus (*note d'opération*) relating to the CGG ordinary shares to be issued in connection with the merger, a translation of these tables is included in this proxy statement/ prospectus. The tables were prepared solely to comply with French regulations in connection with the information to be contained in prospectuses.

The following tables set forth the unaudited consolidated capitalization and indebtedness of CGG, as derived from CGG's unaudited consolidated financial statements as of September 30, 2006 and June 30, 2006 under IFRS, which are incorporated by reference into this proxy statement/ prospectus.

	<b>CGG September 30, 2006 (IFRS) (unaudited)</b>	<b>CGG June 30, 2006 (IFRS) (unaudited)</b>
	<b>(in millions)</b>	<b>(in millions)</b>
<b>Short-term debt and current portion of long-term debt</b>	<b>54.9</b>	<b>35.7</b>
guaranteed		
secured	30.7	31.0
unguaranteed / unsecured	24.2	4.7
<b>Bonds and other long-term debt</b>	<b>386.8</b>	<b>393.3</b>
guaranteed		
secured	124.1	134.7
unguaranteed / unsecured	262.7	258.6
<b>Financial debt, gross (A)</b>	<b>441.7</b>	<b>429.0</b>
guaranteed		
secured	154.8	165.7
unguaranteed / unsecured	286.9	263.3
<b>Shareholders' equity (B)</b>	<b>850.5</b>	<b>802.6</b>
Common stock	35.0	35.0
Additional paid-in capital	390.7	389.5
Accumulated earnings	317.3	314.7
Treasury stock	2.6	2.4
Net income (loss) for the period attributable to the Group	119.8	75.3
Income and expense recognized directly in equity	3.6	6.4
Cumulative translation adjustment	(18.5)	(20.7)
<b>TOTAL (A) + (B)</b>	<b>1,292.2</b>	<b>1,231.6</b>

	<b>CGG September 30, 2006 (IFRS) (unaudited)</b>	<b>CGG June 30, 2006 (IFRS) (unaudited)</b>
	<b>(in millions)</b>	<b>(in millions)</b>
<b>Cash, cash equivalents and marketable securities (A)</b>	<b>168.7</b>	<b>206.4</b>
Cash and cash equivalents	80.1	119.6
Marketable securities	88.6	86.8
<b>Current portion of financial debt (B)</b>	<b>(54.9)</b>	<b>(38.3)</b>

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Bank loans current portion	(37.5)	(25.9)
Capital leases current portion	(9.2)	(9.7)
Bonds current portion		
Accrued interest	(8.2)	(2.7)
<b>Financial debt (C)</b>	<b>(386.8)</b>	<b>(393.3)</b>
Bank loans long-term portion	(81.9)	(80.5)
Capital leases long-term portion	(49.8)	(58.5)
Bonds long-term portion	(255.1)	(254.3)
<b>TOTAL (A) + (B) + (C)</b>	<b>(273.0)</b>	<b>(225.2)</b>

**Table of Contents**

The following tables set forth the unaudited consolidated capitalization and indebtedness of Veritas, as derived from Veritas consolidated annual financial statements as of July 31, 2006 under U.S. GAAP, which are incorporated by reference into this proxy statement/prospectus.

	<b>Veritas July 31, 2006</b> <b>(US GAAP) (unaudited)</b>
	<b>(in millions of dollars)</b>
<b>Financial debt, gross (A)</b>	<b>155.0</b>
<b>Financial debt current portion</b>	<b>155.0</b>
guaranteed	
secured	
unguaranteed / unsecured	155.0
<b>Financial debt long-term portion</b>	
- guaranteed	
- secured	
- unguaranteed / unsecured	
<b>Shareholders equity (B)</b>	<b>710.5</b>
Common stock	0.4
Additional paid-in capital	492.4
Accumulated earnings	228.3
Treasury stock	(23.0)
Minimum pension liability	(9.4)
Cumulative translation adjustment	21.8
<b>TOTAL (A) + (B)</b>	<b>865.5</b>

	<b>Veritas July 31, 2006</b> <b>(US GAAP) (unaudited)</b>
	<b>(in millions of dollars)</b>
<b>Cash, cash equivalents and marketable securities (A))</b>	<b>401.9</b>
Cash and cash equivalents	401.9
Marketable securities	
<b>Financial debt, gross (B)</b>	<b>(155.0)</b>
<b>TOTAL (A) + (B)</b>	<b>246.9</b>

**Statement on Net Working Capital**

Under French laws and regulations applicable to the offering of securities, CGG is required to make certain certifications with respect to its net working capital. Because such certifications are being made available in the French prospectus (*note d'opération*) relating to the CGG ordinary shares to be issued in connection with the merger, an English translation of such certifications is included in this proxy statement/prospectus.

CGG certifies that, in its view, the CGG consolidated net working capital is sufficient to meet its current obligations for the 12-month period as of the date of the French prospectus. CGG also certifies that, in its view, the consolidated net working capital of the combined company after the completion of the merger is sufficient to meet its current obligations for the 12-month period as of [ 1 ], 2006, the date of the French prospectus.

**Table of Contents****EXCHANGE RATE INFORMATION**

The following table shows, for the periods indicated, information concerning the exchange rate between the U.S. dollar and the euro. This information is provided solely for your information, and CGG and Veritas do not represent that euros could be converted into U.S. dollars at these rates or at any other rate. These rates are not the rates used by CGG in the preparation of its consolidated financial statements incorporated by reference into this proxy statement/ prospectus.

The data provided in the following table is expressed in U.S. dollars per euro and is based on noon buying rates published by the Federal Reserve Bank of New York for the euro. On September 1, 2006, the last trading day before the public disclosure of the execution of the merger agreement by CGG and Veritas, the exchange rate between the U.S. dollar and the euro expressed in U.S. dollars per euro was 1.00 = \$1.2833. On November 24, 2006, the most recent practicable day prior to the date of this proxy statement/ prospectus, the exchange rate was 1.00 = \$1.3081.

	<b>Period-End Rate(1)</b>	<b>Average Rate(2)</b>	<b>High</b>	<b>Low</b>
<b>Recent Monthly Data</b>				
November 2006 (through November 24, 2006)	\$ 1.3081	\$ 1.2821	\$ 1.3081	\$ 1.2705
October 2006	1.2773	1.2617	1.2773	1.2502
September 2006	1.2687	1.2722	1.2833	1.2648
August 2006	1.2793	1.2810	1.2914	1.2735
July 2006	1.2764	1.2681	1.2822	1.2529
June 2006	1.2779	1.2661	1.2953	1.2522
May 2006	1.2833	1.2767	1.2888	1.2607
<b>Interim Period Data</b>				
Six months ended June 30, 2006	1.2779	1.2399	1.2953	1.1860
<b>Annual Data (Year Ended December 31,)</b>				
2005	1.1842	1.2400	1.3476	1.1667
2004	1.3538	1.2478	1.3625	1.1801
2003	1.2597	1.1411	1.2597	1.0361
2002	1.0485	0.9495	1.0485	0.8594
2001	0.8901	0.8909	0.9535	0.8370

**Notes:**

- (1) The period-end rate is the noon buying rate on the last business day of the applicable period.
- (2) The average rate for each monthly period was calculated by taking the simple average of the daily noon buying rates, as published by the Federal Reserve Bank of New York. The average rate for each interim period and annual period was calculated by taking the simple average of the noon buying rates on the last business day of each month during the relevant period.

**Table of Contents**

**RISK FACTORS**

*In addition to the other information included or incorporated by reference in this proxy statement/prospectus, including the matters addressed under Cautionary Statement Concerning Forward-Looking Statements, you should carefully consider the following risks before deciding whether to vote for adoption of the merger agreement. In addition, you should read and consider the risks associated with the businesses of each of CGG and Veritas in deciding whether to vote to adopt the merger agreement because these risks will relate to CGG-Veritas after the merger. Certain of these risks can be found in CGG's 2005 Form 20-F, which is incorporated by reference into this proxy statement/prospectus, and in Veritas' 2006 Form 10-K, which is incorporated by reference into this proxy statement/prospectus. You should also consider the other information in this proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus. See Additional Information Where You Can Find More Information.*

**Risk Factors Relating to the Merger**

***Because the market price of CGG ADSs will fluctuate, Veritas stockholders cannot be sure of the value of the merger consideration they will receive.***

Upon the effective time of the merger, each share of Veritas common stock will be converted into the right to receive merger consideration consisting of CGG ADSs or cash pursuant to the terms of the merger agreement, meaning that each Veritas stockholder may elect to receive his or her merger consideration entirely in cash, entirely in CGG ADSs, or a combination of cash and CGG ADSs, subject to the proration procedures described herein and in the merger agreement. The value of the merger consideration to be received by Veritas stockholders will be based in part on the average of the per share closing sales price of CGG ADSs on the NYSE during the 20 consecutive trading day valuation period ending on the third calendar day prior to the effective time of the merger. This average price may vary from the market price of CGG ADSs on the date the merger was announced, on the date that this proxy statement/prospectus is mailed to Veritas stockholders, on the date of closing, on the date you make an election with respect to the merger consideration or on the date of the special meeting of Veritas stockholders.

Because CGG is issuing a fixed number of CGG ADSs and a fixed amount of cash as part of the merger consideration (in each case subject to upward adjustment in the event that any shares of Veritas common stock are issued in accordance with the merger agreement pursuant to the exercise of Veritas outstanding stock options or conversion of Veritas convertible bonds or otherwise), and because the provisions of the merger agreement operate to substantially equalize the value of the consideration to be received for each share of Veritas common stock at the time the calculation is made, any change in the price of CGG ADSs prior to the effective time of the merger will affect the value of the merger consideration that you will be entitled to receive upon the effective time of the merger, regardless of whether you elect to receive cash, CGG ADSs or a combination of cash and CGG ADSs, or do not make an election.

Changes in the price of CGG ADSs may result from a variety of factors, including:

market reaction to the announcement of the merger and market assessment of its likelihood to be consummated;

changes in oil and natural gas prices;

changes in the respective businesses, operations and prospects of CGG and Veritas, including CGG's and Veritas ability to meet earnings estimates;

governmental or litigation developments or regulatory considerations affecting CGG or Veritas or the industry generally; and

general business, market or economic conditions.

Many of these factors are beyond the control of CGG and Veritas.

**Table of Contents*****Veritas stockholders may receive a form or combination of consideration different from what they elect.***

While each Veritas stockholder may elect to receive all cash, all CGG ADSs or a combination of cash and CGG ADSs pursuant to the merger, the pools of cash and CGG ADSs available for all Veritas stockholders will be fixed amounts (in each case subject to upward adjustment in the event that any shares of Veritas common stock are issued in accordance with the merger agreement pursuant to the exercise of Veritas outstanding stock options or conversion of Veritas convertible bonds or otherwise). Accordingly, depending on the elections made by other Veritas stockholders and the average of the per share closing sales price of CGG ADSs on the NYSE during the 20 consecutive trading day valuation period ending on the third calendar day prior to the effective time of the merger, you may receive a proportion of cash and/or CGG ADSs that is different from what you elected. If a Veritas stockholder does not submit a properly completed and signed election form to the exchange agent by the election deadline of 5:00 p.m. New York City time on January 10, 2007, then such stockholder will have no control over the type of merger consideration such stockholder may receive, and, consequently, may receive only cash, only CGG ADSs, or a combination of cash and CGG ADSs pursuant to the merger.

***If you tender shares of Veritas common stock to make an election, you will not be able to sell those shares unless you revoke your election prior to the election deadline.***

If you want to make an election with respect to the type of merger consideration you receive, you must deliver your stock certificates (or follow the procedures for guaranteed delivery) and a properly completed and signed election form to the exchange agent no later than the election deadline of 5:00 p.m. New York City time on January 10, 2007. You will not be able to sell any shares of Veritas common stock that you have delivered until you receive cash or CGG ADSs pursuant to the merger unless you revoke your election before the deadline by providing written notice to the exchange agent. In the time between delivery of your shares of Veritas common stock and the closing of the merger, the market price of Veritas common stock or CGG ADSs may decrease, and you might otherwise want to sell your shares of Veritas common stock to gain access to cash, make other investments, or reduce the potential for a decrease in the value of your investment.

***Necessary consents and approvals from government entities may delay or prevent the closing of the merger or have a material adverse effect on CGG-Veritas.***

The merger is conditioned upon, among other things, the effectiveness of the Form F-4 registration statement, of which this proxy statement/ prospectus constitutes a part, and of the Form F-6 registration statement, and the approval (visa) of the note d information by the AMF, relating to the CGG ordinary shares underlying the CGG ADSs to be issued in connection with the merger. As a result, stockholders face the risk that, if the effectiveness and approval are not obtained, the closing of the merger would be delayed for a significant period of time or the merger would not be completed.

Although the merger is deemed authorized by the Norwegian antitrust authority, the HSR waiting period for the merger has terminated and the CFIUS has concluded action having found no national security issues sufficient to warrant further investigation, CGG and Veritas have each submitted filings to the Brazilian and UK antitrust authorities that remain outstanding. CGG and Veritas have also answered questions posed by the Australian antitrust authority. While the approval of these authorities is not required to complete the merger, the authorities may prohibit the integration of CGG and Veritas between the effective time of the merger and the date of receipt of these approvals and as part of the approvals may impose remedies that could materially adversely affect the business or financial condition of the combined company. Governmental authorities may require divestitures relating to operations or assets of CGG-Veritas, or commitments from CGG-Veritas that may have a negative impact on the businesses and operations of the combined company, or may reduce the anticipated benefits of the merger. See The Merger Agreement Conditions to the Consummation of the Merger Antitrust Approvals.

**Table of Contents**

***Any delay in completing the merger may substantially reduce the benefits expected to be obtained from the merger.***

In addition to obtaining the required regulatory clearances and approvals, the merger is subject to a number of other conditions beyond the control of Veritas and CGG that may prevent, delay or otherwise materially adversely affect its completion. See The Merger Agreement Conditions to Completion of the Merger. CGG and Veritas cannot predict whether and when these other conditions will be satisfied. Further, the requirements for obtaining the required clearances and approvals could delay the effective time of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger may materially adversely affect the synergies and other benefits that CGG and Veritas expect to achieve if the merger and the integration of their respective businesses is completed within the expected timeframe.

***CGG and Veritas will incur substantial transaction and merger-related costs in connection with the merger.***

CGG and Veritas expect to incur a number of non-recurring transaction fees and other costs associated with completing the merger, combining the operations of the two companies and achieving desired synergies. These fees and costs will be substantial. Additional unanticipated costs may be incurred in the integration of the businesses of CGG and Veritas. Although CGG and Veritas expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of their businesses will offset the incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

***The businesses and technologies of CGG and Veritas, as well as other businesses or technologies that the combined company may acquire, may be difficult to integrate, disrupt the combined company's business, dilute shareholder value or divert management attention.***

Risks the combined company could face with respect to the combination between CGG and Veritas, as well as other recent and future acquisitions include:

difficulties in the integration of the operations, technologies, products and personnel of the acquired company;

diversion of management's attention away from other business concerns; and

the assumption of any undisclosed or other potential liabilities of the acquired company.

In addition to the proposed merger with Veritas, CGG has undertaken several recent acquisitions, including the purchase of several manufacturers of seismic products in 2004 that expanded Sercel's product line, the acquisition of Exploration Resources ASA, a Norwegian company, in September 2005 and the acquisition by Sercel of Vibration Technologies Limited, a Scottish company, on September 28, 2006. The risks associated with acquisitions could have a material adverse effect upon the combined company's business, financial condition and results of operations.

***The pendency of the merger could materially adversely affect the future business and operations of Veritas or CGG.***

In connection with the pending merger, some customers and strategic partners of each of Veritas and CGG may delay or defer decisions relating to their ongoing and future relationships with Veritas or CGG, which could negatively affect revenues, earnings and cash flows of Veritas or CGG, as well as the market prices of shares of Veritas common stock or CGG ADSs, regardless of whether the merger is completed.



**Table of Contents**

***Directors and executive officers of Veritas may have potential conflicts of interest in recommending that you vote to adopt the merger agreement.***

Executive officers of Veritas negotiated the terms of the merger agreement and the Veritas board of directors unanimously approved the merger agreement and unanimously recommends that you vote in favor of the proposal to adopt the merger agreement. These directors and executive officers may have interests in the merger that are different from, or in addition to or in conflict with, yours. You should take into account such interests when you consider the Veritas board of directors' recommendation that you vote for adoption of the merger agreement.

These interests include:

the continued employment of certain executive officers of Veritas by CGG-Veritas;

the continued positions of certain directors of Veritas as directors of CGG-Veritas;

employment agreements with certain executive officers of Veritas, which may require lump sum payments within two years after a change of control of Veritas;

the accelerated vesting of, and payment in the merger with respect to, certain restricted stock units and stock options and lapse of restrictions on restricted shares for certain directors and executive officers; and

the indemnification of former Veritas directors and officers by the combined company described under "The Merger - Interests of the Directors and Executive Officers of Veritas in the Merger - Indemnification and Insurance."

As a result of these interests, these directors and executive officers may be more likely to support and to vote to adopt the merger agreement than if they did not have these interests. For a discussion of the interests of directors and executive officers in the merger, see "The Merger - Interests of the Directors and Executive Officers of Veritas in the Merger."

***In certain circumstances, the merger agreement requires payment of a termination fee of \$85 million by Veritas to CGG and, under certain circumstances, Veritas must allow CGG three business days to match any alternative acquisition proposal prior to any change in the Veritas board's recommendation. These terms could affect the decisions of a third party proposing an alternative transaction to the merger.***

Under the merger agreement, Veritas may be required to pay to CGG a termination fee of \$85 million if the merger agreement is terminated under certain circumstances. Should the merger agreement be terminated in circumstances under which such a termination fee is payable, the payment of this fee could have material and adverse consequences to Veritas' financial condition and operations after such time. Additionally, under the merger agreement, in the event of a superior acquisition proposal being made to Veritas by another party, Veritas must allow CGG a three business day period to make a revised proposal in response to the superior acquisition proposal, prior to which the Veritas board of directors may not change its recommendation with respect to the merger agreement. Even if the Veritas board of directors changes its recommendation of the merger, Veritas is required under the merger agreement to submit the merger agreement to its stockholders for adoption unless CGG decides to terminate the merger agreement. These terms could affect the structure, pricing and terms proposed by other parties seeking to acquire or merge with Veritas, and could make it more difficult for another party to make a superior acquisition proposal for Veritas. For a description of the termination rights of each party and the termination fee payable by Veritas under the merger agreement, see "The Merger Agreement - Termination of the Merger Agreement."

**Table of Contents**

**Risk Factors Relating to CGG-Veritas Following the Merger**

***The combined company may fail to realize the anticipated synergies and other benefits expected from the merger, which may materially adversely affect the value of CGG ordinary shares and CGG ADSs after the effective time of the merger.***

The merger involves the integration of CGG and Veritas, two companies that have previously operated independently and as competitors. CGG and Veritas entered into the merger agreement with the expectation that, among other things, the merger would enable the combined company to achieve expected cost synergies from having one rather than two public companies as well as the redeployment of support resources towards operations and premises rationalization.

Delays encountered by the combined company in the transition process could have a material adverse effect on the revenues, expenses, operating results and financial condition of the combined company. Although CGG and Veritas expect to realize significant benefits from the merger, there can be no assurance that CGG-Veritas will actually achieve these anticipated benefits.

The value of the CGG ordinary shares and the CGG ADSs following the effective time of the merger may be affected by the ability of the combined company to achieve the benefits expected to result from the effective time of the merger. Achieving the benefits of the merger will depend in part upon meeting the challenges inherent in the successful combination and integration of global business enterprises of the size and scope of CGG and Veritas and the possible resulting diversion of management attention for an extended period of time. There can be no assurance that the combined company will meet these challenges and that such diversion will not negatively affect the operations of the combined company following the merger.

***Uncertainties associated with the merger may cause a loss of employees and may otherwise materially adversely affect the future business and operations of CGG-Veritas.***

CGG-Veritas' future results of operations will depend in part upon its ability to retain existing highly skilled and qualified employees of CGG and Veritas and to attract new employees. A number of CGG's and Veritas' employees are highly skilled scientists and highly trained technicians, and failure by the combined company to continue to attract and retain such individuals could materially adversely affect its ability to compete in the geophysical services industry. In addition, current and prospective employees of CGG and Veritas may experience uncertainty about their post-merger roles with CGG-Veritas following the effective time of the merger. This uncertainty may materially adversely affect the ability of each of CGG and Veritas to attract and retain key management, sales, marketing, technical and other personnel. In addition, key employees may depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with CGG-Veritas following the merger. Accordingly, no assurance can be given that CGG-Veritas will be able to attract or retain key employees of CGG and Veritas to the same extent that CGG and Veritas have been able to attract or retain their own employees in the past.

CGG and Veritas compete with other seismic products and services companies and, to a lesser extent, companies in the oil industry for skilled geophysical and seismic personnel, particularly in times, such as the present, when demand for seismic services is relatively high. A limited number of such skilled personnel is available, and demand from other companies may limit the combined company's ability to fill its human resources needs. Any inability of CGG-Veritas following the effective time of the merger to hire, train and retain a sufficient number of qualified employees could impair its ability to manage and maintain its business and to develop and protect its know-how. In addition, CGG-Veritas' success will depend to a significant extent upon the abilities and efforts of members of its senior management, the loss of whom could materially adversely affect its business.

**Table of Contents*****The trading price of CGG ADSs may be affected by factors different from those affecting the price of shares of Veritas common stock.***

At the effective time of the merger, holders of shares of Veritas common stock may become holders of CGG ADSs. The results of operations of the combined company, as well as the trading price of CGG ADSs after the effective time of the merger, may be affected by factors different from those currently affecting Veritas results of operations and the trading price of shares of Veritas common stock. For a discussion of the businesses of CGG and Veritas and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this proxy statement/ prospectus and referred to under Additional Information Where You Can Find More Information.

***Because some existing holders of CGG ordinary shares are entitled to two votes for every share they hold, the percentage of the voting rights of the combined company that you will own immediately after the effective time of the merger will be less than the percentage of the outstanding share capital of the combined company that you will own.***

Under CGG's articles of association and bylaws (*statuts*), holders of CGG ordinary shares who have held their shares in the same registered name for at least two consecutive years have the right to two votes for every share so held. In general, the CGG ordinary shares underlying CGG ADSs will be held in bearer form unless the holder thereof notifies the depositary in writing that the CGG ordinary shares should be held in registered form. As a result, new holders of CGG ordinary shares (including CGG ordinary shares represented by CGG ADSs), including former holders of shares of Veritas common stock who receive CGG ADSs pursuant to the merger, will qualify to obtain double-voting rights only after holding those CGG ADSs in the same registered name for two years after giving such notice. As of September 30, 2006, 1,412,798 CGG ordinary shares carried double-voting rights, representing approximately 8% of CGG's outstanding share capital and approximately 15% of CGG's voting rights. If the merger is consummated, immediately after the effective time of the merger, former holders of shares of Veritas common stock are expected to own approximately 36% of the combined company's outstanding share capital and approximately 35% of the combined company's voting rights (based on the outstanding shares of Veritas common stock on July 31, 2006 and the maximum number of additional shares of Veritas common stock that may be issued in accordance with the merger agreement pursuant to the exercise of outstanding Veritas stock options or the conversion of the Veritas convertible bonds or otherwise). Therefore, because some existing holders of CGG ordinary shares currently have double voting rights and you will not be eligible for double voting rights under CGG's articles of association until a later time (if at all), the percentage of the combined company's voting rights that you will have immediately after the effective time of the merger will be less than the percentage of the combined company's outstanding share capital that you own immediately after the effective time of the merger.

***CGG is a foreign private issuer under the Exchange Act and the rules and regulations of the SEC and, thus, is exempt from certain rules and requirements under the Exchange Act and is permitted to file less information with the SEC than a company incorporated in the United States or a non-foreign private issuer.***

As a foreign private issuer under the Exchange Act, CGG is exempt from certain rules and requirements under the Exchange Act, including the proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations. Moreover, CGG is not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies with securities registered under the Exchange Act; is not required to file financial statements prepared in accordance with U.S. GAAP (although it is required to reconcile its financial statements to U.S. GAAP); and is not required to comply with Regulation FD, which imposes certain restrictions on the selective disclosure of material information. In addition, CGG's officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of CGG ordinary shares. Accordingly, although the covenants contained in CGG's senior notes require CGG to furnish to the SEC a greater

**Table of Contents**

level of financial and non-financial information than the Exchange Act requires of foreign private issuers for so long as such senior notes remain outstanding, after the effective time of the merger, if you continue to hold CGG ADSs and for so long as the combined company remains a foreign private issuer, you may receive less information about the combined company than you currently receive about Veritas, and be afforded less protection under the U.S. federal securities laws than you are currently afforded. See Questions and Answers About the Merger and the Veritas Special Stockholders Meeting What are the implications of CGG being a foreign private issuer? . If the combined company loses its status as a foreign private issuer, it will no longer be exempt from such rules and, among other things, will be required to file periodic reports and financial statements as if it were a company incorporated in the United States. The costs incurred in fulfilling these additional regulatory requirements could be substantial.

***The combined company's results of operations may be significantly affected by currency fluctuations.***

The combined company will derive a substantial amount of its revenues from sales internationally, subjecting it to risks relating to fluctuations in currency exchange rates. The combined company's revenues and expenses will be denominated in currencies including the euro, the U.S. dollar and, to a significantly lesser extent, other non-euro Western European currencies, principally the British pound and the Norwegian kroner. Historically, a significant portion of CGG's revenues that were invoiced in euros related to contracts that were effectively priced in U.S. dollars, as the U.S. dollar often serves as the reference currency when bidding for contracts to provide geophysical services. CGG's exposure to fluctuations in the euro/ U.S. dollar exchange rate has increased considerably over the last few years due to increased sales outside of Europe.

Fluctuations in the exchange rate of the euro against such other currencies, particularly the U.S. dollar, can be expected in future periods to have a significant effect upon the combined company's results of operations, which will be reported in euros. Since the combined company will participate in competitive bids for data acquisition contracts that are denominated in U.S. dollars, a depreciation of the U.S. dollar against the euro harms its competitive position against companies whose costs and expenses are denominated in U.S. dollars. For financial reporting purposes, such depreciation will negatively affect the combined company's reported results of operations since U.S. dollar-denominated earnings that are converted to euros are stated at a decreased value. While CGG has in the past attempted to reduce the risks associated with such exchange rate fluctuations through its hedging policy, neither CGG nor Veritas can assure you that the combined company will be effective or that fluctuations in the values of the currencies in which it operates will not materially adversely affect its future results of operations.

***CGG and Veritas have had losses in the past and cannot assure that the combined company will be profitable in the future.***

CGG recorded net losses in 2004 and 2005 (attributable to shareholders) of 6.4 million and 7.8 million, respectively, although excluding the accounting impact under IFRS of its 7.75% subordinated convertible bonds due 2012 denominated in U.S. dollars, its net income would have been positive. Veritas recorded a net loss of \$59.1 million in its fiscal year 2003. Neither CGG nor Veritas can assure you that the combined company will be profitable in the future.

***The combined company will be subject to risks related to its international operations that could harm its business and results of operations.***

With operations worldwide, and with a majority of its revenues likely to be derived outside of the United States and Western Europe, including in emerging markets, CGG-Veritas' business and results of operations will be subject to various risks inherent in international operations. These risks include:

instability of foreign economies and governments;

risks of war, terrorism, civil disturbance, seizure, renegotiation or nullification of existing contracts; and

**Table of Contents**

foreign exchange restrictions, sanctions and other laws and policies affecting taxation, trade and investment.

The combined company will be exposed to these risks in all of its foreign operations to some degree, and its exposure could be material to its financial condition and results of operations in emerging markets where the political and legal environment is less stable.

While the combined company expects to carry insurance against political risks associated with such operations in amounts they consider appropriate in accordance with industry practices, neither CGG nor Veritas can assure you that the combined company will not be subject to material adverse developments with respect to its international operations or that its coverage will be adequate to cover it for any losses arising from such risks.

Revenue generating activities in certain foreign countries may require prior United States government approval in the form of an export license and may otherwise be subject to tariffs and import/export restrictions. These laws can change over time and may result in limitations on the combined company's ability to compete globally. In addition, non-U.S. persons employed by the combined company's separately incorporated non-U.S. entities will conduct business in some foreign jurisdictions that have been subject to U.S. trade embargoes and sanctions by the U.S. Office of Foreign Assets Control. CGG and Veritas have typically generated revenue in these countries through the performance of data processing, reservoir consulting services and the sale of software licenses and software maintenance. CGG and Veritas have relations with customers in these countries which are current and ongoing. CGG and Veritas do, and the combined company will, have procedures in place to conduct these operations in compliance with applicable U.S. laws. However, failure to comply with U.S. laws on foreign operations could result in material fines and penalties, damage to the combined company's reputation, and a reduction in the value of CGG ordinary shares and CGG ADSs. In addition, the combined company's activities in these countries could reduce demand for its securities among certain investors.

CGG, Veritas and certain of their respective subsidiaries and affiliated entities also conduct business in countries which experience government corruption and in countries subject to U.S. government sanctions. They are committed, and they expect the combined company to be committed, to doing business in accordance with all applicable laws and their codes of ethics, but there is a risk that the combined company, its subsidiaries or affiliated entities or its respective officers, directors, employees and agents may take action in violation of applicable laws, including the Foreign Corrupt Practices Act of 1977 or laws administered by the U.S. Office of Foreign Assets Control. Any such violations could result in substantial civil and/or criminal penalties and might materially adversely affect the combined company's business and results of operations or financial condition.

***CGG-Veritas will invest significant amounts of money in acquiring and processing seismic data for multi-client surveys and for its data library without knowing precisely how much of the data it will be able to sell or when and at what price it will be able to sell the data.***

CGG-Veritas will invest significant amounts of money in acquiring and processing seismic data that it will own. By making such investments, the combined company exposes itself to risks that:

may not fully recover the costs of acquiring and processing the data through future sales. The amounts of these data sales are uncertain and depend on a variety of factors, many of which are beyond its control. In addition, the timing of these sales is unpredictable and sales can vary greatly from period to period. Technological or regulatory changes or other developments could also materially adversely affect the value of the data;

value of its multi-client data could be significantly adversely affected if any material adverse change occurred in the general prospects for oil and gas exploration, development and production activities in the areas where it acquires multi-client data; and

reduction in the market value of such data will require the combined company to write down its recorded value, which could have a significant material adverse effect on its results of operations.

**Table of Contents**

For example, in its fiscal years 2003 and 2002, Veritas incurred \$4.9 million and \$55.3 million, respectively, in impairment charges related to surveys which generated relatively low levels of sales in its multi-client library. These surveys were found to be impaired for various reasons, including slow acreage turnover in the case of U.S. land surveys, a border dispute in the case of a Shetland-Faroes survey and excessive acquisition cost in the case of a Gulf of Mexico survey. In addition, a decision by the Norwegian government on March 31, 2006 not to award exploration-production licenses in the area where one of CGG's surveys is located (Moere) changed CGG's previous estimate of future sales, and caused this 4.6 million survey to be fully depreciated at March 31, 2006. Additionally, each of the individual surveys of CGG-Veritas will have a minimum book life based on its location, so particular surveys may be subject to significant amortization even though sales of licenses associated with that survey are weak or non-existent, thus reducing profits of the combined company.

***CGG-Veritas working capital needs are difficult to forecast and may vary significantly, which could result in additional financing requirements that it may not be able to meet on satisfactory terms, or at all.***

It will be difficult for the combined company to predict with certainty its working capital needs. This difficulty is due primarily to working capital requirements related to the marine seismic acquisition business and related to the development and introduction of new lines of geophysical equipment products. For example, under specific circumstances, the combined company may extend the length of payment terms it grants to customers or increase its inventories substantially. The combined company may therefore be subject to significant and rapid increases in its working capital needs that it may have difficulty financing on satisfactory terms, or at all, due to limitations in its debt agreements.

***Technological changes and new products and services are frequently introduced in the market, and the combined company's technology could be rendered obsolete by these introductions or it may not be able to develop and produce new and enhanced products on a cost-effective and timely basis.***

Technology changes rapidly in the seismic industry, and new and enhanced products are frequently introduced in the market for CGG's and Veritas' products and services, particularly in CGG's equipment manufacturing and data processing and geosciences sectors. The combined company's success will depend to a significant extent upon its ability to develop and produce new and enhanced products and services on a cost-effective and timely basis in accordance with industry demands. While the combined company will commit substantial resources to research and development, neither CGG nor Veritas can assure you that the combined company will not encounter resource constraints or technical or other difficulties that could delay the introduction of new and enhanced products and services in the future. In addition, the continuing development of new products inherently carries the risk of obsolescence with respect to the combined company's older products. Neither CGG nor Veritas can assure you that new and enhanced products and services, if introduced, will gain market acceptance or will not be materially adversely affected by technological changes or product or service introductions by one of the combined company's competitors.

***The combined company will depend on proprietary technology and will be exposed to risks associated with the misappropriation or infringement of that technology.***

The results of operations of CGG-Veritas will depend in part upon its proprietary technology. The combined company will rely on a combination of patents, trademarks and trade secret laws to establish and protect its proprietary technology. CGG currently holds or has applied for 118 patents and Veritas currently holds or has applied for 15 patents in various countries for products and processes. These patents last between four and twenty years, depending on the date of filing and the protection accorded by each country. In addition, the combined company will enter into confidentiality and license agreements with its employees, customers and potential customers and limit access to and distribution of its technology. However, neither CGG nor Veritas can assure you that actions the combined company takes to protect its proprietary rights will be adequate to protect this technology or to deter the misappropriation or independent third-party development of its technology. Although neither CGG nor Veritas has been

## **Table of Contents**

involved in any material litigation regarding its intellectual property rights or the possible infringement of intellectual property rights of others, it cannot assure you that such litigation will not be brought in the future. In addition, the laws of certain foreign countries do not protect proprietary rights to the same extent as either the laws of France or the laws of the United States, which may limit the combined company's ability to pursue third parties that misappropriate its proprietary technology.

***The combined company will rely on significant customers, so the loss of a single customer or a few customers could have a material adverse effect on its operating revenues and business.***

A relatively small number of clients will account for a significant percentage of the combined company's revenues. The loss of a significant amount of the business of any of these clients could have a material adverse effect on the combined company's operating revenues and business.

***The nature of the combined company's business will subject it to significant ongoing operating risks for which it may not have adequate insurance or for which it may not be able to procure adequate insurance on economical terms, if at all.***

The combined company's seismic data acquisition activities, particularly in deepwater marine areas, are often conducted under harsh weather and other hazardous conditions. These operations are subject to risks of loss to property and injury to personnel from fires, accidental explosions, ice floes and high seas. These types of events could result in loss from business interruption, delay, equipment destruction or liability. CGG and Veritas expect that the combined company will carry insurance against the destruction of or damage to its seismic equipment and against business interruption for its data processing activities in amounts it considers appropriate in accordance with industry practice. However, neither CGG nor Veritas can assure you that CGG-Veritas' insurance coverage will be adequate in all circumstances or against all hazards, or that the combined company will be able to maintain adequate insurance coverage in the future at commercially reasonable rates or on acceptable terms.

***Compliance with internal controls procedures and evaluations and attestation requirements will require significant efforts and resources and may result in the identification of significant deficiencies or material weaknesses of CGG.***

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, CGG will be required, for 2006, as a foreign private issuer, to perform an evaluation of its internal controls over financial reporting and have its independent auditors publicly disclose their conclusions regarding such evaluation. CGG began in 2006 to establish procedures in order to comply with Section 404 in the timeframe permitted under the regulations of the SEC, although as of the date of this proxy statement/prospectus, CGG has not yet finalized these procedures. CGG and Veritas expect that establishing procedures and ensuring compliance with these requirements will be a substantial and time-consuming process. If CGG fails to complete these procedures and the required evaluation in a timely manner, or if its independent auditors cannot attest to its evaluation in a timely manner, it could be subject to regulatory review and penalties that may result in a loss of public confidence in its internal controls. In addition, CGG may uncover significant deficiencies or material weaknesses in its internal controls. Measures taken by it to remedy these issues may require significant efforts, dedicated time and expenses, as well as the commitment of significant managerial resources. Each of these circumstances may have a material adverse effect on the combined company's business, ability to raise financing for its business, financial condition and results of operations or the market price of the CGG ADSs.

### **Risks Related to the Industry**

***The combined company will depend on capital expenditures by the oil and gas industry, and reductions in such expenditures in the future may have a material adverse effect on its business.***

Demand for the products and services of CGG and Veritas has historically been dependent upon the level of capital expenditures by oil and gas companies for exploration, production and development

**Table of Contents**

activities. These expenditures are significantly influenced by oil and gas prices and by expectations regarding future oil and gas prices. Oil and gas prices may fluctuate based on relatively minor changes in the supply of and demand for oil and gas, expectations regarding future supply of and demand for oil and gas and certain other factors beyond the combined company's control. Lower or volatile oil and gas prices tend to limit the demand for seismic services and products.

Factors affecting the prices of oil and gas include:

demand for oil, natural gas and natural gas liquids;

worldwide political, military and economic conditions, including political developments in the Middle East, economic growth levels and the ability of OPEC to set and maintain production levels and prices for oil;

levels of oil and gas production;

the price and availability of alternative fuels;

policies of governments regarding the exploration for and production and development of oil and gas reserves in their territories; and

global weather conditions.

Although oil and gas prices are currently at or near historical highs, which generally increases demand for seismic products and services, the markets for oil and gas historically have been volatile and are likely to continue to be so in the future.

CGG and Veritas believe that global geopolitical uncertainty or uncertainty in the Middle Eastern producing regions (where both CGG and Veritas are particularly active) could lead oil companies to suddenly delay or cancel current geophysical projects. Any events that affect worldwide oil and gas supply, demand or prices or that generate uncertainty in the market could reduce exploration and development activities and materially adversely affect the operations of the combined company. Neither CGG nor Veritas can assure you as to future oil and gas prices or the resulting level of industry spending for exploration, production and development activities.

***The combined company will be subject to intense competition, which could limit its ability to maintain or increase its market share or to maintain its prices at profitable levels.***

Most of CGG's and Veritas' contracts are, and most of the combined company's contracts will be, obtained through a competitive bidding process, which is standard for the seismic services industry in which they operate. Competitive factors in recent years have included price, crew availability, technological expertise and reputation for quality, safety and dependability. While no single company will compete with the combined company in all of its segments, CGG-Veritas will be subject to intense competition in each of its segments. The combined company will compete with large, international companies as well as smaller, local companies. In addition, it will compete with major service providers and government-sponsored enterprises and affiliates. Some of the combined company's competitors will operate more data acquisition crews than it does and have substantially greater financial and other resources. These and other competitors may be better positioned to withstand and adjust more quickly to volatile market conditions, such as fluctuations in oil and gas prices and production levels, as well as changes in government regulations. In addition, if geophysical service competitors increase their capacity in the future (or do not reduce capacity if demand decreases), the excess supply in the seismic services market could apply downward pressure on prices.

***CGG-Veritas will have high levels of fixed costs that will be incurred regardless of its level of business activity.***

The business of the combined company will have high fixed costs. As a result, downtime or low productivity due to reduced demand, weather interruptions, equipment failures or other causes could result



**Table of Contents**

in significant operating losses. Low utilization rates may hamper its ability to recover the cost of necessary capital investments.

***The land and marine seismic acquisition revenues of CGG-Veritas may vary significantly during the year.***

The combined company's land and marine seismic acquisition revenues will be partially seasonal in nature. The offshore data acquisition business is, by its nature, exposed to unproductive interim periods due to necessary repairs or transit time from one operational zone to another during which revenue is usually not recognized. Other factors that cause variations from quarter to quarter include the effects of weather conditions in a given operating area, the internal budgeting process of some important clients relative to their exploration expenses, the timing of the receipt and commencement of contracts for data acquisition, the timing of offshore lease sales and the effect of such timing on the demand for geophysical activities and the timing of sales of licenses to geophysical data in its multi-client data library, which may be significant and which are not typically made in a linear or consistent pattern. Together with the combined company's high fixed costs, these revenue fluctuations could produce unexpected material adverse effects on the results of operations in any fiscal period.

***The combined company's business will be subject to governmental regulation, which may materially adversely affect its future operations.***

The combined company's operations will be subject to a variety of federal, provincial, state, foreign and local laws and regulations, including environmental laws. The combined company will need to invest financial and managerial resources to comply with these laws and related permit requirements. Failure to timely obtain the required permits may result in crew downtime and operating losses. Because laws and regulations change frequently, CGG and Veritas cannot predict the impact of government regulations on the future operations of the combined company. The adoption of laws and regulations that have the effect of curtailing exploration by oil and gas companies could also materially adversely affect the operations of the combined company by reducing the demand for its geophysical products and services.

**Risks Related to the Combined Company's Indebtedness*****CGG-Veritas' substantial debt after the effective time of the merger could materially adversely affect its financial health and prevent it from fulfilling its obligations.***

CGG-Veritas will have a significant amount of debt after the effective time of the merger. As of June 30, 2006, on a pro forma basis to reflect the merger and CGG's borrowing under the bridge loan facility to finance the cash component of the merger consideration and assuming the bridge loan facility is fully drawn, the combined company's total financial debt, total assets and shareholders' equity would have been 1,611 million, 4,307 million and 1,977 million, respectively, under IFRS. CGG may also enter into arrangements to borrow the cash amounts that CGG-Veritas will be required to pay to holders of Veritas convertible bonds who convert after the merger, which cash amounts CGG estimates could be as much as \$165 million (depending on the extent to which the merger consideration that a holder of Veritas no election shares would receive consists of cash assuming a hypothetical average CGG ADS value of \$33.33, which was the closing price of CGG ADSs on August 29, 2006). The maximum cash amount will increase as the average CGG ADS value increases.

CGG-Veritas' substantial debt could have important consequences. In particular, it could:

- increase its vulnerability to general adverse economic and industry conditions;

- require it to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes;

- limit its flexibility in planning for, or reacting to, changes in its businesses and the industries in which it will operate;

**Table of Contents**

place it at a competitive disadvantage compared to its competitors that have less debt; and

limit, along with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds.

***CGG s and Veritas debt agreements contain restrictive covenants that may limit the ability of CGG-Veritas to respond to changes in market conditions or pursue business opportunities.***

The indentures governing CGG s senior notes and Veritas convertible notes and the agreements governing both companies syndicated credit facilities (including the \$1.6 billion bridge loan facility expected to finance the cash component of the merger consideration) contain restrictive covenants that will limit the combined company s ability and the ability of certain of its subsidiaries to, among other things:

incur or guarantee additional indebtedness or issue preferred shares;

pay dividends or make other distributions;

purchase equity interests or redeem subordinated indebtedness early;

create or incur certain liens;

enter into transactions with affiliates;

issue or sell capital stock of subsidiaries;

engage in sale-and-leaseback transactions; and

sell assets or merge or consolidate with another company.

Complying with the restrictions contained in some of these covenants will require the combined company to meet certain ratios and tests, notably with respect to consolidated interest coverage, total assets, net debt, equity and net income. The requirement that CGG-Veritas comply with these provisions may materially adversely affect its ability to react to changes in market conditions, take advantage of business opportunities it believes to be desirable, obtain future financing, fund needed capital expenditures, finance its equipment purchases, increase research and development expenditures, or withstand a continuing or future downturn in its business.

***If CGG-Veritas is unable to comply with the restrictions and covenants in the indentures and debt agreements governing CGG s and Veritas notes and other debt, there could be a default under the terms of these indentures and agreements, which could result in an acceleration of payment of funds that CGG and Veritas have borrowed.***

If CGG-Veritas is unable to comply with the restrictions and covenants in the indentures governing CGG s and Veritas notes or in current or future debt agreements, there could be a default under the terms of these indentures and agreements. CGG-Veritas ability to comply with these restrictions and covenants, including meeting financial ratios and tests, may be affected by events beyond its control. As a result, CGG-Veritas cannot assure you that CGG-Veritas will be able to comply with these restrictions and covenants or meet these tests. In the event of a default under these agreements, lenders could terminate their commitments to lend or accelerate the loans and declare all amounts borrowed due and payable. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable. If any of these events occur, the assets of CGG-Veritas might not be sufficient to repay in full all of its outstanding indebtedness and CGG-Veritas may be unable to find alternative financing. Even if CGG-Veritas could obtain alternative financing, it might not be on terms that are favorable or acceptable.

**Table of Contents**

***If CGG is unable to draw funds under its bridge loan facility, it will have to seek other financing to complete the merger, which financing may not be available or may be on less favorable terms.***

CGG has entered into a senior secured bridge loan facility with Credit Suisse International, as sole and exclusive lead arranger and sole and exclusive bookrunner, of up to \$1.6 billion to be made available to CGG and/or one or more of its subsidiaries reasonably acceptable to Credit Suisse International for purposes of, among other things, financing the cash portion of the merger consideration. See CGG Recent Developments Bridge Loan Facility. CGG's ability to draw on the bridge loan facility is subject to the satisfaction of certain conditions. Although CGG expects that it will be able to draw on the bridge loan facility, in the event CGG is unable to do so, CGG will be forced to seek substitute financing to raise the necessary funds to pay the cash portion of the merger consideration. Such substitute financing may be unavailable or may be on terms that are less favorable to CGG than under the bridge loan facility. Under the merger agreement, CGG's obligation to consummate the merger is not conditioned upon receipt or availability of financing.

***CGG-Veritas must repay its borrowings under the bridge loan facility within 18 to 24 months after the effective time of the merger, and replacement financing may not be available or may be on unfavorable terms to CGG-Veritas.***

CGG's senior secured bridge loan facility of up to \$1.6 billion for the purpose of, among other things, financing the cash portion of the merger consideration, must be repaid in full by CGG-Veritas in a single payment 18 months from the initial funding date, subject to a six-month extension at the sole option of a majority of lenders under the bridge loan facility. CGG currently intends to refinance amounts drawn under the bridge loan facility with borrowings by CGG-Veritas under new credit facilities and the proceeds of other debt. However, neither CGG nor Veritas can assure you that CGG-Veritas will be able to borrow amounts sufficient to refinance the bridge loan facility or repay the bridge loan facility when it becomes due. If CGG-Veritas is unable to refinance its borrowings under the bridge loan facility, it may have to restructure its indebtedness, sell assets, reduce or delay capital investments or raise additional capital. CGG-Veritas may also issue equity, which could be dilutive to CGG-Veritas shareholders. Neither CGG nor Veritas can assure you that any debt restructuring would be possible, that any assets could be sold or, if sold, the timing of the sales and the amount of proceeds realized from those sales, or that alternative financing could be obtained. Even if alternative financing is available to CGG-Veritas, it may be on terms that are not favorable to CGG-Veritas and/or its shareholders and may be less favorable than under the bridge loan facility.

***Rating agencies could downgrade their corporate or debt ratings for CGG or Veritas before the effective time of the merger or CGG-Veritas after the effective time of the merger. Such downgrades could have a material adverse effect on the cost of financing.***

Some rating agencies that provide corporate ratings on CGG or Veritas or provide ratings on their debts may downgrade their corporate or debt ratings with respect to one company or both companies in light of the pending merger and the financing thereof. In addition, some rating agencies may give a lower corporate or debt rating to CGG-Veritas after the effective time of the merger than to either CGG or Veritas before the merger. A downgrade could materially adversely affect the ability of CGG-Veritas to finance their operations, including increasing the cost of obtaining financing under existing or future facilities or debt securities.

***CGG-Veritas and its subsidiaries may incur substantially more debt.***

CGG-Veritas and its subsidiaries may incur substantial additional debt (including secured debt) in the future. As of September 30, 2006, CGG had no outstanding borrowings under its U.S. \$60 million syndicated credit facility (which has since been permanently reduced to U.S. \$20 million and which is expected to be terminated before the effective time of the merger), and had availability under all other credit facilities totaling 10.9 million. As of July 31, 2006, Veritas had no borrowing and \$3.8 million of outstanding letters of credit under its revolving credit facility, leaving \$81.2 million available under its

**Table of Contents**

revolving credit facility. In addition, CGG will borrow approximately \$1.6 billion under its bridge loan facility to finance the cash component of the merger consideration and expects to increase the amount of availability under its revolving credit facility. CGG may also enter into arrangements to borrow the cash amounts that CGG-Veritas will be required to pay to holders of Veritas convertible bonds who convert after the merger, which cash amounts CGG estimates could be as much as \$165 million (depending on the extent to which the merger consideration that a holder of Veritas no election shares would receive consists of cash assuming a hypothetical average CGG ADS value of \$33.33, which was the closing price of CGG ADSs on August 29, 2006). The maximum cash amount will increase as the average CGG ADS value increases. If new debt is added to the current debt levels of CGG, Veritas and their respective subsidiaries, the related risks for the combined company could intensify.

***To service its indebtedness, the combined company will require a significant amount of cash, and its ability to generate cash will depend on many factors beyond its control.***

CGG-Veritas' ability to make payments on and to refinance its indebtedness, and to fund planned capital expenditures will partly depend on its ability to generate cash in the future. This ability is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control.

Neither CGG nor Veritas can assure you that the combined company will generate sufficient cash flow from operations, that it will realize operating improvements on schedule or that future borrowings will be available to it in an amount sufficient to enable it to service and repay its indebtedness or to fund its other liquidity needs. If it is unable to satisfy its debt obligations, it may have to undertake alternative financing plans, such as refinancing or restructuring its indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. Neither CGG nor Veritas can assure you that any refinancing or debt restructuring would be possible, that any assets could be sold or that, if sold, the timing of the sales and the amount of proceeds realized from those sales, or that additional financing could be obtained on acceptable terms.

***CGG-Veritas' results of operation could be materially adversely affected by changes in interest rates.***

The combined company's sources of liquidity include credit facilities and debt securities which are or may be subject to variable interest rates. In particular, CGG's \$1.6 billion bridge loan facility to finance the cash component of the merger consideration charges interest based on U.S. dollar LIBOR. As a result, the combined company's interest expenses could increase significantly if short-term interest rates increase.

**Table of Contents**

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This proxy statement/ prospectus, including information included or incorporated by reference in this proxy statement/ prospectus, may contain certain forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, the words expects, anticipates, targets, goals, projects, intentions, plans, believes, seeks, estimates, variations of such words and similar expressions identify forward-looking statements and any statements regarding the benefits of the merger, or CGG's or Veritas' future financial condition, results of operations and business are also forward-looking statements. Without limiting the generality of the preceding sentence, certain statements contained in the sections The Merger Background of the Merger, The Merger Recommendation of the Veritas Board of Directors and Its Reasons for the Merger and The Merger CGG's Reasons for the Merger constitute forward-looking statements.

These forward-looking statements involve certain risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following factors:

- the ability to consummate the merger;
- the ability to draw on the bridge loan facility;
- the ability to finance operations on acceptable terms;
- difficulties and delays in obtaining regulatory approvals for the merger;
- difficulties and delays in achieving synergies and cost savings;
- potential difficulties in meeting conditions set forth in the merger agreement;
- changes in international economic and political conditions, and in particular in oil and gas prices;
- exposure to the credit risk of customers;
- the social, political and economic risks of the global operations of CGG and Veritas;
- the costs and risks associated with pension and post-retirement benefit obligations;
- the complexity of products sold;
- changes to existing regulations or technical standards;
- existing and future litigation;
- difficulties and costs in protecting intellectual property rights and exposure to infringement claims by others; and
- compliance with environmental, health and safety laws.

Any forward-looking statements in this proxy statement/ prospectus are not guarantees of future performance, and actual results, developments and business decisions may differ from those contemplated by those forward-looking statements, possibly materially. Except as otherwise required by applicable law, CGG and Veritas disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section. See also Additional Information Where You Can Find More Information.



**Table of Contents**

**CGG RECENT DEVELOPMENTS**

**CGG Ardiseis**

On March 27, 2006, CGG signed a Memorandum of Understanding with Industrialization & Energy Services Company (TAQA), its long-term Saudi Arabian partner in Argas (Arabian Geophysical and Surveying Company), which is 51% owned by TAQA and 49% by CGG. Following this agreement, on June 24, 2006, TAQA acquired 49% of the capital of CGG Ardiseis, a newly formed CGG subsidiary dedicated to land and shallow water seismic data acquisition in the Middle East, and CGG retained a 51% interest. CGG Ardiseis, whose headquarters are located in Dubai, provides its clients with the complete range of CGG land and shallow water seismic acquisition services, focusing on Eye-D, the latest CGG technology for full 3D seismic imaging. As part of the agreement, CGG Ardiseis activities in the Gulf Cooperation Council countries are exclusively operated by Argas.

**CGG Third Quarter Financial Results**

On November 15, 2006, CGG issued a press release reporting its financial results for the three months and nine months ended September 30, 2006, a copy of which was furnished to the SEC on Form 6-K on the same day and is incorporated by reference in this proxy statement/ prospectus.

**Backlog**

CGG's backlog at November 1, 2006 was U.S.\$1,101 million compared to U.S.\$756 million at November 1, 2005.

**Bridge Loan Facility**

On November 22, 2006, CGG entered into a senior secured bridge loan facility with Credit Suisse International, as sole and exclusive lead arranger and sole and exclusive bookrunner, of up to \$1.6 billion to be made available to CGG for the purposes of:

financing the cash component of the merger consideration,

repaying certain existing debt of Veritas, and

paying the fees and expenses incurred in connection with the foregoing.

The bridge loan facility may be drawn only in a single borrowing on the date of the merger and is payable in full by CGG-Veritas in a single payment 18 months from the initial funding date, subject to a six-month extension at the sole option of a majority of the lenders under the bridge loan facility. The commitment of Credit Suisse International will be held open until the earlier of the termination of the merger agreement, the consummation of the merger, or 5:00 p.m., London time, on April 15, 2007.

The bridge loan facility is guaranteed by all subsidiaries of CGG that have guaranteed CGG's senior notes, Volnay Acquisition Co. I, Volnay Acquisition Co. II and any future guarantors of CGG's senior notes or future refinancing facilities. CGG will pledge first-priority security in the shares of Volnay Acquisition Co. I and Volnay Acquisition Co. II, as well as material first-tier subsidiaries of Veritas, provided that no more than 66% of the voting equity interest of non-U.S. subsidiaries of Veritas will be required to be pledged as security to the extent that the pledge of any greater percentage would result in adverse tax consequences.

Borrowings under the bridge loan facility bear interest at the rate of LIBOR plus (i) the base margin (described below) during the first nine months after the funding of the bridge loan facility, (ii) the base margin plus 1.00% during the first three-month period thereafter and (iii) the base margin plus 2.00% during the remaining period (if any) to the maturity date. The base margin is based on the ratings of the bridge loan facility, or if the bridge loan facility is not rated, upon the ratings of CGG's senior notes, with a range from 3.75% to 5.50%.

CGG-Veritas is required to repay the principal upon a change of control of CGG or the sale of substantially all of the business of CGG and its subsidiaries (including, after the effective time of the

**Table of Contents**

merger, Veritas and its subsidiaries), and, subject to certain exceptions, with proceeds from disposals, debt issuances and insurance proceeds.

CGG-Veritas is required to adhere to certain financial covenants, including:

minimum operating results before interest and depreciation (ORBDA) to total net interest costs;

maximum total net debt to ORBDA; and

minimum ORBDA minus capital expenditure to total net interest costs.

CGG-Veritas is subject to affirmative and negative covenants that affect its ability, among other things, to borrow money, incur liens, dispose of assets and make acquisitions. Events of default under the bridge loan facility include, among other things, payment and covenant breaches, insolvency of CGG-Veritas or its subsidiaries and any material adverse change.

Drawing under the bridge loan facility is conditioned upon, among other things:

consummation of the merger substantially simultaneously with the closing of the bridge loan facility in accordance with applicable law and on the terms described in the merger agreement, with no material term or condition of the merger agreement having been waived or amended in any respect that is adverse to the interests of the lenders under the bridge loan facility without the consent of Credit Suisse International;

there not having occurred any event, change or condition since July 31, 2005 that, individually or in the aggregate, has had, or could reasonably be expected to have a material adverse effect on Veritas and its subsidiaries;

the provision of certain of CGG's and Veritas' audited and unaudited consolidated financial statements; and

the execution and/or delivery of definitive financing documentation.

If any of these conditions is not met and is not waived by Credit Suisse International, CGG will be unable to draw funds under the bridge loan agreement and will have to seek other financing to complete the merger. See Risk Factors Risks Related to the Combined Company's Indebtedness. Any such other financing could be on terms that are less favorable to CGG.

CGG intends to replace or refinance the bridge loan facility with between \$800 million and \$1 billion of financing pursuant to senior secured credit facilities and to refinance any remaining portion of the bridge loan facility with the proceeds of other debt. No commitment letters have been executed with respect to any replacement or refinancing of the bridge loan facility. No assurances can be given as to whether CGG-Veritas will be able to replace or refinance the bridge loan facility or as to what the terms of any such refinancing or replacement might be.

CGG may also enter into arrangements to borrow the cash amounts that CGG-Veritas will be required to pay to holders of Veritas convertible bonds who convert after the merger, which cash amounts CGG estimates could be as much as \$165 million (depending on the extent to which the merger consideration that a holder of Veritas no election shares would receive consists of cash assuming a hypothetical average CGG ADS value of \$33.33, which was the closing price of CGG ADSs on August 29, 2006). The maximum cash amount will increase as the average CGG ADS value increases.

CGG's existing \$60 million (currently amortized to \$20 million) syndicated revolving credit facility terminates on March 12, 2007 and is expected to be terminated before the effective time of the merger, if earlier.



**Table of Contents**

**THE VERITAS SPECIAL MEETING**

**Date, Time, Place and Purpose of the Veritas Special Meeting**

The special meeting of Veritas stockholders will be held on January 9, 2007, at 10:00 a.m., Houston time, at the offices of Veritas DGC, Inc., 10300 Town Park Drive, Houston, Texas 77072. The purpose of the Veritas special meeting is:

to consider and vote on the proposal to adopt the merger agreement; and

to transact any other business as may properly come before the Veritas special meeting or any adjournment or postponement of the Veritas special meeting.

The Veritas board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement. For the reasons for this recommendation, see The Merger Recommendation of the Veritas Board of Directors and Its Reasons for the Merger.

**Who Can Vote at the Veritas Special Meeting**

Only holders of record of Veritas common stock at the close of business on November 18, 2006, the record date, are entitled to notice of, and to vote at, the Veritas special meeting. As of that date, there were 36,193,953 shares of Veritas common stock outstanding and entitled to vote at the Veritas special meeting, held by approximately 732 stockholders of record. Each share of Veritas common stock is entitled to one vote at the Veritas special meeting.

**Vote Required for Approval; Quorum**

The affirmative vote of the holders of a majority of the shares of Veritas common stock entitled to vote at the special meeting outstanding as of the record date, voting as single class, either in person or by proxy, is necessary for the adoption of the merger agreement.

The holders of a majority of the total number of outstanding shares of Veritas common stock entitled to vote as of the record date, represented either in person or by proxy, will constitute a quorum at the Veritas special meeting for the conduct of business.

**Adjournments**

If no quorum of Veritas stockholders is present in person or by proxy at the Veritas special meeting, the Veritas special meeting may be adjourned from time to time until a quorum is present or represented. In addition, adjournments of the Veritas special meeting may be made for the purpose of soliciting additional proxies in favor of the proposal. However, no proxy that is voted against a proposal described in this proxy statement/prospectus will be voted in favor of adjournment of the Veritas special meeting for the purpose of soliciting additional proxies.

**Manner of Voting**

If you are a Veritas stockholder, you may submit your vote for or against the proposal submitted at the Veritas special meeting in person or by proxy. You may be able to submit a proxy in the following ways:

*Internet.* You may submit a proxy over the Internet by going to the website listed on your proxy card. Once at the website, follow the instructions to submit a proxy.

*Telephone.* You may submit a proxy using the toll-free number listed on your proxy card. Easy-to-follow voice prompts will help you and confirm that your submission instructions have been followed.

*Mail.* You may submit a proxy by signing, dating and returning your proxy card in the pre-addressed postage-paid envelope provided.

Please refer to your proxy card or the information forwarded by your bank, broker or other nominee to see which options are available to you.

## **Table of Contents**

The Internet and telephone proxy submission procedures are designed to authenticate stockholders and to allow you to confirm that your instructions have been properly recorded.

The method by which you submit a proxy will in no way limit your right to vote at the Veritas special meeting if you later decide to attend the meeting in person. If your shares of Veritas common stock are held in the name of a bank, broker or other nominee, you must obtain a proxy, executed in your favor, from the holder of record, to be able to vote at the Veritas special meeting.

All shares of Veritas common stock entitled to vote and represented by properly completed proxies received prior to the Veritas special meeting, and not revoked, will be voted at the Veritas special meeting as instructed on the proxies. **If you do not indicate how your shares of Veritas common stock should be voted on a matter, the shares of Veritas common stock represented by your properly completed proxy will be voted as the Veritas board of directors recommends and therefore, FOR the adoption of the merger agreement.**

### **Revoking a Proxy**

You may revoke your proxy at any time before it is exercised by timely delivering a properly executed, later-dated proxy (including over the Internet or telephone) or by voting by ballot at the Veritas special meeting. Simply attending the Veritas special meeting without voting will not revoke your proxy.

### **Shares Held in Street Name**

If your shares of Veritas common stock are held in an account at a bank, broker or other nominee and you wish to vote, you must return your voting instructions to the bank, broker or other nominee.

If you own shares of Veritas common stock through a bank, broker or other nominee and attend the Veritas special meeting, you should bring a letter from your bank, broker or other nominee identifying you as the beneficial owner of such shares of Veritas common stock and authorizing you to vote.

**Your broker will NOT vote your shares of Veritas common stock held in street name unless you instruct your broker how to vote. Such failure to vote will have the same effect as a vote AGAINST adoption of the merger agreement. You should therefore provide your bank, broker or other nominee with instructions as to how to vote your shares of Veritas common stock.**

### **Tabulation of the Votes**

Veritas has appointed Mellon Investor Services LLC to serve as the Inspector of Election for the Veritas special meeting. Mellon Investor Services will independently tabulate affirmative and negative votes and abstentions.

### **Solicitation**

*Veritas will pay the cost of soliciting proxies.* Directors, officers and employees of Veritas and CGG may solicit proxies on behalf of Veritas in person or by telephone, facsimile or other means. Veritas has engaged Mellon Investor Services to assist it in the distribution and solicitation of proxies. Veritas has agreed to pay Mellon Investor Services a fee of \$7,500 plus payment of certain fees and expenses for its services as information agent and a fee of \$11,500 plus payment of certain fees and expenses for its services to solicit proxies.

In accordance with the regulations of the SEC and the NYSE, Veritas also will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of shares of Veritas common stock.

**Table of Contents**

**THE MERGER**

*The following is a description of the material aspects of the merger. While CGG and Veritas believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to you. CGG and Veritas encourage you to carefully read this entire proxy statement/prospectus, including the merger agreement attached to this proxy statement/prospectus as Annex A and incorporated by reference herein, for a more complete understanding of the merger.*

**General**

Each of the CGG and Veritas board of directors has unanimously approved the merger agreement and the transactions contemplated by the merger agreement. In the merger, Volnay Acquisition Co. I will merge with and into Veritas, with Veritas surviving the merger as a wholly-owned subsidiary of CGG, immediately followed by Veritas merging with and into Volnay Acquisition Co. II, with Volnay Acquisition Co. II surviving the merger and continuing its corporate existence as a wholly-owned subsidiary of CGG. The combined company will be renamed CGG-Veritas immediately after the effective time of the merger. Veritas stockholders will receive the merger consideration described below under The Merger Agreement Merger Consideration.

**Background of the Merger**

CGG and Veritas have in the past expressed their views that the seismic industry should consolidate and that the benefits of such consolidation would include synergies for the consolidating entities and strengthening of the seismic industry. During the past two years, Veritas has periodically received informal inquiries from other companies in the seismic industry, including CGG, and has made informal inquiries of other companies in the seismic industry, including CGG, concerning possible consolidation opportunities. In addition, each of CGG and Veritas from time to time has evaluated and sought potential consolidating transactions that would further their respective strategic objectives. In November 2001, Veritas and Petroleum Geo-Services ASA (referred to as PGS) entered into an agreement to merge with each other, but the merger was abandoned in July 2002. In September 2004, CGG offered to purchase PGS seismic business, which offer was rejected by PGS board of directors. CGG acquired Exploration Resources ASA, a Norwegian provider of marine seismic acquisition services in a series of transactions in September and October 2005. In April 2006, Schlumberger acquired the remaining 30% joint venture interest held by Baker Hughes Incorporated in WesternGeco for \$2.4 billion, making Schlumberger Limited the sole owner of the world's largest seismic services company. Against this industry backdrop, the boards of directors of CGG and Veritas continually reviewed their respective companies' results of operations and competitive positions in the industry, as well as their strategic alternatives.

On April 26, 2006, Robert Brunck, the chairman and chief executive officer of CGG, telephoned Thierry Pilenko, the chairman and chief executive officer of Veritas, and scheduled for May 10, 2006 a video conference between them to discuss the merits of a possible transaction between the two companies. CGG retained Credit Suisse and Rothschild to act as its financial advisors and Skadden, Arps, Slate, Meagher & Flom LLP, which is referred to as Skadden, and Willkie Farr and Gallagher LLP, which is referred to as Willkie, and Linklaters, to act as its legal advisors in connection with these discussions.

As part of its regular review of strategic alternatives, the CGG strategic planning committee, with audit committee members in attendance, met on May 10, 2006 in advance of the video conference with Veritas to discuss a possible transaction between CGG and Veritas. At that meeting, the committee determined that it believed such a transaction could be strategically favorable for a number of reasons, including complementary business strengths between the organizations, global reach, economies of scale and management and employee compatibility.

On May 10, 2006 Messrs. Brunck and Pilenko held a video conference that included Thierry Le Roux, group president and chief financial officer of CGG, and Mark E. Baldwin, executive vice president, chief financial officer and treasurer of Veritas, as participants. Veritas indicated that it planned to conduct an internal strategic analysis, including the potential benefits of a transaction with CGG or other seismic

**Table of Contents**

services providers, during the next two to three weeks. During the succeeding weeks, members of Veritas' senior management conducted this analysis. On May 30, 2006, Mr. Baldwin informed Mr. Le Roux that completion of this internal strategic analysis had been postponed to June 9, 2006.

On June 1, 2006, Veritas issued a press release announcing that it had entered into a letter of intent with Matco Capital Ltd, referred to as Matco, to sell its land seismic acquisition business.

On June 13, 2006, Mr. Brunck met with Mr. Pilenko in Vienna, Austria during an industry convention (EAGE) to explain CGG's views regarding the need for and the benefits of industry consolidation and the merits of a transaction involving CGG and Veritas. Mr. Pilenko told Mr. Brunck that he intended to present to the Veritas board of directors as soon as possible management's analysis of Veritas' strategic alternatives as well as the rationale for Veritas remaining as an independent company.

On June 16, 2006, the Veritas board of directors met and discussed recent developments within the seismic industry, including Schlumberger's acquisition of the minority interest in WesternGeco and PGS' announcement of the de-merger of its production business. The Veritas board of directors discussed management's strategic analysis of potential consolidation transactions with various industry participants as well as the future prospects of Veritas if it remained as an independent company. Based on this discussion, the Veritas board of directors determined that it believed the prospects of Veritas were better as an independent company than if it entered into a strategic transaction with another industry participant. As a result, the Veritas board of directors instructed management not to pursue informal discussions about a potential transaction at that time. Mr. Pilenko called Mr. Brunck on June 17, 2006 to inform him of this decision and indicated that he expected that Veritas would take the same approach with anyone contacting Veritas with respect to a similar transaction. Mr. Pilenko also called the chief executive officer of one other company that is a participant in the seismic industry, which is referred to herein as Company A, to convey the same message to him. Mr. Pilenko had recently had periodic informal discussions with the chief executive officer of Company A concerning consolidation opportunities in the industry.

On June 26, 2006, the CGG strategic planning committee, with audit committee members in attendance, met by telephone. CGG's financial advisors also participated on the call. The committee further discussed the strategic rationale for a CGG-Veritas transaction and potential transaction considerations. CGG determined to send an unsolicited friendly proposal to the Veritas board of directors. On June 27, 2006, at the direction of CGG, a representative of Credit Suisse contacted James Gibbs, the lead director of the Veritas board of directors. Mr. Gibbs, when contacted, indicated that it was the duty of the Veritas board of directors to consider any proposal that might create value for shareholders and any proposal made would, therefore, be considered by the board of directors.

The CGG strategic planning committee, with audit committee members in attendance, met again on July 6, 2006 to discuss the contemplated transaction and reviewed a draft of the proposal to be sent to Veritas.

On July 12, 2006, the CGG board of directors, together with CGG's management, financial advisors and legal advisor, Willkie, met to discuss the terms and characteristics of an acquisition of Veritas, including Veritas' business operations, the strategic rationale for the contemplated transaction and the expected synergies that might be realized in a transaction. At this meeting, the CGG board of directors authorized Mr. Brunck to further pursue the potential acquisition proposal with Veritas in accordance with the terms presented to the board and as outlined in CGG's proposal letter. The CGG board also instructed that Mr. Brunck keep the CGG strategic planning and audit committees regularly informed of the evolution of the discussions with Veritas and that definitive terms for the transaction would have to be approved by the CGG board.

Later that day, Mr. Brunck faxed the proposal letter addressed to Mr. Pilenko and to Larry L. Worden, Veritas' vice president, general counsel and secretary. This letter presented CGG's non-binding proposal to offer 1.25 CGG ADSs and \$22 in cash in exchange for each outstanding share of Veritas common stock, indicating a per share value of \$65, representing a 32% premium over the one-month average closing price of Veritas' common stock as of July 11, 2006. Under the proposal, CGG ADSs and

**Table of Contents**

cash would make up approximately 66% and 34% of total consideration, respectively, with an aggregate Veritas equity value of \$2.8 billion based on the closing price of CGG ADSs on July 11, 2006 and assuming 43.2 million fully diluted shares of Veritas common stock outstanding. The letter also noted that Credit Suisse was prepared to provide a financing commitment so that the transaction would not be subject to a financing contingency, that the combined company would be expected to include substantial Veritas representation on the board and that Veritas management would be expected to play an important role in the combined organization.

On July 13, 2006, Veritas contacted Vinson & Elkins L.L.P., its regular corporate counsel, which is referred to as Vinson & Elkins, and requested that Vinson & Elkins act as its legal advisors in connection with the proposal received from CGG and any related matters.

On July 14, 2006, the Veritas board of directors met to discuss the proposal received from CGG. The board of directors authorized management to engage an investment banking firm to serve as Veritas financial advisor in connection with the proposal and the potential transaction with CGG. The board of directors also requested management to make a recommendation to the board of directors as to the names of a limited number of other participants in the seismic industry which might be interested in and capable of entering into a similar transaction with Veritas.

On July 16, 2006, Veritas engaged Goldman, Sachs & Co., which is referred to as Goldman Sachs, as its financial advisor with respect to the proposal received from CGG and any related matters.

On July 21, 2006, the Veritas board of directors met again to discuss matters related to a possible transaction with CGG. At this meeting of the board of directors, representatives of Goldman Sachs made a presentation regarding other potential participants in the seismic industry which would likely be interested in and capable of making a competing proposal. The Veritas board of directors then authorized management to inform CGG that the board of directors was undertaking a careful review of its proposal and to contact Company A and another participant in the seismic industry, which is referred to as Company B, to gauge both companies interest in making a competing proposal.

That same day, Mr. Pilenko contacted the chief executive officers of Company A and Company B, as instructed, to gauge those companies interest in entering into discussions with Veritas that might lead to a transaction with Veritas. Neither chief executive officer was informed that Veritas had received a proposal from CGG or the terms of that proposal. On July 25, 2006, the chief executive officer of Company A called Mr. Pilenko and expressed an interest in entering discussions with Veritas and, on July 26, 2006, the chief executive officer of Company B responded similarly.

Mr. Pilenko had a number of conversations with the chief executive officer of Company A regarding the content and timing of discussions between Veritas and such company, and he and Mr. Pilenko agreed tentatively to hold initial discussions in Houston the week of August 14 at which each company s management would make a presentation regarding their respective businesses.

On July 27, 2006, Mr. Worden distributed a form of confidentiality agreement to representatives of each of CGG and Company A. Mr. Pilenko contacted the chief executive officer of Company B by email on the same day inquiring as to whom the form of confidentiality should be sent.

On July 28, 2006, the Veritas board of directors met and agreed that Veritas should enter into a confidentiality agreement with CGG and begin discussions regarding a potential transaction with CGG in order to better understand the potential benefits and risks of the proposal, but rejected the inclusion of any exclusivity provision in the confidentiality agreement. The Veritas board of directors also authorized management to enter into similar confidentiality agreements with each of Company A and Company B.

On July 31, 2006, Messrs. Brunck, Pilenko, Le Roux, Baldwin and Stéphane-Paul Frydman, CGG group controller, treasurer and deputy chief financial officer, spoke by telephone to discuss timing for negotiation of CGG s proposed transaction and the details of a confidentiality agreement proposed to be entered into between CGG and Veritas. Mr. Pilenko stated that the board of directors of Veritas was giving serious consideration to CGG s offer. Mr. Pilenko suggested that CGG and Veritas enter into a

**Table of Contents**

confidentiality agreement but indicated that the Veritas board of directors was unwilling to grant exclusivity to CGG until such time as the Veritas board of directors decided to proceed with attempting to negotiate a transaction. The companies agreed that their respective financial advisors would discuss a potential transaction and that both management teams would meet in Houston the following week. Mr. Pilenko also indicated that the Veritas board of directors planned to meet during the week of August 20, 2006 to discuss the proposal and to receive advice from its financial and legal advisors.

Also on July 31, 2006, the chief executive officer of Company B called Mr. Pilenko and informed him that, after further consideration, Company B would not participate in discussions with Veritas or make a proposal.

On August 1, 2006, Mr. Le Roux sent Mr. Pilenko a draft timetable for negotiation, signing and announcement of the CGG proposed transaction.

On August 3, 2006, CGG and Veritas entered into a confidentiality agreement and began to conduct detailed due diligence. On the same day, Veritas also entered into a similar agreement with Company A.

During the first week of August 2006, Mr. Pilenko and Mr. Brunck spoke periodically to discuss possible transaction structures, the exchange ratio and key governance and employee matters presented by CGG's proposed transaction. Certain of these discussions took place through CGG's and Veritas's respective financial advisors.

On August 8, 2006, Mr. Brunck met with Mr. Pilenko in Houston to discuss social and organizational matters related to the proposed transaction, including the possible composition of the combined company's board of directors and the general transaction process.

On August 9, 2006, Messrs. Brunck and Le Roux, together with Christophe Pettenati-Auzière, president, CGG Geophysical Services and Mr. Frydman met in Houston with members of Veritas's management, including Messrs. Pilenko, Baldwin, Worden, Timothy L. Wells, president and chief operating officer, and Hovey Cox, vice president marketing. At this meeting, the members of Veritas's management made a presentation regarding the Veritas group and the members of CGG's management made a presentation regarding the CGG group and discussed key aspects of CGG's proposal, including the strategic rationale, potential synergies and proposed consideration. Also present at this meeting were representatives of the respective financial advisors of CGG and Veritas. That same day, Mr. Le Roux met with Mr. Pilenko to discuss further the social and organizational matters and timing of the proposed transaction. At these meetings, Veritas's management, including Mr. Pilenko, informed CGG that CGG should revise its offer, which it regarded as serious but not compelling. Mr. Le Roux indicated to Mr. Pilenko that such a revised offer would probably be forthcoming on or around August 21, 2006.

On August 11, 2006, CGG, through its legal advisor Skadden, delivered a draft merger agreement to Veritas, through its legal advisor Vinson & Elkins, for review and negotiation. From August 11, 2006 through September 4, 2006, personnel from CGG, and its legal advisors, Skadden, Willkie and Linklaters, on the one hand, and Veritas and Vinson & Elkins, on the other hand, continued to review, revise and negotiate the draft merger agreement. The respective financial advisors of CGG and Veritas also participated in these negotiations. Over this same period, due diligence discussions were held among representatives of CGG and, including discussions regarding the accounting impact of the transaction on the combined entity, including, among other topics, the potential effects of accretion or dilution on various financial measures.

On August 14, 2006, members of Veritas's management, including Messrs. Pilenko, Baldwin, Worden, and Wells, met in Houston with members of management of Company A to provide a management presentation to the chief executive officer and management team of Company A and discussed with that company and its financial advisors the general terms of and rationale for a possible combination. Later that evening, Mr. Pilenko had dinner with the chief executive officer of Company A and discussed with him a number of items, including synergies, structuring of the transaction and of a combined company and next steps to be taken in the process.

**Table of Contents**

On August 16, Mr. Pilenko called Mr. Brunck to inform him that Veritas had solicited a proposal from a third party after Veritas had received CGG's offer on July 12, 2006 and that Veritas expected to receive such a proposal at any time. On that same day, Mr. Pilenko called the chief executive officer of the Company A and reminded him that the process was competitive and that Veritas needed to receive any proposal that Company A wished to make as soon as possible.

On August 17, 2006, Mr. Brunck sent a letter to Mr. Pilenko acknowledging that CGG had been informed that Veritas was expecting to receive a proposal from another party and announcing that, as a result, CGG was preparing an improved proposal to be delivered to Veritas in the near future. The same day, Mr. Pilenko called Mr. Brunck to discuss various matters related to a potential transaction, including the exchange of due diligence information between CGG and Veritas, antitrust procedures, purchase accounting, the composition of the combined company's board of directors, and the timing and process for entering into and closing the proposed transaction. During that conversation, Mr. Pilenko also stated that the Veritas board of directors would meet on August 28, 2006 to consider the possibility of selling the company, which decision would depend on such matters as, principally, the best interests of the shareholders of Veritas, which would focus on value, the acquisition price and identity of the acquirer. Mr. Pilenko also stated that he believed if the Veritas board of directors authorized moving forward, it would want to move quickly.

On August 22, 2006, CGG's strategic planning committee, with audit committee members and CGG's management and financial advisors also in attendance, met and were updated by Mr. Brunck on the status of CGG's discussions with Veritas and reviewed, with the assistance of CGG's financial advisors, the potential financial impact of the proposed transaction on CGG. At this meeting, a revised offer price was reconsidered in light of the additional information provided by Veritas under the confidentiality agreement, the negotiation process and the potential financial impact of the proposed transaction on CGG. Mr. Brunck informed the strategic planning committee that he believed that an agreement could be reached within a \$72 to \$75 per share range. On such basis, it was then decided to start at the lower end of the range and propose a revised non-binding offer, subject to final approval of the CGG board of directors, of 1.30 CGG ADSs and \$28 in cash for each outstanding share of Veritas common stock, providing an indicative per share value of \$72 for outstanding Veritas shares based on the closing price of CGG ADSs on August 21, 2006, representing a 30% premium over the one month average closing price of Veritas' common stock as of August 21, 2006, with CGG ADSs and cash making up approximately 61% and 39% of the total consideration, respectively, for an aggregate value of approximately \$3.0 billion, and assuming 41.5 million fully diluted shares of Veritas common stock outstanding. The revised non-binding offer would also retain the mechanism of the original draft merger agreement permitting Veritas shareholders to elect to receive cash or stock, subject to proration, and reiterate the points from CGG's prior offer letter regarding the financing commitment and board representation and management participation of Veritas in the combined company. Later that day, Mr. Brunck faxed to Mr. Worden a revised offer addressed to Mr. Pilenko and containing the terms of such proposal.

On August 24, 2006, Company A's chief executive officer contacted Mr. Pilenko by telephone and informed him that at the management presentation and discussions to be held the following day in Houston, Company A intended to present an offer under the terms of which it would propose to purchase all of the outstanding shares of Veritas. The offer discussed on the telephone was for an indicative price per Veritas share that was less than the offer by CGG, but represented consideration consisting of one-half cash and one-half Company A stock.

On August 25, members of management of Company A made a presentation in Houston to members of Veritas management, including Messrs. Pilenko, Baldwin, Worden, and Wells, describing the business of that company and the possible synergies which could be realized by a business combination of Company A and Veritas. Subsequent to the meeting, the chief executive officer of Company A delivered to Mr. Pilenko an offer to purchase all of the outstanding shares of Veritas on the terms discussed the previous day. Mr. Pilenko informed the chief executive officer of Company A (without mentioning the terms of the CGG offer or the fact that CGG had made an offer) that the offer appeared to be inferior

**Table of Contents**

from a financial point of view to an offer Veritas currently had in hand. Mr. Pilenko also informed the chief executive officer of Company A that his company's offer needed to be improved if it wished to continue discussions with Veritas.

On August 28, 2006, before the meeting of the Veritas board of directors, CGG sent to Veritas the commitment letter executed by Credit Suisse for the provision of a \$1.2 billion financing for CGG's proposed transaction.

On August 28, the Veritas board of directors met and discussed with Veritas' management and its financial and legal advisors the terms of the offers received from CGG and Company A and the relative merits of each offer. At the conclusion of the meeting, the board instructed management to contact both CGG and Company A and ask them for improved offers. In the case of the CGG offer, the board was interested not only in increasing the aggregate value of the consideration, but also in increasing the relative percentage of cash consideration compared to stock consideration.

On August 29, 2006, Mr. Brunck and Mr. Pilenko discussed the outcome of the Veritas board meeting of August 28, 2006. Mr. Pilenko indicated that the Veritas board of directors had determined that it would enter into a transaction if the offer was compelling. Mr. Pilenko indicated that, based on all of the terms and conditions of the offers and the potential benefits and risks of transactions with the different parties, CGG's offer and the Company A offer that Veritas' board of directors had received were competitive with one another and that Company A's offer had a significantly stronger cash component. Mr. Pilenko noted that he was nevertheless authorized to grant CGG a period of exclusive negotiations if CGG could revise its offer to \$76 per Veritas share and 50% cash. Mr. Pilenko stated that if the CGG offer was improved and exclusivity granted, Veritas was prepared to work with CGG to seek to negotiate and execute an agreement and announce the transaction the following week.

Also on August 29, 2006, following a further informal discussion between Messrs. Brunck and Pilenko, Mr. Pilenko stated his belief that CGG would be able to secure exclusive negotiations with an offer of \$75 per share, of which \$37 per share would be paid in cash. Mr. Brunck stated that he would respond to Mr. Pilenko by August 30, 2006.

On August 30, 2006, CGG's strategic planning committee, with members of the audit committee and CGG's management and financial advisors in attendance, met and received from Mr. Brunck an update on the status of his discussions with Veritas. Mr. Brunck informed them that CGG intended to submit a revised non-binding offer on the terms discussed between Messrs. Brunck and Pilenko on August 29, 2006. Mr. Brunck delivered to Veritas a revised offer letter on August 30, 2006. Under the terms of that revised offer, CGG offered to pay 1.14 CGG ADSs and \$37 in cash for each outstanding share of Veritas common stock, a per share indicative value of \$75 per Veritas share based on the closing price of \$33.33 per CGG ADS on August 29, 2006, representing a 35% premium over the one month average closing price of Veritas' common stock as of August 29, 2006, and with ADSs and cash making up approximately 51% and 49% of the total merger consideration, respectively, for an aggregate value of \$3.12 billion, assuming 41.6 million fully diluted outstanding shares of Veritas common stock. The revised offer letter also noted that CGG would retain the mechanism in the draft agreement which would permit Veritas shareholders to elect to receive cash or stock, subject to proration. CGG reiterated the points from its prior offer letters regarding the financing commitment and board representation and management participation of Veritas in the combined company. In addition, CGG provided an updated commitment letter executed by Credit Suisse for the provision of a \$1.6 billion financing. Finally, CGG stated that it wished to be in a position to announce a transaction by September 6, 2006, prior to the reporting of CGG's half-year results.

Also, on August 30, 2006, Mr. Pilenko again spoke to the chief executive officer of Company A shortly before the board of directors of Company A was to meet to consider increasing its offer. Mr. Pilenko indicated to him that in order to receive continued consideration, Veritas needed Company A's best offer. Later the same day, Company A submitted to Veritas an improved offer. The offer had an indicative value per Veritas share that was less than the CGG offer.



**Table of Contents**

After receipt of the improved offer letter from CGG, Veritas agreed to enter into exclusive negotiations with CGG and, on August 30, 2006, Veritas and CGG executed an exclusivity agreement granting CGG a period of exclusive negotiations with Veritas until September 8, 2006. Mr. Pilenko and Mr. Brunck spoke by telephone that day to discuss the management of the combined company and other corporate culture and workforce integration issues.

On August 30, 2006, Mr. Pilenko called the chief executive officer of Company A and informed him that Veritas had agreed to enter into exclusive negotiations with another party until September 8, 2006.

From August 31, 2006 through September 3, 2006, representatives of CGG, including Messrs. Frydman and Le Roux and Beatrice Place-Faget, Vice President Corporate Legal Affairs of CGG, together with CGG's legal and financial advisors, met to negotiate the merger agreement with representatives of Veritas, including Messrs. Pilenko and Baldwin, as well as with representatives of Goldman Sachs and Vinson & Elkins. Over the same period, Messrs. Brunck and Pilenko were in regular contact.

On September 1, 2006, as part of the ongoing due diligence effort, CGG and Veritas conducted additional financial due diligence through a meeting in Houston that was attended by Mr. Frydman, other members of the accounting and consolidation department of CGG, Mr. Baldwin, members of the accounting and tax department of Veritas, as well as representatives of the financial advisors of Veritas and CGG. Members of the accounting and consolidation department of CGG participated in the meeting by conference call. A representative of PricewaterhouseCoopers, independent accountants of Veritas, and a representative of Ernst & Young, independent accountants of CGG, were present by telephone during this meeting.

On September 4, the strategic planning committee of CGG, with audit committee members in attendance, met to discuss the organization of the combined company and its governance.

On September 4, 2006, the CGG board of directors held a meeting, together with CGG's management and legal and financial advisors, to review the proposed merger and the terms of the merger agreement. At this meeting, Credit Suisse reviewed with the CGG board of directors Credit Suisse's financial analyses regarding the aggregate consideration to be paid by CGG in the merger and rendered to the CGG board an oral opinion, which opinion was confirmed by delivery of a written opinion dated September 4, 2006, to the effect that, as of that date and based on and subject to the matters described in its opinion, the aggregate consideration was fair, from a financial point of view, to CGG. Rothschild also reviewed with the Rothschild's financial analyses and rendered its oral opinion to the CGG board, which opinion was confirmed by delivery of a written opinion dated September 4, 2006 to the effect that, as of that date and subject to the matters described in its opinion, the amount of the aggregate consideration to be paid by CGG in the merger was fair, from a financial point of view, to CGG. At the conclusion of the meeting, the CGG board of directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement and recommended approval of the share issuance by its shareholders.

On September 4, 2006, the board of directors of Veritas held a meeting to review the terms of the merger agreement. During this meeting, representatives of Veritas' management reviewed for the Veritas board of directors their due diligence and views on the transaction and representatives of Vinson & Elkins reviewed again for the board of directors the terms and conditions of the merger agreement. Also during the meeting, representatives of Goldman Sachs presented their financial analyses regarding the contemplated transaction. Goldman Sachs then delivered to the Veritas board of directors its oral opinion, subsequently confirmed by delivery of a written opinion dated September 4, 2006 to the effect that, as of that date and subject to the factors and assumptions set forth therein, the per share ADS consideration and the per share cash consideration to be received by the holders of the shares of Veritas common stock, taken in the aggregate, pursuant to the merger agreement, was fair from a financial point of view to such holders (See The Merger Opinion of Veritas Financial Advisor ). Following deliberations, the Veritas board of directors resolved unanimously that the contemplated merger represented a transaction that was

## **Table of Contents**

in the best interests of Veritas stockholders and approved the merger agreement and resolved unanimously to recommend that Veritas stockholders vote in favor of adoption of the merger agreement.

At the same meeting on September 4, 2006, the Veritas board of directors voted to terminate further discussions and the letter of intent with Matco Capital regarding the sale of possible sale of Veritas land seismic acquisition business.

The merger agreement was executed by officers of CGG and Veritas on September 4, 2006.

On September 5, 2006, before the opening of business in Paris, CGG and Veritas issued a joint press release announcing that they had entered into a definitive merger agreement and setting forth the principal terms thereof. On the same day, Veritas announced that it terminated discussions with Matco for the sale of its land seismic acquisition business.

### **Recommendation of the Veritas Board of Directors and Its Reasons for the Merger**

By unanimous vote, the Veritas board of directors, at a meeting held on September 4, 2006, determined that the execution and delivery of the merger agreement was advisable and the transactions contemplated by the merger agreement were in the best interest of the Veritas stockholders and approved and adopted the merger agreement and the transactions contemplated thereby, including the merger. **The Veritas board of directors unanimously recommends that the Veritas stockholders vote for the proposal to adopt the merger agreement at the Veritas special meeting.**

In reaching this decision, the Veritas board of directors consulted with Veritas management and its financial and legal advisors and considered a variety of factors, including the material factors described below. In light of the number and wide variety of factors considered in connection with its evaluation of the transaction, the Veritas board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors that it considered in reaching its determination. The Veritas board of directors viewed its position as being based on all of the information available and the factors presented to and considered by it. In addition, individual directors may have given different weight to different factors. This explanation of Veritas reasons for the proposed merger and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under Cautionary Statement Concerning Forward-Looking Statements.

### ***Financial Considerations***

The Veritas board of directors considered a number of financial factors pertaining to the merger as generally supporting its decision to enter into the merger agreement, including the following:

the financial terms of the transaction, including:

an implied purchase price per share of Veritas common stock of \$74.93 per share based on the closing price of CGG's ADSs on August 29, 2006, which represented an implied premium of 34.7% over Veritas 30-day average closing price of \$56.69 for the period ended August 29, 2006;

the ability of the Veritas stockholders to elect to receive cash or ADS consideration, subject to proration, thereby giving the stockholders of Veritas the opportunity to choose between participation in the combined company or liquidity; and

the significant cash portion of the merger consideration that helps protect against significant diminution in the value of the transaction as a result of any diminution in the value of CGG ADSs between signing and closing;

the expected pre-tax synergies that could result from the merger;

that following discussions with other potential acquirors, the offer made by CGG was determined to be the highest and best acquisition proposal; and

**Table of Contents**

the financial analysis and opinion of Goldman Sachs, Veritas financial advisor, that, as of September 4, 2006, and based upon and subject to the factors and assumptions set forth in its opinion, the per share ADS consideration and the per share cash consideration to be received by holders of Veritas common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders.

***Strategic Considerations***

The Veritas board of directors also considered a number of factors pertaining to the strategic rationale for the merger as generally supporting its decision to enter into the merger agreement, including the following: its expectation that the combined company would be a leading provider of seismic technologies and services, with:

complementary, recent vintage, well-positioned seismic data libraries;

a large marine seismic fleet with a balanced distribution of fully owned and chartered vessels;

strong local relationships in differentiated land seismic markets;

some of the best personnel in the seismic industry; and

a deep and broad range of expertise and technology in the processing and imaging sector; that the combined company is expected to be the largest pure-play seismic company in the world; and

its expectation that the larger size of the combined company would enable it to:

take advantage of economies of scale and worldwide capacity as well as greater financial strengths;

benefit from a larger customer base and increased geographic presence;

offer a broad variety of technology and services solutions to its customers; and

offer customers greater breadth of staff expertise.

***Other Transaction Considerations***

The Veritas board of directors also considered a number of additional factors as generally supporting its decision to enter into the merger agreement, including the following:

the terms of the merger agreement and the structure of the transaction, including the conditions to each company's obligations to complete the merger;

the absence of any financing condition and the fact that CGG has represented in the merger agreement that it will have sufficient funds available (through existing sources of financing and the signed commitment letter from Credit Suisse International) to consummate the merger and the other transactions contemplated by the merger agreement;

the ability of Veritas and CGG to complete the merger, including their ability to obtain the necessary regulatory approvals and their obligations to attempt to obtain those approvals;

the information governing CGG's and Veritas' respective businesses and financial results, including the results of Veritas' due diligence investigation of CGG;

the fact that the merger agreement imposes limitations on the ability of CGG to solicit offers for the acquisition of CGG as well as the possibility that CGG could be required to pay a termination fee of \$85.0 million in certain circumstances;



**Table of Contents**

that the terms of the merger agreement, including the termination fee, would not preclude a proposal for an alternative transaction involving Veritas;

the ability under the merger agreement of Veritas under certain circumstances to provide non-public information to, and engage in discussions with, third parties that propose an alternative transaction; and

the terms of the merger agreement permit the board of directors of Veritas to change or withdraw its recommendation of the merger to Veritas stockholders if, among other reasons, the board of directors determines in good faith that an unsolicited offer is an acquisition proposal that is superior for Veritas stockholders from a financial point of view.

***Risks***

The Veritas board of directors also identified and considered a number of uncertainties, risks and other potentially negative factors, including the following:

the significant risks and expenses inherent in combining and successfully integrating two companies, especially since the businesses currently reside in different national jurisdictions;

the size of the premium represented by the merger consideration relative to the pre-announcement value of Veritas common stock might be reduced or eliminated by a decline in value of CGG's ADSs through the time the merger is consummated;

the potential downward pressure on the value of the Veritas common stock prior to the consummation of the merger and on the value of the CGG ADSs after consummation of the merger due to U.S. shareholders selling their shares because they are either prohibited from or otherwise desire not to hold securities of a foreign issuer;

as of June 30, 2006, on a pro forma basis to reflect the merger and CGG's borrowings under the bridge loan facility to finance the cash component of the merger consideration and assuming the bridge loan facility is fully drawn, the combined company's total financial debt, total assets and stockholders' equity would have been 1,611 million, 4,307 million and 1,977 million, respectively, under IFRS.

stockholders of Veritas who receive stock pursuant to the merger would receive ADSs issued by a foreign company instead of common stock of a domestic company;

because some existing holders of CGG ordinary shares may be entitled to two votes for every share they hold if they held such shares for at least two years, the percentage of the voting rights of Veritas stockholders in the combined company following the merger could be less than the percentage of the outstanding share capital of the combined company received by Veritas stockholders pursuant to the merger;

the risk that the expected synergies and other benefits of the merger might not be fully achieved or may not be achieved within the timeframes expected;

the possibility that regulatory or governmental authorities might seek to impose conditions on or otherwise prevent or delay the merger (and that the merger ultimately may not be completed as a result of material burdensome conditions imposed by regulatory authorities or otherwise);

certain of Veritas' directors and officers may have interests in the merger as individuals that are in addition to, or that may be different from, the interests of the Veritas stockholders (see [Interests of the Directors and Executive Officers of Veritas in the Merger](#));

the terms of the merger agreement that create a strong commitment on the part of Veritas to complete the merger;

the limitations on Veritas' ability to solicit other offers as well as the possibility that it could be required to pay an \$85.0 million termination fee in certain circumstances;

**Table of Contents**

the fees and expenses associated with completing the merger;

the risk that either the Veritas stockholders or the CGG shareholders may fail to approve the merger;

the possibility that Veritas would be required to pay to CGG a \$20.0 million fee as a reasonable estimate of CGG's expenses if the Veritas stockholders do not approve the merger;

the risk that the merger may not be completed and the possible adverse implications for investor relations, management credibility and employee morale under such circumstances;

the risk that a significant number of Veritas stockholders that receive CGG ADSs as merger consideration may cease to hold such CGG ADSs for so long as the combined company remains a foreign private issuer or a company whose executive offices are not in the United States and that is not incorporated in the United States;

the fact that, for U.S. federal income tax purposes, the cash portion of the merger consideration would be taxable to Veritas' stockholders;

the risk that the merger might not be completed, the potential impact of the restrictions under the merger agreement on Veritas' ability to take certain actions during the period prior to the closing of the merger (which may delay or prevent Veritas from undertaking business opportunities that may arise pending completion of the merger), the potential for diversion of management and employee attention and for increased employee attrition during that period and the potential effect of these on Veritas' business and relations with customers and service providers; and

the risks of the type and nature described above under Risk Factors.

The Veritas board of directors weighed the potential benefits, advantages and opportunities of a merger and the risks of not pursuing a transaction with CGG against the risks and challenges inherent in the proposed merger. The Veritas board of directors realized that there can be no assurance about future results, including results expected or considered in the factors listed above. However, the Veritas board of directors concluded that the potential benefits outweighed the risks of consummating the merger with CGG.

After taking into account these and other factors, the Veritas board of directors unanimously determined that the merger agreement was advisable and the transactions contemplated by the merger agreement were in the best interest of the Veritas stockholders, approved the merger with CGG and the other transactions contemplated by the merger agreement, and approved and adopted the merger agreement.

**CGG's Reasons for the Merger**

By unanimous vote at a meeting held on September 4, 2006, the CGG board of directors determined that the merger agreement and the transactions contemplated by the merger agreement were advisable and in the best interests of the CGG shareholders and approved and adopted the merger agreement and the transactions contemplated thereby, including the merger.

In reaching its conclusion to approve the merger and the merger agreement and recommend that CGG shareholders vote for approval of the issuance of CGG ordinary shares underlying the CGG ADSs in connection with the merger, the issuance of CGG ADSs for delivery upon exercise of outstanding Veritas stock options, convertible debt and equity-based awards and the election of up to five Veritas directors, including Thierry Pilenko, currently chairman and CEO of Veritas, to the board of directors of the combined company (effective as of, and conditioned on, the occurrence of the effective time of the merger), all as required pursuant to the merger agreement, the CGG board of directors considered a number of factors:

**Table of Contents**

***Strategic Considerations***

The CGG board of directors considered a number of factors pertaining to the strategic rationale for the merger as generally supporting its decision to enter into the merger agreement, including the following:

the combination of CGG and Veritas will take place in a strong business environment. Decreasing reserves of oil and gas companies have been coupled with growing energy consumption sustained by long-term demand, particularly in China and India. This environment has created a need to accelerate the pace of exploration in new areas, to revisit existing exploration areas with new technologies and to optimize reservoir management to maximize recovery rates. Seismic technology plays a key role in this process and CGG-Veritas, with its combined technology and worldwide geographic fit, is expected to be well positioned to compete to lead and meet the industry's needs;

the combination of CGG and Veritas will create a strong global pure-play seismic company, offering a broad range of seismic services, and, through Sercel, geophysical equipment to the industry across all markets. The business, geographic and client complementarities of CGG and Veritas are expected to respond to the growing demand for seismic imaging and reservoir solutions. CGG-Veritas is expected to be well positioned to provide an improved technological advanced product offering in seismic services as most oil and gas companies attempt to replace diminishing reserves in a more complex exploration environment, to strengthen long-term relationships with a broad range of clients and to improve financial performance through business cycles;

the combination of CGG and Veritas will bring together two companies with strong technological foundations in the geophysical services and equipment market. Both CGG and Veritas have a long tradition in providing seismic services both onshore and offshore. In particular, Veritas' strong offshore positions will effectively complete the repositioning to offshore that CGG has been implementing during the last few years. Both companies already use a broad range of Sercel technologies for their data acquisition activities, thereby providing a homogeneous equipment base for the combined CGG-Veritas. In addition, Veritas' strong focus on North America fits well with CGG's international presence. Combining the two customer bases is expected to provide a good balance between national oil companies (a strong position of CGG), major oil and gas operators (a strong position of both CGG and Veritas) and U.S.-based operators, both majors and independent (a strong position of Veritas). The combined technology and know-how of the two companies will strengthen research and development capabilities to best serve the CGG-Veritas client base with a broader range of technologies that CGG-Veritas will be able to deliver more rapidly to the market;

the addition of Veritas' fleet of seven vessels will create a combined seismic services business operating the world's leading seismic fleet of 20 vessels, including 14 high capacity 3D vessels. Capacity in the combined fleet is well balanced between large (more than 10 streamers), medium (six to eight streamers) and smaller sizes, with all vessels equipped with Sercel's solid or fluid streamers. The combined fleet will provide highly flexible fleet management potential with a balanced distribution of fully owned, chartered, new built and significantly depreciated capacity. Additionally, most of the vessels in the combined fleet have been recently equipped with relatively new technology which will provide CGG-Veritas with a fleet that can be managed without significant investments in the near term;

multi-client services will benefit from two complementary, recent vintage, well-positioned seismic data libraries. For example, offshore, the Veritas library will bring to CGG complementary data in the Gulf of Mexico, with Veritas data library being positioned in the Western and Central Gulf while CGG's data library is in the Central and Eastern Gulf. Data merging from the CGG and Veritas libraries will provide potential for cross imaging enhancement and value creation. Onshore, Veritas' land library offers additional potential in North America. All these benefits take place in a market where a global library portfolio is increasingly attractive to clients;



CGG's and Veritas' respective offerings for land acquisition services represent strong geographical and technological complementarities for high-end positioning and further development of local

## **Table of Contents**

partnerships. Veritas' strong presence in the western hemisphere, in particular North America, complements CGG's main geographic footprint in the eastern hemisphere and its strong focus on the Middle East. In addition, CGG's and Veritas' technological complementarities will enhance CGG-Veritas' land offering, ranging from exploration seismic to field seismic monitoring;

CGG's and Veritas' respective positions in data processing and imaging as well as the skills and reputation of their experts and geoscientists, will allow CGG-Veritas to create the industry reference in this segment, with particular strengths in advanced technologies such as depth imaging, 4D processing and reservoir characterization as well as a close link with clients through dedicated centers;

the merger will not affect Sercel's open technology approach. Sercel will pursue its strategy of maintaining leading edge technology, offering new generations of differentiating products and focusing on key markets; and

with a combined workforce of approximately 7,000 staff operating worldwide, including Sercel, CGG-Veritas will, through continued innovation, be an industry leader in seismic technology, services and equipment with a broad base of customers including independent, international and national oil companies.

### ***Financial Considerations***

The CGG board of directors also considered a number of financial factors pertaining to the merger as generally supporting its decision to enter into the merger agreement, including the following:

the merger is expected to result in pre-tax cost and expense savings of approximately \$65 million per year.

Two-thirds of the estimated synergies are anticipated to be achieved within the first year following the merger, with the full synergies expected the year after. CGG expects the synergies to arise from various areas, such as having one public company (CGG-Veritas) instead of two once Veritas common stock is deregistered with the SEC and delisted from the NYSE, the redeployment of support resources towards operations, the rationalization of premises, better utilization of vessels with less transit time between regions and additional revenue potential through the combined multi-client libraries. Implementation costs are estimated at approximately \$20 million in non-recurring expenses (approximately 30% of cost synergies), with 80% occurring in the first year following the merger and 20% in the second year;

in light of perspectives in the seismic market that lead CGG-Veritas to anticipate strong cash flow in the medium-term, CGG believes that it is appropriate and consistent with both the optimization of shareholder value and the maintenance of a strong balance sheet structure to leverage the acquisition with up to \$1.5 billion of additional debt; and

the merger is expected to have a positive impact on 2008 earnings per share of CGG-Veritas, and a broadly neutral impact on 2007 cash earnings per share of CGG-Veritas (cash earnings meaning earnings adjusted to exclude, with related tax impact, all merger integration costs, additional depreciation and amortization of assets resulting from the proration of the purchase price, and other non-recurring items as described in the unaudited pro forma condensed combined financial information and related notes included elsewhere in this proxy statement/prospectus).

### ***Other Transaction Considerations***

The CGG board of directors also considered a number of additional factors as generally supporting its decision to enter into the merger agreement, including the following:

the information concerning CGG's and Veritas' respective businesses and financial results, including the results of CGG's due diligence investigation of Veritas;

CGG's management's assessment that it can, working with Veritas managers and employees, effectively and efficiently integrate the Veritas businesses with the corresponding CGG businesses;



**Table of Contents**

the fact that the board of directors of CGG-Veritas will include representation of former CGG and Veritas stockholders including Thierry Pilenko, currently chairman and CEO of Veritas, who will be proposed for appointment as one of the combined company's new directors;

the fact that the executive offices of CGG-Veritas will be located in France;

the fact that CGG employees will have the opportunity to work across a larger company and benefit from the better competitive position of the combined company;

the separate opinions of CGG's financial advisors, Credit Suisse and Rothschild, to the CGG board of directors as to the fairness, from a financial point of view and as of the date of such opinions, to CGG of the aggregate consideration to be paid by CGG in the merger, as more fully described below under "Opinions of CGG's Financial Advisors" and attached as Annex C and D, respectively;

the terms of the merger agreement that create a strong commitment on the part of Veritas to complete the merger; and

the fact that CGG can terminate the merger agreement in the event of antitrust or other governmental proceedings to require CGG and/or Veritas to materially divest or limit their respective operations.

***Risks***

The CGG board of directors also identified and considered a number of uncertainties, risks and other potentially negative factors, including the following:

the risks of integrating the operations of two businesses the size of Veritas and CGG, including the risks that integration costs may be greater, and synergy benefits lower, than anticipated by CGG's or Veritas' management;

the risk that the value of CGG-Veritas ordinary shares and CGG-Veritas ADSs following completion of the merger may be adversely affected if CGG-Veritas fails to realize the anticipated cost savings, revenue enhancements and other benefits expected from the merger, or if there are delays in the integration process;

the risk that the current strong seismic cycle might be shorter than currently anticipated by the overall industry;

the risk that regulatory agencies may not approve the merger or may impose terms and conditions on their approvals that adversely affect the future financial results of CGG-Veritas;

the terms of the merger agreement that create a strong commitment on the part of CGG to complete the merger;

the fact that CGG's obligation to consummate the merger is not conditioned upon the receipt of financing;

the risk that the merger might not be completed and the possible adverse implications for investor relations, management credibility and employee morale under such circumstances; and

the risks of the type and nature described above under "Risk Factors."

The CGG board of directors recognized that there can be no assurance about future results, including results expected or considered in the factors listed above. The CGG board of directors concluded, however, that the potential advantages of the merger outweighed its risks.

The foregoing discussion of the information and factors considered by the CGG board of directors is not exhaustive, but includes the material factors considered by it. The CGG board of directors did not quantify or assign relative weights to the specific factors considered in reaching the determination to recommend that CGG shareholders vote for approval of the issuance of CGG ordinary shares and CGG



## **Table of Contents**

ADSs required to be issued pursuant to the merger agreement. In addition, individual directors may have given different weights to different factors. This explanation of CGG's reasons for the proposed merger and all other information presented in this section is forward-looking in nature and, therefore should be read in light of the factors discussed under Cautionary Statement Concerning Forward-Looking Statements.

After careful consideration, the CGG board of directors unanimously resolved that the merger and the other transactions contemplated by the merger agreement, including the issuance of CGG ordinary shares and CGG ADSs, are advisable and approved the merger agreement.

### **Financial Analysis of the Merger Consideration**

Under applicable French law and regulations, the French prospectus (*note d'opération*) relating to the CGG ordinary shares to be issued in connection with the merger must include an assessment of the exchange ratio by the CGG board of directors using a multi-criteria financial analysis. Since this financial analysis has been made available in the French prospectus, a translation of the financial analysis is included in this proxy statement/prospectus. The financial analysis was performed solely to comply with French regulations in connection with the preparation of the French prospectus relating to the CGG ordinary shares to be issued in connection with the merger.

The following is a translation from the French of the original disclosure regarding the financial analysis of the exchange ratio by the CGG board of directors as set forth in the French prospectus relating to the CGG ordinary shares to be issued in connection with the merger. Certain terminology has been conformed to the defined terms used in this proxy statement/prospectus and certain typographical conventions have been conformed to United States usage.

### **Terms of the Transaction Proposed to Veritas Stockholders**

The value of the merger consideration that CGG is offering Veritas stockholders for each share of Veritas common stock will be equal to \$37.00 plus approximately \$1.14 per \$1.00 of average CGG ADS value (see The Merger Agreement Merger Consideration for a description of average CGG ADS value).

Veritas stockholders may elect to receive the merger consideration either in cash, in CGG ADSs or in a combination of cash and CGG ADSs. Regardless of the elections of Veritas shareholders, the aggregate consideration paid by CGG for the acquisition of all of Veritas' share capital at the closing date (including shares of Veritas common stock that may be issued before the closing date pursuant to the exercise of outstanding Veritas stock options or the conversion of Veritas' convertible senior bonds or otherwise) will not exceed \$1.6 billion in cash and 49.8 million newly issued CGG ADSs.

Assuming a hypothetical average CGG ADS value of \$33.33, which was the closing price of CGG ADSs on August 29, 2006 (the last NYSE trading day before the merger was submitted to the Veritas board of directors), the merger consideration would be equal to \$75.00 per share of Veritas common stock (1.14 multiplied by \$33.33, plus \$37.00), representing a 33.5% premium over the closing price of Veritas' common stock on August 29, 2006 of \$56.16. On that same date, the implied exchange ratio of the merger was 2.2501 CGG ADSs per share of Veritas common stock (\$75.00 divided by \$33.33).

The merger consideration had a value of \$[ ] per share of Veritas common stock on November [ ], 2006, the latest practicable trading day before the visa date of the French prospectus.

The financial analysis of the merger presented in this section was prepared by reference to the merger consideration, defined as \$1.14 per \$1.00 of average CGG ADS value plus US\$37.00 in cash for each share of Veritas common stock.

**Table of Contents****Financial Analysis of the Merger Consideration: Evaluation Criteria*****Preliminary Information***

The valuation methods used in the multi-criteria analysis of the terms of the merger are based on the analyses usually applied in connection with similar transactions, namely:

share price;

trading multiples for comparable listed companies;

multiples in comparable transactions; and

discounted future cash flows.

The forecasted financial results of Veritas were derived from internal projections of Veritas management for the fiscal year 2006 (ended July 31) and projections of CGG management for the fiscal year 2007 and thereafter.

CGG ordinary shares are listed on the Eurolist by Euronext Paris under the symbol GLE and trade in ADS form on the New York Stock Exchange under the symbol GGY. Shares of Veritas common stock are listed on the New York Stock Exchange under the symbol VTS. CGG and Veritas regularly publish their financial results on a quarterly basis. The two companies' shares benefit from wide coverage by equity research analysts following the seismic sector. CGG and Veritas shares are also characterized by a sufficiently large daily trading volume on their respective stock exchanges for the corresponding market prices to be considered relevant.

***Financial Analysis of the Merger Consideration******Share Prices***

The table below presents the premium offered by CGG per share of Veritas common stock based on (i) the merger consideration, calculated on the basis of the closing price of CGG ADSs on September 1, 2006 (the last NYSE trading day before the announcement of the merger on September 5, 2006) and August 29, 2006 (the last NYSE trading day before the merger was submitted to the Veritas board of directors) and the volume-weighted average CGG ADS price over several different reference periods ended August 29, 2006 and (ii) the closing price of shares of Veritas common stock on the same dates and for the same periods.

	<b>CGG ADS Price</b>	<b>Veritas Share Price</b>	<b>Implied Merger Consideration Value</b>	<b>Implied Exchange Ratio</b>	<b>Premium/ (Discount)</b>
	<b>(US\$)</b>	<b>(US\$)</b>	<b>(US\$)</b>		
September 1, 2006(1)	33.27	62.18	74.93	2.2521	20.5%
August 29, 2006	33.33	56.16	75.00	2.2501	33.5%
1-month average(2)(3)	34.10	55.73	75.88	2.2249	36.1%
2-month average(2)(3)	33.58	53.83	75.28	2.2420	39.8%
3-month average(2)(3)	34.30	50.97	76.10	2.2188	49.3%
6-month average(2)(3)	33.34	49.33	75.00	2.2499	52.1%
9-month average(2)(3)	30.71	46.62	72.01	2.3449	54.5%
12-month average(2)(3)	26.28	44.05	66.96	2.5478	52.0%
12-month high(3)	40.50	57.27	83.17	2.0536	45.2%
12-month low(3)	16.57	29.48	55.89	3.3730	89.6%

**Source: Datastream**

**Notes:**

(1) Closing price on the last NYSE trading day before the announcement of the merger.



**Table of Contents**

(2) Volume-weighted average over the period.

(3) Period ended August 29, 2006.

Considering the strong increase in the average share prices of companies in the seismic sector during the period prior to the announcement of the merger (for example, the S&P 500 Oil & Gas Equipment & Services index increased by almost 35% during the 12 months ended August 29, 2006), share prices in more recent periods were given greater importance. On the basis of closing prices for CGG ADSs and Veritas shares on August 29, 2006, the volume-weighted average monthly prices ended that date, and the prices available for the two companies preceding the announcement of the merger (September 1, 2006), the merger consideration represents a premium between of between 20.5% and 36.1%.

*Comparable Listed Companies*

This analysis consists of determining the premium offered by CGG per share of Veritas common stock based on (i) the merger consideration, calculated using the closing price of CGG ADSs on August 29, 2006 and on the last NYSE trading day preceding the announcement of the merger (September 1, 2006) and the volume-weighted average CGG ADS price in the month ended August 29, 2006 and (ii) the value of a share of Veritas common stock implied by applying valuation multiples from a sample of comparable listed companies to the forecasted financial results of Veritas.

The sample of comparable listed companies used is Petroleum Geo-Services, TGS Nopec and Input/ Output.

The multiple of enterprise value over EBITDA net of multi-client library amortization (referred to hereafter as net EBITDA and defined as consolidated operating income before amortization of goodwill and exceptional items plus net depreciation and amortization of tangible assets excluding multi-client library amortization) was employed as it allows one to take into account, inter alia, the impact of different multi-client investment policies adopted by each company. Revenue multiples were not used because they do not take into account the different profitability levels of the companies considered. Net income multiples were also excluded because differing financial structures, interest charges and tax rates among the different companies in the sample did not allow for a direct comparison.

Given the date in 2006 when the merger was announced (September 5, 2006) and the fact that listed companies are valued by the market primarily on the basis of their expected future performance, multiples of 2007 estimated results were emphasized.

To calculate valuation trading multiples, the enterprise value was defined as market capitalization on the last NYSE trading day before the announcement of the merger plus net financial debt plus minority interests (at book value).

For the selected comparable listed companies, the net EBITDA forecasts, reflecting the consensus of financial analysts, were determined from (i) analysts' estimates as available from the I/ B/ E/ S database and/or (ii) where the estimates from I/ B/ E/ S were incomplete, the research reports for each company available before the announcement of the merger (using, for each analyst, the most recent published research report containing a sufficient level of detail).

The average multiple of enterprise value over estimated 2007 net EBITDA of 8.4 times was calculated on the basis of comparable companies' share closing prices on August 29, 2006.

The value per share of Veritas common stock of \$60.41 obtained by applying that multiple to the estimated 2007 financial results of Veritas is compared to the merger consideration in the table below.

**Table of Contents**

	<b>CGG ADS Price</b>	<b>Implied Merger Consideration Value</b>	<b>Premium/ (Discount)</b>
	(US\$)	(US\$)	
September 1, 2006(1)	33.27	74.93	24.0%
August 9, 2006	33.33	75.00	24.2%
1-month average(2)(3)	34.10	75.88	25.6%

**Source: Datastream****Notes:**

(1) Closing price on the last NYSE trading day before the announcement of the merger.

(2) Volume-weighted average over the period.

(3) Period ended August 29, 2006.

Based on the volume-weighted average price for CGG ADSs for the month before the announcement of the merger, the merger consideration implies a premium of between 24.0% and 25.6% relative to the value per share of Veritas common stock implied by the application of the average multiple of enterprise value over estimated 2007 net EBITDA of comparable companies.

*Comparable Transactions*

This analysis consists of determining the premium offered by CGG per share of Veritas common stock based on (i) the merger consideration, calculated on the basis of the closing price for CGG ADSs on August 29, 2006 and on the last NYSE trading day before the announcement of the merger (September 1, 2006) and the volume-weighted average CGG ADS price in the month ended August 29, 2006 and (ii) the value of the Veritas ordinary share implied by applying the valuation multiples from a sample of comparable transactions in the seismic sector and more generally in the oil services sector to Veritas' historical financial results.

The table below presents the sample of selected comparable transactions.

<b>Date of Announcement</b>	<b>Acquiror</b>	<b>Target</b>
April 20, 2006	Schlumberger Ltd.	Western Geco
November 15, 2004	Siem Offshore Inc.	Subsea 7, Inc.
August 12, 2004	National-Oilwell, Inc.	Varco International, Inc.
February 20, 2002	BJ Services Company	DSCA, Inc.
July 1, 2001	Technip SA	Coflexip SA

As with the analysis of comparable listed companies, the multiple of historical enterprise value over net EBITDA was used.

The table below presents the premium based on (i) the merger consideration, calculated on the basis of the closing price for CGG ADSs price on September 1, 2006 and August 29, 2006 and the volume-weighted average CGG ADS price in the month ended August 29, 2006, and (ii) the value of a share of Veritas common stock of \$71.78 implied by applying the average multiple of enterprise value over net EBITDA of 15.3 times to the financial results of Veritas for 2006 (year ended July 31).

	<b>CGG ADS Price</b>	<b>Implied Merger Consideration Value</b>	<b>Premium/ (Discount)</b>
	<b>(US\$)</b>	<b>(US\$)</b>	
September 1, 2006(1)	33.27	74.93	4.4%
August 9, 2006	33.33	75.00	4.5%
1-month average(2)(3)	34.10	75.88	5.7%

**Table of Contents****Source: Datastream****Notes:**

(1) Closing price on the last NYSE trading day before the announcement of the merger.

(2) Volume-weighted average over the period.

(3) Period ended August 29, 2006.

Based on the volume-weighted CGG ADS price in the month before the announcement of the merger, the merger consideration implies a premium of between 4.4% and 5.7% compared to the value per share of Veritas common stock implied by applying the average multiple of comparable transactions to the net EBITDA of Veritas for the year ended July 31, 2006.

*Discounted Future Cash Flows*

This analysis consists of determining the premium offered by CGG per share of Veritas common stock based on (i) the merger consideration, calculated on the basis of the closing price for CGG ADSs on September 1, 2006 and August 29, 2006 and on the volume-weighted average CGG ADS price in the month ended August 29, 2006 and (ii) the value of each share of Veritas common stock implied by discounting future Veritas cash flows.

Free future cash flows after taxes were estimated through 2011 as being equal to EBITDA, net of multi-client library amortization, after taking into account tax on operating income, variations in working capital requirements, industrial investments and investments in multi-client surveys. The terminal value after 2011 was calculated by applying to the estimated free cash flow in 2011 a constant growth-rate range of 3.0% to 4.0% for the two companies and a discount rate for both companies ranging from 9.0% to 10.0%.

This analysis was conducted both before and after taking into account cost savings and operational synergies anticipated by CGG management in connection with the proposed merger. Pre-tax synergies are estimated by CGG at \$43 million in 2007 and \$65 million from 2008, with exceptional implementation costs of \$16 million in 2007 and \$4 million in 2008.

Before taking into account expected synergies, this method produces a range of values per Veritas ordinary share of \$59.97 to \$77.73. After taking into account expected synergies, this method produces a range of values per Veritas ordinary share of \$68.24 to \$87.03.

The table below presents the premium based on (i) the merger consideration, calculated on the basis of the closing price for CGG ADSs on September 1, 2006 and on August 29, 2006 and the volume-weighted averaged CGG ADS price in the month ended August 29, 2006, and (ii) the range of values of a share of Veritas common stock implied by the discounting of future free cash flows before and after taking synergies into account.

	CGG ADS Price  (US\$)	Implied Merger Consideration Value  (US\$)	Premium/(Discount)	
			Before Synergies	After Synergies
September 1, 2006(1)	33.27	74.93	(3.6)% - 24.9%	(13.9)% - 9.8%
August 29, 2006	33.33	75.00	(3.5)% - 25.1%	(13.8)% - 9.9%
1-month average(2)(3)	34.10	75.88	(2.4)% - 26.5%	(12.8)% - 11.2%

**Source: Datastream****Notes:**

- (1) Closing price on the last NYSE trading day before the announcement of the merger.
- (2) Volume-weighted average over the period.
- (3) Period ended August 29, 2006.

**Table of Contents**

On the basis of the CGG ADS price during the month before the announcement of the merger, the merger consideration implies a premium (discount) of between (3.6%) and 26.5% with respect to the value per share of Veritas common stock implied by the discounting of future free cash flows before taking into account synergies and a premium (discount) of between (13.9%) and 11.2% after taking into account synergies.

*Summary of Financial Analysis of the Offer*

The table below presents a summary of the different methods employed.

<b>Method</b>	<b>Premium/(Discount)</b>
Share prices	20.5% - 36.1%
September 1, 2006(1)	20.5%
August 29, 2006	33.5%
1-month average as of August 29, 2006	36.1%
Comparable listed companies	24.0% - 25.6%
Comparable transactions	4.4% - 5.7%
Discounted free future cash flows before taking synergies into account	(3.6)% - 26.5%
Discounted free future cash flows after taking synergies into account	(13.9)% - 11.2%

**Note:**

(1) Closing price on the last NYSE trading day before the announcement of the merger.

*Criteria not Taken into Consideration*

The following methods were not considered relevant in evaluating the terms of the merger:

Book value of net assets;

Adjusted net assets; and

Analysts' target price.

*Book value of net assets.* This method was not applied because the value of seismic companies is not necessarily reflected in the historical value of their assets.

*Adjusted net assets.* This approach, which is typically used to value holding companies with minority stakes in diversified businesses, applies neither to CGG nor Veritas, which are companies whose principal business is in the seismic sector and the majority of whose primary subsidiaries are wholly-owned.

*Analysts' target price.* Because analysts' target prices rely on a multi-criteria approach, this method was considered redundant with the multi-criteria approach used in the financial analysis of the merger.

**Opinion of Veritas' Financial Advisor**

Goldman Sachs rendered its opinion to the Veritas board of directors that, as of September 4, 2006, and based upon and subject to the factors and assumptions set forth therein, the per share ADS consideration and the per share cash consideration to be received by holders of the shares of Veritas common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders.

**The full text of the written opinion of Goldman Sachs, dated September 4, 2006, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B. Goldman Sachs' advisory services and opinion were provided for the information and assistance of the Veritas board of directors in connection with its consideration of the merger and such opinion does not constitute a recommendation as to how any holder of shares of Veritas common stock should vote or make any election with respect to such merger.**

**Table of Contents**

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the merger agreement;

annual reports to stockholders and annual reports on Form 10-K of Veritas for the five fiscal years ended July 31, 2005;

annual reports to shareholders and annual reports on Form 20-F of CGG for the five years ended December 31, 2005;

certain interim reports to stockholders and quarterly reports on Form 10-Q of Veritas;

certain interim reports to shareholders of CGG;

certain other communications from Veritas and CGG to their respective shareholders; and

certain internal financial analyses and forecasts for Veritas prepared by its management and certain internal financial analyses and forecasts for CGG prepared by its management, as reviewed and approved by the management of Veritas for use by Goldman Sachs in connection with its opinion, including certain cost savings and operating synergies projected by the management of CGG to result from the merger, as reviewed and approved by the management of Veritas for use by Goldman Sachs in connection with its opinion.

Goldman Sachs also held discussions with members of the senior management of Veritas regarding their assessment of the past and current business operations, financial condition and future prospects of Veritas and with members of the senior managements of Veritas and CGG regarding their assessment of the strategic rationale for, and the potential benefits of, the merger and the past and current business operations, financial condition and future prospects of CGG. In addition, Goldman Sachs reviewed the reported price and trading activity for shares of Veritas common stock and CGG ADSs, compared certain financial and stock market information for Veritas and CGG with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the oil field services industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as Goldman Sachs considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, legal, accounting, tax and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering the opinion described above. In that regard, Goldman Sachs assumed that the forecasts, including the synergies, prepared by the management of Veritas and CGG, as the case may be, have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of Veritas and CGG, as the case may be. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Veritas or CGG or any of their respective subsidiaries and Goldman Sachs has not been furnished with any such evaluation or appraisal. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on Veritas or CGG or on the expected benefits of the merger in any way meaningful to its analysis.

Goldman Sachs' opinion does not address the underlying business decision of Veritas to engage in the merger nor is Goldman Sachs expressing any opinion as to the prices at which CGG ADSs will trade at any time. Goldman Sachs' opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, September 4, 2006.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the Veritas board of directors in connection with rendering the opinion described above. The following summary, however, does not

purport to be a complete description of the financial analyses performed by

64

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**Table of Contents**

Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before September 4, 2006, and is not necessarily indicative of current market conditions.

*Selected Companies Analysis.* Goldman Sachs reviewed and compared certain financial information for Veritas to corresponding financial information and public market multiples for the following publicly traded corporations in the oil field services industry:

CGG;

Petroleum Geo-Services ASA;

Schlumberger Limited; and

TGS-NOPEC Geophysical Company ASA.

Although none of the selected companies is directly comparable to Veritas, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of Veritas.

Goldman Sachs also calculated and compared various financial multiples for Veritas based on financial data it obtained from filings with the SEC, press releases, estimates provided by the Institutional Brokerage Estimate System, or IBES, Veritas common stock closing price on September 1, 2006, Veritas common stock closing price on August 29, 2006 and the implied \$74.93 value per share of Veritas common stock to be paid in the merger (calculated based on 1.14 multiplied by \$33.27 (the closing price of CGG ADSs on September 1, 2006) plus \$37.00 in cash). Goldman Sachs also calculated and compared various financial multiples for the selected companies based on financial data it obtained from SEC filings, press releases, IBES estimates and the selected companies common stock closing prices on September 1, 2006.

With respect to Veritas and the selected companies, Goldman Sachs calculated:  
price as a multiple of estimated earnings per share, or EPS, for 2006 and 2007;

price as a multiple of estimated cash flow per share for 2006 and 2007; and

price as a multiple of estimated adjusted cash flow per share for 2006 and 2007.

The following table presents the results of this analysis:

Price as a Multiple of	Selected Companies			Veritas			
	Range	Mean	Median	As of 09/01(1)	As of 08/29(1)	As of 08/29-IBES(2)	At \$74.93(1)
2006E EPS	13.5x- 21.4x	16.4x	15.4x	24.0x	21.7x	23.4x	29.0x
2007E EPS	9.0x-16.7x	12.8x	12.8x	23.5x	21.2x	19.7x	28.3x
2006E Cash Flow per Share	7.2x-14.7x	9.2x	7.4x	6.0x	5.4x	5.9x	7.2x
2007E Cash Flow per Share							