Veritas Investments Inc.
Form S-3ASR
January 29, 2007

As filed with the Securities and Exchange Commission on January 29, 2007
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Forms F-3* and S-3*
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
Compagnie Générale de Géophysique-Veritas
(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)*	**Tour Maine-Montparnasse** **33 avenue de Maine** **BP 191** **75755 Paris CEDEX 15** **France** **(33) 1 64 47 45 00**	**Not Applicable** *(I.R.S. Employer Identification No.)*

(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)

Copies to:

Beatrice Place-Faget **Corporate General Counsel** **Tour Maine-Montparnasse** **33, avenue du Maine** **75755 Paris Cedex 15** **+33 1 64 47 45 00**	**Thomas N. O Neill III** **Linklaters** **25, rue de Marignan** **75008 Paris** **France** **+33 1 56 43 56 43**	**William P. Rogers, Jr.** **Cravath, Swaine & Moore LLP** **City Point** **One Ropemaker Street** **London EC2Y 9HR** **United Kingdom** **+44 207 453 1000**

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box. þ

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) 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. o

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

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. þ

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered/Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Senior Notes	$ 600,000,000(1)	$ (3)
Guarantees of Senior Notes	(2)	None

(1) Estimated solely for the purpose of calculating the registration fee.

(2) No separate consideration will be received for the Guarantees.

(3) The Registrants have elected to rely on Rule 456(b) and Rule 457(r) of the Securities Act of 1933, as amended, to defer payment of the registration fee.

Table of Additional Registrants

Name and Address, Including Zip Code and Telephone Number, Including Area Code, of Principal Executive Offices	State or Other Jurisdiction of Incorporation	I.R.S. Employer Identification No.
CGG Americas Inc. 16430 Park Ten Place Houston, Texas 77084 (1) 281 646 2400	Texas	74 - 1596771
CGG Canada Services Ltd. 450, 808-4th Avenue SW Calgary, Alberta TP3 E8 Canada (1) 403 266 1011	Alberta, Canada	
CGG Marine Resources Norge A/ S OH Bangs Vei 70 N-1363 Høvik Norway (47) 67 11 34 72	Norway	
Sercel, Inc. 17200 Park Row Houston, Texas 77084 (1) 281 492 6688	Oklahoma	73 - 1396603
Sercel Canada Ltd. 1108 55th Avenue, NE Calgary, Alberta TZE 6Y Canada (1) 403 275 3544	New Brunswick, Canada	
Sercel Australia Pty Ltd. 274 Victoria Road Rydalmere, New South Wales 2116 Australia (61) 2 8832 5500	New South Wales, Australia	
CGGVeritas Services Inc. 10300 Town Park Drive Houston, Texas 77072 (1) 832 351 8300	Delaware	20 - 8026762
Veritas DGC Land Inc. 10300 Town Park Drive Houston, Texas 77072 (1) 832 351 8300	Delaware	76 - 0542437
Veritas Geophysical Corporation 10300 Town Park Drive Houston, Texas 77072 (1) 832 351 8300	Delaware	74 - 1813790
Veritas Investments Inc.	Delaware	76 - 0569069

c/o Corporation Trust Center 1209 Orange Street Wilmington, DE 19801		
Viking Maritime Inc. c/o Corporation Trust Center 1209 Orange Street Wilmington, DE 19801	Delaware	76 - 0677405

Name and Address, Including Zip Code and Telephone Number, Including Area Code, of Principal Executive Offices	State or Other Jurisdiction of Incorporation	I.R.S. Employer Identification No.
Veritas Geophysical (Mexico) LLC c/ o Corporation Trust Center 1209 Orange Street Wilmington, DE 19801	Delaware	76 - 0670383
Veritas DGC Asia Pacific Ltd. 10300 Town Park Drive Houston, Texas 77072 (1) 832 351 8300	Delaware	74 - 2007144
Alitheia Resources Inc. 10300 Town Park Drive Houston, Texas 77072 (1) 832 351 8300	Delaware	56 - 2475147

* This registration statement comprises a filing on Form F-3 with respect to the securities of Compagnie Générale de Géophysique-Veritas, CGG Canada Services Ltd., CGG Marine Resources Norge A/ S, Sercel Canada Ltd. and Sercel Australia Pty Ltd. and a filing on Form S-3 with respect to the securities of CGG Americas Inc., Sercel, Inc., CGGVeritas Services Inc., Veritas DGC Land Inc., Veritas Geophysical Corporation, Veritas Investments Inc., Viking Maritime Inc., Veritas Geophysical (Mexico) LLC, Veritas DGC Asia Pacific Ltd. and Alitheia Resources Inc.

The information in this preliminary prospectus is not complete and may be changed. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 29, 2007.

$600,000,000

Compagnie Générale de Géophysique-Veritas

$300,000,000 $7^{1}/2$% Senior Notes due 2015

$300,000,000   % Senior Notes due 2017

Guaranteed on a senior basis by certain subsidiaries

We are offering an additional $300,000,000 principal amount of our $7^{1}/2$% Senior Notes due 2015 (the additional notes) and $300,000,000 principal amount of our   % Senior Notes due 2017 (the new notes , and together with the additional notes, the notes).

The Additional Notes

The additional notes will mature on May 15, 2015. We will pay interest on the additional notes each May 15 and November 15. We will make the first payment on May 15, 2007 for interest accrued and unpaid from November 15, 2006. The additional notes constitute a further issuance of our $7^{1}/2$% Senior Notes due 2015 first issued in a principal amount of $165,000,000 on April 28, 2005 and issued in an additional principal amount of $165,000,000 on February 3, 2006 (together, the existing notes). The sales of the existing notes were not registered under the Securities Act of 1933 but were the subject of subsequent exchange offers for identical notes registered with the Securities and Exchange Commission. The additional notes and the existing notes will be treated as the same series of notes under the indenture dated April 28, 2005 pursuant to which the existing notes were issued.

We may redeem all or a part of the additional notes at any time on or after May 15, 2010 at the redemption prices described in this prospectus. We may redeem up to 35% of the aggregate principal amount of the existing notes and the additional notes prior to May 15, 2008 using the proceeds of certain equity offerings. At any time prior to May 15, 2010, we may redeem all or part of the additional notes at a redemption price equal to 100% of the principal amount of the additional notes plus the applicable premium described in this prospectus. We may also redeem all, but not less than all, of the additional notes at a redemption price equal to 100% of the principal amount of the additional notes in the event of certain changes in tax laws. If we undergo a change of control, each holder may require us to repurchase all or a portion of the additional notes at 101% of the principal amount thereof, plus accrued and unpaid interest.

The New Notes

The new notes will mature on May 15, 2017. We will pay interest on the new notes each May 15 and November 15. We will make the first payment on May 15, 2007 for interest accrued and unpaid from the issue date of the new notes. The new notes will be issued pursuant to a new indenture. We may redeem all or a part of the new notes at any time on or after May 15, 2012 at the redemption prices described in this prospectus. We may redeem up to 35% of the new notes prior to May 15, 2010 using the proceeds of certain equity offerings. At any time prior to May 15, 2012, we may redeem all or part of the new notes at a redemption price equal to 100% of the principal amount of the new notes plus the applicable premium described in this prospectus. We may also redeem all, but not less than all, of the new notes at a redemption price equal to 100% of the principal amount of the new notes in the event of certain changes in tax laws. If we undergo a change of control, each holder may require us to repurchase all or a portion of the new notes at 101% of the principal amount thereof, plus accrued and unpaid interest.

The notes will be our senior unsecured obligations and will be initially guaranteed on a senior unsecured basis by certain of our subsidiaries. The notes will rank equally in right of payment with all our other existing and future senior unsecured indebtedness and senior in right of payment to all our existing and future subordinated indebtedness. The notes and the subsidiary guarantees will be effectively subordinated to all our secured obligations and all secured obligations of our subsidiaries that guarantee the notes to the extent of the value of the collateral. The notes will also be effectively junior to all obligations of our subsidiaries that do not guarantee the notes.

Application has been made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market (Euro MTF).

Investing in the notes involves risks. See Risk Factors beginning on page 22.

	Price to public(1)	Underwriting discounts and commissions	Proceeds to issuer
Additional notes			
New notes			

(1) In the case of the additional notes, plus accrued and unpaid interest from and including November 15, 2006 to but excluding the delivery date and in the case of the new notes, plus accrued and unpaid interest from and including the issue date of the new notes to but excluding the delivery date.

Delivery of the notes in book-entry form will be made on or about , 2007.

Neither the Securities and Exchange Commission, any state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Sole Bookrunner and Lead Manager

Credit Suisse

Joint Lead Managers

BNP PARIBAS **Natexis Bleichroeder Inc.**

Co-Managers

Calyon Securities **SOCIETE GENERALE**

The date of this prospectus is , 2007.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities and may only be used for the purposes for which it has been published. The information in this document may only be accurate on the date of this document.

In connection with this offering, Credit Suisse Securities (Europe) Limited may over-allot or effect transactions for a limited period of time with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, Credit Suisse Securities (Europe) Limited is not obliged to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

NOTICE TO INVESTORS

CGGVeritas, having made all reasonable inquiries, confirms to the best of its knowledge, information and belief that the information contained in this prospectus with respect to CGGVeritas and its consolidated subsidiaries and affiliates taken as a whole and the notes offered hereby is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this document are honestly held and that there are no other facts the omission of which would make this prospectus as a whole misleading in any material respect. Subject to the following paragraph, CGGVeritas accepts responsibility for the information contained in this prospectus.

The information contained under the section Exchange Rates includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information. The information set out in relation to sections of this prospectus describing clearing and settlement arrangements, including the sections entitled Description of the Additional Notes Book Entry, Delivery and Form and Description of the New Notes Book Entry, Delivery and Form , is subject to any change or reinterpretation of the rules, regulations and procedures of Cede & Co., Euroclear Bank S.A./ N.V. (Euroclear) or Clearstream Banking, socièté anonyme (Clearstream) currently in effect. While we accept responsibility for accurately summarizing the information concerning Cede & Co., Euroclear and Clearstream, we accept no further responsibility in respect of such information. In addition, this prospectus contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us.

We are providing this prospectus only to prospective purchasers of the notes. You should read this prospectus before making a decision whether to purchase any notes.

This prospectus does not constitute an offer to sell or an invitation to subscribe for or purchase any of the notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, other than the United States. Accordingly, the notes may not be offered or sold, directly or indirectly, and this prospectus may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable to such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any notes or possess this prospectus. You must also obtain any consents or approvals that you need in order to purchase, offer or sell any notes or possess or distribute this prospectus. We and the underwriters are not responsible for your compliance with any of the foregoing legal requirements.

We are not, the underwriters are not, and none of our respective representatives are making an offer to sell the notes in any jurisdiction except where an offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time. This prospectus is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that this information is accurate or complete. The underwriters named in this prospectus make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained or incorporated by reference in this prospectus is, or shall be relied upon as, a promise or representation by the underwriters with respect to the notes as to the past or the future.

The information contained in this prospectus speaks as of the date hereof. Neither the delivery of this prospectus at any time after the date of publication nor any subsequent commitment to purchase the notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this prospectus or in our business since the date of this prospectus.

We are not, the underwriters are not, and none of our respective representatives are making any representation to you regarding the legality of an investment in the notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this prospectus to be legal, business, tax or other advice. You should consult your own attorney, business advisor and tax advisor for legal, financial, business and tax and related aspects of an investment in the notes. You are responsible for making your own examination of us and our business and your own assessment of the merits and risks of investing in the notes.

The notes will be issued in the form of one or more global notes, which will be deposited with, or on behalf of, a common depositary for the accounts of Cede & Co., Euroclear and Clearstream. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by Cede & Co., Euroclear and/or Clearstream and their participants, as applicable. See Description of the Additional Notes Book Entry, Delivery and Form and Description of the New Notes Book Entry, Delivery and Form .

This prospectus sets out the procedures of Cede & Co., Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the notes among participants of Euroclear and Clearstream. However, neither Cede & Co., Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued by either of them at any time. We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of Cede & Co., Euroclear, Clearstream or their respective participants under the rules and procedures governing their operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for ii

maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

We reserve the right to withdraw this offering of the notes at any time. We and the underwriters also reserve the right to reject any offer to purchase the notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the notes sought by it. The underwriters and certain of their respective related entities may acquire, for their own accounts, a portion of the notes.

This prospectus has not received the visa of the French *Autorité des Marchés Financiers* (AMF) and accordingly may not be used in connection with any offer or sale of the notes to the public in France.

This prospectus has been prepared on the basis that all offers of notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the European Economic Area (EEA), from the requirement to produce a prospectus for offers of notes. Accordingly any person making or intending to make any offer within the EEA of notes which are the subject of the placement contemplated in this prospectus should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the underwriters which constitute the final placement of notes contemplated in this prospectus.

Each person in a Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) who receives any communication in respect of, or who acquires any notes under, the offering contemplated in this prospectus will be deemed to have represented, warranted and agreed to with each underwriter and us that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the underwriters has been given to the offer or resale; or (ii) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons. For the purposes of this representation, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

We expect that delivery of the notes will be made against payment therefor on or about the fifth business day following the date of pricing of the notes (this settlement cycle being referred to as T+5). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of this prospectus or the next succeeding two business days will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to make such trades should consult their own adviser.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the reporting requirements of the Securities Exchange Act of 1934 (the Exchange Act) applicable to foreign private issuers. In accordance with the Exchange Act, we electronically file reports, including annual reports on Form 20-F and interim reports on Form 6-K, and other information with the Securities and Exchange Commission.

You may obtain these reports and other information by sending a written request to CGGVeritas, Tour Maine-Montparnasse, 33 avenue de Maine, BP 191, 75755 Paris CEDEX 15, France, Attention: Investor Relations Officer, Telephone: (33) 1 64 47 45 00.

You can inspect and copy these reports, and other information, without charge, at the Public Reference Room of the Commission located at 100 F. Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The Commission also maintains an Internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission.

In addition, you can inspect material filed by CGG, Veritas and CGGVeritas at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which American Depositary Shares representing shares of our common stock are listed. As a foreign private issuer, we are not subject to the proxy rules under Section 14 or the short-swing insider profit disclosure rules under Section 16 of the Exchange Act.

All information referred to above will, for so long as the notes are listed on the Luxembourg Stock Exchange, also be available, without charge, at the specified office of the Paying Agent in Luxembourg during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this prospectus.

On January 12, 2007, following the completion of the merger with CGG, Veritas was delisted from the New York Stock Exchange and filed a Form 15 to terminate its registration and reporting obligations under the Exchange Act.

PRESENTATION OF INFORMATION

In this prospectus, references to United States or U.S. are to the United States of America, references to U.S. dollars or $ are to United States dollars, references to France are to the Republic of France, references to Norwa are to the Kingdom of Norway, references to NOK are to Norwegian kroner and references to euro or are to the sing currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Union.

Unless otherwise indicated, statements in this prospectus relating to market share, ranking and data are derived from management estimates based, in part, on independent industry publications, reports by market research firms or other published independent sources. Any discrepancies in any table between totals and the sums of the amounts listed in such table are due to rounding.

As used in this prospectus CGG refers to Compagnie Générale de Géophysique and its subsidiaries, except as otherwise indicated, Veritas refers to Veritas DGC Inc. and its subsidiaries before the merger between CGG and Veritas and to CGGVeritas Services Inc. following such merger, except as otherwise indicated, and CGGVeritas , we , us and our refer to Compagnie Générale de Géophysique-Veritas and its subsidiaries, except as otherwise indicated.

INCORPORATION BY REFERENCE

The Commission allows us to incorporate by reference the information we file with the Commission in other documents, which means:

- incorporated documents are considered part of this prospectus;
- we can disclose important information to you by referring you to those documents; and
- information that we file with the Commission after the date of this prospectus and incorporate by reference herein automatically updates and supersedes this prospectus and information previously incorporated by reference herein.

We incorporate by reference the following document that we have previously filed with the Commission:

SEC Filing	Filing Date
CGG s Form 20-F for the fiscal year ended December 31, 2005	May 9, 2006

In addition, we incorporate by reference each of the following documents that we will file with the Commission (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the rules of the Commission) between the date of this prospectus and termination of the offering of the notes:

- all annual reports on Form 20-F we file with the Commission; and
- any future reports furnished on Form 6-K that indicate that they are incorporated by reference in this prospectus.

You may obtain a copy of any of the documents referred to above (excluding exhibits) at no cost by contacting us at the following address:

Compagnie Générale de Géophysique-Veritas
Tour Maine-Montparnasse
33 avenue de Maine
BP 191
75755 Paris CEDEX 15
Attention: Investor Relations Officer
Tel: (33) 1 64 47 45 00

In addition, for so long as the notes are listed on the Luxembourg Stock Exchange, you may obtain a copy of any of the documents referred to above (excluding exhibits) at no cost during usual business hours on any weekday (except Saturdays, Sundays and public holidays) at the specified offices of the Paying Agent in Luxembourg.

Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained herein, or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of the federal securities laws, which involve risks and uncertainties, including, without limitation, certain statements made in the sections entitled Our Business , Business of CGG , Business of Veritas and Management s Discussion and Analysis of Financial Condition and Results of Operations . You can identify forward-looking statements because they contain words such as believes , expects , may , should , seeks , approximately , intends , plans , estimates , or anticipates or similar expre to our strategy, plans or intentions. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We have based these forward-looking statements on our current views and assumptions about future events. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this prospectus.

Important factors that could cause actual results to differ materially from our expectations (cautionary statements) are disclosed under Risk Factors and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All forward-looking information in this prospectus and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our actual results include:

our ability to develop an integrated strategy for CGGVeritas;

difficulties and delays in achieving synergies and cost savings;

our substantial indebtedness;

changes in international economic and political conditions and, in particular, in oil and gas prices;

exposure to the credit risk of customers;

our ability to finance our operations on acceptable terms;

the timely development and acceptance of our new products and services;

the complexity of products sold;

changes in demand for seismic products and services;

the effects of competition;

the social, political and economic risks of our global operations;

the costs and risks associated with pension and post-retirement benefit obligations;

changes to existing regulations or technical standards;

existing or future litigation;

difficulties and costs in protecting intellectual property rights and exposure to infringement claims by others;

the costs of compliance with environmental, health and safety laws;

the timing and extent of changes in currency exchange rates and interest rates;

the accuracy of our assessment of risks related to acquisitions, projects and contracts and whether these risks materialize;

our ability to integrate successfully the businesses or assets we acquire, including Veritas;

our ability to monitor existing and targeted partnerships;

our ability to sell our seismic data library;

our ability to access the debt and equity markets during the periods covered by the forward-looking statements, which will depend on general market conditions and on our credit ratings for our debt obligations; and

our success at managing the risks of the foregoing.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements included in this prospectus, including those described in the Risk Factors section of this prospectus.

PROSPECTUS SUMMARY

This prospectus summary highlights selected information from this prospectus to help you understand our business and the terms of the notes. You should carefully read all of this prospectus, including the consolidated financial statements and related notes, to understand fully our business and the terms of the notes, as well as some of the other considerations that may be important to you in making your investment decision. You should pay special attention to the Risk Factors section of this prospectus to determine whether an investment in the notes is appropriate for you.

Compagnie Générale de Géophysique-Veritas

We are a leading international provider of geophysical services and manufacturer of geophysical equipment. We provide geophysical services principally to oil and gas companies that use seismic imaging to help explore for, develop and manage oil and gas reserves by:

- identifying new areas where subsurface conditions are favorable for the accumulation of oil and gas;
- determining the size and structure of previously identified oil and gas fields; and
- optimizing development and production of oil and gas reserves (reservoir management).

We manufacture and sell our geophysical equipment primarily to other geophysical service companies.

Following the merger with Veritas, we intend to continue CGG s segmentation between geophysical services and products, and to organize our services business both into geographical operating segments for the western and eastern hemispheres, and into the following three business lines:

- the land business line for land and shallow water seismic acquisition and non-exclusive (multi-client) library sales;
- the offshore business line for marine seismic acquisition, multi-client library sales and related services; and
- the processing & reservoir business line for seismic data processing, data management and reservoir studies.

Our products segment, which conducts business primarily through our subsidiary Sercel Holding S.A. and its subsidiaries (Sercel), manufactures and sells seismic data acquisition equipment, both for land and offshore use.

On a pro forma basis after giving effect to the merger and the financing transactions (as defined below), we would have had total revenue of 1,489.1 million and 1,470.1 million and operating income of 125.7 million and 289.6 million for the year ended December 31, 2005 and the nine months ended September 30, 2006, respectively under IFRS. See Unaudited Pro Forma Condensed Combined Financial Information .

Our address is Tour Maine-Montparnasse, 33, avenue de Maine, BP 191, 75755 Paris Cedex 15, France, and our telephone number is +33 (0) 1 64 47 45 00.

Recent Developments

The Merger

On January 12, 2007, CGG acquired Veritas (the merger) pursuant to an agreement and plan of merger dated September 4, 2006 (the merger agreement). In the merger, CGG issued an aggregate of 46.1 million ADSs and paid an aggregate of $1.5 billion in cash to holders of Veritas stock. Upon completion of the merger, CGG was renamed Compagnie Générale de Géophysique-Veritas (abbreviated as CGGVeritas).

Merger Rationale

We believe a number of strategic factors support the merger, including the following:

- the combination of CGG and Veritas took place in a strong business environment, as decreasing reserves of oil and gas companies have been coupled with growing energy consumption sustained by long-term demand, particularly in China and India;

- the combination of CGG and Veritas creates 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 combination of CGG and Veritas brings together two companies with strong technological foundations in the geophysical services and equipment market, as both CGG and Veritas have a long tradition of providing seismic services both onshore and offshore;

- the addition of Veritas fleet of seven vessels creates a combined seismic services business operating the world s leading seismic fleet of 20 vessels, including 14 high capacity 3D vessels;

- multi-client services benefits from two complementary, recent vintage, well-positioned seismic data libraries;

- 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 partnerships;

- CGG s and Veritas respective positions in data processing and imaging as well as the skills and reputation of their experts and geoscientists, allow us 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, CGGVeritas 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.

For a more complete discussion of the merger, see The Veritas Merger .

Bridge Loan and Senior Credit Facilities

In order to finance a portion of the cash merger consideration, on January 12, 2007, CGG drew $700 million under a senior secured bridge loan facility (the bridge loan facility) guaranteed by certain of our subsidiaries. We intend to use the net proceeds from this offering plus cash on hand to repay in full the bridge loan facility.

Also on January 12, 2007, Volnay Acquisition Co. I (which was subsequently merged with Veritas and Volnay Acquisition Co. II, with the surviving entity renamed CGGVeritas Services Inc.) and CGG entered into a senior credit agreement (the senior facilities), pursuant to which CGGVeritas Services Inc. borrowed $1 billion under a senior secured term loan (the term loan facility) principally for the purpose of financing the remaining portion of the cash component of the consideration for the merger and obtained a $115 million senior secured revolving facility (the U.S. revolving facility). Aggregate commitments under the U.S. revolving facility are expected to be increased to $140 million. The senior facilities are guaranteed by us and certain of our subsidiaries.

We are also planning to enter into a senior secured revolving credit facility (the French revolving facility), guaranteed by certain of our subsidiaries, of up to $200 million for working capital purposes.

For a description of the credit facilities above, see Description of Certain Indebtedness .

The borrowings under the term loan facility and the bridge loan facility and the issuance of the notes offered hereby and the use of proceeds therefrom are collectively referred to in this prospectus as the financing transactions .

Our Business

Services accounted for 64% and Products accounted for 36% of CGG s consolidated operating revenue for the year ended December 31, 2005. Service operations accounted for 98% and Veritas Hampson-Russell (VHR), Veritas proprietary software business, accounted for 2% of Veritas consolidated revenues for the year ended July 31, 2006. Veritas provides geophysical services and geophysical software products but does not manufacture geophysical equipment.

The tables below present CGG s operating revenue (in euros) by business line for the nine months ended September 30, 2006 and the years ended December 31, 2005 and 2004 under IFRS and Veritas revenues (in U.S. dollars) by business line for the three months ended October 31, 2006 and the fiscal years ended July 31, 2006, 2005 and 2004 under U.S. GAAP.

	Nine months ended September 30, 2006		**Year ended December 31, 2005**		**2004**	
	(in millions, except percentages)					
CGG Operating Revenue by Business						
Land	96.9	*10%*	119.8	*14%*	77.3	*11%*
Offshore	404.1	*42%*	319.5	*37%*	205.7	*30%*
Processing and Reservoir	102.3	*11%*	113.0	*13%*	105.0	*15%*
Total Services	603.3	*63%*	552.3	*64%*	388.0	*56%*
Products	352.3	*37%*	317.6	*36%*	299.4	*44%*
Total	955.6	*100%*	869.9	*100%*	687.4	*100%*

	Three months ended October 2006	**Year ended July 31, 2006**	**2005**	**2004**

31,

) millions, except percentages
(in $

Veritas Revenues by Business								
Land	85.4	*37%*	286.9	*35%*	195.5	*31%*	200.7	*36%*
Offshore	105.7	*46%*	405.1	*49%*	331.4	*52%*	272.7	*48%*
Processing and Reservoir	34.6	*15%*	110.6	*14%*	90.9	*14%*	75.7	*13%*
Total Services	225.7	*98%*	802.6	*98%*	617.8	*97%*	549.1	*97%*
VHR	5.1	*2%*	19.6	*2%*	16.2	*3%*	15.4	*3%*
Total	230.8	*100%*	822.2	*100%*	634.0	*100%*	564.5	*100%*

The tables below present CGG s operating revenue (in euros) by region for the nine months ended September 30, 2006 and the years ended December 31, 2005 and 2004 under IFRS and Veritas revenues (in

U.S. dollars) by region for the three months ended October 31, 2006 and fiscal years ended July 31, 2006, 2005 and 2004 under U.S. GAAP.

	Nine months ended September 30,		Year ended December 31,			
	2006		2005		2004	
	(in millions, except percentages)					
CGG Operating Revenue by Region						
Americas	314.0	*33%*	291.7	*34%*	207.7	*30%*
Asia Pacific/Middle East	313.2	*33%*	297.3	*34%*	274.5	*40%*
Europe	229.4	*24%*	190.3	*22%*	138.2	*20%*
Africa	99.0	*10%*	90.6	*10%*	67.0	*10%*
Total	955.6	*100%*	869.9	*100%*	687.4	*100%*

	Three months ended October 31,		Year ended July 31,					
	2006		2006		2005		2004	
	(in $ millions, except percentages)							
Veritas Revenues by Region								
Americas	143.4	*62%*	552.4	*67%*	397.8	*63%*	390.6	*70%*
Asia Pacific/Middle East	41.9	*18%*	138.2	*17%*	124.9	*20%*	81.3	*14%*
Europe	44.8	*20%*	93.6	*11%*	71.9	*11%*	79.2	*14%*
Africa	0.7		38.0	*5%*	39.4	*6%*	13.3	*2%*
Total	230.8	*100%*	822.2	*100%*	634.0	*100%*	564.5	*100%*

Land

We believe we are a leading land seismic contractor, particularly in difficult terrain. Land seismic acquisition includes all seismic surveying techniques where the recording sensor is either in direct contact with, or in close proximity to, the ground. Our land business line offers integrated services, including the acquisition and processing of seismic data on land, in transition zones and on the ocean floor (seabed surveys). As at September 30, 2006, CGG had 12 land crews performing specialized 3D and 2D seismic surveys, all of which were recording data. During its fiscal year 2006, Veritas had an average of 12 land crews in operation. As at December 31, 2005, CGG s land survey equipment had a combined recording capacity of approximately 59,000 channels. As at July 31, 2006, Veritas land survey equipment had a combined recording capacity of approximately 52,000 channels. We have developed partnerships with local seismic acquisition companies in several countries, including Saudi Arabia, Indonesia and Libya. We bring to these partnerships our international expertise, technical know-how, equipment and experienced key personnel as needed, while local partners provide their logistical resources, equipment and knowledge of the environment and local market. We are also continuing to invest in Veritas non-exclusive land seismic data libraries.

Land activities accounted for 14% of CGG s consolidated operating revenue and 35% of Veritas consolidated revenues, for the years ended December 31, 2005 and July 31, 2006, respectively.

Offshore

We provide a full range of 3D marine seismic services, principally in the Gulf of Mexico, the North Sea and off the coasts of West Africa and Brazil, as well as in the Asia-Pacific region. The capacity to both acquire and process marine seismic data is an important element of our overall strategy to maintain and develop our leading position in marine seismic data acquisition and processing. We currently operate a combined fleet of 20 vessels, including 14 high capacity 3D vessels. Capacity in the combined fleet is 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. Time charters allow us to change vessels in order to keep pace with market developments and provide us with the security of continued access to vessels without the significant investment required for ownership.

We undertake both exclusive and multi-client marine surveys. When we acquire marine seismic data on an exclusive basis, the customer contracts to pay for and directs the scope and extent of the survey and retains ownership of the data obtained. In regions where there is extensive petroleum exploration, such as Brazil, the Gulf of Mexico, West Africa, the Mediterranean Sea and the North Sea, we also undertake multi-client surveys, in which we fund the survey ourselves and retain ownership of the seismic data. This enables us to provide multiple companies access to the data by way of license. As a result, we have the potential to obtain multiple and higher revenues, while our customers who license the data have the opportunity to pay lower prices. Multi-client surveys accounted for 42% of CGG s offshore operating revenue in 2005 and 40% in the nine months ended September 30, 2006. In the fiscal year ended July 31, 2006, and the three months ended October 31, 2006, 60% and 61%, respectively of Veritas marine revenues came from multi-client work.

Offshore activities accounted for 37% of CGG s consolidated operating revenue and 49% of Veritas consolidated revenues for the years ended December 31, 2005 and July 31, 2006, respectively.

Processing & Reservoir

We provide seismic data processing and reservoir services through our network of 30 data processing centers and reservoir teams located around the world. Our seismic data processing operations transform seismic data acquired in the field into 2D cross-sections, or 3D images of the earth s subsurface or 4D time-lapse seismic data using Geocluster and Hampson-Russell software, our proprietary seismic software, or third party applications. These images are then interpreted by geophysicists and geologists for use by oil and gas companies in evaluating prospective areas, selecting drilling sites and managing producing reservoirs. We process seismic data acquired by our land and marine acquisition crews as well as seismic data acquired by non-affiliated third parties. Marine seismic data has been a significant source of the growth in demand for our data processing services and represents over two-thirds of the operating revenues generated in our processing centers. In addition, we reprocess previously processed data using new techniques to improve the quality of seismic images. We also license our proprietary software to companies wishing to do their own geophysical interpretation.

We complement our network of international centers with regional multi-client centers and dedicated centers that bring processing facilities within our clients premises. Fifteen of our data processing centers are dedicated centers that are located in clients offices. We believe that these dedicated centers are responsive to the trend among oil and gas companies to outsource processing work. They also allow us to provide clients with a high level of service. These centers enable our geoscientists to work directly with clients and tailor our services to meet individual clients needs.

We also operate four visualization centers that allow teams of our customers geoscientists and engineers to view and interpret large volumes of 3D data.

Processing and reservoir activities accounted for 13% of CGG s consolidated operating revenue and 14% of Veritas consolidated revenues for the years ended December 31, 2005 and July 31, 2006, respectively.

Products

We conduct our equipment development and production operations through Sercel. We believe Sercel is the market leader in the development and production of seismic acquisition systems and specialized equipment in the land and offshore seismic markets. Sercel s principal product line is seismic recording equipment, particularly the 408UL 24-bit recording systems. Sercel is operated as an independent division and makes most of its sales to third-party purchasers. Veritas provides geophysical software but does not produce geophysical equipment.

Sercel currently operates eight seismic equipment manufacturing facilities, located in Nantes, Saint Gaudens and Toulon in France, Houston, Sydney, Singapore, Alfreton in England and Calgary. In China, Sercel operates its activities through Sercel-JunFeng Geophysical Equipment Co Ltd, based in Hebei (China), in which Sercel acquired a 51% interest in 2004 and through Xian-Sercel a manufacturing joint venture with XPEIC (Xian Petroleum Equipment Industrial Corporation), in which Sercel holds a 40% interest. In addition, two sites in Massy and Brest (France) are dedicated to borehole tools and submarine acoustic instrumentation, respectively.

Purchases by CGG of geophysical equipment from Sercel have historically been included in intragroup sales. Prior to the merger, Veritas was a customer of Sercel and following the merger, purchases by Veritas of geophysical equipment from Sercel are also included in intragroup sales.

Products accounted for 36% of CGG s consolidated operating revenue for the year ended December 31, 2005.

Our Strategy

We intend to continue to strengthen our competitive position in the global geophysical services and products markets by capitalizing on growth opportunities resulting from both the application of new technologies in every sector of the oil and gas business from exploration to production and reservoir management and from our diversified geographic presence. See Our Business Our Strategy .

To achieve this objective, we have adopted the following strategies:

Develop Technological Synergies for Products and Capitalize on New Generation Equipment.

We believe Sercel is the leading producer of land, marine and subsea geophysical equipment, particularly in difficult terrain. We plan to continue developing synergies among the technologies available within Sercel and to capitalize fully on our position as a market leader. Through internal expenditures on research and development, we seek to improve existing products and maintain an active new product development program in all segments of the geophysical equipment market (land, marine and ocean-bottom).

Develop and Utilize Innovative Technology.

The industry is increasingly demanding clearer seismic imaging and better visibility, particularly underneath salt layers. We expect recent technologies such as multi-azimuth, multi-component (3C/4C) surveys and time-lapse (4D) surveys to become increasingly important for new production-related applications, particularly in the marine sector, and expect specialized recording equipment for difficult terrain to become more important in land seismic data acquisition, particularly in transition zones and shallow water. We believe that the combined technology and know-how of CGG and Veritas will strengthen research and development capabilities to best serve our client base.

Emphasize Client Service.

There is an industry trend towards higher quality outsourcing in the selection of third-party service providers. We plan to continue our client service strategy through: individually tailoring our data acquisition operations; expanding regional multi-client and dedicated on-site processing centers; recruiting and training customer-oriented service staff; organizing client training seminars focused on our products and services; developing easy access to our multi-client data library through the application of e-business technologies; developing corporate contracts with our main clients; and gaining access to new data acquisition markets, such as subsea and newly opening territories.

Provide Integrated Services.

We are committed to providing clients with a full array of seismic data services, from acquisition and processing to data interpretation and management. We believe that integration of compatible technology and equipment increases the accuracy of data acquisition and processing, enhances the quality of our client service and thereby improves productivity in oil and gas exploration and production.

Exploit Strong Data Libraries.

We intend to take advantage of the complementary, recent vintage, well positioned seismic data libraries of CGG and Veritas. For example, in the Gulf of Mexico, Veritas data library is 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 by applying the latest processing software development to achieve an optimal image. Onshore, Veritas land library offers additional potential in North America. Our combined library is a strength in a market where a global library portfolio is increasingly attractive to clients.

Develop Reservoir Applications.

Seismic data is mainly used by oil and gas companies for exploration purposes. However, we are progressively extending our core business towards compiling and analyzing seismic data of existing reservoirs. Through high-resolution images and our expertise in 4D seismic and permanent monitoring, we aim to assist hydrocarbon producers in better characterizing and predicting the static properties and dynamic behavior of their reservoirs.

Industry Conditions

Overall demand for geophysical services and equipment is dependent on spending by oil and gas companies for exploration, production development and field management activities. This spending depends in part on present and expected future oil and gas prices.

We believe that the outlook for the geophysical services sector and the demand for geophysical products is fundamentally positive for a number of reasons:

- Economic growth, particularly in more active regions such as Asia (notably China and India) and Brazil, is generating increased energy demand and leading to higher energy prices and increased exploration efforts;

- The need to replace depleting reserves and maximize the recovery of oil in existing reservoirs should encourage capital expenditures by companies engaged in exploration and production, which we expect will benefit the seismic industry;

- The scope of application of geophysical services has considerably increased over the last several years as a result of significant research and development efforts. Geophysical services can now potentially be applied to the entire sequence of exploration, development and production as opposed to exploration only. This is particularly true with technologies such as 4D (time lapse seismic data); and

- The depth and duration of the contraction in the geophysical sector between 1999 and 2004 may have increased awareness among geophysical service providers of the risks related to market overcapacity.

We believe that the merger puts us in a strong position to benefit from these industry conditions. See The Veritas Merger Merger Rationale .

SUMMARY FINANCING STRUCTURE

The following diagram summarizes our financing structure and debt obligations after giving effect to the merger and the financing transactions. We have listed below only our subsidiaries that guarantee the senior facilities and the notes (with the exception of Sercel Canada Ltd., which does not guarantee the senior facilities). We expect that each of these subsidiaries (other than Sercel Canada Ltd.) will also guarantee the French revolving facility. Our other subsidiaries, which will not initially guarantee the notes, have no obligation to pay amounts due on the notes. As a result, the notes are effectively subordinated to existing and future third party indebtedness and other liabilities of those non-guarantor subsidiaries. See Risk Factors Risks Related to the Notes Your right to receive payments on the notes is effectively junior to most of our existing indebtedness and possibly all of our future borrowings . For a summary of the debt obligations identified in this diagram, please see Description of the Additional Notes , Description of the New Notes and Description of Certain Indebtedness .

Notes:

(1) We are planning to enter into the French revolving facility of $200 million. To secure the obligations under the French revolving facility, we and our subsidiaries acting as guarantors under the senior facilities intend to grant the same guarantees and security interests as were granted to secure the obligations under the senior facilities.

(2) The senior facilities include the U.S. revolving facility of $115 million, which is expected to be increased to $140 million. There are no drawings under the U.S. revolving facility as of the date of this prospectus. The senior facilities are guaranteed by us and the initial guarantors of the notes shown in the diagram above, other than Sercel Canada Ltd. As security for CGGVeritas Services Inc. s obligations under the senior facilities, we have pledged first-priority security in the shares of CGGVeritas Services Inc. and certain of our other first-tier subsidiaries, as well as material first-tier subsidiaries of Veritas. In addition, certain guarantors have provided (or will provide) first-priority security interests in certain of their respective tangible and intangible assets, including (without limitation) certain vessels, real property, mineral rights, deposit accounts and intellectual property.

(3) CGG issued, on April 28, 2005 and February 3, 2006, an aggregate of $330 million of its 7$^{1}/2$% Senior Notes due 2015. The additional notes are being issued as part of the same series as such notes and pursuant to the same indenture governing such notes.

SUMMARY OF THE OFFERING

The Issuer	Compagnie Générale de Géophysique-Veritas
Securities Offered	
Additional notes	\$300,000,000 aggregate principal amount of $7\frac{1}{2}\%$ Senior Notes due 2015 (the additional notes) issued under an indenture dated as of April 28, 2005. Notes in an aggregate principal amount of \$330,000,000 have been previously issued under that indenture and are outstanding (the existing notes). The additional notes and the existing notes will be treated as the same series of notes under the indenture.
New notes	\$300,000,000 aggregate principal amount of % Senior Notes due 2017 (the new notes , and together with the additional notes, the notes). The new notes will be issued under a new indenture.
Maturity	
Additional notes	May 15, 2015.
New notes	May 15, 2017.
Interest	
Additional notes	$7\frac{1}{2}\%$ per annum, payable semi-annually in arrears on May 15 and November 15. Interest on the additional notes will accrue from and including November 15, 2006 and will be paid commencing on May 15, 2007.
New notes	% per annum, payable semi-annually in arrears on May 15 and November 15. Interest on the new notes will accrue from and including the issue date and will be paid commencing on May 15, 2007.
Guarantees	Initially, the notes will be guaranteed on a senior unsecured basis by CGGVeritas Services Inc., Veritas DGC Land Inc., Veritas Geophysical Corporation, Veritas Investments Inc., Viking Maritime Inc., Veritas Geophysical (Mexico) LLC, Veritas DGC Asia Pacific Ltd. and Alitheia Resources Inc. (the Veritas Guarantors), Sercel Inc., Sercel Canada Ltd. and Sercel Australia Pty Ltd. (the Sercel Guarantors) and CGG Americas, Inc., CGG Canada Services Ltd. and CGG Marine Resources Norge A/ S (the CGG Guarantors , and together with the Veritas Guarantors and the Sercel Guarantors, the Initial Guarantors). Our other subsidiaries, including Exploration Resources, will not initially guarantee the notes and, in certain circumstances, we may elect to have the Sercel Guarantors released from their guarantees of the notes. The Veritas Guarantors (excluding their subsidiaries that have not guaranteed the notes) generated, before consolidation entries, \$384.1 million of revenues, \$65.5 million of operating income and \$49.5 million of net income in the year ended July 31, 2006 and held \$807.9 million of total assets before consolidation entries as at July 31, 2006. They generated, before consolidation entries, \$112.5 million of revenues, \$15.2 million of operating income and \$20.4 million of net income in the three-month period ended

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October 31, 2006 and held $781.3 million of total assets before consolidation entries as at October 31, 2006.

The CGG Guarantors (excluding their subsidiaries that have not guaranteed the notes) generated, before consolidation entries, 161.0 million of revenues, 49.8 million of operating income and 30.7 million of net income in the year ended December 31, 2005 and held 394.4 million of total assets before consolidation entries as at December 31, 2005. They generated, before consolidation entries, 194.2 million of revenues, 92.8 million of operating income and 54.7 million of net income in the nine-month period ended September 30, 2006 and held 402.1 million of total assets before consolidation entries as at September 30, 2006.

The Sercel Guarantors (excluding their subsidiaries that have not guaranteed the notes) generated, before consolidation entries, 146.5 million of revenues, 10.9 million of operating income and 6.3 million of net income in the year ended December 31, 2005 and held 205.9 million of total assets before consolidation entries as at December 31, 2005. They generated, before consolidation entries, 229.3 million of revenues, 33.6 million of operating income and 22.3 million of net income in the nine-month period ended September 30, 2006 and held 208.7 million of total assets before consolidation entries as at September 30, 2006.

Ranking

The notes will be our senior unsecured obligations, ranking equally in right of payment with all our other existing and future senior unsecured indebtedness and senior in right of payment to all our existing and future subordinated indebtedness. The notes and the subsidiary guarantees will be effectively subordinated to all our secured obligations and all secured obligations of the subsidiaries that guarantee the notes, including any indebtedness under our senior facilities or under the French revolving facility, to the extent of the value of the collateral. In addition, the notes will be effectively subordinated to all current and future indebtedness and other obligations, including trade payables, of our subsidiaries that do not guarantee the notes. As at September 30, 2006, on a pro forma basis for the merger and the financing transactions, there would have been 947 million of outstanding indebtedness, including accrued interest, effectively senior to the notes, of which 926 million would have been secured. As at October 31, 2006, Veritas non-guarantor subsidiaries had no outstanding indebtedness. The Indentures permit us and our subsidiaries to incur additional indebtedness (including additional secured indebtedness), subject to certain conditions. See Description of Certain Indebtedness .

Optional Redemption

Additional notes

We may redeem all or a part of the additional notes at any time on or after May 15, 2010 at the redemption prices described in this prospectus. We may redeem up to 35% of the aggregate principal amount of the existing notes and the additional notes prior to May 15, 2008 using the proceeds of certain equity offerings. At any time prior to May 15, 2010, we may redeem all or part of the additional notes at a redemption price equal to 100% of the principal

amount of the additional notes plus the applicable premium described in this prospectus.

New notes

We may redeem all or a part of the new notes at any time on or after May 15, 2012 at the redemption prices described in this prospectus. We may redeem up to 35% of the aggregate principal amount of the new notes prior to May 15, 2010 using the proceeds of certain equity offerings. At any time prior to May 15, 2012, we may redeem all or part of the new notes at a redemption price equal to 100% of the principal amount of the new notes plus the applicable premium described in this prospectus.

Change of Control

If we undergo a change of control, each holder may require us to repurchase all or a portion of the notes held by such holder at 101% of the principal amount thereof, plus accrued and unpaid interest.

Redemption for Changes in Tax Law

We will be required to pay additional amounts to the holders of the notes to compensate them for any amounts deducted from payments to them in respect of the notes on account of certain taxes and other governmental charges. If we become obliged to pay such additional amounts as a result of a change in law, the notes will be subject to redemption, in whole but not in part, at our option at a price equal to 100% of the principal amount of the notes.

Certain Covenants and Events of Default

Each of the indentures governing the notes contains certain covenants and events of default that, among other things, limit our ability and that of certain of our subsidiaries to:

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;

create or incur restrictions on the ability to pay dividends or make other payments to us;

enter into transactions with affiliates;

issue or sell capital stock of our subsidiaries;

engage in sale-and-leaseback transactions; and

sell assets or merge or consolidate with another company.

All of these limitations are subject to a number of important qualifications and exceptions. In addition, the starting dates for the calculation of the availability under the various baskets relating to restricted payments, indebtedness, liens and other covenants are the same as those under the indenture governing the existing notes, namely either January 1, 2005 or April 28, 2005 (depending on the particular basket).

	If at any time the notes receive ratings of BBB- or higher from Standard & Poor s and Baa3 or higher from Moody s, and no default or event of default has occurred and is continuing, certain restrictions, covenants and events of default will cease to be applicable to the notes for so long as the notes maintain such ratings.
Taxation	Because the notes constitute *obligations* and are deemed to be issued outside the Republic of France for the purposes of Article 131 *quater* of the French tax code (*Code général des impôts*), payments of principal or interest on, and other revenues with respect to the notes will be entitled to the exemption from the withholding tax on interest set out under Article 125 A III of the French tax code. Accordingly, such payments do not give the right to any tax credit from any French source.
Use of Proceeds	We intend to use the net proceeds of the offering, plus cash on hand, to repay in full all amounts outstanding under the bridge loan facility used to finance the merger. See Use of Proceeds and Description of Certain Indebtedness Bridge Loan Facility .
Listing	Application has been made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF.
Governing Law	New York.
Trustee and Principal Paying Agent	The Bank of New York Trust Company, National Association.
Luxembourg Listing and Paying Agent	Dexia Banque Internationale à Luxembourg, société anonyme.

For further information regarding the notes, see Description of the Additional Notes and Description of the New Notes .

Risk Factors

Investment in the notes offered hereby involves certain risks. You should carefully consider the information under Risk Factors and all other information included in this prospectus before investing in the notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING INFORMATION OF CGG

In accordance with regulations 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 were required to prepare their consolidated financial statements for the fiscal year starting 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 audited consolidated financial statements included elsewhere in this prospectus. 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 audited consolidated financial statements included elsewhere in this prospectus.

The tables below set forth CGG s summary historical consolidated financial and operating information:

as at and for the nine months ended September 30, 2006 and 2005 in accordance with both IFRS and U.S. GAAP;

as at and for the years ended December 31, 2005 and 2004 in accordance with IFRS; and

as at and for the years ended December 31, 2005, 2004 and 2003 in accordance with U.S. GAAP.

The following summary historical consolidated financial information as at and for the years ended December 31, 2005 and 2004 is derived from CGG s consolidated audited financial statements included elsewhere in this prospectus. CGG s consolidated financial statements for the years ended December 31, 2005 and 2004 have been audited by Barbier Frinault & Autres Ernst & Young and Mazars & Guérard. The following summary historical consolidated financial information for the nine-month periods ended September 30, 2006 and 2005 is unaudited and is derived from CGG s unaudited financial statements included elsewhere in this prospectus. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which CGG considers necessary for a fair presentation of its financial position and results of operations for these periods. The results of operations for the nine-month periods presented below are not necessarily indicative of the results for the full fiscal year.

The tables should be read in conjunction with, and are qualified in their entirety by reference to, CGG s consolidated financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations CGG Results of Operations included elsewhere in this prospectus.

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 elsewhere in this prospectus and Note 3 to CGG s unaudited consolidated financial statements included elsewhere in this prospectus.

	As at and for the nine months ended September 30,		As at and for the year ended December 31,	
	2006 (unaudited)	2005 (unaudited)	2005	2004
	(in millions, except for per share and ratio data)			
Amounts in accordance with IFRS:				
Statement of Operations Data:				
Operating revenues	955.6	607.5	869.9	687.4
Other revenues from ordinary activities	1.4	1.2	1.9	0.4
Cost of operations	(636.7)	(473.2)	(670.0)	(554.0)
Gross profit	320.3	135.5	201.8	133.8
Research and development expenses, net	(27.8)	(23.6)	(31.1)	(28.8)
Selling, general and administrative expenses	(86.9)	(64.2)	(91.2)	(78.6)
Other revenues (expenses)	12.0	2.7	(4.4)	19.3
Operating income	217.6	45.0	75.1	45.7
Cost of financial debt, net	(19.2)	(26.7)	(42.3)	(27.8)
Derivative and other expenses on convertible bonds	(23.0)	(38.0)	(11.5)	(23.5)
Other financial income (loss)	(8.4)	1.3	(14.5)	0.8
Income taxes	(54.9)	(18.5)	(26.6)	(10.9)
Equity in income of affiliates	8.9	9.6	13.0	10.3
Net income (loss)	121.0	(27.3)	(6.8)	(5.4)
Attributable to minority interests	1.2	0.6	(1.0)	(1.0)
Attributable to shareholders	119.8	(27.9)	(7.8)	(6.4)
Net income (loss) per share:				
Basic[(1)]	6.92	(2.37)	(0.64)	(0.55)
Diluted[(2)]	6.78	(2.37)	(0.64)	(0.55)
Other Ratios:				
Ratio of earnings to fixed charges[(3)]	10.9x	1.7x	1.4x	1.8x
Balance Sheet Data (at period end):				
Cash and cash equivalents	168.7		112.4	130.6
Working capital[(4)]	254.0		154.1	116.4
Property, plant & equipment, net	485.0		480.1	204.1
Multi-client surveys	69.8		93.6	124.5
Total assets	1,751.7		1,565.1	971.2
Financial debt[(5)]	430.8		400.3	249.6
Stockholders equity	850.5		698.5	393.2

	As at and for the nine months ended September 30,		As at and for the year ended December 31,	
	2006 (unaudited)	2005 (unaudited)	2005	2004
	(in millions, except for per share and ratio data)			
Other Historical Financial Data:				
ORBDA(6)	359.9	148.9	229.5	172.5
Capital expenditures (property, plant & equipment)(7)	117.2	75.4	125.1	49.8
Capital expenditures for multi-client surveys	38.9	19.2	32.0	51.1
Net debt(8)	273.0	500.5	297.2	121.8
Net debt(8)/ ORBDA(6)			1.3x	0.7x

	As at and for the nine months ended September 30,		As at and for the year ended December 31,		
	2006 (unaudited)	2005 (unaudited)	2005	2004	2003
	(in millions, except for per share, ratio and operational data)				
Amounts in accordance with U.S. GAAP:					
Statement of Operations Data:					
Operating revenues	967.7	601.6	860.8	709.5	645.6
Operating income	215.0	38.2	61.9	55.0	42.7
Net income (loss)	94.0	(15.3)	8.3	(20.2)	3.1
Per share amounts:					
Basic common stock holder(1)	5.43	(1.30)	0.69	(1.73)	0.27
Diluted common stock holder(9)	5.32	(1.30)	0.67	(1.73)	0.26
Other Ratios:					
Ratio of earnings to fixed charges(3)	8.8x	2.0x	1.6x	1.4x	0.5x
Balance Sheet Data (at period end):					
Total assets	1,751.2		1,573.8	975.8	924.2
Financial debt(5)	436.7		416.7	266.5	232.4
Stockholders equity	811.7		689.5	372.2	413.4
Operational Data (at period end):					
Land teams in operations	8	12	11	8	12
Operational streamers(10)	44	52	46	39	42
Data processing centers	31	30	27	26	26

Notes:

(1)

Basic per share amounts under IFRS and U.S. GAAP have been calculated on the basis of 17,318,957 issued and outstanding shares in the nine month period ended September 30, 2006, 11,765,118 issued and outstanding shares in the nine month period ended September 30, 2005, 12,095,925 issued and outstanding shares in 2005 and 11,681,406 issued and outstanding shares in 2004. Basic per share amounts under U.S. GAAP have been calculated on the basis of 11,680,718 issued and outstanding shares in 2003.

(2) Diluted per share amount under IFRS has been calculated on the basis of 17,675,616 issued and outstanding shares in the nine month period ended September 30, 2006, 13,451,097 issued and outstanding shares in the nine month period ended September 30, 2005, 12,095,925 issued and outstanding shares in 2005 and 11,681,406 issued and outstanding shares in 2004. For the nine-month period ended September 30, 2005, the effect of convertible bonds was anti-dilutive.

(3) For purposes of calculating the ratio of earnings to fixed charges, earnings in IFRS consist of income (loss) from consolidated companies before income taxes, excluding derivative and other expenses on convertible bonds included in CGG s income statement for the relevant

period included elsewhere in this prospectus. Earnings under U.S. GAAP consist of income from consolidated companies before income taxes and minority interests, excluding equity in income of affiliates included in CGG s income statement for the relevant period included elsewhere in this prospectus. Fixed charges under each of IFRS and U.S. GAAP consist of net cost of financial debt (including amortization fees). For the year ended December 31, 2003, our earnings were insufficient to cover fixed charges by 13.5 million under U.S. GAAP.

(4) Working capital 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.

(5) Financial debt means total financial debt, including current maturities, capital leases and accrued interest but excluding bank overdrafts. Financial debt excludes fees relating to the raising of debt under IFRS, but includes such fees under U.S. GAAP.

(6) A discussion of ORBDA (Operating Result Before Depreciation and Amortization, previously denominated Adjusted EBITDA), including (i) a reconciliation to net cash provided by operating activities and (ii) the reasons why our management believes that a presentation of ORBDA provides useful information to investors regarding our financial condition and results of operations, is found in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources ORBDA .

(7) Capital expenditures is defined as purchases of property, plant and equipment plus equipment acquired under capital 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:

	For the nine months ended September 30,		**For the year ended December 31,**	
	2006 (unaudited)	**2005 (unaudited)**	**2005**	**2004**
		(in millions)		
Purchase of property, plant and equipment	117.0	61.8	107.7	41.1
Equipment acquired under capital lease	0.2	13.6	17.4	8.7
Capital expenditures	117.2	75.4	125.1	49.8

(8) Net debt means bank overdrafts, financial debt including current portion (including capital lease debt) net of cash and cash equivalents. A discussion of net debt, including (i) a reconciliation of net debt to financing items of the CGG balance sheet and (ii) the reasons why our management believes that a presentation of net debt provides useful information to investors regarding our financial condition and results of operations, is found in Management s Discussion and Analysis of Financial Condition and Results of Operations Net Debt .

(9) Diluted per share amounts under U.S. GAAP have been calculated on the basis of 17,675,616 issued and outstanding shares in the nine month period ended September 30, 2006, 13,451,097 issued and outstanding shares in the nine month period ended September 30, 2005, 12,378,209 issued and outstanding shares in 2005, 11,681,406 issued and outstanding shares in 2004, and 11,760,630 issued and outstanding shares in 2003.

(10)

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

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF VERITAS

The table below sets forth summary historical consolidated financial information for Veritas as at and for the three months ended October 31, 2006 and 2005, and as at and for the years ended July 31, 2006, 2005 and 2004 in each case in accordance with U.S. GAAP.

The following summary historical consolidated financial information as at and for the years ended July 31, 2006, 2005 and 2004 is derived from Veritas consolidated annual financial statements under U.S. GAAP included elsewhere in this prospectus. Veritas consolidated financial statements as at and for the years ended July 31, 2006, 2005 and 2004 have been audited by PricewaterhouseCoopers LLP. The following summary historical consolidated financial information for the three-month periods ended October 31, 2006 and 2005 is derived from Veritas unaudited financial statements included elsewhere in this prospectus. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which Veritas considers necessary for a fair presentation of its financial position and results of operations for these periods. The results of operations for the three-month periods presented below are not necessarily indicative of the results for the full fiscal year.

The table below should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements of Veritas and Management s Discussion and Analysis of Financial Condition and Results of Operations Veritas Results of Operations included elsewhere in this prospectus.

	As at and for the three months ended October 31,		As at and for the year ended July 31,		
	2006 (unaudited)	2005 (unaudited)	2006(1)	2005(2)	2004(3)
	(in $ millions, except per share amount)				
Statement of Operations Data:					
Revenues	230.8	168.7	822.2	634.0	564.5
Cost of services	165.8	136.7	623.2	519.0	495.7
Research and development	5.4	4.9	22.9	18.9	15.5
General and administrative	11.4	8.9	43.2	31.9	25.5
Operating income (loss)	37.9	18.3	132.9	64.2	27.8
Interest expense	2.2	1.5	7.3	4.0	18.9
Interest income	(5.0)	(1.9)	(12.0)	(5.3)	(1.6)
Gain on involuntary conversion of assets		(2.0)	(2.0)	(9.9)	
Other (income) expense, net	0.03	(.13)	.12	(.88)	1.6
Provision (benefit) for income tax expense	13.2	9.0	57.2	(6.8)	3.7
Net income (loss)	27.5	11.8	82.2	83.0	5.2
Net income (loss) per common share basic	0.77	0.34	2.33	2.45	0.16
Net income (loss) per common share diluted	0.68	0.32	2.08	2.37	0.15
Balance Sheet Data (at period end):					
Cash and cash equivalents	353.8	228.0	402.0	249.4	116.3
Property and equipment, net	141.9	128.8	110.6	127.9	121.7
Multi-client data library	324.1	333.3	296.6	316.8	313.2
Total assets	1,175.6	954.5	1,158.0	966.6	776.2
Long-term debt (including current maturities)	155.0	155.0	155.0	155.0	155.0
Stockholders equity	749.8	607.8	710.5	582.5	489.7

Other Historical Financial Data:

ORBDA[4]	123.5	81.6	383.7	265.9	278.3

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 Veritas consolidated financial statements included elsewhere in this prospectus.

(4) A discussion of ORBDA (Operating Result Before Depreciation and Amortization), including (i) a reconciliation to net cash provided by operating activities and (ii) the reasons why our management believes that a presentation of ORBDA provides useful information to investors regarding our financial condition and results of operations, is found in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources ORBDA .

SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following summary unaudited pro forma condensed combined financial information is presented in millions of euros and gives pro forma effect to the merger and the financing transactions under IFRS and U.S. GAAP as if they occurred on January 1, 2005, in the case of the pro forma statements of income, and September 30, 2006, in the case of the pro forma balance sheet. The pro forma condensed combined statements of income give pro forma effect to the acquisition of Exploration Resources and the related financings as if they occurred on January 1, 2005. The merger and the acquisition of Exploration Resources reflected in the unaudited pro forma financial statements using the purchase method of accounting under U.S. GAAP.

The unaudited pro forma adjustments reflect the following assumptions:

under U.S. GAAP, the price of CGG ADSs was $32.44, the average price of CGG ADSs for the period beginning two days before and ending two days after September 5, 2006 (the date that the merger was announced);

under IFRS, the price of CGG ADSs was $40.50, the closing price on the closing date of the merger;

each outstanding share of Veritas common stock was converted in the merger into the right to receive either (i) 2.25 CGG ADSs (with respect to 50.664% of Veritas total common stock) or (ii) $75.00 in cash (with respect to 49.336% of Veritas total common stock);

the cash consideration paid by CGG in connection with the merger was financed by a $1.0 billion term loan facility, the issuance of $600 million in notes offered hereby and cash on hand; and

each employee option to purchase shares of Veritas common stock pursuant to any stock option plan, program or arrangement of Veritas outstanding at the time of the merger, whether or not vested, has been cancelled and converted into the right to receive, for each share of Veritas common stock subject to such option, an amount in cash equal to the excess, if any, of $75.00 over the exercise price per share under such option (less any applicable withholding taxes).

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not indicative of the results of operations or the financial condition of CGGVeritas that would have been achieved had the merger, the acquisition of Exploration Resources, and the related financing transactions been completed as of the dates indicated, nor is the unaudited pro forma condensed combined financial information indicative of our future results of operations or financial position. The unaudited pro forma condensed combined financial information does not reflect any cost savings or other synergies that may result from the merger nor does it reflect any special items such as restructuring and integration costs that may be incurred as a result of the merger.

CGGVeritas reports, and CGG reported, its financial results in euros and in conformity with IFRS, with a reconciliation to U.S. GAAP. Veritas reported 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 elsewhere in this prospectus and Note 3 to CGG s unaudited consolidated financial statements included elsewhere in this prospectus. For an explanation of the differences between IFRS and U.S. GAAP as they apply to CGG s and Veritas historical accounting treatments, see Note 2 to the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial information has been derived from and should be read in conjunction with the unaudited pro forma condensed combined financial information and the related notes included elsewhere in this prospectus, and the respective consolidated financial statements of CGG for the year ended December 31, 2005 and as at and for the nine-month period ended September 30, 2006 and the consolidated financial statements of Veritas for the year ended July 31, 2006 and as at and for the three months ended October 31, 2006, all included elsewhere in this prospectus.

The unaudited pro forma condensed combined financial information is based on preliminary estimates and assumptions, which we believe to be reasonable. In the 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 at the date of the merger. Any difference between the consideration paid 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 pro forma adjustments relating to the purchase price allocation are preliminary, have been made solely for the purpose of preparing the unaudited pro forma condensed combined financial information and are subject to revision based on the final determination of fair value after the effective time of the merger. Any such revisions may be material.

	As at and for the nine months ended September 30, 2006	**For the year ended December 31, 2005**
	(unaudited)	**(unaudited)**
	(in millions, except for per share and ratio data)	
IFRS		
Statement of Income Data in accordance with IFRS:		
Operating revenues	1,470.1	1,489.1
Gross profit	430.9	292.2
Operating income (loss)	289.6	125.7
Net income attributable to shareholders	123.9	(17.3)
Earnings per share basic	4.60	(0.80)
Earnings per share diluted	4.54	(0.79)
Ratio of earnings to fixed charges	2.1x	
Balance Sheet Data in accordance with IFRS (at end of period):		
Total assets	4,863.4	
Shareholders equity attributable to shareholders	2,405.5	
Cash, cash equivalents and marketable securities	300.5	
Current portion of long-term debt	60.6	
Bonds and notes issued and long-term debt	1,630.5	
U.S. GAAP		
Statement of Income Data in accordance with U.S. GAAP:		
Operating revenues	1,479.3	1,474.4
Gross profit	439.2	288.3
Operating income (loss)	278.5	105.8
Net income attributable to shareholders	92.6	0.4
Earnings per share basic	3.44	0.02
Earnings per share diluted	3.39	0.02
Ratio of earnings to fixed charges	1.2x	
Balance Sheet Data in accordance with U.S. GAAP (at end of period):		
Total assets	4,524.4	

Shareholders equity attributable to shareholders	2,018.8
Cash, cash equivalents and marketable securities	300.4
Current portion of long-term debt	63.4
Bonds and notes issued and long-term debt	1,656.5

RISK FACTORS

An investment in the notes involves risks. Before investing in the notes, you should carefully consider the following risk factors and all information contained in this prospectus. Additional risks and uncertainties of which we are not aware or that we believe are immaterial may also adversely affect our business, financial condition, liquidity, results of operations or prospects. If any of these events occur, our business, financial condition, liquidity, results of operations or prospects could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the notes when due and you could lose all or part of your investment.

Risks Related to Our Business

We are subject to certain risks related to acquisitions, including the merger, and these risks may materially adversely affect our revenues, expenses, operating results and financial condition.

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 with the expectation that, among other things, the merger would enable us 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. 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 we will meet these challenges and that such diversion will not negatively affect our operations. In addition, delays encountered in the transition process could have a material adverse effect on our revenues, expenses, operating results and financial condition. There can be no assurance that we will actually achieve anticipated synergies or other benefits from the merger.

In addition, in the past we have grown by acquisition, and we may acquire companies or assets in the future. Such acquisitions, whether completed or in the future, present various financial and management-related risks, including integration of the acquired businesses in a cost-effective manner; implementation of a combined intended business strategy; diversion of our management s attention; outstanding or unforeseen legal, regulatory, contractual, labor or other issues arising from the acquisitions; additional capital expenditure requirements; retention of customers; integration of different company and management cultures; operation in new geographic markets; the need for more extensive management coordination; and retention, hiring and training of key personnel. Should any of these risks associated with acquisitions materialize, it could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks related to our international operations that could harm our business and results of operations.

With operations worldwide, and with a majority of our revenues likely to be derived outside of the United States and Western Europe, including in emerging markets, our 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
- foreign exchange restrictions, sanctions and other laws and policies affecting taxation, trade and investment.

We are exposed to these risks in all of our foreign operations to some degree, and our exposure could be material to our financial condition and results of operations in emerging markets where the political and legal environment is less stable.

While we carry insurance against political risks associated with such operations in amounts we consider appropriate in accordance with industry practices, we cannot assure you that we will not be subject to material adverse developments with respect to our international operations or that our coverage will be adequate to cover us 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 our ability to compete globally. In addition, non-U.S. persons employed by our 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. We have current and ongoing relations with customers in these countries. CGG and Veritas did, and we do, 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 and damage to our reputation. In addition, our activities in these countries could reduce demand for our securities among certain investors.

We and certain of our subsidiaries and affiliated entities also conduct business in countries which experience government corruption. We are committed to doing business in accordance with all applicable laws and our codes of ethics, but there is a risk that we, our subsidiaries or affiliated entities or our respective officers, directors, employees and agents may take action in violation of applicable laws, including the Foreign Corrupt Practices Act of 1977. Any such violations could result in substantial civil and/or criminal penalties and might materially adversely affect our business and results of operations or financial condition.

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

We invest significant amounts of money in acquiring and processing seismic data that we will own. By making such investments, we are exposed to risks that:

- We 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 our 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.

- The value of our multi-client data could be significantly adversely affected if any material adverse change occurs in the general prospects for oil and gas exploration, development and production activities in the areas where we acquire multi-client data.

- Any reduction in the market value of such data will require us to write down our recorded value, which could have a significant material adverse effect on our results of operations.

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 with 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 our individual surveys has 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 our profits.

Our results of operations may be significantly affected by currency fluctuations.

We derive a substantial amount of our revenues from international sales, subjecting us to risks relating to fluctuations in currency exchange rates. Our revenues and expenses are 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 U.S. dollar-linked revenues have 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 have a significant effect upon our results of operations, which are reported in euros. The merger will increase both our dollar-denominated revenues and expenses, as Veritas revenues and expenses have historically been denominated largely in U.S. dollars. In addition, since we 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 our competitive position against companies whose costs and expenses are denominated to a greater extent in U.S. dollars. For financial reporting purposes, such depreciation will negatively affect our 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, we cannot assure you that we will be effective or that fluctuations in the values of the currencies in which we operate will not materially adversely affect our future results of operations.

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

It will be difficult for us to predict with certainty our 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, we may extend the length of payment terms we grant to customers or increase our inventories substantially. We may therefore be subject to significant and rapid increases in our working capital needs that we may have difficulty financing on satisfactory terms, or at all, due to limitations in our debt agreements.

Technological changes and new products and services are frequently introduced in the market, and our technology could be rendered obsolete by these introductions, or we 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 our products and services, particularly in our equipment manufacturing and data processing and geosciences sectors. Our profitability and ability to generate cash depends to a significant extent upon our ability to develop and produce new and enhanced products and services on a cost-effective and timely basis in accordance with industry demands. While we commit substantial resources to research and development, we may 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 risks making our older products obsolete. New and enhanced products and services, if introduced, may not gain market acceptance and may be materially adversely affected by technological changes or product or service introductions by one of our competitors.

We rely on significant customers, so the loss of a single customer or a few customers could have a material adverse effect on our operating revenues and business.

A relatively small number of our clients account for a significant percentage of our revenues. These clients include clients that were significant to each of CGG and Veritas prior to the merger. The loss of a significant amount of the business of any of these clients (either as a result of external factors such as the economic environment or a breakdown of a client relationship) could cause shortfalls against financial targets and may have a material adverse effect on our operating revenues and business. Certain of the master agreements governing the relationship of Veritas with some of these clients are terminable at will by such clients.

The nature of our business subjects us to significant ongoing operating risks for which we may not have adequate insurance or for which we may not be able to procure adequate insurance on economical terms, if at all.

Our seismic data acquisition activities, particularly in deepwater marine areas, are often conducted under harsh weather and other hazardous operating 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 other liability. We carry insurance against the destruction of or damage to our seismic equipment and against business interruption for our data processing activities in amounts we consider appropriate in accordance with industry practice. However, our insurance coverage may not be adequate in all circumstances or against all hazards, and we may not be able to maintain adequate insurance coverage in the future at commercially reasonable rates or on acceptable terms.

A reduction in our seismic fleet could materially adversely affect our operating revenues and business.

We rely on our fleet of seismic vessels to perform offshore surveys. We own certain of our vessels and we charter others from their owners for contractually agreed periods. Although our fleet has grown and improved through recent upgrades and the acquisitions of Exploration Resources and Veritas, if the number or quality of our vessels available for surveys were to diminish, our capacity to conduct surveys would be reduced. A reduction in the number of available vessels could result from damage or destruction to them or other property loss, injury to personnel, or because we cannot enter into or renew charters on economically reasonable terms or at all. Of our 20 vessels, two have charters ending before December 31, 2008. Any such reduction in the size or quality of our fleet may have a material adverse effect on our operating revenues and business. Moreover, it is difficult to bring new vessels into service because of substantial backlog and capacity constraints at shipyards globally. The adverse consequences experienced by a reduction in the size of our fleet would be exacerbated by a corresponding inability to replace such a lost vessel in a commercially timely manner.

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.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we will be required, for 2006, as a foreign private issuer, to perform an evaluation of our internal controls over financial reporting and have our independent auditors publicly disclose their conclusions regarding such evaluation. CGG established procedures in 2006 in order to comply with Section 404 in the timeframe permitted under the regulations of the SEC. We expect that ensuring compliance with these requirements will be a substantial and time-consuming process. If we fail to complete these procedures and the required evaluation in a timely manner, or if our independent auditors cannot attest to its evaluation in a timely manner, we could be subject to regulatory review and penalties that may result in a loss of public confidence in our internal controls and our access to the U.S. public capital markets could be hindered. In addition, we may uncover significant deficiencies or material weaknesses in our internal controls. Measures taken by us 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 our business, ability to raise financing for its business, financial condition and results of operations.

We depend on proprietary technology and are exposed to risks associated with the misappropriation or infringement of that technology.

Our results of operations depend in part upon our proprietary technology. We rely on a combination of patents, trademarks and trade secret laws to establish and protect our proprietary technology. We currently hold or have applied for 160 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, we enter into confidentiality and license agreements with our employees, customers and potential customers and limit access to and distribution of our technology. However, actions that we take to protect our proprietary rights may not be adequate to deter the misappropriation or independent third-party development of our technology. Although none of CGGVeritas, CGG or Veritas has been involved in any material litigation regarding its intellectual property rights or the possible infringement of intellectual property rights of others, such litigation may 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 our ability to pursue third parties that misappropriate our proprietary technology.

A failure to attract and retain qualified employees may materially adversely affect our future business and operations.

Our future results of operations will depend in part upon our ability to retain our existing highly skilled and qualified employees and to attract new employees. A number of our employees are highly skilled scientists and highly trained technicians, and failure by us to continue to attract and retain such individuals could materially adversely affect our ability to compete in the geophysical services industry.

We 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 our ability to fill our human resources needs. If we are unable to hire, train and retain a sufficient number of qualified employees, this could impair our ability to manage and maintain our business and to develop and protect our know-how. Our success will also depend to a significant extent upon the abilities and efforts of members of our senior management, the loss of whom could materially adversely affect our business and results of operations.

In addition, key employees may depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with CGGVeritas following the merger. Although following the merger we have not observed significant departures of key scientific and technical personnel, several members of Veritas senior management have agreed to provide consulting services for a limited period of time but will no longer be employed by us. Accordingly, no assurance can be given that we will be able to attract or retain key employees to the same extent that CGG and Veritas have been able to attract or retain their own employees in the past. Any failure to do so could have a material adverse effect on our business and results of operations.

The financial statements and other financial information of Veritas presented in this prospectus and used to prepare the unaudited pro forma condensed combined financial information presented in this prospectus and the pro forma financial information itself may not be indicative of the results of Veritas as part of our group.

This prospectus contains unaudited pro forma condensed combined financial information, which gives effect to the merger and the financing transactions. The unaudited pro forma condensed combined financial information is based on preliminary estimates and assumptions which we believe to be reasonable and is being furnished solely for illustrative purposes and is not necessarily indicative of what our combined results of operations and financial condition would have been had the merger and financing transactions occurred on January 1, 2005 or on September 30, 2006, respectively. The historical results of operations and other financial information of Veritas presented in this prospectus were reported in U.S. dollars in accordance with U.S. GAAP (not IFRS) and are not necessarily indicative of the contribution of Veritas operations to CGGVeritas. See Unaudited Pro Forma Condensed Combined Financial Information , Business of Veritas and The Veritas Merger Merger Rationale . IFRS differs in material respects from U.S. GAAP including with respect to such matters as the accounting treatment of development costs and revenue recognition and consolidation policies. We are currently assessing the impact of Veritas results of operations on our future consolidated IFRS financial statements. As a result, you should not place undue reliance on our unaudited condensed consolidated pro forma financial information presented in this prospectus.

CGG and Veritas have had losses in the past and we cannot assure that we 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. We cannot assure you that we will be profitable in the future.

Risks Related to the Industry

We depend on capital expenditures by the oil and gas industry, and reductions in such expenditures may have a material adverse effect on our 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 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 our 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 high compared with historical values, 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.

We believe that global geopolitical uncertainty or uncertainty in the Middle Eastern producing regions (where we 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 our operations. We cannot assure you as to future oil and gas prices or the resulting level of industry spending for exploration, production and development activities.

We are subject to intense competition, which could limit our ability to maintain or increase our market share or to maintain our prices at profitable levels.

Most of our contracts are obtained through a competitive bidding process, which is standard for the seismic services industry in which we operate. Competitive factors in recent years have included price, crew availability, technological expertise and reputation for quality, safety and dependability. While no single company competes with us in all of our segments, we are subject to intense competition in each of our segments. We compete with large, international companies as well as smaller, local companies. In addition, we compete with major service providers and government-sponsored enterprises and affiliates. Some of our competitors operate more data acquisition crews than we do and have 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. The negative effects of the competitive environment in which we operate could have a material adverse effect on our results of operations.

We have high levels of fixed costs that are incurred regardless of our level of business activity.

We have high fixed costs. As a result, downtime or low productivity due to, among other things, reduced demand, weather interruptions, equipment failures or other causes could result in significant operating losses. Low utilization rates may hamper our ability to recover the cost of necessary capital investments.

Our land and marine seismic acquisition revenues vary significantly during the year.

Our land and marine seismic acquisition revenues are 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 our multi-client data library, which may be significant and which are not typically made in a linear or consistent pattern. Combined with our high fixed costs, these revenue fluctuations could produce unexpected material adverse effects on our results of operations in any fiscal period.

Our business is subject to governmental regulation, which may adversely affect our future operations.

Our operations are subject to a variety of federal, provincial, state, foreign and local laws and regulations, including environmental, health and safety laws. We need to invest financial and managerial resources to comply with these laws and related permit requirements. Our failure to do so could result in fines or penalties, enforcement actions, claims for personal injury or property damages, or obligations to investigate and/or remediate contamination. Failure to timely obtain the required permits may also result in crew downtime and operating losses. Moreover, if applicable laws and regulations, including environmental, health and safety requirements, or the interpretation or enforcement thereof, become more stringent in the future, we could incur capital or operating costs beyond those currently anticipated. The adoption of laws and regulations that directly or indirectly curtail exploration by oil and gas companies could also materially adversely affect our operations by reducing the demand for our geophysical products and services.

Risks Related to our Indebtedness

Our substantial debt could adversely affect our financial health and prevent us from fulfilling our obligations.

We have a significant amount of debt. As at September 30, 2006, on a pro forma basis to reflect the merger and the financing transactions, our total financial debt, total assets and shareholders equity would have been 1,702 million, 4,863 million and 2,406 million, respectively. We cannot assure you that we will be able to generate sufficient cash to service our debt or sufficient earnings to cover fixed charges in future years.

Our substantial debt could have important consequences. In particular, it could:

- make it more difficult to satisfy our obligations with respect to the notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;

- limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate;

- place us at a competitive disadvantage compared to our competitors that have less debt; and

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

Our debt agreements contain restrictive covenants that may limit our ability to respond to changes in market conditions or pursue business opportunities.

The indentures governing the notes and Veritas convertible notes and the agreements governing our credit facilities (including the senior facilities and the French revolving facility) contain restrictive covenants that limit our ability and the ability of certain of our subsidiaries to, among other things:

- incur or guarantee additional indebtedness or issue preferred shares;

- pay dividends or make other distributions;

- purchase equity interests;

- create or incur certain liens;

- create or incur restrictions on the ability to pay dividends or make other payments to us;

- 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 requires us to meet certain ratios and tests, notably with respect to consolidated interest coverage, total assets, net debt, equity and net income. The requirement that we comply with these provisions may materially adversely affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, finance our equipment purchases, increase research and development expenditures, or withstand a continuing or future downturn in our business.

If we are unable to comply with the restrictions and covenants in the indentures and debt agreements governing the notes and other debt, there could be a default under the terms of these indentures and agreements, which could result in an acceleration of repayment.

If we are unable to comply with the restrictions and covenants in the indentures governing the notes or in current or future debt agreements, including agreements governing the senior facilities and the French revolving facility, there could be a default under the terms of these indentures and agreements. Our ability to comply with these restrictions and covenants, including meeting financial ratios and tests, may be affected by events beyond our control. See Description of the Additional Notes , Description of the New Notes and Description of Certain Indebtedness . As a result, we cannot assure you that we 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, our assets might not be sufficient to repay in full all of our outstanding indebtedness, including the notes offered hereby, and we may be unable to find alternative financing. Even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us.

We and our subsidiaries may incur substantially more debt.

We and our subsidiaries may incur substantial additional debt (including secured debt) in the future. Some or all of this debt could rank senior to the notes. The terms of the indentures governing the notes and our existing senior indebtedness will limit, but not prohibit, us and our subsidiaries from doing so. As of the date of this prospectus, we have no outstanding drawings under our $115 million U.S. revolving facility. In addition, we have drawn $700 million under our bridge loan facility, which we intend to refinance entirely with the proceeds of this offering and cash on hand, and $1 billion under our term loan facility to finance the cash component of the consideration for the merger. If new debt is added to the current debt levels of us and our subsidiaries, the related risks for us could intensify.

To service our indebtedness, we will require a significant amount of cash, and our ability to generate cash will depend on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, and to fund planned capital expenditures will partly depend on our 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 our control. See Risks Related to Our Business and Risks Related to the Industry .

We cannot assure you that we will generate sufficient cash flow from operations, that we will realize operating improvements on schedule or that future borrowings will be available to us in an amount sufficient to enable us to service and repay our indebtedness or to fund our other liquidity needs. If we are unable to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot 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.

Our results of operations could be materially adversely affected by changes in interest rates.

Our sources of liquidity include credit facilities and debt securities which are or may be subject to variable interest rates. In particular, the term loan facility is subject to interest based on U.S. dollar LIBOR. As a result, our interest expenses could increase significantly if short-term interest rates increase. Each 50 basis point increase in the LIBOR will increase our pro forma interest expense by approximately $5 million per year.

Risks Related to the Notes

Your right to receive payments on the notes is effectively junior to most of our existing indebtedness and possibly all of our future borrowings.

The notes effectively rank behind all of our secured indebtedness, to the extent of the assets which secure such indebtedness, including borrowings under the term loan facility and any future borrowings under our U.S. revolving facility and French revolving facility. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of an entity that has secured obligations, holders of secured indebtedness will have prior claims to our assets or the relevant guarantor s assets that constitute their collateral.

Only certain of our subsidiaries will initially guarantee the notes. Our other subsidiaries have no obligation to pay amounts due on the notes and will not initially guarantee the notes. As a result, the notes are effectively subordinated to existing and future third party indebtedness and other liabilities, including trade payables, of those non-guarantor subsidiaries. The CGG Guarantors and the Sercel Guarantors (excluding their subsidiaries that have not guaranteed the notes) generated, before consolidation entries, 307.5 million of revenue, 60.7 million of operating income and 37.0 million of net income in the year ended December 31, 2005 and held 600.3 million of total assets (before consolidation entries) as at December 31, 2005. The CGG Guarantors and the Sercel Guarantors generated, before consolidation entries, 423.5 million of revenue, 126.4 million of operating income and 77.0 million of net income in the nine months ended September 30, 2006 and held

610.8 million of total assets (before consolidation entries) as at September 30, 2006. The Veritas Guarantors (excluding their subsidiaries that have not guaranteed the notes) generated, before consolidation entries, $384.1 million of revenue, $65.5 million of operating income and $49.5 million of net income in the year ended July 31, 2006 and held $807.9 million of total assets (before consolidation entries) as at July 31, 2006. The Veritas Guarantors generated, before consolidation entries, $112.5 million of revenue, $15.2 million of operating income and $20.4 million of net income in the three months ended October 31, 2006 and held $781.3 million of total assets (before consolidation entries) as at October 31, 2006.

In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to us, our subsidiaries or our respective properties, holders of the notes will participate with our trade creditors and all other holders of our senior unsecured indebtedness in the assets remaining. In any of these cases, we may not have sufficient funds to pay all of our creditors, and holders of the notes may receive less, ratably, than the holders of secured debt.

As at September 30, 2006, on a pro forma basis for the merger and the financing transactions, there would have been 947 million of outstanding indebtedness, including accrued interest, effectively senior to the notes, of which 926 million would have been secured.

We will rely in part on our subsidiaries for funds necessary to meet our financial obligations, including the notes.

We conduct a significant proportion of our activities through our subsidiaries. We will depend in part on those subsidiaries for dividends and other payments to generate the funds necessary to meet our financial obligations, including the payment of principal and interest on the notes. We cannot assure you that the earnings from, or other available assets of, these operating subsidiaries, together with our own operations, will be sufficient to enable us to pay principal or interest on the notes when due.

Although the occurrence of specific change of control events affecting us will permit you to require us to repurchase your notes, we may not be able to repurchase your notes.

Upon the occurrence of specific change of control events affecting us, you will have the right to require us to repurchase your notes at 101% of their principal amount, plus accrued and unpaid interest. Our ability to repurchase your notes upon such a change of control event would be limited by our access to funds at the time of the repurchase and the terms of our debt agreements, which agreements could restrict or prohibit such a repurchase. Upon a change of control event, we may be required immediately to repay the outstanding principal, any accrued interest on and any other amounts owed by us under our senior facilities and our French revolving facility. The source of funds for these repayments would be our available cash or cash generated from other sources. However, we cannot assure you that we will have sufficient funds available upon a change of control to make these repayments and any required repurchases of tendered notes.

Certain affiliates or associated entities of underwriters participating in this offering will receive the net proceeds of this offering, which may present a conflict of interest.

We will use the proceeds from this offering to repay the loans outstanding under the bridge loan facility. Affiliates of Credit Suisse Securities (Europe) Limited, BNP Paribas Securities Corp., Calyon Securities (USA), Inc., Natexis Bleichroeder Inc. and SG Americas Securities, LLC, the underwriters in this offering, are lenders under the bridge loan facility, owning, as of January 12, 2007, 45.6%, 7.2%, 2.5%, 7.2% and 6.3%, respectively, of the loans outstanding under the bridge loan facility. The proceeds from this offering, plus cash on hand, will be used to repay in full the loans outstanding under the bridge loan facility. See the information under the heading titled Underwriting for a more detailed description of these relationships.

The circumstances described above may present a conflict of interest because certain of the underwriters participating in this offering may have an interest in the successful completion of this offering in addition to the underwriting discounts and commissions they expect to receive. This offering is therefore being made using a qualified independent underwriter in compliance with Rule 2710(h) of the Conduct Rules of the National Association of Securities Dealers, Inc., which is intended to address potential conflicts of interest involving underwriters. BNP Paribas Securities Corp. is assuming the responsibilities of acting as the qualified independent underwriter with respect to this offering. See the information under the heading Underwriting for a more detailed description of the independent underwriting procedures that are being used in connection with this offering.

Insolvency laws in France may not be as favorable to you as U.S. or other insolvency laws.

We are incorporated under the laws of France. Consequently, we and our French subsidiaries will be subject to French laws and proceedings affecting creditors, including article 1244-1 of the French Civil Code (*Code civil*), the conciliation procedure (*conciliation*), the safeguard procedure (*procédure de sauvegarde*) and insolvency proceedings, which may be either judicial reorganization or liquidation proceedings (*redressement* or *liquidation judiciaire*).

Pursuant to article 1244-1 of the French Civil Code, French courts may, in any civil proceeding involving the debtor, whether initiated by the debtor or a creditor, taking into account the debtor s financial position and the creditor s financial needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations. In addition, if a debtor specifically initiates proceedings therefor, French courts may decide that any amounts the payment date of which is thus deferred or rescheduled, will bear interest at a rate which is lower than the contractual rate (but not lower than the legal rate) and that payments made shall first be allocated to repayment of principal. If a court order under article 1244-1 is made, it will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by the court.

A company may initiate, in its sole discretion a conciliation procedure (*conciliation*) with respect to itself whereby it tries to reach a judicial amicable settlement of its debts, provided it (i) has not become unable to pay its debts as they come due out of its available assets (*cessation de paiements*) for more than 45 days and (ii) experiences legal, economic or financial difficulties. At the request of the company, the court will enter an order appointing a conciliator (*conciliateur*) to help the company reach an agreement with its creditors for reducing or rescheduling its indebtedness. Certain conditions must be satisfied for the agreement to be approved by the court, and in particular, it must permit the survival of the company as a going concern. The court may impose, pursuant to article 1244-1 of the French Civil Code, debt deferrals on creditors which, during the course of the conciliation procedure, take any action against the company for the payment of their claims.

A company may initiate, in its sole discretion, a safeguard procedure (*procédure de sauvegarde*) with respect to itself, provided it (i) has not become unable to pay its debts as they come due out of its available assets and (ii) experiences difficulties, which it is not able to overcome, which may cause the company to become unable to pay its debts. From the time of the court order initiating the safeguard procedure until the end of an observation period, which may last for up to 18 months in exceptional cases, the company is prohibited from paying any prior debts and its creditors are barred from pursuing any legal proceedings against it to (i) obtain the payment of such debts, (ii) terminate an agreement with the company or (iii) seize or attach any of its assets. The purpose of the observation period is to determine whether a safeguard plan can be adopted. This plan (which can provide for debt deferrals or write-offs) may be negotiated with two separate creditors committees, one comprising the main suppliers of the company and the other comprising its credit institutions. Each committee votes on the plan with a majority in number of the creditors representing at least two thirds of the claims of the committee members. If the committees reject the plan, and for creditors who are not members of the committees, the court may impose debt deferrals of up to ten years, with minimum installments of 5% of the total amount of the company s liabilities. The current applicable legislation does not provide for the inclusion of noteholders in the membership of any committee, thus they must be consulted separately.

A company s directors are required to petition for insolvency proceedings within 45 days of becoming unable to pay its debts as they come due. A company s creditors, the relevant commercial court or the public prosecutor may also file a petition for insolvency proceedings if the company becomes unable to pay its debts as they come due. The date on which the debtor became unable to pay its debts as they came due (i.e., the date of suspension of payments (*date de cessation des paiements*)), is deemed to be the date of the court order commencing insolvency proceedings (*jugement d ouverture*). However, in this order or in a subsequent order, a court may set the date of suspension of payments at an earlier date of up to 18 months prior to the court order commencing proceedings (but in any event at no earlier date than the date on which the court approved any prior conciliation agreement). If the proceedings are judicial reorganization proceedings, an administrator appointed by the court investigates the affairs of the debtor during an initial observation period (*période d observation*) and makes proposals for the debtor s reorganization, sale or liquidation. The court can order the liquidation of the debtor at any time during the observation period. There is no observation period if the court directly opens judicial liquidation proceedings against the debtor. The outcome of the proceedings is decided by the court without a vote of the creditors. During the observation period, a reorganization plan may be negotiated and adopted by two creditors committees under the same principles as those applicable to the safeguard procedure described above. A court may also impose debt deferrals of up to ten years, with minimum installments of 5% of the total amount of the company s liabilities.

The importance of the date of suspension of payments is that it marks the beginning of the suspect period (*période suspecte*). Certain transactions made during the suspect period may be void or voidable. Void transactions include transactions or payments entered into during the suspect period that constitute voluntary preferences for the benefit of certain creditors to the detriment of other creditors. These include transfers of assets for no or nominal consideration (*à titre gratuit*), contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments on debts not due at the time of payment, payments of matured debts otherwise than through recognized means of payment (e.g., checks, promissory notes, cash), security granted for debts previously incurred, provisional measures unless the writ of attachment or seizure predates the date of suspension of payments. Voidable transactions include transfers of assets for no or nominal consideration (*à titre gratuit*) within six months prior to the commencement of the suspect period and include transactions entered into, or payments made when due, after the date of suspension of payments if the party dealing with the debtor knew or should have known that it had suspended payment of its debts.

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of bankruptcy proceedings, including safeguard procedures or judicial reorganizations, must file a claim with the creditors representative within two months of the publication of the court order in the *Bulletin Officiel des Annonces Civiles et Commerciales.* This period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during this period are barred from receiving distributions made in connection with the bankruptcy proceedings. Employees are not subject to such limitations.

Contractual provisions to the effect that termination of agreements with, or the acceleration of the payment obligations of, a company which result from:

- the opening of judicial reorganization or safeguard proceedings against such company, or
- the existence of the state of suspension of payments (i.e., the inability to pay due debts out of available assets) against such company

shall not be enforceable.

An administrator may continue or not continue executory contracts. If the administrator elects to continue a contract, the administrator must ensure that the debtor fully performs its post-petition contractual obligations.

If the court adopts a judicial reorganization or safeguard plan, it can prohibit for a period of time the sale of an asset that it deems to be essential to the continued business of the debtor.

In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors. It assigns priority to the payment of certain creditors, including the employees, judicial expenses and post-petition creditors.

Courts, under certain circumstances, may void the guarantees of the notes provided by certain of our subsidiaries.

Our creditors or the creditors of one or more guarantors of the notes or a liquidator, administrator or other controller appointed to a guarantor could challenge the guarantees as fraudulent transfers, conveyances, preferences, insolvent transactions or uncommercial transactions or on other grounds (including because of the absence of a corporate benefit to the guarantor or due to financial assistance principles) under applicable U.S. federal or state law, applicable Canadian federal or provincial law, applicable Australian law, applicable Norwegian law or the applicable law governing the country of incorporation of any future guarantors. While the relevant laws vary from one jurisdiction to another, the entering into the guarantees by certain of our subsidiaries could be found to be a fraudulent transfer, conveyance, preference, insolvent transaction or uncommercial transaction or otherwise void or unenforceable if a court were to determine that, for example, one or more of the following apply to the provision of the guarantee:

a guarantor delivered its guarantee with the intent to defeat, hinder, delay, defraud or otherwise interfere with its existing or future creditors;

the guarantor did not receive fair consideration or benefit for the delivery of the guarantee and the guarantor was insolvent at the time it delivered the guarantee;

the guarantor delivered its guarantee in contravention of laws relating to the provision of financial assistance;

the guarantor was insolvent at the time of execution of the guarantee or was rendered insolvent by reason of its execution of the guarantee or the observance of its obligations under the guarantee;

a reasonable person in the guarantor s circumstances would not have entered into the transaction having regard to the benefits (if any) to the guarantor, the detriment to the guarantor and the respective benefits to other parties;

the guarantor was engaged, or was about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital to carry on its business;

the guarantor intended to incur, or believed it would incur, debts beyond its ability to pay the debts as they matured;

the guarantor was a defendant in an action for money damage, or had a judgment for money damages docketed against it (if, in either case, after final judgment, the judgment is unsatisfied); or

the availability of certain equitable remedies that are in the discretion of the courts.

To the extent a court voids a guarantee as a fraudulent transfer, preference, insolvent transaction or uncommercial transaction or conveyance or holds it unenforceable for any other reason, holders of notes would cease to have any direct claim against the guarantor that delivered the guarantee. If a court were to take this action, the guarantor s assets would, in certain jurisdictions, be applied first to satisfy the guarantor s liabilities, including trade payables and preferred stock claims, if any, before any portion of its assets could be distributed to us to be applied to the payment of the notes. We cannot assure you that a guarantor s remaining assets would be sufficient to satisfy the claims of the holders of notes relating to any voided portions of the guarantees. In other jurisdictions (such as Australia), if a guarantee is so voided or held unenforceable, you will cease to have any claim against the guarantor.

Judgments of U.S. courts may not be enforceable against CGGVeritas.

Judgments of U.S. courts, including those predicated on the civil liability provisions of the federal securities laws of the United States, may not be enforceable in French courts. As a result, shareholders who obtain a judgment against CGGVeritas in the United States may not be able to require it to pay the amount of the judgment.

A trading market for the new notes may not develop and a trading market for the notes may not continue to exist.

There has not been an established trading market for the new notes. Although the underwriters have informed us that they currently intend to make a market in the new notes offered hereby, they have no obligation to do so and may discontinue making a market at any time without notice.

The liquidity of any market for either the new notes or the additional notes will depend upon the number of holders of such notes, our performance, the market for similar securities, the interest of securities dealers in making a market in such notes and other factors, including general declines or disruptions in the markets for debt securities. Although we have applied to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF, a liquid trading market may not develop or continue to exist for the notes.

In addition, the notes may trade at prices that are lower than their initial purchase price.

There is a possibility that the additional notes may not be fungible with the existing notes.

In the event that the additional notes are issued with more than a *de minimis* amount of original issue discount (OID), the additional notes will be issued with a separate CUSIP number and will likely be treated as a separate series for U.S. federal income tax purposes. In such a case, an investment in the additional notes will likely be considerably less liquid and a trading market may not develop or exist at all with respect to the additional notes. In addition, in such a case, the additional notes will be considered to have been issued with OID and the treatment under Taxation United States Federal Tax Considerations Original Issue Discount would apply. See Taxation United States Federal Tax Considerations for further information.

EXCHANGE RATES

The following table sets forth, for the periods and dates indicated, certain information concerning the exchange rates for the euro expressed in U.S. dollars per euro. Information concerning the U.S. dollar exchange rate is based on the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the Noon Buying Rate). Such rates are provided solely for convenience and no representation is made that euro were, could have been, or could be, converted into U.S. dollars at these rates or at any other rate. Such rates were not used by us in the preparation of our audited and unaudited consolidated financial statements included elsewhere in this prospectus. The Noon Buying Rate on January 26, 2007 was $1.2909 per euro.

	Dollars per euro exchange rate			
Year ended December 31,	**Period-end**	**High**	**Low**	**Average[(1)]**
2002	1.05	1.05	0.86	0.95
2003	1.26	1.26	1.04	1.14
2004	1.35	1.36	1.18	1.24
2005	1.18	1.35	1.17	1.24
2006	1.32	1.33	1.19	1.26
Year ended July 31,				
2002	0.98	1.02	0.86	0.91
2003	1.12	1.19	0.96	1.06
2004	1.20	1.29	1.08	1.20
2005	1.21	1.36	1.19	1.27
2006	1.28	1.30	1.17	1.22
Nine months ended September 30,				
2005	1.21	1.35	1.19	1.26
2006	1.27	1.30	1.19	1.25
Three months ended October 31,				
2005	1.20	1.25	1.19	1.22
2006	1.28	1.29	1.25	1.27
Month				
July 2006		1.28	1.25	
August 2006		1.29	1.27	
September 2006		1.28	1.26	
October 2006		1.28	1.25	
November 2006		1.33	1.27	
December 2006		1.33	1.31	
January 2007 (through January 26)		1.33	1.29	

Note:

(1) The annual average rate is the average of the Noon Buying Rates on the last business day of each month.

USE OF PROCEEDS

We expect the net proceeds to be received by us from the offering, net of underwriting commissions and discounts and other expenses, to be approximately $590 million. We intend to use the net proceeds from this offering plus cash on hand to repay in full the $700 million outstanding under the bridge loan facility used to finance a portion of the cash consideration paid in the merger. The merger was completed on January 12, 2007. The total purchase price that we paid for the acquisition of Veritas was $1.5 billion in cash and 46.1 million CGG ADSs. The bridge loan facility matures on the date that is 18 months from the effective date of the merger, subject to a six-month extension at our option. Borrowings under the bridge loan facility bear an interest rate based on LIBOR plus an interest rate margin which varies depending on the credit rating of the bridge loan facility. With respect to the first interest period, the effective interest rate on the bridge loan facility is LIBOR plus 4.10%. For further details of the bridge loan facility, the repayment of the bridge loan facility and the merger see Description of Certain Indebtedness Bridge Loan Facility , The Veritas Merger and Underwriting .

CAPITALIZATION

The following table shows our cash and cash equivalents, total financial debt and total capitalization as at September 30, 2006:

on an historical CGG basis; and

as adjusted to reflect the merger and the financing transactions.

The historical information has been derived from the unaudited interim consolidated financial statements of CGG included elsewhere in this prospectus. The information set out below should be read in conjunction with The Veritas Merger , Use of Proceeds and Description of Certain Indebtedness , the unaudited interim consolidated financial statements and the accompanying notes included elsewhere in this prospectus and the unaudited pro forma condensed combined financial information included elsewhere in this prospectus. The unaudited pro forma capitalization has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of our capitalization. Other than as described below, there has been no material change in our consolidated capitalization since September 30, 2006.

The exchange rate used to translate U.S. dollar amounts to euros (U.S.$1.2660 per 1.00) in the following table is the rate used by CGG to prepare its financial statements as at September 30, 2006.

	As at September 30, 2006				
	CGG Actual September 30, 2006 (IFRS)	**Veritas Actual October 31, 2006 (U.S. GAAP)**	**Pro Forma Consistency Adjustments(1)**	**Other Pro Forma Adjustments for the Merger and the Financing Transactions**	**As Adjusted**
			(in millions)		
Cash and cash equivalents	**169**	**280**	**0**	**(148)(2)**	**301**
Bank overdrafts	**11**				**11**
Current portion of financial debt	**44**	**122**	**(3)**	**(103)**	**61**
Capital lease (current portion)		1			1
Other financial debt (current including accrued interest)	44				44
Veritas convertible notes		121	(3)	(103)(3)	15
Financial debt	**387**			**1,244**	**1,631**
Capital lease	50				50
Other financial debt (including accrued interest)	82				82
Senior facilities				778(4)	778
Senior notes due 2015	255			233(5)	488
Senior notes due 2017				233(5)	233
Total financial debt (including bank overdrafts)	**442**	**122**	**(3)**	**1,141**	**1,702**
Shareholders equity	851	592	(5)	968(6)	2,406
Minority interests	24				24

Total shareholders equity and minority interests	**874**	**592**	**(5)**	**968**	**2,429**
Net debt/(Cash)	273	(157)	(3)	(1,288)	1,402

Note:

(1) Adjustments to Veritas consolidated balance sheet as at October 31, 2006 have been made to ensure consistency of accounting principles with CGG under IFRS. See Notes 2 and 3 to our unaudited pro forma condensed combined financial statements included elsewhere in this prospectus.

(2) Net effect of pro forma adjustment on cash as described in Note 4.2.5 to our unaudited pro forma condensed combined financial statements included elsewhere in this prospectus.

(3) See discussion in Note 4.1.1.1 to our unaudited pro forma condensed combined financial statements included elsewhere in this prospectus.

(4) Net proceeds of $1.0 billion from the term loan facility.

(5) The assumed net proceeds of the offering of the notes hereby.

(6) Reflects the net impact of the shares issued as consideration in connection with the merger.

THE VERITAS MERGER

The Merger

On September 4, 2006, Veritas DGC Inc., a Delaware corporation, and CGG, entered into the merger agreement, by and among Veritas, CGG, Volnay Acquisition Co. I, a Delaware corporation and wholly owned subsidiary of CGG, and Volnay Acquisition Co. II, a Delaware corporation and wholly owned subsidiary of CGG, under which CGG agreed to acquire all of the issued and outstanding shares of common stock, par value $0.01 per share, of Veritas. On January 12, 2007, pursuant to the terms of the merger agreement, as approved by the Boards of Directors of both Veritas and CGG and the shareholders of Veritas, Volnay Acquisition Co. I merged with and into Veritas with Veritas continuing as the surviving corporation, and immediately thereafter, Veritas merged with and into Volnay Acquisition Co. II with Volnay Acquisition Co. II continuing as the surviving corporation as a wholly owned subsidiary of CGG. Upon effectiveness of the merger, Volnay Acquisition Co. II changed its name to CGGVeritas Services Inc.

The stockholders of Veritas received, in the aggregate, consideration comprised of $1.5 billion in cash and 46.1 million ADSs of CGG, with each ADS representing one-fifth of an ordinary share, nominal value 2.00 per share, of CGG. Under the terms of the Merger Agreement, stockholders of Veritas had the right to elect to receive cash or ADSs, subject to a proration if either cash or stock was oversubscribed. The final consideration per share of Veritas common stock was $85.50 in cash or 2.0097 CGG ADS.

The merger remains subject to post-completion clearance by competition authorities in the United Kingdom and Brazil. There can be no assurance as to the outcome of these reviews, but we do not expect them to have a material impact on our operations.

Merger Rationale

We believe a number of strategic factors support the merger, including the following:

the combination of CGG and Veritas took 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 CGGVeritas, 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 creates 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. CGGVeritas 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 brings 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 CGGVeritas. 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

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combined technology and know-how of the two companies will strengthen research and development capabilities to best serve the CGGVeritas client base with a broader range of technologies that CGGVeritas would be able to deliver more rapidly to the market;

the addition of Veritas fleet of seven vessels creates 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 CGGVeritas with a fleet that can be managed without significant investments in the near term;

offshore multi-client services benefits from two complementary, recent vintage, well-positioned seismic data libraries. For example, 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. 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 partnerships. Veritas strong presence in the western hemisphere, in particular North America and particularly in multi-client surveys, 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 CGGVeritas 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, allows CGGVeritas 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 7,000 staff operating worldwide, including Sercel, CGGVeritas 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.

See Risk Factors Risks Related to Our Business We are subject to certain risks related to acquisitions, including the merger, and these risks may materially adversely affect our revenues, expenses, operating results and financial condition .

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING INFORMATION OF CGG

In accordance with regulations 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 were required to prepare their consolidated financial statements for the fiscal year starting 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 audited consolidated financial statements, included elsewhere in this prospectus. 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 included elsewhere in this prospectus.

The tables below set forth CGG s selected historical consolidated financial and operating information:

as at and for the nine months ended September 30, 2006 and 2005 in accordance with both IFRS and U.S. GAAP;

as at and for the years ended December 31, 2005 and 2004 in accordance with IFRS; and

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

The following selected historical consolidated financial information as at and for the years ended December 31, 2005 and 2004 is derived from CGG s consolidated audited financial statements included elsewhere in this prospectus. CGG s consolidated financial statements for the years ended December 31, 2005 and 2004 have been audited by Barbier Frinault & Autres Ernst & Young and Mazars & Guérard. The following selected historical consolidated financial information for the nine-month periods ended September 30, 2006 and 2005 is unaudited and is derived from CGG s unaudited financial statements included elsewhere in this prospectus. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which CGG considers necessary for a fair presentation of its financial position and results of operations for these periods. The results of operations for the nine-month periods presented below are not necessarily indicative of the results for the full fiscal year.

The tables should be read in conjunction with, and are qualified in their entirety by reference to, CGG s consolidated financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations CGG Results of Operations included elsewhere in this prospectus.

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 elsewhere in this prospectus and Note 3 to CGG s unaudited consolidated financial statements included elsewhere in this prospectus.

	As at and for the nine months ended September 30,		As at and for the year ended December 31,	
	2006 (unaudited)	2005 (unaudited)	2005	2004
	(in millions, except for per share and ratio data)			
Amounts in accordance with IFRS:				
Statement of Operations Data:				
Operating revenues	955.6	607.5	869.9	687.4
Other revenues from ordinary activities	1.4	1.2	1.9	0.4
Cost of operations	(636.7)	(473.2)	(670.0)	(554.0)
Gross profit	320.3	135.5	201.8	133.8
Research and development expenses, net	(27.8)	(23.6)	(31.1)	(28.8)
Selling, general and administrative expenses	(86.9	(64.2)	(91.2)	(78.6)
Other revenues (expenses)	12.0	2.7	(4.4)	19.3
Operating income	217.6	45.0	75.1	45.7
Cost of financial debt, net	(19.2)	(26.7)	(42.3)	(27.8)
Derivative and other expenses on convertible bonds	(23.0)	(38.0)	(11.5)	(23.5)
Other financial income (loss)	(8.4	1.3	(14.5)	0.8
Income taxes	(54.9)	(18.5)	(26.6)	(10.9)
Equity in income of affiliates	8.9	9.6	13.0	10.3
Net income (loss)	121.0	(27.3)	(6.8)	(5.4)
Attributable to minority interests	1.2	0.6	(1.0)	(1.0)
Attributable to shareholders	119.8	(27.9)	(7.8)	(6.4)
Net income (loss) per share:				
Basic(1)	6.92	(2.37)	(0.64)	(0.55)
Diluted(2)	6.78	(2.37)	(0.64)	(0.55)
Other Ratios:				
Ratio of earnings to fixed charges(3)	10.9x	1.7x	1.4x	1.8x
Balance Sheet Data (at period end):				
Cash and cash equivalents	168.7		112.4	130.6
Working capital(4)	254.0		154.1	116.4
Property, plant & equipment, net	485.0		480.1	204.1
Multi-client surveys	69.8		93.6	124.5
Total assets	1,751.7		1,565.1	971.2
Financial debt(5)	430.8		400.3	249.6
Stockholders equity	850.5		698.5	393.2

Other Historical Financial Data:				
ORBDA(6)	359.9	148.9	229.5	172.5
Capital expenditures (property, plant & equipment)(7)	117.2	75.4	125.1	49.8
Capital expenditures for multi-client surveys	38.9	19.2	32.0	51.1
Net debt(8)	273.0	500.5	297.2	121.8
Net debt(8)/ ORBDA(6)			1.3x	0.7x

	As at and for the nine months ended September 30,		As at and for the year ended December 31,				
	2006 (unaudited)	2005 (unaudited)	2005	2004	2003	2002	2001
	(in millions, except for per share, ratio and operational data)						
Amounts in accordance with U.S. GAAP:							
Statement of Operations Data:							
Operating revenues	967.7	601.6	860.8	709.5	645.6	719.0	795.0
Operating income	215.0	38.2	61.9	55.0	42.7	81.9	48.6
Net income (loss)	94.0	(15.3)	8.3	(20.2)	3.1	15.1	9.3
Per share amounts:							
Basic common stock holder(1)	5.43	(1.30)	0.69	(1.73)	0.27	1.29	0.80
Diluted common stock holder(9)	5.32	(1.30)	0.67	(1.73)	0.26	1.29	0.80
Other Ratios:							
Ratio of earnings to fixed charges(3)	8.8x	2.0x	1.6x	1.4x	0.5x	2.2x	2.0x
Balance Sheet Data (at period end):							
Total assets	1,751.2		1,573.8	975.8	924.2	1,036.8	1,008.0
Financial debt(5)	436.7		416.7	266.5	232.4	307.8	279.5
Stockholders equity	811.7		689.5	372.2	413.4	431.0	456.4
Operational Data (end of period):							
Land teams in operations	8	12	11	8	12	14	12
Operational streamers(10)	44	52	46	39	42	42	48
Data processing centers	31	30	27	26	26	26	26

Notes:

(1) Basic per share amounts under IFRS and U.S. GAAP have been calculated on the basis of 17,318,957 issued and outstanding shares in the nine month period ended September 30, 2006, 11,765,118 issued and outstanding shares in the nine month period ended September 30, 2005, 12,095,925 issued and outstanding shares in 2005 and 11,681,406 issued and outstanding shares in 2004. Basic per share amounts under U.S. GAAP have been calculated on the basis of 11,680,718 issued and outstanding shares in 2003 and 2002 and 11,609,393 issued and outstanding shares in 2001.

(2) Diluted per share amount under IFRS has been calculated on the basis of 17,675,616 issued and outstanding shares in the nine month period ended September 30, 2006, 13,451,097 issued and outstanding shares in the nine

month period ended September 30, 2005, 12,095,925 issued and outstanding shares in 2005 and 11,681,406 issued and outstanding shares in 2004. For the nine-month period ended September 30, 2005, the effect of convertible bonds was anti-dilutive.

(3) For purposes of calculating the ratio of earnings to fixed charges, earnings in IFRS consist of income (loss) from consolidated companies before income taxes, excluding derivative and other expenses on convertible bonds included in CGG s income statement for the relevant period included elsewhere in this prospectus. Earnings under U.S. GAAP consist of income from consolidated companies before income taxes and minority interests, excluding equity in income of affiliates included in CGG s income statement for the relevant period included elsewhere in this prospectus. Fixed charges under each of IFRS and U.S. GAAP consist of net cost of financial debt (including amortization fees). For the year ended December 31, 2003, our earnings were insufficient to cover fixed charges by 13.5 million under U.S. GAAP.

(4) Working capital 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.

(5) Financial debt means total financial debt, including current maturities, capital leases and accrued interest but excluding bank overdrafts.

(6) A discussion of ORBDA (Operating Result Before Depreciation and Amortization, previously denominated Adjusted EBITDA), including (i) a reconciliation to net cash provided by operating activities and (ii) the reasons why our management believes that a presentation of ORBDA provides useful information to investors regarding our financial condition and results of operations, is found in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources ORBDA .

(7) Capital expenditures is defined as purchases of property, plant and equipment plus equipment acquired under capital 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:

	For the nine months ended September 30,		**For the year ended December 31,**	
	2006 (unaudited)	**2005 (unaudited)**	**2005**	**2004**
	(in millions)			
Purchase of property, plant and equipment	117.0	61.8	107.7	41.1
Equipment acquired under capital lease	0.2	13.6	17.4	8.7
Capital expenditures	117.2	75.4	125.1	49.8

(8) Net debt means bank overdrafts, financial debt including current portion (including capital lease debt) net of cash and cash equivalents. A discussion of net debt, including (i) a reconciliation of net debt to financing items of the CGG balance sheet and (ii) the reasons why our management believes that a presentation of net debt provides useful information to investors regarding our financial condition and results of operations, is found in Management s Discussion and Analysis of Financial Condition and Results of Operations Net Debt .

(9) Diluted per share amounts under U.S. GAAP have been calculated on the basis of 17,675,616 issued and outstanding shares in the nine month period ended September 30, 2006, 13,451,097 issued and outstanding shares in the nine month period ended September 30, 2005, 12,378,209 issued and outstanding shares in 2005, 11,681,406 issued and outstanding shares in 2004, 11,760,630 issued and outstanding shares in 2003, 11,680,718 issued and outstanding shares in 2002 and 11,609,393 issued and outstanding shares in 2001. In 2002 and 2001, the effects of stock options were not dilutive (as a result of applying the treasury stock method).

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

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF VERITAS

The table below sets forth selected historical consolidated financial data for Veritas as at and for the three months ended October 31, 2006 and 2005 and as at and for each of the five years in the period ending July 31, 2006, in each case in accordance with U.S. GAAP.

The following selected historical consolidated financial information as at and for the years ended July 31, 2006, 2005 and 2004 is derived from Veritas consolidated annual financial statements under U.S. GAAP included elsewhere in this prospectus. Veritas consolidated financial statements as at and for the year ended July 31, 2006, 2005 and 2004 have been audited by PricewaterhouseCoopers LLP. The following selected historical consolidated information for the three-month periods ended October 31, 2006 and 2005 is unaudited and is derived from Veritas unaudited financial statements included elsewhere in the prospectus. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which Veritas considers necessary for a fair presentation of its financial position and results of operations for these periods. The results of operations for the three-month periods presented below are not necessarily indicative of the results for the full fiscal year.

The table below should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements of Veritas and its subsidiaries and Management s Discussion and Analysis of Financial Condition and Results of Operations Veritas Results of Operations included elsewhere in this prospectus.

	As at and for the three months ended October 31,		As at and for the year ended July 31,				
	2006 (unaudited)	2005 (unaudited)	2006(1)	2005(2)	2004(3)	2003(4)	2002(5)
	(in $ millions, except per share amount)						
Statement of Operations Data:							
Revenues	230.8	168.7	822.2	634.0	564.5	501.8	452.2
Cost of services	165.8	136.7	623.2	519.0	495.7	423.2	347.9
Research and development	5.4	4.9	22.9	18.9	15.5	11.6	11.5
General and administrative	11.4	8.9	43.2	31.9	25.5	27.2	23.8
Operating income (loss)	37.9	18.3	132.9	64.2	27.8	(12.1)	(.83)
Interest expense	2.2	1.5	7.2	4.0	18.9	18.5	13.6
Interest income	(5.0)	(1.9)	(12.0)	(5.3)	(1.6)	(.96)	(1.4)
Gain on involuntary conversion of assets		(2.0)	(2.0)	(9.9)			
Other (income) expense, net	0.3	(.13)	.12	(.88)	1.6	1.2	5.8
Provision (benefit) for income tax expense	13.2	9.0	57.2	(6.8)	3.7	28.3	5.2
Net income (loss)	27.5	11.8	82.2	83.0	5.2	(59.1)	(24.1)
Net income (loss) per common share basic	0.77	0.34	2.33	2.45	0.16	(1.77)	(.74)
Net income (loss) per common share diluted	0.68	0.32	2.08	2.37	0.15	(1.77)	(.74)
Balance Sheet Data (at period end):							
Cash and cash equivalents	353.8	228.0	402.0	249.4	116.3	72.1	10.0
Property and equipment, net	141.9	128.8	110.6	127.9	121.7	149.7	189.8
Multi-client data library	324.1	333.3	296.6	316.8	313.2	373.1	338.8

Total assets	1,175.6	954.5	1,158.0	966.6	776.2	790.9	781.4
Long-term debt (including current maturities)	155.0	155.0	155.0	155.0	155.0	194.2	140.0
Stockholders equity	749.8	607.8	710.5	582.5	489.7	487.5	520.7
Other Historical Financial Data:							
ORBDA(6)	123.5	81.6	383.7	265.9	278.3		

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 to the Veritas audited consolidated financial statements included elsewhere in this 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[2])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.

(6) A discussion of ORBDA (Operating Result Before Depreciation and Amortization, previously denominated Adjusted EBITDA), including (i) a reconciliation to net cash provided by operating activities and (ii) the reasons why our management believes that a presentation of ORBDA provides useful information to investors regarding our financial condition and results of operations, is found in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources ORBDA .

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information is presented in millions of euros and gives pro forma effect to the merger and the financing transactions under IFRS and U.S. GAAP as if they occurred on January 1, 2005 in the case of the pro forma statements of income, and September 30, 2006, in the case of the pro forma balance sheet. The pro forma condensed combined statements of income give pro forma effect to the acquisition of Exploration Resources and the related financings as if they occurred on January 1, 2005. The merger and the acquisition of Exploration Resources are reflected in the pro forma financial statements using the purchase method of accounting under U.S. GAAP and IFRS.

The unaudited pro forma adjustments reflect the following assumptions:

- under U.S. GAAP, the price of CGG ADSs was $32.44, the average price of CGG ADSs for the period beginning two days before and ending two days after September 5, 2006 (the date that the merger was announced);

- under IFRS, the price of CGG ADSs was $40.50, the closing price on the closing date of the merger;

- each outstanding share of Veritas common stock was converted in the merger into the right to receive either (i) 2.25 CGG ADSs (with respect to 50.664% of Veritas total common stock) or (ii) $75.00 in cash (with respect to 49.336% of Veritas total common stock);

- the cash consideration paid by CGG in connection with the merger was financed by a $1.0 billion term loan facility, the issuance of $600 million in notes offered hereby and cash on hand; and

- each employee option to purchase shares of Veritas common stock pursuant to any stock option plan, program or arrangement of Veritas outstanding at the time of the merger, whether or not vested, has been cancelled and converted into the right to receive, for each share of Veritas common stock subject to such option, an amount in cash equal to the excess, if any, of $75.00 over the exercise price per share under such option (less any applicable withholding taxes).

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not indicative of the results of operations or the financial condition of CGGVeritas that would have been achieved had the merger, the acquisition of Exploration Resources, and the related financing transactions been completed as of the dates indicated, nor is the unaudited pro forma condensed combined financial information indicative of our future results of operations or financial position. The unaudited pro forma condensed combined financial information does not reflect any cost savings or other synergies that may result from the merger nor does it reflect any special items such as restructuring and integration costs that may be incurred as a result of the merger.

CGGVeritas reports, and CGG reported, its financial results in euros and in conformity with IFRS, with a reconciliation to U.S. GAAP. Veritas reported 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 elsewhere in this prospectus and Note 3 to CGG s unaudited consolidated financial statements included elsewhere in this prospectus. For an explanation of the differences between IFRS and U.S. GAAP as they apply to CGG s and Veritas historical accounting treatments, see Note 2 to the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial information has been derived from and should be read in conjunction with the respective consolidated financial statements of CGG for the year ended December 31, 2005 and as at and for the nine-month period ended September 30, 2006 and the consolidated financial statements of Veritas for the year ended July 31, 2006, and the consolidated financial statements of Veritas as at and for the three-month period ended October 31, 2006, all included elsewhere in this prospectus.

The unaudited pro forma condensed combined financial information is based on preliminary estimates and assumptions, which we believe to be reasonable. In the 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 at the date of the merger. Any difference between the consideration paid 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 pro forma adjustments relating to the purchase price allocation are preliminary, have been made solely for the purpose of preparing the unaudited pro forma condensed combined financial information and are subject to revision based on the final determination of fair value after the effective time of the merger. Any such revisions may be material.

CGGVERITAS UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2005 UNDER IFRS

	Historical CGG 12 months ended December 31, 2005 IFRS	Historical Exploration Resources and related pro forma adjustments 8 months ended August 31, 2005 IFRS	Historical Veritas 12 months ended January 31, 2006 U.S. GAAP	Pro forma adjustments 12 months ended December 31, 2005 IFRS	Other pro forma adjustments for the merger and the financing transactions 12 months ended December 31, 2005 IFRS		Combined pro forma income statement 12 months ended December 31, 2005 IFRS
	Note 1	Note 1	Note 1	Notes 2 & 3	Note 2 & 4	Ref.	
		(unaudited)	(unaudited)	(unaudited)	(unaudited)		(unaudited)
			(in millions, except per share data)				
Operating revenues	869.9	68.7	579.6	(26.7)	(2.4)	*2.7*	1,489.1
Other income from ordinary activities	1.9						1.9
Total income from ordinary activities	871.8	68.7	579.6	(26.7)	(2.4)		1,491.0
Cost of operations	(670.0)	(69.7)	(453.2)	26.1	(32.0)	*4.3.1; 4.3.4*	(1,198.8)
Gross profit	201.8	(1.0)	126.4	(0.6)	(34.4)		292.2
Research and development expenses net	(31.1)		(16.5)	5.0			(42.6)
Selling, general and administrative expenses	(91.2)	(5.8)	(30.0)		(2.3)	*4.3.1; 4.3.4*	(129.4)
Other revenues (expenses) net	(4.4)			9.9			5.5
Operating income	75.1	(6.8)	79.9	14.2	(36.7)		125.7
Interest, other financial income and expense, net, exchange gains and losses, net and others	(56.8)	(11.3)	12.8	(9.6)	(93.8)	*4.3.2; 4.3.3*	(158.7)
Variance on derivative of convertible bonds	(11.5)						(11.5)

Income (loss) of consolidated companies before income taxes	6.8	(18.1)	92.7	4.7	(130.5)		(44.5)
Income taxes	(26.6)	3.9	(6.1)	(1.6)	45.6	*4.3.5*	15.3
Net income (loss) of consolidated companies	(19.8)	(14.2)	86.6	3.1	(84.9)		(29.3)
Equity in income of affiliates	13.0						13.0
Net income (loss)	**(6.8)**	**(14.2)**	**86.6**	**3.1**	**(84.9)**		**(16.3)**
Attributable to:							
shareholders	(7.8)	(14.2)	86.6	3.1	(84.9)		(17.3)
minority interests	1.0						1.0
Weighted average number of outstanding shares (in thousands)	12,095				9,609		21,704
Weighted average number of potential shares (in thousands)	12,095				9,609		21,704
Earnings per share:							
basic	(0.64)						(0.80)
diluted	(0.64)						(0.80)

CGGVERITAS UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2006 UNDER IFRS

	Historical CGG 9 months ended September 30, 2006 IFRS	Historical Veritas 9 months ended October 31, 2006 U.S. GAAP	Pro forma adjustments 9 months ended September 30, 2006 IFRS	Other pro forma adjustments for the merger and the financing transactions 9 months ended September 30, 2006 IFRS		Combined pro forma statement of income ended September 30, 2006 IFRS
	Note 1	Note 1	Notes 2 & 3	Note 4	Ref.	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		(unaudited)
		(in millions, except per share data)				
Operating revenues	955.6	519.7	(5.1)			1,470.1
Other income from ordinary activities	1.4					1.4
Total income from ordinary activities	957.0	519.7	(5.1)			1,471.5
Cost of operations	(636.7)	(390.0)	9.5	(23.4)	*4.3.1; 4.3.4*	(1,040.6)
Gross profit	320.3	129.7	4.4	(23.4)		430.9
Research and development expenses net	(27.8)	(14.2)	4.3			(37.7)
Selling, general and administrative expenses	(86.9)	(35.8)	8.3	(1.0)	*4.3.1; 4.3.4*	(115.5)
Other revenues (expenses) net	12.0		(0.2)			11.9
Operating income (loss)	217.6	79.7	16.8	(24.4)		289.6
Interest, other financial income and expense, net, exchange gains and losses, net and others	(27.6)	4.4		(68.9)	*4.3.2; 4.3.3*	(92.1)
Derivative of convertible bonds and related costs	(23.0)					(23.0)
Income (loss) of consolidated companies before income taxes	167.0	84.1	16.8	(93.4)		174.5
Income taxes	(54.9)	(30.2)	(5.9)	32.7	*4.3.5*	(58.3)

Net income (loss) of consolidated companies	112.1	53.9	10.9	(60.7)	116.2
Equity in income of affiliates	8.9				8.9
Net income (loss)	**121.0**	**53.9**	**10.9**	**(60.7)**	**125.1**
Attributable to:					
shareholders	119.8	53.9	10.9	(63.7)	123.9
minority interests	1.2				1.2
Weighted average number of outstanding shares (in thousands)	17,318			9,609	26,927
Weighted average number of potential shares (in thousands)	17,675			9,609	27,284
Earnings per share:					
basic	6.92				4.60
diluted	6.78				4.54

CGGVERITAS UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AS AT SEPTEMBER 30, 2006 UNDER IFRS

	Historical CGG IFRS at September 30, 2006	Historical Veritas U.S. GAAP at October 31, 2006	Pro forma adjustments at September 30, 2006	Other pro forma adjustments for the merger and the financing transactions at September 30, 2006		Combined pro forma balance sheet at September 30, 2006 IFRS
	Note 1	Note 1	Notes 2 & 3	Note 4	Ref.	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		(unaudited)
			(in millions)			
ASSETS						
Cash and cash equivalents	168.7	279.5	0.1	(147.8)	*4.2.5*	300.5
Current assets, net	576.4	230.5	(8.5)			798.4
Total current assets	745.1	510.0	(8.4)	(147.8)		1,098.9
Goodwill	273.9			2,110.0	*4.2.1*	2,383.8
Intangible assets, net	134.5	256.0	6.4	207.7	*4.2.1*	604.6
Other non-current assets, net	598.2	162.6	(3.0)	18.3	*4.2.1; 4.3.5*	776.0
Total non-current assets	1,006.6	418.6	3.4	2,335.8		3,764.4
Total assets	**1,751.7**	**928.6**	**(5.0)**	**2,188.0**		**4,863.4**
LIABILITIES AND SHAREHOLDERS EQUITY						
Bank overdrafts	10.9					10.9
Current portion of financial debt	44.0	122.4	(2.8)	(103.1)	*4.2.5*	60.6
Current liabilities	322.4	186.8	(15.2)	9.8	*4.2.1*	*503.8*
Total current liabilities	377.3	309.2	(18.0)	(93.3)		575.3
Financial debt	386.8			1,243.7	*4.2.5*	1,630.5
Other non-current liabilities	113.6	27.1	18.0	69.9	*4.2.1; 4.3.5*	228.6
Total non-current liabilities	500.4	27.1	18.0	1,313.6		1,859.1
Total shareholders equity	850.5	592.3	(5.0)	967.7	*4.2.2*	2,405.5

Minority interests	23.5				23.5
Total shareholders equity and minority interests	874.0	592.3	(5.0)	967.7	2,429.0
Total liabilities and shareholders equity	**1,751.7**	**928.6**	**(5.0)**	**2,188.0**	**4,863.4**

CGGVERITAS UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2005 UNDER U.S. GAAP

	Historical CGG 12 months ended December 31, 2005 U.S. GAAP	Historical Exploration Resources and related pro forma adjustments 8 months ended August 31, 2005 U.S. GAAP	Historical Veritas 12 months ended January 31, 2006 U.S. GAAP	Pro forma adjustments 12 months ended December 31, 2005 U.S. GAAP	Other pro forma adjustments for the merger and the financing transactions 12 months ended December 31, 2005 U.S. GAAP		Combined pro forma income statement 12 months ended December 31, 2005 U.S. GAAP
	Note 1 (unaudited)	Note 1 (unaudited)	Note 1 (unaudited)	Notes 2 & 3 (unaudited)	Note 4 (unaudited)	Ref.	
		(in millions, except per share data)					
Operating revenues	860.8	63.8	579.6	(29.8)			1,474.4
Cost of operations	(665.4)	(68.8)	(453.2)	31.8	(30.6)	*4.3.1*	(1,186.1)
Gross profit	195.4	(5.0)	126.4	2.0	(30.6)		288.3
Research and development expenses net	(39.3)		(16.5)				(55.8)
Selling, general and administrative expenses	(92.7)	(8.4)	(30.0)		(3.6)	*4.3.1*	(134.8)
Other revenues (expenses) net	(1.5)			9.6			8.1
Operating income (loss)	61.9	(13.4)	79.9	11.6	(34.2)		105.8
Interest, other financial income and expense, net, exchange gains and losses, net and others	(31.9)	(4.6)	12.8	(9.6)	(93.8)	*4.3.2; 4.3.3*	(127.1)
Variance on derivative of convertible bonds	(11.5)						(11.5)
Equity in income of affiliates	13.0						13.0

Income (loss) of consolidated companies before income taxes and minority interests	31.5	(18.0)	92.7	2.0	(128.0)		(19.8)
Income taxes	(22.2)	5.2	(6.1)	(0.7)	44.8	*4.3.5*	21.0
Minority interests	(1.0)	0.2					(0.8)
Net income (loss)	**8.3**	**(12.6)**	**86.6**	**1.3**	**(93.2)**		**0.4**
Weighted average number of outstanding shares (in thousands)	12,095				9,609		21,704
Weighted average number of potential shares (in thousands)	12,357				9,609		21,966
Earnings per share:							
basic	0.69						0.02
diluted	0.67						0.02

CGGVERITAS UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2006 UNDER U.S. GAAP

	Historical CGG 9 months ended September 30, 2006 U.S. GAAP	Historical Veritas 9 months ended October 31, 2006 U.S. GAAP	Pro forma adjustments 9 months ended September 30, 2006 U.S. GAAP	Other pro forma adjustments for the merger and the financing transactions 9 months ended September 30, 2006 U.S. GAAP		Combined pro forma statement of income ended September 30, 2006 U.S. GAAP
	Note 1	Note 1	Notes 2 & 3	Note 4	Ref.	(unaudited)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		
		(in millions, except per share data)				
Operating revenues	967.7	519.7	(8.1)			1,479.3
Cost of operations	(636.4)	(390.0)	9.2	(22.9)	*4.3.1*	(1,040.1)
Gross profit	331.3	129.7	1.1	(22.9)		439.2
Research and development expenses net	(37.7)	(14.2)				(51.9)
Selling, general and administrative expenses	(87.4)	(35.8)	8.3	(2.7)	*4.3.1*	(117.7)
Other revenues (expenses) net	8.8					8.8
Operating income (loss)	215.0	79.7	9.4	(25.6)		278.5
Interest, other financial income and expense, net, exchange gains and losses, net and others	(64.3)	4.4		(68.9)	*4.3.2; 4.3.3*	(128.8)
Derivative of convertible bonds and related costs	(23.0)					(23.0)
Equity in income of affiliates	8.9					8.9
Income (loss) of consolidated companies before income taxes and minority interests	136.6	84.1	9.4	(94.5)		135.6
Income taxes	(41.4)	(30.3)	(3.3)	33.1	*4.3.5*	(41.8)
Minority interests	(1.2)					(1.2)
Net income (loss)	**94.0**	**53.9**	**6.1**	**(61.4)**		**92.6**
	17,318			9,609		26,927

Weighted average number of outstanding shares (in thousands)			
Weighted average number of potential shares (in thousands)	17,675	9,609	27,284
Earnings per share:			
basic	5.43		3.44
diluted	5.32		3.39

CGGVERITAS UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AS AT SEPTEMBER 30, 2006 UNDER U.S. GAAP

	Historical CGG U.S. GAAP at September 30, 2006	Historical Veritas U.S. GAAP at October 31, 2006	Pro forma adjustments at September 30, 2006	Other pro forma adjustments for the merger and the financing transactions at September 30, 2006		Combined pro forma balance sheet at September 30, 2006 U.S. GAAP
	Note 1	Note 1	Notes 2 and 3	Note 4	Ref.	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		(unaudited)
			(in millions)			
ASSETS						
Cash and cash equivalents	168.7	279.5		(147.8)	*4.2.5*	300.4
Current assets, net	581.5	230.5	(1.0)	20.1	*4.2.3*	831.1
Total current assets	750.2	510.0	(1.0)	(127.6)		1,131.5
Goodwill	286.4			1,747.4	*4.2.1*	2,033.8
Intangible assets, net	99.3	256.0		207.7	*4.2.1*	563.0
Other non-current assets, net	615.3	162.6		18.2	*4.2.1*	796.2
Total non-current assets	1,001.0	418.6		1,973.3		3,392.9
Total assets	**1,751.2**	**928.6**	**(1.0)**	**1,845.6**		**4,524.4**
LIABILITIES AND SHAREHOLDERS EQUITY						
Bank overdrafts	10.9					10.9
Current portion of financial debt	44.0	122.4		(103.1)	*4.2.5*	63.4
Current liabilities	352.6	186.8	(9.1)	10.0	*4.2.1*	540.2
Total current liabilities	407.5	309.2	(9.1)	(93.1)		614.5
Financial debt	392.7			1,263.8	*4.2.3*	1,656.5
Other non-current liabilities	115.8	27.1	2.8	65.4	*4.3.5*	211.2
Total non-current liabilities	508.5	27.1	2.8	1,329.2		1,867.7
Total shareholders equity	811.7	592.3	5.3	609.5		2,018.8
Minority interests	23.5					23.5
Total liabilities and shareholders equity	**1,751.2**	**928.6**	**(1.0)**	**1,845.6**		**4,524.4**

NOTES TO CGGVERITAS UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2005 AND AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2006 UNDER IFRS AND U.S. GAAP

NOTE 1 Description of transaction and basis of presentation

Description of transaction

The merger is described in the section entitled The Veritas Merger contained elsewhere in this prospectus.

Basis of presentation

Pro forma adjustments related to the unaudited pro forma condensed combined statement of income for each of the 12-month period ended December 31, 2005 and the nine-month period ended September 30, 2006 are computed assuming the merger, the acquisition of Exploration Resources and the financing transactions for each of the merger and the acquisition of Exploration Resources were completed on January 1, 2005.

Pro forma adjustments related to the unaudited pro forma condensed combined balance sheet are computed assuming the merger and the financing transactions were completed at September 30, 2006.

There are certain differences in the way in which CGG and Veritas present items on their respective statements of income under U.S. GAAP. As a result, the gain recorded in connection with the receipt of insurance proceeds for the loss of seismic equipment in Veritas statement of income has been reclassified in the IFRS and the U.S. GAAP unaudited pro forma condensed combined financial information to comply with CGG s accounting presentation.

Balances and transactions between CGG and Veritas as at and for the periods presented were eliminated as intercompany transactions.

The CGG ADS price used to compute the fair value, under U.S. GAAP, of the CGG ADSs issued in the merger is based on the average closing price of a CGG ADS for the period beginning two days before and ending two days after the date the merger was officially announced (September 5, 2006). However, under IFRS, the CGG ADS price used is the CGG ADS closing price at the effective date of the merger (January 12, 2007).

Historical financial statements and currency translation

CGG s historical financial statements for the fiscal year ended December 31, 2005 are presented in euros and are derived from CGG s audited consolidated financial statements included elsewhere in this prospectus.

CGG s historical financial statements as at and for the nine-month period ended September 30, 2006 are presented in euros and are derived from CGG s unaudited consolidated financial statements included elsewhere in this prospectus.

Veritas unaudited historical financial statements for the twelve-month period ended January 31, 2006 are presented in U.S. dollars and are derived from Veritas audited and unaudited financial statements.

All data related to Veritas historical statement of income for the 12-month period ended January 31, 2006 and the pro forma adjustments to the unaudited pro forma condensed combined statement of income for the twelve-month period ended December 31, 2005 are translated into euros at CGG s average rate for this period of 1.00 = U.S.$1.2418.

Combined Historical Veritas U.S. GAAP Statement of Income for the Twelve-Month Period Ended January 31, 2006

	Historical Veritas 12 months ended July 31, 2005 U.S. GAAP (in $ millions) (A)	Historical Veritas 6 months ended January 31, 2005 U.S. GAAP (in $ millions) (B) (unaudited)	Historical Veritas 6 months ended January 31, 2006 U.S. GAAP (in $ millions) (C) (unaudited)	Historical Veritas 12 months ended January 31, 2006 U.S. GAAP (in $ millions) (A) - (B) + (C) (unaudited)	Historical Veritas 12 months ended January 31, 2006 U.S. GAAP (in millions) (unaudited)
Operating revenues	634.0	321.8	407.5	719.7	579.6
Cost of operations	(519.0)	(260.9)	(304.6)	(562.7)	(453.2)
Gross profit	115.0	60.9	102.9	157.0	126.4
Research and development expenses net	(18.9)	(9.1)	(10.7)	(20.5)	(16.5)
Selling, general and administrative expenses	(31.9)	(15.0)	(20.4)	(37.3)	(30.0)
Operating income	64.2	36.8	71.8	99.2	79.9
Interest, other financial income and expense, net, exchange gains and losses, net and others	12.0	(0.1)	3.8	15.9	12.8
Income of consolidated companies before income taxes and minority interests	76.2	36.7	75.6	115.1	92.7
Income taxes	6.8	(18.4)	(32.8)	(7.6)	(6.1)
Net income (loss)	**83.0**	**18.3**	**42.8**	**107.5**	**86.6**
Weighted average number of outstanding shares (in thousands)	33,843				34,393
Weighted average number of potential shares (in thousands)	35,054				36,442
Earning per share:					
basic	2.45				2.52
diluted	2.37				2.38

The purpose of this unaudited schedule is to reflect Veritas unaudited statement of income for the twelve month period ended January 31, 2006. The schedule has been prepared only in connection with the compilation of the unaudited pro forma condensed combined financial statements.

Certain items included in Veritas annual statements of income for the fiscal year ended July 31, 2006 are derived from annual calculations including net pension and post-retirement benefit obligations, employee incentive awards and income taxes, among other items. This schedule does not consider the impact of how these items would have been different had Veritas fiscal year ended on December 31, 2005.

Veritas historical financial statements as at and for the nine-month period ended October 31, 2006 are presented in U.S. dollars and are derived from Veritas unaudited financial statements.

All data related to Veritas historical balance sheet at October 31, 2006 and the pro forma adjustments to the balance sheet at September 30, 2006 are translated into euros at CGG s closing rate at September 30, 2006 of 1.00 = U.S.$1.2660.

All data related to Veritas historical statement of income for the nine-month period ended October 31, 2006 and the pro forma adjustments to the statement of income for the nine-month period ended September 30, 2006 are translated into euros at CGG s average rate for this period of 1.00 = U.S.$1.2420.

Combined Historical Veritas U.S. GAAP Statement of Income for the Nine-Month Period Ended October 31, 2006

	Historical Veritas 12 months ended July 31, 2006 U.S. GAAP (in $ millions) (A)	Historical Veritas 6 months ended January 31, 2006 U.S. GAAP (in $ millions) (B) (unaudited)	Historical Veritas 3 months ended October 31, 2006 U.S. GAAP (in $ millions) (C)	Historical Veritas 9 months ended October 31, 2006 U.S. GAAP (in $ millions) (A) - (B) + (C) (unaudited)	Historical Veritas 9 months ended October 31, 2006 U.S. GAAP (in millions) (unaudited)
Operating revenues	822.2	407.5	230.8	645.5	519.7
Cost of operations	(623.2)	(304.6)	(165.8)	(484.4)	(390.0)
Gross profit	199.0	102.9	65.0	161.1	129.7
Research and development expenses net	(22.9)	(10.7)	(5.4)	(17.1)	(14.2)
Selling, general and administrative expenses	(43.2)	(20.4)	(21.7)	(44.5)	(35.8)
Operating income	132.9	71.8	37.9	99.0	79.7
Interest, other financial income and expense, net, exchange gains and losses, net and others	6.5	3.8	2.8	5.5	4.4
Income (loss) of consolidated companies before income taxes and minority interests	139.4	75.6	40.7	104.5	84.1
Income taxes	(57.2)	(32.8)	(13.2)	(37.6)	(30.3)
Net income (loss)	**82.2**	**42.8**	**27.5**	**66.9**	**53.9**
Weighted average number of outstanding shares (in thousands)	35,260				35,973
Weighted average number of potential shares (in thousands)	39,623				40,748
Earning per share:					
basic	2.33				1.50
diluted	2.08				1.32

Exploration Resources was consolidated into CGG s consolidated financial statements ended December 31, 2005 commencing on September 1, 2005.

The pro forma income statement for the eight months ended August 31, 2005 of Exploration Resources has been derived from the U.S. GAAP income statement of Exploration Resources for the eight months ended August 31, 2005.

The U.S. GAAP income statement of Exploration Resources for the eight months ended August 31, 2005 and the related pro forma adjustments have been translated at an average exchange rate of NOK 8.0839 per euro.

Combined Historical Exploration Resources U.S. GAAP Statement of Income and Related Pro forma Adjustments for the Eight-Month Period ended August 31, 2005

	Historical Exploration Resources 8 months ended August 31, 2005 U.S. GAAP (unaudited)	Purchase accounting Exploration Resources 8 months ended August 31, 2005 U.S. GAAP (unaudited)	Other adjustments Exploration Resources 8 months ended August 31, 2005 U.S. GAAP (unaudited)	Historical Exploration Resources and related pro forma adjustments 8 months ended August 31, 2005 U.S. GAAP (unaudited)
		(in millions)		
Operating revenues	66.3		(2.5)[b]	63.8
Cost of operations	(58.7)	(10.0)[a]	(0.1) [b][c]	(68.8)
Gross profit	7.6	(10.0)	(2.6)	(5.0)
Selling, general and administrative expenses	(8.4)			(8.4)
Operating income	(0.8)	(10.0)	(2.6)	(13.4)
Interest, other financial income and expense, net, exchange gains and losses, net and others	1.1		(5.7) [d][f]	(4.6)
Income (loss) of consolidated companies before income taxes and minority interests	0.3	(10.0)	(8.3)	(18.0)
Income taxes	(1.2)	2.8(a)	3.6(e)	5.2
Minority interests	0.6		(0.4)	0.2
Net income (loss)	(0.3)	(7.2)	(5.1)	(12.6)

Notes:

(a) Reflects the impact (depreciation adjustment and related income tax adjustment) of the reassessment of the value of Exploration Resources assets in accordance with the principles of purchase method accounting under IFRS, which reassessment resulted notably in an increase in the book value of the vessels of 116.8 million as at September 1, 2005.

(b) Reflects the elimination of material inter-company transactions pursuant to which members of the CGG group sold equipment to Exploration Resources during the period presented but prior to September 1, 2005.

(c) Conforming Exploration Resources multi-client survey amortization method to CGG s accounting policies for such amortization.

(d) Reflects the interest on the $165,000,000 of existing notes issued on April 28, 2005 and the $165,000,000 of existing notes issued on February 3, 2006 in connection with the financing of the acquisition of Exploration Resources as if such notes were issued at par on January 1, 2005 and amortization of related fees.

(e) Recognition of the impact of deferred tax liabilities to the adjustments set forth in the column Other Adjustments .

(f) Elimination of interest on the bridge credit facility from September 1, 2005 through September 30, 2005, that was put in place and drawn in connection with the acquisition of Exploration Resources.

The pro forma income statement for the eight months ended August 31, 2005 of Exploration Resources has been derived from the IFRS income statement of Exploration Resources for the nine months ended September 30, 2005, adjusted by the month of September 2005 already consolidated in CGG s consolidated financial statements at December 31, 2005. The IFRS income statement of Exploration Resources for the eight months ended August 31, 2005 and the related pro forma adjustments have been translated at an average exchange rate of NOK 8.0839 per euro.

Combined Historical Exploration Resources IFRS Statement of Income and Related Pro Forma Adjustments for the Eight-Month Period ended August 31, 2005

	Historical Exploration Resources 9 months IFRS ended September 30, 2005 (unaudited)	Purchase accounting Exploration Resources 8 months IFRS ended September 30, 2005 (unaudited)	Exploration Resources 1 month IFRS ended September 30, 2005 (unaudited)	Other pro forma adjustments Exploration Resources (a) IFRS (unaudited)	Historical Exploration Resources and related pro forma adjustments 8 months ended August 31, 2005 IFRS (unaudited)
			(in millions)		
Operating revenues	78.6		(8.7)	(1.3)[b]	68.7
Cost of operations	(67.4)	(9.4)[a]	7.0	[b][c]	(69.7)
Gross profit	11.2	(9.4)	(1.6)	(1.2)	(1.0)
Selling, general and administrative expenses	(6.3)		0.5		(5.8)
Operating income	4.9	(9.4)	(1.2)	(1.2)	(6.8)
Interest, other financial income and expense, net, exchange gains and losses, net and others	(2.1)		0.4	(9.6)[d][f]	(11.3)
Income (loss) of consolidated companies before income taxes	2.8	(9.4)[a]	(0.8)	(10.7)[e]	(18.1)
Income taxes	0.4	2.6	(0.8)	1.6	3.9
Net income (loss)	3.2	(6.8)	(1.5)	(9.2)	(14.2)
attributable to shareholders	3.8	(7.5)	(1.5)	(9.2)	(14.2)
attributable to minority interests	(0.6)	0.7	(0.1)		

Notes:

(a) Reflects the impact (depreciation adjustments and related income for adjustment) of the reassessment of the value of Exploration Resources assets in accordance with the principles of purchase method accounting under IFRS, which reassessment resulted notably in an increase in the book value of the vessels of 116.8 as at September 1, 2005.

(b) Reflects the elimination of material inter-company transactions pursuant to which members of the CGG group sold equity.

(c)

Conforming Exploration Resources multi-client survey amortization method to CGG s accounting policies for such amortization.

(d) Reflects the interest on the $165,000,000 of existing notes issued on April 28, 2005 and the $165,000,000 of existing notes issued on February 3, 2006 in connection with the financing of the acquisition of Exploration Resources as if such notes were issued at par on January 1, 2005 and amortization of related fees.

(e) Recognition of the impact of deferred tax liabilities to the adjustments set forth in the column Other Adjustments .

(f) Elimination of interest on the bridge credit facility from September 1, 2005 through September 30, 2005, that was put in place and drawn in connection with the acquisition of Exploration Resources.

NOTE 2 Adjustments to Veritas historical financial statements to ensure consistency of accounting principles with CGG s historical financial statements under IFRS and U.S. GAAP

The unaudited pro forma condensed combined financial information under IFRS and U.S. GAAP includes adjustments to Veritas historical financial statements (i) to account for differences between U.S. GAAP and IFRS and (ii) to make Veritas application of U.S. GAAP consistent with CGG s application of U.S. GAAP.

The deferred tax effect of these adjustments was computed at an estimated tax rate of 35%.

PRO FORMA ADJUSTMENTS TO THE UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2005 UNDER IFRS

	Pro forma consistency adjustments under IFRS	Ref.	Pro forma intercompany elimination and other adjustments Note 3	Ref.	Pro forma adjustments to income statement 12 months ended December 31, 2005 IFRS
	(unaudited)		(unaudited) (in millions)		(unaudited)
Operating revenues	3.1	*2.6*	(29.8)	*3.1*	(26.7)
Other income from ordinary activities					
Total income from ordinary activities	3.1		(29.8)		(26.7)
Cost of operations	7.1	*2.1, 2.4, 2.5, 2.6*	19.0	*3.1*	26.1
Gross profit	10.2		(10.8)	*3.1*	(0.6)
Research and development expenses net	5.0	*2.8*			5.0
Selling, general and administrative expenses					
Other revenues (expenses) net	9.9	*2.2, 2.6*			9.9
Operating income	25.1		(10.8)		14.2
Interest, other financial income and expense, net, exchange gains and losses, net and others	(9.6)	*2.2*			(9.6)
Income (loss) of consolidated companies before income taxes	15.5		(10.8)		4.7
Income taxes	(5.4)	*4.3.5*	3.8	*4.3.5*	(1.6)
Net income (loss)	**10.1**		**(7.0)**		**3.1**

PRO FORMA ADJUSTMENTS TO THE UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AS AT SEPTEMBER 30, 2006 UNDER IFRS

	Pro forma consistency adjustments		Pro forma intercompany elimination and other adjustments		Pro forma adjustments to balance sheet at September 30, 2006
		Ref.	Note 3	Ref.	
	(unaudited)		(unaudited) (in millions)		(unaudited)
ASSETS					
Cash and cash equivalents	0.1				0.1
Current assets, net	(7.5)	*2.3, 2.4, 2.6*	(1.0)	*3.1*	(8.5)
Total current assets	(7.4)		(1.0)		(8.4)
Intangible assets, net	6.4	*2.3, 2.8*			6.4
Other non-current assets, net	(3.0)	*2.3, 2.4, 2.6*			(3.0)
Total non-current assets	3.4				3.4
TOTAL ASSETS	**(4.0)**		**(1.0)**		**(5.0)**
LIABILITIES AND SHAREHOLDERS EQUITY					
Current portion of financial debt	(2.8)	*2.3*			(2.8)
Current liabilities	(6.0)	*2.3, 2.6*	(9.2)	*3.1, 3.2*	(15.2)
Total current liabilities	(8.8)		(9.2)		(18.0)
Other non-current liabilities	15.2	*2.3, 2.5, 2.8*	2.8	*3.2*	18.0
Total non-current liabilities	15.2		2.8		18.0
Total shareholders equity	(10.1)	*2.4*	5.4		(5.0)
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**(4.0)**		**(1.0)**		**(5.0)**

**PRO FORMA ADJUSTMENTS TO
THE UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2006 UNDER IFRS**

	Pro forma consistency adjustments under IFRS	Ref.	Pro forma intercompany elimination and other adjustments Note 3	Ref.	Pro forma adjustments to statement of income 9 months ended September 30, 2006 IFRS
	(unaudited)		(unaudited) (in millions)		(unaudited)
Operating revenues	3.0	*2.6*	(8.1)	*3.1*	(5.1)
Other income from ordinary activities					
Total income from ordinary activities	3.0		(8.1)		(5.1)
Cost of operations	4.8	*2.1, 2.4, 2.5, 2.6*	4.7	*3.1*	9.5
Gross profit	7.8		(3.4)		4.4
Research and development expenses net	4.3	*2.8*			4.3
Selling, general and administrative expenses			8.3	*3.2*	8.3
Other revenues (expenses) net	(0.1)	*2.6*			(0.2)
Operating income	11.9		4.9		16.8
Income (loss) of consolidated companies before income taxes	11.9		4.8		16.8
Income taxes	(4.2)	*4.3.5*	(1.7)	*4.3.5*	(5.9)
Net income (loss)	7.8		3.1		10.9
Attributable to:					
shareholders	7.8		3.1		10.9
minority interests					

PRO FORMA ADJUSTMENTS TO
THE UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2005 UNDER U.S. GAAP

	Pro forma consistency adjustments under U.S. GAAP (unaudited)	Ref.	Pro forma intercompany elimination and other adjustments Note 3 (unaudited) (in millions)	Ref.	Pro forma adjustments to income statement 12 months ended December 31, 2005 U.S. GAAP (unaudited)
Operating revenues			(29.8)	*3.1*	(29.8)
Cost of operations	12.8	*2.1*	19.0	*3.1*	31.8
Gross profit	12.8		(10.8)		2.0
Other revenues (expenses) net	9.6	*2.2*			9.6
Operating income	22.4		(10.8)		11.6
Interest, other financial income and expense, net, exchange gains and losses, net and others	(9.6)	*2.2*			(9.6)
Income (loss) of consolidated companies before income taxes and minority interests	12.8		(10.8)		2.0
Income taxes	(4.5)	*4.3.5*	3.8	*4.3.5*	(0.7)
Net income (loss)	8.3		(7.0)		1.3

PRO FORMA ADJUSTMENTS
TO THE UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2006 UNDER U.S. GAAP

	Pro forma consistency adjustments under U.S. GAAP (unaudited)	Ref.	Pro forma intercompany elimination and other adjustments Note 3 (unaudited)	Ref.	Pro forma adjustments to statement of income 9 months ended September 30, 2006 U.S. GAAP (unaudited)

			(in	**millions)**	
Operating revenues			(8.1)	*3.1*	(8.1)
Cost of operations	4.6	*2.1*	4.7	*3.1*	9.2
Gross profit	4.6		(3.4)		1.1
Selling, general and administrative expenses			8.3	*3.2*	8.3
Operating income	4.6		4.9		9.4
Income (loss) of consolidated companies before income taxes and minority interests	4.6		4.9		9.4
Income taxes	(1.6)	*4.3.5*	(1.8)	*4.3.5*	(3.3)
Net income (loss)	3.0		3.1		6.1

**PRO FORMA ADJUSTMENTS TO
THE UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS AT SEPTEMBER 30, 2006 UNDER U.S. GAAP**

	Pro forma consistency adjustments	Ref.	Pro forma intercompany elimination and other adjustments Note 3	Ref.	Pro forma adjustments to balance sheet at September 30, 2006
	(unaudited)		(unaudited) (in millions)		(unaudited)
ASSETS					
Current assets, net			(1.0)	*3.1*	(1.0)
Total current assets			(1.0)		(1.0)
Total non-current assets					
TOTAL ASSETS			**(1.0)**		**(1.0)**
LIABILITIES AND SHAREHOLDERS EQUITY					
Current liabilities			(9.1)	*3.1, 3.2*	(9.1)
Total current liabilities			(9.1)		(9.1)
Other non-current liabilities			2.8	*3.2*	2.8
Total non-current liabilities			2.8		2.8
Total shareholders equity			5.3	*3.2*	5.3
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY			**(1.0)**		**(1.0)**

2.1 ***Adjustment on multi-client surveys amortization of Veritas***

CGG amortizes multi-client surveys over the period during which the data is expected to be marketed using a pro-rata method based on recognized revenues as a percentage of total estimated sales (such estimation relies on the historical sales track record). In this respect, CGG uses three different sets of parameters depending on the area or type of surveys considered:

Gulf of Mexico surveys are amortized on the basis of 66.6% of revenues. Starting at the time of data delivery, a minimum straight-line depreciation scheme is applied on a three-year period, should total accumulated depreciation from the 66.6% of revenues amortization method below this minimum level;

Rest of the world surveys: same as above except depreciation is 83.3% of revenues and straight-line depreciation is over a five-year period from data delivery; and

Long-term strategic 2D surveys are amortized on the basis of revenues according to the above area split and straight-line depreciation a seven-year period from data delivery.

Veritas amortizes multi-client sales based upon the greater of (x) the percentage of total costs to total estimated sales for the first five years multiplied by actual sales (sales forecast method) or (y) five years straight-line amortization from the date of survey completion.

If Veritas had applied the same estimate of economic life as CGG for the minimum straight-line depreciation for its surveys in Gulf of Mexico and for its 2D surveys, multi-clients surveys would have supported a higher amortization before January 31, 2005, and a lower amortization after January 31, 2005. The amortization expense on multi-client surveys would have been 32.5 million ($40.3 million) instead of 45.3 million ($56.3 million) for the twelve-month period ended January 31, 2006 and 24.0 million ($29.8 million) instead of 28.6 million ($35.5 million) for the nine-month period ended October 31, 2006. The amortization expense of multiclientsurveys was thus adjusted by 12.8 million ($16.0 million) for the twelve-month period ended January 31, 2006 and 4.6 million ($5.7 million) for the nine-month period ended October 31, 2006 in Cost of operations in the unaudited pro forma IFRS and U.S. GAAP condensed combined income statement.

2.2 ***Reclassification of specific items in the statement of income of Veritas***

Certain items reported under Other revenues (expenses) in Veritas statement of income, corresponding to a gain on the involuntary conversion of assets amounting to 9.6 million ($11.9 million) for the twelve month period ended December 31, 2005 have been reclassified in the IFRS and U.S. GAAP unaudited pro forma condensed combined statements of income to comply with CGG s accounting presentation.

2.3 ***Reclassification of specific items in the balance sheet of Veritas (IFRS)***

Under IFRS, software is presented as an intangible asset in the balance sheet. Software presented in other non-current assets in Veritas historical balance sheet has been reclassified to intangible assets in the IFRS unaudited pro forma condensed combined balance sheet for 2.2 million ($2.8 million) as at September 30, 2006.

Under IFRS, deferred tax is presented as a non-current item in the balance sheet. Deferred tax assets presented in current assets in Veritas historical balance sheet have been reclassified to non-current assets in the IFRS unaudited pro forma condensed combined balance sheet for 6.5 million ($8.2 million) as at September 30, 2006. Deferred tax liabilities presented in current liabilities in Veritas historical balance sheet have been reclassified to non-current liabilities in the IFRS unaudited pro forma condensed combined balance sheet for 6.5 million ($8.3 million) as at September 30, 2006.

Under IFRS, debt issuing costs are presented as a reduction of financial debt in the balance sheet. Debt issuing costs presented in current assets in Veritas historical balance sheet have been reclassified as a reduction of the current portion of financial debt in the IFRS unaudited pro forma condensed combined balance sheet for 1.1 million ($1.4 million) and debt issuing costs presented in non-current assets in Veritas historical balance sheet have been reclassified as a reduction of the current portion of financial debt in the IFRS unaudited pro forma condensed combined balance sheet for 1.7 million ($2.1 million) as at September 30, 2006.

2.4 ***Cancellation of deferred charges in Veritas financial statements (IFRS)***

Deferred charges are not allowed under IFRS. Variance on deferred charges included in the unaudited pro forma Veritas balance sheet is recognized in the income statement as an expense for 2.8 million ($3.5 million) for the twelve months ended December 31, 2005 and as income for 2.7 million ($3.3 million) for the nine months ended September 30, 2006. As at September 30, 2006, deferred charges were 6.3 million ($8.0 million).

2.5 ***Veritas actuarial gain and losses recorded directly in equity (IFRS)***

CGG opted under IFRS for recognition of actuarial gains and losses directly in equity. Veritas cumulative actuarial gains and losses on the U.K. pension plan are recognized directly in equity for $9 million as at January 31, 2006 and for $8.7 million as at October 31, 2006 and the corresponding amortization is cancelled in the unaudited pro forma income statement for 0.5 million ($0.6 million) for the twelve months ended December 31, 2005 and for 0.4 million ($0.5 million) for the nine months ended September 30, 2006.

2.6 ***Application of proportional method to two Veritas subsidiaries (IFRS)***

Under IFRS, subsidiaries on which the parent company exercises a joint control are recorded using the proportional method in the consolidated financial statements. CGG s preliminary assessment of the control of two of Veritas subsidiaries is that these subsidiaries are jointly controlled by Veritas and CGG has therefore consolidated those subsidiaries into the IFRS pro forma information using the proportional method. These subsidiaries were accounted for under the equity method under U.S. GAAP. The effect in the unaudited pro forma condensed combined income statement of accounting for those entities using the proportional method under IFRS is an increase of 3.1 million ($3.9 million) on Operating revenues and an increase of 3.4 million ($4.2 million) on Cost of operations for the twelve-month period ending December 31, 2005 and an increase of 3.0 million ($3.7 million) on Operating revenues and an increase of 2.8 million ($3.5 million) on Cost of operations for the nine month period ending September 30, 2006.

2.7 *Cancellation of deferred revenues in Veritas financial statements (IFRS)*

Under U.S. GAAP, revenues that are not fixed and determinable are not recognized in the income statement but deferred. Under IFRS, revenues that can be estimated reliably can be recognized as items in the income statement. The variance of deferred revenues that can be reliably estimable included in Veritas balance sheet is recognized as revenues in the unaudited pro forma condensed combined income statement for a negative impact of 2.4 million ($3.0 million) for the twelve months ended December 31, 2005 and for a negative impact of 0.1 million ($0.2 million) for the nine months ended September 30, 2006. As at September 30, 2006, deferred revenues were 6.6 million ($8.4 million).

2.8 Capitalization of development costs (IFRS)

Based on a preliminary estimate of CGG s management, some development costs were capitalized, amounting to 5.0 million ($6.2 million) for the twelve-month period ending December 31, 2005 and 4.3 million ($5.3 million) for the nine month period ending September 30, 2006.

NOTE 3 Other Pro forma adjustments

3.1 Intercompany transactions

Intercompany elimination adjustments correspond to elimination of intercompany transactions between CGG and Veritas, assuming the merger would have been effective at January 1, 2005 for the twelve-month period ended December 31, 2005 and for the nine-month period ended September 30, 2006.

3.2 Other pro forma adjustments

Other pro forma adjustments correspond to the cancellation of costs related to the merger and expensed by Veritas for an amount of 8.3 million ($10.3 million), assuming the merger would have been effective at January 1, 2005 for the nine-month period ended September 30, 2006.

NOTE 4 Pro forma adjustments on Purchase Price Computation and Purchase Price Allocation

4.1 Purchase Price Computation and Purchase Price Allocation

4.1.1 Purchase Price Computation

The computation of the purchase price under IFRS and U.S. GAAP is as follows:

Number of Veritas common stock outstanding at the merger closing date of January 12, 2007 (in thousands)	36,478
Number of shares of Veritas common stock issued upon the conversion of Veritas outstanding Convertible Senior Notes due 2024 (in thousands)[(1)]	3,872
Number of shares of Veritas common stock reserved for the issuance upon the conversion of Deferred Shares Units	1
Total number of shares of Veritas common stock at the merger closing date of January 12, 2007 (in thousands)	40,351
Ratio to be applied for shares of Veritas common stock to be exchanged for CGG ADSs	50.664%
Shares of Veritas common stock exchanged for CGG ADSs at the merger closing date of January 12, 2007	20,443
Exchange ratio per Veritas share	2.25 CGG ADSs
Total number of CGG ADSs issued (in thousands)	45,997
Remaining outstanding shares of outstanding Veritas Convertible Senior Note due 2024 (ADS) (in thousands)	2,050
Total (in thousands)	48,050

	Under U.S. GAAP		**Under IFRS**	
	$		**$**	
	(in millions, except share data)			
Under U.S. GAAP: Multiplied by CGG s average ADS price (in U.S. dollars) for the period beginning two days before and ending two days after the September 5, 2006 (the date the merger was announced), and				
Under IFRS: Multiplied by CGG s closing ADS price (in U.S. dollars) at the merger closing date of January 12, 2007	$ 32.44		$ 40.50	
Fair value of CGG ADSs issued(A)	1,559	1,231	1,946	1,537
Total number of shares of Veritas common stock at the merger closing date of January 12, 2007 (in thousands)	40,351			
Ratio to be applied for shares of Veritas common stock to be exchanged for cash	49.336%			
Shares of Veritas common stock to be exchanged for cash at July 31, 2006 (in thousands)	19,908			
Cash paid per Veritas share	75			
Fair value of compensation paid(B)	1,493	1,179	1,493	1,179
Total consideration given in exchange for Veritas shares(A)+(B)	3,052	2,410	3,439	2,716
Cash paid in exchange for Veritas outstanding stock options	45	35	45	35

Estimated transaction costs[2]	31	25	31	25
Conversion option			59	46
Purchase price	**3,128**	**2,470**	**3,574**	**2,822**

(1) Convertible Senior Notes due 2024

For the purposes of the unaudited pro forma condensed combined financial statements under IFRS, the conversion option embedded in the Veritas convertible notes remaining outstanding after the merger has been treated as an equity component. The fair value of this conversion option amounts to $59 million (46.6 million) at the closing date of the merger and is part of the acquisition price.

The principal of the convertible notes is classified as financial debt of $25.5 million (20.1 million).

This treatment, adopted for the preparation of these unaudited pro forma condensed combined financial statements, is subject to further analysis that could lead us to recognize the conversion option as a liability.

(2) Direct transaction costs

CGG s estimated direct transaction costs (including advisory fees and attorney s fees) amount to $31 million (24 million) under IFRS and U.S. GAAP before tax. Veritas costs related to the merger are expensed as incurred.

4.1.2 Purchase Price Allocation

	As at October 31, 2006			
	U.S. GAAP		**IFRS**	
	$		**$**	
	(in millions)			
Net book value of net assets acquired at October 31, 2006 (net of merger related costs incurred)	731	577	723	571
Allocation of purchase price:				
Acquired technologies and in-process research and development[1]	39	31	39	31
Acquired customer relationships[2]	90	71	90	71
Reassessment of multi-client library[3]	74	58	74	58
Reassessment of property, plant & equipment[4]	26	20	26	20
Favorable contracts[5]	60	47	60	47
Contingent liabilities[6]	(13)	(10)	(13)	(10)
Deferred taxes on the above adjustments and other[7][8]	(91)	(71)	(96)	(76)
Goodwill (residual balance not allocated)	2,212	1,747	2,671	2,110
Purchase price	**3,128**	**2,470**	**3,574**	**2,822**

(1) Acquired technologies (useful life of 5 years) and in-process research and development

The fair value of Veritas technologies and in-process research and development is based upon the preliminary estimates of CGG management. The fair values of Veritas technologies and identifiable intangible assets are based on global estimated discounted net cash flows and are classified as intangible assets in the balance sheet. In-process research and development is preliminary estimated to be $16 million and would be immediately expensed at the date of acquisition but not for purposes of the preparation of the pro forma financial statements. This charge has been excluded from the pro forma adjustments as it is of a non-recurring nature.

(2) Acquired customer relationship (useful life of 20 years)

The fair value of Veritas customer relationships is based on preliminary estimated Veritas excess earnings, excluding any potential synergies with CGG. Customer relationships are classified as intangible assets in the balance sheet.

(3) Reassessment of multi-client library (maximum useful life of 5 years)

The fair value of Veritas multi-client library is based upon the preliminary estimates of CGG management. The estimated fair value of Veritas multi-client library was determined utilizing a discounted cashflow method and is classified as an intangible asset in the balance sheet.

(4) Reassessment of property, plant & equipment

The fair value of Veritas property, plant and equipment is based upon the preliminary estimates of CGG management as to the market value of seismic equipment.

(5) Favorable contracts (weighted average remaining life of 6 years)

The fair value of Veritas favorable contracts corresponds to the difference in economic terms between Veritas existing vessels charters conditions and general market terms of vessels charters at the date of acquisition. Favorable contracts are classified as intangible assets in the balance sheet.

(6) Contingent liabilities

Contractual obligations resulting from the merger and the change of control of Veritas (related to a portion of the severance costs for certain Veritas employees) have been recognized for an amount of $12.8 million (10.1 million).

(7) Deferred taxes on the above adjustments

Deferred taxes on the above adjustments have been computed at a U.S. tax rate of 35%. In the definitive purchase price allocation and through the detailed analysis of each asset according to the location of such asset, the deferred tax asset will be computed for each asset at the related tax rate of the country in which it is located, which might be different from that of United States.

Under IFRS, the acquired in-process R&D identified in the merger has been recognized in the balance sheet as an intangible asset with the related deferred tax liability whereas, under U.S. GAAP, it was expensed at the date of acquisition on a gross basis in accordance with EITF 96-7 Accounting for Deferred Taxes on In-Process Research and Development Activities acquired in a Purchase Business Combination .

(8) Deferred revenues

In connection with the purchase price allocation, under U.S. GAAP, deferred revenues that represent a legal performance obligation should be valued at their fair value. CGG management has estimated that the carrying amount of deferred revenues is at fair value.

4.2 Pro forma adjustments on the unaudited pro forma combined balance sheet under IFRS and U.S. GAAP

4.2.1 Allocation of purchase price

The allocation of the purchase price has been adjusted to reflect the difference between the estimated U.S. GAAP book value and the fair value of Veritas net assets, and taking into account the accrual of estimated direct transaction costs of $31 million (24 million) at September 30, 2006 before tax.

To account for differences between the U.S. GAAP book value and the fair value of Veritas net assets, U.S. GAAP pro forma adjustments have been made to record:

	At September 30, 2006	
	$	
	(in millions)	
Identifiable intangible assets	263	208
Identifiable tangible assets	26	20
Identifiable liabilities	13	10
Additional goodwill at September 30, 2006	2,212	1,747
Deferred taxes on the above adjustments	91	71

To account for differences between the IFRS book value and the fair value of Veritas net assets, adjustments have been made to record:

	At September 30, 2006	
	$	
	(in millions)	
Identifiable intangible assets	263	208
Identifiable tangible assets	26	20
Identifiable liabilities	13	10
Additional goodwill at September 30, 2006	2,671	2,110
Deferred taxes on the above adjustments	96	76

4.2.2 Adjustments to shareholders equity

Adjustments have been made to adjust the IFRS and U.S. GAAP shareholders equity for the following purposes:

to remove the historical balance of Veritas for an amount of $750 million (592 million) at September 30, 2006;

to cancel deferred revenues that do not correspond to a performance obligation for an amount of $5.5 million before tax (4.3 million) at September 30, 2006;

to record the value at January 12, 2007 of CGG s ADSs issued in the merger for an amount of $1,946 million (1,537 million) at September 30, 2006, under IFRS; and

to record the value at September 5, 2006 of CGG s ADSs issued in the merger for an amount of $1,558.5 million (1,231 million) at September 30, 2006, under U.S. GAAP.

In addition, adjustments have been made to adjust IFRS shareholders equity to cancel the minimum liability component on the U.K. pension plan recorded in Veritas U.S. GAAP financial statements.

4.2.3 Financing of the acquisition

The term loan facility was drawn for an amount of $1,000 million and the bridge loan facility was drawn for an amount of $700 million to finance the cash component of the merger consideration.

For the purposes of the unaudited pro forma condensed combined financial statements, it has been assumed that the $1,000 million (790 million) term loan facility and the $600 million (474 million) notes offered hereby were issued at January 1, 2005 to finance the cash component of the merger consideration.

The issuance costs related to the bridge loan facility have been estimated at $16.0 million, which will be written-off once the bridge loan facility has been terminated.

4.2.4 Share-based payment adjustments

As indicated in the merger agreement, each option granted by Veritas that was outstanding and unexercised immediately prior to the merger effective date, whether vested or not vested, was cancelled and converted into the right to receive an amount in cash equal to the excess, if any, of the cash paid in exchange for shares of Veritas common stock (i.e. $75.0) over the exercise price per share. The corresponding payment amounts to $45 million and constitutes part of the purchase price.

4.2.5 Net effect of pro forma adjustment on cash

The net effect of pro forma adjustments on cash is:

	in $ million	**in million**
Cash-out for purchase price as disclosed in 4.1.1		
Compensation paid for Veritas shares	(1,493.0)	(1,179.3)
Cash paid in exchange for Veritas outstanding stock options	(45.0)	(35.6)
Estimated transaction costs	(31.0)	(24.4)
Cash-out for reimbursement of Convertible Notes due 2024 as disclosed in 4.1.1(1)	(130.0)	(102.8)
Fees paid or engaged by Veritas and severance package as disclosed in 4.1.2(6)	(46.0)	(36.5)
Cash-in for financing of the acquisition as disclosed in 4.2.3 composed of $1,000 million term loan facility and $600 million notes offered hereby	1,600.0	1,263.8
Less: issuance costs paid on the term loan facility and the notes offered hereby	(26.0)	(20.1)
Net financing	*1,574.0*	*1,243.7*
Less: issuance costs paid on the bridge loan facility	(16.0)	(12.6)
Total net effect of pro forma adjustments on cash	**(187.0)**	**(147.7)**

The net effect on pro forma adjustments on cash is a decrease of $187 million that corresponds to a decrease of 148 million on the pro forma condensed, combined and unaudited balance sheet at September 30, 2006 for both U.S. GAAP and IFRS.

4.3 Pro forma adjustments on the unaudited pro forma combined statement of income under IFRS and U.S. GAAP

4.3.1 Amortization of tangible and intangible assets at fair value

An adjustment has been made under U.S. GAAP to record the amortization expense related to the fair value of identifiable fixed assets from the purchase price for 30.6 million ($38 million) as cost of operations (for technologies, multi-client surveys and property, plant and equipment) and 3.6 million ($4.5 million) as selling expenses (for customer relationships) for the twelve month period ended December 31, 2005, and for 22.9 million ($28.5 million) as cost of operations (for technologies, multi-client surveys and property, plant and equipment) and 2.7 million ($3.4 million) as selling expenses (for customer relationships) for the nine month period ended September 30, 2006, in the U.S. GAAP unaudited pro forma condensed combined income statement.

An adjustment has been made under IFRS to record the amortization expense related to the fair value of identifiable fixed assets from the purchase price for 33.2 million ($41.2 million) as cost of operations (for technologies, multi-client surveys and property, plant and equipment) and 3.6 million ($4.5 million) as selling expenses (for customer relationships) for the twelve month period ended December 31, 2005, and for 24.9 million ($30.9 million) as cost of operations (for technologies, multi-client surveys and property, plant and equipment) and 2.7 million ($3.4 million) as selling expenses (for customer relationships) for the nine month period ended September 30, 2006 in the IFRS unaudited pro forma condensed combined income statement.

4.3.2 Interests costs and amortization of issuance costs related to the financing of the acquisition

Based on an estimated 7.5% interest rate and January 1, 2005 issuance date for the notes offered hereby and LIBOR plus a margin of 2% for the term loan facility corresponding to a 7.3% interest rate for both periods, an adjustment has been recognized for an estimated pro forma interest expense of 94.8 million ($117.7 million) for the twelve month period ended December 31, 2005, and for 71.1 million ($88.3 million) for the nine month period ended September 30, 2006, has been recorded in the respective statements of income as Interest and other financial expense. A change in the interest rate on the notes offered hereby by 50 basis points would have changed the pro forma interest expense by 2.4 million ($3.0 million) for the twelve-month period ended December 31, 2005 and 1.8 million ($2.3 million) for the nine-month period ended September 30, 2006. The effect on net income would have been a reduction of net income by 1.6 million ($2.0 million) for the twelve-month period ended December 31, 2005 and 1.2 million ($1.5 million) for the nine-month period ended September 30, 2006.

A change in LIBOR by 50 basis points would have changed pro forma interest expense by approximately $5.0 million per year.

Additionally, based on total issuing fees estimated to $22.5 million for the notes offered hereby and the term loan facility, an estimated amortization expense of 2.4 million ($3.0 million) for the twelve-month period ended December 31, 2005, and of 1.8 million ($2.3 million) for the nine-month period ended September 30, 2006, has been recorded in the respective statements of income as Interest, other financial expenses .

4.3.3 Interests costs on convertible bonds

As CGG has assumed that the convertible bonds were converted prior to the merger, CGG has cancelled the related interest expense of 3.4 million ($4.2 million) for the twelve month period ended December 31, 2005, and of 4.0 million ($5.0 million) for the nine-month period ended September 30, 2006 in the pro forma adjustments.

4.3.4 Share-based payment adjustments

As indicated in the merger agreement, each employee option granted by Veritas which was outstanding and unexercised immediately prior to the merger effective date, whether vested or not vested, was cancelled and converted into the right to receive an amount in cash equal to the excess, if any, of the cash paid in exchange for Veritas share (i.e. $75.0) over the exercise price per share. The corresponding payment amounted to $45 million and constitutes part of the purchase price.

For IFRS pro forma purposes only, the related compensation costs booked in Veritas historical financial statements have been removed in the pro forma unaudited condensed combined statements of income, for 1.2 million ($1.5 million) in cost of operations and for 1.3 million ($1.6 million) in general and administrative expenses for the twelve-month period ended December 31, 2005 and for 1.6 million ($2.0 million) in cost of operations and for 1.7 million ($2.1 million) in general and administrative expenses for the nine-month period ended September 30, 2006.

4.3.5 Deferred taxes effect

The effect on deferred taxes of the IFRS pro forma adjustments, computed at the U.S. tax rate of 35% for both periods, is a net decrease of 49.9 million ($62.0 million) of the Income tax expense for the twelve-month period ended December 31, 2005 and a net decrease of 34.2 million ($42.6 million) of the Income tax expense for the nine-month period ended September 30, 2006 in the respective unaudited pro forma condensed combined statements of income under IFRS.

The effect on deferred taxes of the U.S. GAAP pro forma adjustments, computed at the U.S. tax rate of 35% for both periods, is a net decrease of 49.0 million ($60.9 million) of the Income tax expense for the twelve-month period ended December 31, 2005 and a net decrease of 34.7 million ($43.1 million) of the Income tax expense for the nine-month period ended September 30, 2006 in the respective unaudited pro forma condensed combined statements of income under U.S. GAAP.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management s discussion and analysis should be read in conjunction with the consolidated financial statements of CGG and Veritas and the notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under Risk Factors and elsewhere in this prospectus.

Introduction

CGG has historically divided its businesses into two segments, geophysical services and geophysical products (seismic data acquisition equipment produced by its Sercel subsidiaries).

CGG has historically organized its geophysical services business into two geographical areas: the Western hemisphere, which includes the Americas and the Eastern hemisphere, which includes Europe, Eastern European countries, Africa and Asia-Pacific. CGG also has historically divided services into three strategic business units, or SBUs:

- the Land SBU for land and shallow water seismic acquisition activities;
- the Offshore SBU for marine seismic acquisition and multi-client library sales; and
- the Processing & Reservoir SBU for seismic data processing, data management and reservoir studies.

CGG s Products segment, which it conducts through Sercel, is made up of CGG s manufacturing and sales activities for seismic data acquisition equipment, both on land and offshore.

Veritas has historically organized its business into four reportable segments: North and South America (NASA); Europe, Africa, Middle East and Commonwealth of Independent States (EAME); Asia Pacific (APAC); and Veritas Hampson-Russel (VHR). When Veritas conducts surveys on a contract basis, it acquires and processes data for a single client who pays it to conduct the survey and owns the data it acquires. When Veritas conducts surveys on a multi-client basis, it acquires and processes data for its own account and licenses that data and associated products to multiple clients. NASA, EAME and APAC offer a common suit of these products and services to their customers, although each product or service may be adapted to meet the needs of the local markets. VHR licenses geophysical software and provides geophysical reservoir consulting services. The results of VHR s operations were previously included in those of the NASA region; however, beginning in fiscal 2006, senior management of Veritas began to review the results of VHR separately. This segmentation of Veritas is representative of the manner in which it is viewed and managed by its senior managers and its board of directors.

Following the merger, we intend to continue CGG s current segmentation between geophysical services and products, and to organize our services business both into geographical operating segments for the western and eastern hemispheres, and into the following business lines:

- the land business line for land and shallow water seismic acquisition and non-exclusive (multi-client) library sales;
- the offshore business line for marine seismic acquisition, multi-client library sales and related services; and
- the processing & reservoir business line for seismic data processing, data management and reservoir studies.

Purchases by CGG of geophysical equipment from Sercel have historically been included in intragroup sales. Prior to the merger, Veritas was a customer of Sercel, and following the merger, purchases by Veritas of geophysical equipment from Sercel are also included in intragroup sales.

Operating Results

The following discussion and analysis of the financial condition and results of operations of each of CGG and Veritas should be read in connection with the audited consolidated annual financial statements and the unaudited consolidated interim financial statements of CGG and the notes thereto included elsewhere in this prospectus, which have been prepared in accordance with IFRS and in connection with the audited consolidated annual financial statements and the unaudited consolidated interim financial statements of Veritas and the notes thereto included elsewhere in this prospectus, which have been prepared in accordance with U.S. GAAP.

CGG adopted IFRS as its primary accounting principles from January 1, 2005, and its first consolidated financial statements under IFRS are those for the year ended at December 31, 2005. They include comparative information for the year ended December 31, 2004 using IFRS as used as at and for the year ended December 31, 2005.

As permitted by the SEC for first time adoption of IFRS, CGG filed for its first year of reporting under IFRS in its Annual Report on Form 20-F for the fiscal year ended December 31, 2005 two years rather than three years of statements of income, changes in shareholders equity and cash flows prepared in accordance with IFRS, with appropriate related disclosure required by the SEC concerning exceptions to IFRS and reconciliation to previous generally accepted accounting principles applied by CGG.

International Financial Reporting Standards differ in certain significant respects from U.S. GAAP. Note 31 (Reconciliation to U.S. GAAP) to CGG S consolidated annual financial statements and Note 3 (Reconciliation to U.S. GAAP) to CGG S consolidated interim financial statements describe the principal differences between IFRS and U.S. GAAP as they relate to CGG, and reconcile net income and shareholders equity to U.S. GAAP as at and for the periods indicated therein.

Factors Affecting CGGVeritas Results of Operations

Geophysical Market Environment

Overall demand for geophysical services is dependent upon spending by oil and gas companies for exploration, production development and field management activities. We believe the level of spending by such companies depends on their perception of the relationship between proven future reserves and expected future energy consumption.

After many years of strong growth, the geophysical market in 1999, following a sharp drop in the price of oil, experienced a deep recession, which we believe resulted in a reduction of more than 40% in industry revenues compared to 1998. The geophysical services market (particularly the offshore segment) has improved since 1999 in terms of both volumes of sales and prices, gradually until mid-2004, and then more rapidly.

We believe that two principal factors contributed to the slow recovery from 1999 to mid-2004 of geophysical services despite increasing oil and gas prices. First, global geopolitical uncertainty, particularly following the events of September 11, 2001 and the conflict in Iraq in 2003, harmed the confidence and visibility that are essential to our main clients long-term decision-making processes. As a consequence, they delayed or cancelled many projects. Second, geophysical service providers have generally not reacted efficiently to the difficult industry environment and have, in particular, failed to adjust their capacity in response to reduced demand, leading to continuing excess supply pushing down prices.

We believe that during 2004, oil and gas companies (including both the major multinational oil companies and the national oil companies) and the large oil and gas consuming nations suddenly perceived a growing and potentially lasting imbalance between the supply of and demand for hydrocarbons. A rapid rise in world consumption requirements, particularly in China and India, resulted in demand in hydrocarbons growing more rapidly than anticipated. At the same time, the excess production capacity of OPEC appeared to have reached historical lows, focusing attention on existing production capacities and available reserves. These market pressures from both the supply and demand sides consequently produced a sharp rise in oil and gas prices.

The recognition of an imbalance between hydrocarbon supply and demand has led the oil and gas industry to significantly increase capital expenditures in exploration and production. The seismic services market generally benefits from this spending since seismic services are an important element in the search for new reserves and extraction of more oil from existing reservoirs.

Change in Scope of Offshore Activities

CGG expanded the capacity of the fleet of its Offshore SBU from five seismic acquisition vessels and one source vessel during the first eight months of the nine month period ended September 30, 2005 to thirteen seismic acquisition vessels during the nine months ended September 30, 2006. Its capacity expansion included:

the technological upgrade of one source vessel, the *Laurentian*, into a 3D seismic vessel in the second half of 2005; and

the addition to its existing fleet, through the acquisition of Exploration Resources on September 1, 2005, of three owned seismic vessels equipped for 2D studies (*Princess*, *Duke* and *Venturer*), two owned vessels equipped for 3D studies (*Search* and *C-Orion,* the latter of which was launched as a 3D vessel with 8 streamers in early 2006), one chartered cable vessel (*Geo Challenger*) that was converted to a 3D seismic vessel and started seismic operations as a 3D vessel since mid-May 2006 and one chartered 2D vessel (*Pacific Titan*).

During the six months ended June 30, 2006, the *Princess*, *Duke* and *Venturer* 2D vessels operated principally under a strategic alliance between Exploration Resources and a subsidiary of Fugro N.V. prior to CGG s acquisition of Exploration Resources and entered the CGG fleet only progressively since then.

In March 2006, Veritas entered into an agreement with a third party ship owner to charter a vessel currently known as the *Veritas Vision*, which is currently being converted for seismic operations. The term of the charter is for a fixed period of eight years, with options of up to 10 more years. When delivered in mid-2007, the *Veritas Vision* will be the seventh seismic vessel in the Veritas fleet.

In September 2006, Veritas entered into a letter of intent to charter a seismic vessel, currently known as the *Viking Poseidon*, which is currently expected to be in service commencing in the second calendar quarter of 2007. This vessel will serve as a replacement for the Seisquest vessel, which is under a charter that expires in May of 2007.

Subsequent to July 31, 2006, Veritas renewed its charter agreement to extend the charter expiration related to the Pacific Sword from October 2006 to October 2009.

The combination of Veritas fleet with that of CGG s has created a combined seismic services business operating the world s leading seismic fleet of 20 vessels, including 14 high capacity 3D vessels.

The combined fleet provides 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 provide us with a fleet that can be managed without significant investments in the near term.

Acquisitions and Disposals

Acquisitions and disposals have a significant impact on our revenue from one year to the next. Recent acquisitions and disposals have included:

PT Alico. On February 14, 2005, CGG ended its cooperation agreements with PT Alico, an Indonesian company. On that date, PT Alico, which was fully consolidated in CGG s accounts until 2004 as a consequence of CGG s contractual relationship with them, was excluded from CGG s scope of consolidation. Under CGG s agreements with PT Alico, CGG indemnified PT Alico against certain specific risks. This liability is limited and was accrued in our financial statements as at December 31, 2004. The liability expired on June 30, 2006, at which date CGG had no further commitment to PT Alico or its shareholders.

Vostok. On July 27, 2005, CGG established a new company in Russia, CGG Vostok, which will undertake seismic services. CGG Vostok has been part of CGG s consolidated group from the date of its creation.

Exploration Resources. On August 29, 2005, CGG acquired a controlling stake of 60% of Exploration Resources ASA (Exploration Resources), a Norwegian provider of marine seismic acquisition services. The total cost to CGG of the acquisition of 100% of the share capital was 303.3 million, including 8.6 million related to acquisition fees. The reassessment of Exploration Resources net assets, along with CGG s evaluation of the seismic business s economic prospects, led CGG primarily to increase the book value of the vessels (by 115 million at September 1, 2005) and to record corresponding deferred tax liabilities. CGG has included Exploration Resources in its consolidated financial statements from September 1, 2005.

TAQA. On March 27, 2006, CGG signed a memorandum of understanding with Industrialization & Energy Services Company (TAQA), its long term Saudi Partner in Argas (Arabian Geophysical and Surveying Company), which is 51% owned by TAQA and 49% by CGG. Pursuant to 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 kept a 51% interest.

Cybernetix. On July 10, 2006, Sercel acquired for 4.0 million a 20% interest in Cybernetix, a specialist in innovative solutions in robotics and certain automatic machines, with the aim of strengthening its technical partnership with Cybernetix in offshore oil equipment.

Veritas. On January 12, 2007, CGG acquired Veritas pursuant to the merger agreement. See The Veritas Merger .

Vibtech. On September 28, 2006, Sercel acquired all the outstanding shares in Vibration Technologies Limited (Vibtech) in a private transaction, for cash consideration of 49.5 million, with the preliminary goodwill recorded in connection with the transaction amounting to 34.4 million. Based in Scotland and founded in 1996, Vibtech has pioneered the use of advanced wireless technologies for seismic recording.

The Veritas merger and the Vibtech merger are not reflected in the financial statements under discussion in this management s discussion and analysis of financial condition and results of operations.

Backlog

Backlog estimates are based on a number of assumptions and estimates, including assumptions as to (in the case of CGG) exchange rates between the euro and the U.S. dollar and estimates of the percentage of completion contracts. Contracts for services are occasionally modified by mutual consent and in certain instances are cancelable by the customers on short notice without penalty. Consequently, backlog as of any particular date may not be indicative of actual operating results for any succeeding period.

CGG

Backlog for CGG s Services segment represents the revenues it expects to receive from commitments for contract services it has with its customers and, in connection with the acquisition of multi-client data, represents the amount of pre-sale commitments for such data. Backlog for CGG s Products segment represents the total value of orders it has received but not yet fulfilled.

CGG s total backlog (Services and Products) as at December 31, 2006, stood at $998 million, of which $587 million was for Services and $411 million was for Products, excluding intra-group sales, up 2.9% from $970 million as at December 31, 2005, of which $758 million was for Services and $212 million was for Products, excluding intra-group sales.

CGG s backlog as at September 30, 2006 was $1,100 million compared to $760 million as at September 30, 2005.

Veritas

Veritas measures backlog differently from CGG and, as such, the respective backlog figures of CGG and Veritas before the merger are not necessarily comparable. Veritas backlog consists of firm orders or incomplete contracts. Veritas defines firm orders to be those confirmed and acknowledged in writing by the customer (i.e., purchase orders or signed letters of award, commitment or intent). Such orders are not expected to be cancelled and are expected to be finalized in the form of a contract, supplement or other final executed arrangement. Contracts for services are subject to modification by mutual consent and in certain instances are cancelable by the customer on short notice without penalty. As a result of these factors, backlog as of any particular date may not be indicative of actual operating results for any succeeding period.

As at July 31, 2006, Veritas backlog of commitments for future revenue was $456.4 million, compared with $301.8 million as at July 31, 2005. Veritas expects that 90% of its July 31, 2006 backlog will be completed by October 2007.

As at October 31, 2006, Veritas backlog of commitments for future revenue was $550 million, an increase of 20% compared with $459 million as at October 31, 2005.

Foreign Exchange Fluctuations

As a company that derives a substantial amount of its revenue from sales internationally, our results of operations are affected by fluctuations in currency exchange rates. The merger will increase both our dollar-denominated revenues and expenses, as Veritas revenues and expenses have historically been denominated largely in U.S. dollars. See Risk Factors Risks Related to Our Business Our results of operations may be significantly affected by currency fluctuations .

In order to present trends in its business that may be obscured by currency fluctuations, we have translated certain euro amounts in this Management s Discussion and Analysis of Financial Condition and Results of Operations into U.S. dollars. See Trend Information Currency Fluctuations .

CGG Critical Accounting Policies

CGG s significant accounting policies, which it has applied consistently, are fully described in Note 1 to CGG s consolidated financial statements included elsewhere in this prospectus. However, certain of CGG s accounting policies are particularly important to the portrayal of its financial position and results of operations, and these are described below. As CGG must exercise significant judgment when it applies these policies, their application is subject to an inherent degree of uncertainty.

Operating revenues

Operating revenues are recognized when they can be measured reliably, and when it is likely that the economic benefits associated with a transaction will flow to the relevant entity, which is at the point that such revenues have been realized or are considered realizable. For contracts where the percentage on completion method of accounting is being applied, revenues are only recognized when the costs incurred for the transaction and the cost to complete the transaction can be measured reliably and such revenues are considered earned and realizable.

Multi-client surveys

Multi-client surveys consist of seismic surveys to be licensed to customers on a non-exclusive basis. All costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalized into the multi-client surveys. The value of CGG s multi-client library is stated on its balance sheet at the aggregate of those costs less accumulated amortization or at fair value if lower. CGG reviews the library for potential impairment of its independent surveys on an ongoing basis.

Revenues related to multi-client surveys result from (i) pre-commitments and (ii) licenses after completion of the surveys (after-sales).

Pre-commitments Generally, CGG obtains commitments from a limited number of customers before a seismic project is completed. These pre-commitments cover part or all of the survey area blocks. In return for the commitment, the customer typically gains the right to direct or influence the project specifications, advance access to data as it is being acquired, and favorable pricing. CGG records payments that it receives during periods of mobilization as advance billing in the balance sheet in the line item Advance billings to customers .

CGG recognizes pre-commitments as revenue when production is begun based on the ratio of project cost incurred during that period to total estimated project cost. CGG believes this ratio to be generally consistent with the physical progress of the project.

After sales Generally, CGG grants a license entitling non-exclusive access to a complete and ready for use, specifically-defined portion of its multi-client data library in exchange for a fixed and determinable payment. CGG recognizes after sales revenue upon the client executing a valid license agreement and having been granted access to the data. Within thirty days of execution and access, the client may exercise CGG s warranty that the medium on which the data is transmitted (a magnetic cartridge) is free from technical defects. If the warranty is exercised, CGG will provide the same data on a new magnetic cartridge. The cost of providing new magnetic cartridges is negligible.

After sales volume agreements CGG enters into customer arrangements in which it agrees to grant licenses to the customer for access to a specified number of blocks of the multi-client library. These arrangements typically enable the customer to select and access the specific blocks for a limited period of time. CGG recognizes revenue when the blocks are selected and the client has been granted access to the data. Within thirty days of execution and access, the client may exercise CGG s warranty that the medium on which the data is transmitted (a magnetic cartridge) is free from technical defects. If the warranty is exercised, CGG will provide the same data on a new magnetic cartridge. The cost of providing new magnetic cartridges is negligible.

Exclusive surveys

In exclusive surveys, CGG performs seismic services (acquisition and processing) for a specific customer. CGG recognizes proprietary/contract revenues as the services are rendered. CGG evaluates the progress to date, in a manner generally consistent with the physical progress of the project, and recognizes revenues based on the ratio of the project cost incurred during that period to the total estimated project cost. CGG believes this ratio to be generally consistent with the physical progress of the project.

The billings and the costs related to the transits of seismic vessels at the beginning of the survey are deferred and recognized over the duration of the contract by reference to the technical stage of completion.

In some exclusive survey contracts and a limited number of multi-client survey contracts, CGG is required to meet certain milestones. CGG defers recognition of revenue on such contracts until all milestones that provide the customer a right of cancellation or refund of amounts paid have been met.

Other geophysical services

Revenues from CGG s other geophysical services are recognized as the services are performed and, when related to long-term contracts, using the performance method of recognizing income.

Equipment sales

CGG recognizes revenues on equipment sales upon delivery to the customer. Any advance billings to customers are recorded in current liabilities.

Software and hardware sales

CGG recognizes revenues from the sale of software and hardware products following acceptance of the product by the customer at which time CGG has no further significant vendor obligations remaining. Any advance billings to customers are recorded in current liabilities.

If an arrangement to deliver software, either alone or together with other products or services, requires significant production, modification, or customization of software, the entire arrangement is accounted for as a production-type contract, i.e. using the percentage of completion method.

If the software arrangement provides for multiple deliverables (e.g. upgrades or enhancements, post-contract customer support such as maintenance, or services), the revenue is allocated to the various elements based on specific objective evidence of fair value, regardless of any separate allocations stated within the contract for each element. Each element is appropriately accounted for under the applicable accounting standard.

Maintenance revenues consist primarily of post contract customer support agreements and are recorded as advance billings to customers and recognized as revenue on a straight-line basis over the contract period.

Multi-client surveys

Multi-client surveys consist of seismic surveys to be licensed to customers on a non-exclusive basis. All costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalized into the multi-client surveys. The value of CGG s multi-client library is stated on its balance sheet at the aggregate of those costs less accumulated amortization or at fair value if lower. CGG reviews the library for potential impairment of its independent surveys on an ongoing basis.

CGG amortizes the multi-client surveys over the period during which the data is expected to be marketed using a pro-rata method based on recognized revenues as a percentage of total estimated sales (such estimation relies on the historical sales track record).

In this respect, CGG uses three different sets of parameters depending on the area or type of surveys considered:

Gulf of Mexico surveys are amortized on the basis of 66.6% of revenues. Starting at time of data delivery, a minimum straight-line depreciation scheme is applied on a three-year period, should total accumulated depreciation from the 66.6% of revenues amortization method be below this minimum level;

Rest of the world surveys: same as above except depreciation is 83.3% of revenues and straight-line depreciation is over a five-year period from data delivery; and

Long term strategic 2D surveys are amortized on the basis of revenues according to the above area split and straight-line depreciation on a seven-year period from data delivery.

Development costs

Expenditures on research activities undertaken with the prospect of gaining new scientific or technological knowledge and understanding are recognized in the income statement as expenses as incurred and are presented as Research and development expenses net .

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if:

the project is clearly defined, and costs are separately identified and reliably measured,

the product or process is technically and commercially feasible,

CGG has sufficient resources to complete development, and

the intangible asset is likely to generate future economic benefits, either because it is useful to CGG or through an existing market for the intangible asset itself or for its products.

Expenditures capitalized include the cost of materials, direct labor and an appropriate proportion of overhead. Other development expenditures are recognized in the income statement as expenses as incurred and are presented as Research and development expenses net .

Capitalized development expenditures are stated at cost less accumulated amortization and impairment losses.

CGG amortizes capitalized developments costs over five years.

Research & development expenses in CGG s income statement represent the net cost of development costs that are not capitalized, of research costs, offset by government grants acquired for research and development.

Impairment

In accordance with IAS 36 Impairment of assets , the carrying amounts of CGG s assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, CGG estimates the asset s recoverable amount. Factors CGG considers important by that could trigger an impairment review include the following:

significant underperformance relative to expected operating results based upon historical and/or projected data;

significant changes in the manner of CGG s use of the acquired assets or the strategy for its overall business; and

significant negative industry or economic trends.

The recoverable amount of tangible and intangible assets is the greater of their net fair value less costs to sell and value in use.

For cash generating units comprised of goodwill, assets that have an indefinite useful life or intangible assets that are not yet available for use, CGG estimates the recoverable amount at each balance sheet date.

CGG determines the recoverable amounts by estimating future cash flows expected from the assets or from the cash generating units, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

CGG recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognized in the income statement. Impairment losses recognized in respect of a group of non independent assets allocated to a cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Onerous contracts

CGG recognizes a provision for onerous contracts corresponding to its estimates of the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received under the contract estimated by CGG.

Convertible bonds

As CGG s $85 million 7.75% subordinated bonds due 2012 convertible into new ordinary shares or redeemable into new shares and/or existing shares and/or in cash issued in 2004 are denominated in U.S. dollars and convertible into new ordinary shares denominated in euros, the embedded conversion option has been bifurcated and accounted separately within non-current liabilities. The conversion option and the debt component were initially recognized at fair value on issuance. The amount of the debt component to be recorded within the financial statements has been discounted at the rate of 10.75%, the rate borne by comparable indebtedness without a conversion option. As a result, CGG has bifurcated the embedded conversion option by 10.5 million at the issuance of the bonds as Other non-current assets . The discounting of the bonds at issuance is accounted for as Cost of financial debt until the maturity of the bonds.

Changes in the fair value of the embedded derivative are recognized in the consolidated income statement in the line item Variance on derivative convertible bonds . The fair value of the embedded derivative has been determined using a binomial model.

Veritas Critical Accounting Policies

Veritas significant accounting policies, which it has applied consistently in accordance with U.S. GAAP, are fully described in Note 1 to Veritas consolidated financial statements included elsewhere in this prospectus. However, certain of Veritas accounting policies are particularly important to the portrayal of its financial position and results of operations, and these are described below. As Veritas must exercise significant judgment when it applies these policies, their application is subject to an inherent degree of uncertainty.

Revenue Recognition

Customer contracts for Veritas services vary in terms and conditions. Veritas reviews the deliverables in each contract and, where applicable, applies the accounting guidance contained in EITF 00-21, Accounting for Revenue Contracts with Multiple Deliverables (EITF 00-21).

For contract services, Veritas recognizes revenue on a proportional performance method based upon output measures as work is performed. This method requires that Veritas recognize revenue based upon quantifiable measures of progress, such as kilometers shot or processed. In contracts where its customer pays separately for the mobilization of equipment, EITF 00-21 requires Veritas to recognize such mobilization fees as revenue during the performance of the seismic acquisition, using the same proportional performance method as for the acquisition work.

Revenue from the licensing of multi-client surveys is based upon agreed rates set forth in the contract and are recognized upon physical delivery of, or customer access to, the surveys. During the acquisition and processing phase of a multi-client survey, in most cases Veritas recognizes revenue on in process multi-client surveys after obtaining a signed license agreement that gives the customers access to survey results as they occur, based upon a proportional performance method, using quantifiable measures of progress, such as kilometers shot or processed. After completion of a multi-client survey, Veritas recognizes revenue upon delivery of, or customer access to, the data to its customer or the customer s designee.

Provisions exist in certain contracts with Veritas customers that provide for a full refund if certain deadlines are not met or provide for a revenue sharing arrangement with the customer such that the final sales price is not fixed or determinable. For contracts with these provisions, Veritas does not recognize the revenue under the proportional performance method for that contract and, instead, defers revenue recognition until performance is complete or the sales price is fixed or determinable.

Multi-Client Data Library

Veritas collects and processes geophysical data for its own account and retains all ownership rights. Veritas licenses the data to clients on a non-transferable basis. In some circumstances, Veritas has sold, on a non-exclusive basis, rights to data prior to its collecting and processing such data, i.e., Veritas has made the first of what it anticipates will be multiple discrete sales of licenses to the same data.

Veritas capitalizes costs associated with acquiring and processing the data as an investment in its multi-client data library. The capitalized costs of multi-client data are charged to cost of services in the period sales of licenses occur based upon the greater of the percentage of total costs to total estimated sales for the first five years multiplied by actual sales, a process called the sales forecast method, or five-year straight-line amortization from the date of survey completion. The sales forecast method is Veritas primary method of calculating cost of services. Veritas believes this method of amortizing the capitalized costs aligns the amount of amortization to the period in which the economic benefits of the capitalized costs are consumed.

Estimated sales are determined based upon discussions with clients, Veritas experience and its knowledge of industry trends. Changes in sales estimates may have the effect of changing the percentage relationship of cost of services to revenue. In applying the sales forecast method, an increase in the projected sales of a survey will result in lower cost of services as a percentage of revenue, and higher earnings when revenue associated with that particular survey is recognized, while a decrease in projected sales will have the opposite effect.

Assuming that the overall volume of sales, the mix of surveys generating revenue in the period, and minimum amortization amounts were held constant in fiscal 2006, an increase of 10% in the sales forecasts of all of Veritas surveys would have decreased its cost of services by less than 2%, or $12 million.

Veritas ability to accurately forecast sales of its library surveys for several years into the future is affected by unforeseeable changes in commodity prices, exploration success in the area of the survey and the overall investment decisions of its customers. Therefore, Veritas updates its sales forecast for surveys with a significant book value on a quarterly basis to ensure that the most current market information is considered.

The total amortization period of 60 months represents the minimum period over which benefits from these surveys are expected to be derived. Veritas has determined the amortization period of 60 months based upon its historical experience that indicates that the majority of its revenue from multi-client surveys are derived during the acquisition and licensing phases and during the five years subsequent to survey completion. Any future decrease in the minimum amortization period would have the effect of increasing cost of services and reducing the carrying value of the multi-client data library.

Veritas periodically reviews the carrying value of the multi-client data library to assess whether there has been a permanent impairment of value and record losses when it is determined that estimated future sales would not be sufficient to cover the carrying value of the asset. Any future reductions in sales estimates may result in an impairment charge that increases cost of services and reduces the carrying value of the multi-client data library.

Deferred Tax Asset

Deferred taxes result from the effect of transactions that are recognized in different periods for financial and tax reporting purposes. A valuation allowance, by tax jurisdiction, is established when it is more likely than not that at least some portion of the related deferred tax asset will not be realized. The amount of a valuation allowance is later reduced if realization of the related deferred tax asset subsequently becomes more likely than not. As at July 31, 2006, we had $19.3 million of valuation allowances related to deferred tax assets in jurisdictions where historical losses or certain limitations on their use indicate realization is doubtful.

Software Capitalization and Amortization

Software available for sale is included in other assets on our consolidated balance sheets. Software acquired through the purchase of software companies is capitalized at its estimated fair market value through the allocation of the purchase price. For internally developed software, Veritas capitalizes costs associated with the development of the product from the time the product reaches technological feasibility until it is ready for commercial release.

The amortization of capitalized software is the greater of the amount computed using (a) the ratio that current gross revenue for a product bear to the total of current and anticipated future gross revenue for that product or (b) the straight-line method over the remaining estimated economic life of the product including the period being reported on. The period of amortization begins when the software is released to the market. Estimated useful lives of Veritas software products range from three to five years.

Estimated sales are determined based upon discussions with clients, Veritas experience and its knowledge of industry trends. Changes in sales estimates will have the effect of changing cost of services. An increase in projected sales will result in lower cost of services as a percentage of sales and higher earnings. A decrease in projected sales will result in higher cost of services as a percentage of sales and lower earnings. Any future increases or decreases in our estimates of useful lives will have the effect of decreasing or increasing future cost of services with an inverse effect on earnings.

Share Based Compensation

As at August 1, 2005, Veritas adopted the Financial Accounting Standard Board Statement No. 123(R) (SFAS 123R) to account for share based compensation. SFAS 123R requires Veritas to record the cost of stock options and other equity-based compensation in its income statement based upon the estimated fair value of those awards. Veritas elected to use the modified prospective method for adoption, which requires compensation expense to be recorded for all unvested stock options and other equity-based compensation beginning in the first quarter of adoption. For all unvested options outstanding as at August 1, 2005, the previously measured but unrecognized compensation expense, based on the fair value at the original grant date, Veritas began recognizing in the statement of operations over the remaining vesting period. For equity-based compensation granted subsequent to August 1, 2005, compensation expense, based on the fair value on the date of grant, Veritas began recognizing in the statement of operations over the vesting period. Determining the fair value of stock based awards at the grant date requires judgment, including estimating the expected term of stock options, the expected volatility of its stock and the amount of stock options to be forfeited. If actual results differ significantly from these estimates, share based compensation expense and the results of operations could be materially impacted. As at July 31, 2006, there was $7.3 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements. That cost is expected to be recognized on a straight line basis over the weighted average remaining period which is approximately two years.

Pension Plan

Veritas maintains a contributory defined benefit pension plan (the Pension Plan) for eligible participating employees in the United Kingdom. Monthly contributions by employees are equal to 7% of their salaries increased from 5.5% effective December 1, 2005. Veritas provides an additional contribution in an actuarially determined amount necessary to fund future benefits to be provided under the Pension Plan. Benefits provided are based upon 1/60 of the employee s final pensionable salary (as defined in the Pension Plan) for each complete year of service up to 2/3 of the employee s final pensionable salary and increase annually in line with inflation subject to a maximum of 5% per annum. The Pension Plan also provides for 50% of such actual or expected benefits to be paid to a surviving spouse upon the death of a participant. Pension Plan assets consist mainly of investments in marketable securities that are held and managed by an independent trustee.

The Pension Plan is impacted by certain actuarial assumptions, including the discount rate, the expected rate of return on plan assets and expected salary increases. These rates are evaluated by outside actuaries and senior management on an annual basis and adjusted only as appropriate to reflect changes in market rates and outlook. In accordance with U.S. GAAP, the net amount by which actual results differ from our assumptions is deferred. If this net deferred amount exceeds 10% of the greater of plan assets or liabilities, a portion of the deferred amount is included in expense for the following year. The cost or benefit of plan changes, such as increasing or decreasing benefits for prior employee service (prior service cost), is deferred and included in expense on a straight-line basis over the average remaining service period of the employees expected to receive benefits.

The expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. Veritas has used a rate it believes is appropriate for long-term investment in an equity-based portfolio. For fiscal 2006, the average return on assets assumption was 6.5% compared to a historical actual rate of return of 6.5% over the past 10 years. A 0.25% decrease in the expected return on plan assets would increase Veritas net periodic pension cost by $0.1 million.

The discount rate is determined by using the return available from an index of AA-rated corporate non-callable bonds of appropriate duration and currency. For fiscal 2006, the discount rate used was 5% A 0.25% decrease in the discount rate would increase Veritas net periodic pension cost by $0.3 million.

For fiscal 2007, Veritas plans to contribute $1.4 million to the pension scheme and expects to continue to fund the pension scheme at an appropriate level over the remaining life of the scheme. Veritas has contributed £3.0 million to this pension scheme prior to the close of the merger and has planned to contribute the following additional amounts: £3.3 million on November 28, 2007, £3.65 million on November 28, 2008 and £3.65 million on November 28, 2009.

In fiscal 2006, Veritas recorded net pension expense of $2.8 million compared to $1.2 million in fiscal 2005 and $1.0 million in fiscal 2004.

Results of Operations

The following is a discussion and analysis of the results of operations of CGG and Veritas on a stand-alone basis.

CGG Results of Operations

Nine months ended September 30, 2006 compared with nine months ended September 30, 2005

Operating Revenues

CGG s consolidated operating revenues increased 57% to 955.6 million for the nine months ended September 30, 2006 from 607.5 million for the nine months ended September 30, 2005. Expressed in U.S dollar terms, consolidated operating revenues increased 54% to $1,186.5 million from $768.7 million. The increase was attributable to both the Products segment and to the Services segment, and particularly to the Offshore SBU as detailed below.

Revenues by Activity

The following table sets forth CGG s consolidated operating revenues by activity (excluding intra-group sales), and the percentage of total consolidated operating revenues represented thereby, during each of the periods stated:

	Nine months ended September 30,			
	2006		**2005**	
	(in millions, except percentages)			
Services				
Land SBU	96.9	10%	88.2	15%
Offshore SBU	404.1	42%	222.3	37%
Processing & Reservoir SBU	102.3	11%	81.1	13%
Total Services	603.3	63%	391.6	65%
Products	352.3	37%	215.9	35%
Total	955.6	100%	607.5	100%

Services

Operating revenues for the Services segment (excluding intra-group sales) increased 54% to 603.3 million for the nine months ended September 30, 2006 from 391.6 million for the nine months ended September 30, 2005. Expressed in U.S. dollars, operating revenues increased 51% to $747.4 million from $495.0 million. This increase was primarily attributable to the Offshore SBU.

Land SBU. Operating revenues for the Land SBU increased 10% to 96.9 million for the nine months ended September 30, 2006 from 88.2 million for the nine months ended September 30, 2005. In U.S. dollars terms, operating revenues increased 8% to $120.0 million from $111.1 million. The increase was attributable to a higher than usual level of backlog primarily during the first six months of 2006 in a market that remains competitive.

On average (including Argas), eleven crews were in operation both during the nine months ended September 30, 2006 and during the nine months ended September 30, 2005.

Offshore SBU. Operating revenues for the Offshore SBU increased 82% to 404.1 million for nine months ended September 30, 2006 from 222.3 million for the nine months ended September 30, 2005. Expressed in U.S. dollars, operating revenues increased 78% to $500.5 million for the nine months ended September 30, 2006 from $281.3 million for the nine months ended September 30, 2005. This increase was mainly due to the expansion of CGG s fleet size to nine 3D vessels in operations at September 30, 2006 from five 3D vessels during the first eight months of the nine months period ended September 30, 2005, price increases in the exclusive marine market, effective use of CGG s seismic vessels capacity and high after-sales of its multi-client surveys.

Exclusive sales increased 76% to 238.7 million for the nine months ended September 30, 2006 from 135.8 million for the nine months ended September 30, 2005, due principally to higher prices and increased capacity. CGG s increase in multi-clients survey acquisition in the nine months ended September 30, 2006, was almost proportional to the increase in its 3D capacity and its new 2D activity in exclusive surveys. As a result, as a percentage of total Offshore SBU sales, exclusive contracts accounted for 59% for the nine months ended September 30, 2006 compared to 61% for the nine months ended September 30, 2005.

Multi-client data sales increased 92% to 165.4 million for the nine months ended September 30, 2006 from 86.3 million for the nine months ended September 30, 2005 due to a significant increase in both after-sales and pre-commitment sales. Pre-commitment sales increased to 46.4 million in the nine months ended September 30, 2006 from 13.7 million in the nine months ended September 30, 2005, due to various multi-clients surveys in progress in Brazil and in the Gulf of Mexico. After-sales levels increased by 64% to 119.0 million in the nine months ended September 30, 2006 from 72.6 million for the nine months ended September 30, 2005. For the nine months ended September 30, 2006, and particularly in the three months ended March 31, 2006, there was a high demand for data in the Gulf of Mexico, where exploration licenses were allocated in March 2006, and in Brazil, where exploration blocks awarded in 2005 were effectively allocated at the beginning of 2006.

The net book value of CGG s marine multi-clients data library was 69.8 million at September 30, 2006 compared to 93.6 million at December 31, 2005. On March 31, 2006, the Norwegian government decided not to award exploration-production licenses on blocks where one of CGG s surveys (Moere) is located. As this decision changed CGG s previous estimate of future sales, this 4.6 million survey was fully depreciated at March 31, 2006 and remained fully depreciated at September 30, 2006.

Processing & Reservoir SBU. Operating revenues for the Processing & Reservoir SBU increased 26% to 102.3 million for the nine months ended September 30, 2006 from 81.1 million for the nine months ended September 30, 2005. Expressed in U.S. dollars, operating revenues increased 24% to $127.0 million for the nine months ended September 30, 2006 from $102.5 million for the nine months ended September 30, 2005. The increase was primarily due to a greater demand in the marine acquisition market and to the new processing centers CGG opened in 2005 in India, Brazil and Libya.

Products

Operating revenues for the Products segment for the nine months ended September 30, 2006 increased 65% to 421.5 million from 256.0 million for the nine months ended September 30, 2005. Expressed in U.S. dollars, revenues increased 62% to $524.4 million from $323.8 million. This strong increase was due to the successful launch of the Sentinel, the new generation of Marine solid streamers, and to the continued strong demand for Land products.

Excluding intra-group sales, operating revenues increased 63% to 352.3 million for the nine months ended September 30, 2006 from 215.9 million for the nine months ended September 30, 2005.

Operating Expenses

Cost of operations, including depreciation and amortization, increased 35% to 636.7 million for the nine months ended September 30, 2006 from 473.2 million for the nine months ended September 30, 2005. As a percentage of operating revenues, cost of operations decreased to 67% for the nine months ended September 30, 2006 from 78% for the nine months ended September 30, 2005. The increase in cost of operations was due to increased production in both Services and Products segments and to significant after-sales on multi-client surveys that were already fully depreciated. As a consequence, gross profit increased 136% to 320.3 million for the nine months ended September 30, 2006 from 135.5 million for the nine months ended September 30, 2005.

Research and development expenditures, net of government grants, increased 18% to 27.8 million for the nine months ended September 30, 2006 from 23.6 million for the nine months ended September 30, 2005 due to development efforts in the Product segment and a lower research tax credit granted in 2006 to the Services segment.

Selling, general and administrative expenses increased 35% to 86.9 million for the nine months ended September 30, 2006 from 64.2 million for the nine months ended September 30, 2005, primarily as a result of the Exploration Resources integration and the need to support the significant organic growth. General and administrative expenses also include the compensation cost, under IFRS2, of the May 2006 stock-option and free share allocation plans amounting to 3.9 million. As a percentage of operating revenues, selling, general and administrative costs decreased to 9% for the nine months ended September 30, 2006 from 11% for the nine months ended September 30, 2005.

Operating Income (Loss)

CGG s operating income increased to 217.6 million for the nine months ended September 30, 2006, from 45.0 million for the nine months ended September 30, 2005. This increase was due to increases in both the Services and Products segment.

Operating income from the Services segment was 129.7 million for the nine months ended September 30, 2006 compared to 14.0 million for the nine months ended September 30, 2005. This increase was mainly due to a high level of after-sales, high prices in the exclusive marine acquisition sector, improved use of CGG s seismic vessels capacity, and the recovery of the Land SBU.

Operating income from the Products segment was 113.5 million for the nine months ended September 30, 2006 compared to 49.3 million for the nine months ended September 30, 2005, due the overall high level of sales and improved productivity in Marine products.

Other revenues were 12.0 million for the nine months ended September 30, 2006 compared to net expenses of 2.7 million for the nine months ended September 30, 2005. Other revenues in the nine months ended September 30, 2006 included primarily the 5.3 million gain on the sale of 49% of CGG Ardiseis in the Services segment, a 6.0 million hedging exchange gain on forward sales of U.S. dollars and the 1.5 million gain on the sale of second-hand streamers in the Services segment.

Financial Income and Expenses, Net

Cost of financial debt, net decreased 28% to 19.2 million for the nine months ended September 30, 2006 from 26.7 million for the nine months ended September 30, 2005, which included the 9.4 million financial cost of the early redemption of our remaining $10^5/8$% bonds due 2007. Excluding this non-recurring item, the cost of financial debt increased 11% to 19.2 million for the nine months ended September 30, 2006, from 17.3 million for the nine months ended September 30, 2005.

This increase is due to the changes in the structure of CGG s financial debt from a financial debt during the nine months ended September 30, 2005 mainly composed of the $165 million of $7^1/2$% Senior Notes (issued in April 2005), the 7.75% $85 million convertible bonds due 2012 (partially converted in November 2005, with the remainder converted in May 2006) and a $375 million bridge loan facility put in place at the beginning of September 2005 to acquire Exploration Resources to a financial debt during the nine months ended September 30, 2006 mainly composed of the $165 million $7^1/2$% Senior Notes due 2015 issued in April 2005, with a further fungible issuance of $165 million in principal amount in January 2006 and a credit facility of $70 million at Exploration Resources.

The cost of the conversion option embedded in the 7.75% $85 million convertible bonds due 2012 resulted in an expense of 23.0 million with respect to the portion that remained outstanding after November 2005 for the nine months period ended September 30, 2006 and an expense of 38.0 million for the nine months period ended September 30, 2005, accounted for as Derivative and other expenses on convertible bonds in the CGG income statement. The expense is due in 2006 to an increase in the value of the derivative mainly linked to (i) the increase in the CGG share price in both periods, (ii) the 1.6 million premium paid for the early conversion of the remaining convertible bonds dated May 12, 2006 and (iii) the 0.7 million write-off of issuance costs on convertible bonds recognized as an expense at the time of the early conversion.

CGG had a 8.4 million loss in other financial items for the nine months ended September 30, 2006, including a 3.7 million expense of cost of forward on forward exchange contracts of U.S dollars compared to a gain of 1.3 million for the nine months ended September 30, 2005. The remaining 4.7 million loss was mainly due to foreign exchange difference losses which were offset by the 6.0 million gain on forward exchange contracts in U.S. dollars that qualify for cash-flow hedge treatment, presented as Other operating income in the income statement.

Equity in Income (Losses) of Investees

Income from investments accounted for under the equity method decreased to 8.9 million for the nine months ended September 30, 2006 from 9.6 million for the nine months ended September 30, 2005. Equity in income from Argas, our joint venture in Saudi Arabia, decreased to 9.0 million for the nine months ended September 30, 2006 from 9.7 million for the nine months ended September 30, 2005.

Income Taxes

Income taxes increased to 54.9 million for the nine months ended September 30, 2006 from 18.5 million for the nine months ended September 30, 2005, due to an increase in CGG s U.S. income tax, linked to the high level of Marine products sales and after-sales of multi-clients surveys in the Gulf of Mexico, and due to 5.4 million deferred tax expense on the French tax group since the remaining cumulated French carry-forward losses no longer offset the French net deferred tax liability position at September 30, 2006.

CGG is not subject to a worldwide taxation system and the income tax paid in foreign countries, mainly based on revenues, does not generate comparable tax credits in France, its country of consolidated taxation.

Net Income (Loss)

CGG s net income for the nine months ended September 30, 2006 was a profit of 121.0 million, including a 23.0 million cost on derivative on convertible bonds, compared to a loss of 27.3 million, including a 38.0 million cost on derivative on convertible bonds, for the nine months ended September 30, 2005 as a result of the factors described above.

Year ended December 31, 2005 compared with year ended December 31, 2004

Operating Revenues

CGG s consolidated operating revenues for the year ended December 31, 2005 increased 27% to 869.9 million from 687.4 million for 2004. Expressed in U.S dollars, consolidated operating revenues increased 26% to $1,081.0 million from $854.8 million.

The increase was attributable to the Services segment, particularly to the Offshore SBU (which included Exploration Resources results for part of 2005) and the Land SBU.

Revenues by Activity

The following table sets forth CGG s consolidated operating revenues by activity (excluding intra-group sales), and the percentage of total consolidated operating revenues represented thereby, during each of the periods indicated:

	Year ended December 31,			
	2005		**2004**	
	(in millions, except percentages)			
Services				
Land SBU	119.8	14%	77.3	11%
Offshore SBU	319.5	37%	205.7	30%
Processing and Reservoir SBU	113.0	13%	105.0	15%
Total Services	552.3	64%	388.0	56%
Products	317.6	36%	299.4	44%
Total	869.9	100%	687.4	100%

Services

Operating revenues for CGG s Services segment (excluding intra-group sales) for the year ended December 31, 2005 increased 42% to 552.3 million from 388.0 million for 2004. Expressed in U.S. dollars, operating revenues increased 42% to $686.2 million from $482.5 million. This increase was primarily attributable to the Offshore SBU (which included Exploration Resources results of operations from September 1, 2005) and, to a lesser extent, to the Land SBU.

Land SBU. Operating revenues for CGG s Land SBU for the year ended December 31, 2005 increased 55% to 119.8 million from 77.3 million for 2004. Expressed in U.S. dollars, operating revenues increased 55% to $148.8 million from $95.8 million. The increase is principally attributable to weak results in 2004 and reflects a better filling of capacity in this SBU after its restructuring in 2003, with a strong level of orders spread over 2005.

For 2005, 17 crews on average were in operation compared to 12 crews on average for 2004.

Offshore SBU. Operating revenues for CGG s Offshore SBU increased 55% to 319.5 million for the year ended December 31, 2005 from 205.7 million for 2004. In U.S. dollar terms, operating revenues increased 55% to $397.1 million from $256.2 million. This increase is principally due to: low exclusive sales results in 2004, with notably low price levels in the first half of 2005; a high level of multi-client survey after-sales in 2005; and Exploration Resources contribution to operating revenues from September 1, 2005 of 28.8 million ($35.8 million), which represented 9.0% of operating revenues for the year ended December 31, 2005.

Exclusive sales increased 90% to 185.8 million for the year ended December 31, 2005 compared to 97.9 million for 2004. Exclusive contracts accounted for 58% of our CGG s Offshore sales for the year ended December 31, 2005 compared to 48% for 2004 as CGG shifted more resources toward exclusive contracts, due to price increases since the first half of 2004 and as CGG increased capacity in the second half of 2005 with the upgrade of the vessel *Laurentian* and the acquisition of Exploration Resources. Multi-client data sales increased 24% to 133.7 million for the year ended December 31, 2005 from 107.9 million for 2004 primarily due to a strong level of after-sales. Pre-commitment sales decreased 7% to 36.3 million for the year ended December 31, 2005 from 39.0 million for 2004 due to a mix of services more oriented towards exclusive surveys. After-sales increased by 41% to 97.4 million for the year ended December 31, 2005 from 68.9 million for 2004 due to high demand for existing data in the Gulf of Mexico and Brazil.

Processing and Reservoir SBU. Operating revenues for CGG s Processing and Reservoir SBU increased 8% to 113.0 million for the year ended December 31, 2005 from 105.0 million for 2004. In U.S. dollar terms, operating revenues increased 8% to $140.4 million from $130.4 million due to a dynamic market with strong demand for high quality imagery.

Products

Operating revenues for CGG s Products segment for the year ended December 31, 2005 increased 21% to 378.8 million from 313.6 million for 2004. Expressed in U.S. dollar terms, revenues increased 21% to $468.8 million for the year ended December 31, 2005 from $389.9 million in the year ended December 31, 2004. The overall increase was primarily due to stronger demand for Seal marine recording systems or system upgrades from various customers including CGG s own Services segment. Demand for land equipment grew moderately as a result of an increase in demand during the second half of 2005 following a mild decrease in the first half of the year. The high demand for marine equipment came largely from CGG s Services segment in the last quarter of 2005.

Excluding intra-group sales, operating revenues increased 6% to 317.6 million for the year ended December 31, 2005 from 299.4 million for 2004. Expressed in U.S. dollar terms, revenues excluding intra-group sales increased 6% to $394.8 million for the year ended December 31, 2005 from $372.3 million for 2004, since a large part of Products sales was dedicated to Services segment, thus eliminated in consolidation.

Operating Expenses

Cost of operations, including depreciation and amortization, increased 21% to 670.0 million for the year ended December 31, 2005 from 554.0 million for 2004, due to broader capacities both in the Services segment, with an extended offshore fleet, and in the Products segment. As a percentage of operating revenues, cost of operations decreased to 77% for the year ended December 31, 2005 from 81% for 2004. Gross profit increased 51% to 201.8 million for the year ended December 31, 2005 from 133.8 million for 2004 for the reasons discussed above.

Depreciation expense increased for the year ended December 31, 2005 by 16% to 76.3 million from 65.5 million for 2004, mainly due to depreciation of Exploration Resources vessels from September 1, 2005. Multi-client surveys depreciation was 69.6 million for the year ended December 31, 2005 compared with 66.5 million for 2004.

Research and development expenditures, net of government grants, increased 8% to 31.1 million for the year ended December 31, 2005 from 28.8 million for 2004 due to new equipment development efforts in CGG s Products segment. Research and development expenditures in the Services segment are presented net of a research tax credit of 2.5 million for the year ended December 31, 2005.

Selling, general and administrative expenses increased 16% to 91.2 million for the year ended December 31, 2005 from 78.6 million for 2004. As a percentage of operating revenues, selling, general and administrative costs decreased to 10% for the year ended December 31, 2005 compared to 11% for 2004.

Other expenses totaled 4.4 million for the year ended December 31, 2005 compared to 19.3 million of other income for 2004.

Other expenses for the year ended December 31, 2005 included primarily:

- 2.9 million expense related to the application of CGG s hedging policy (a 0.9 million expense in the Services segment, a 3.6 million expense in the Products segment and a 1.6 million elimination on hedging on intra-group sales of equipment); and

- 1.0 million net loss on fixed assets sold or written-off.

Other income for the year ended December 31, 2004, included primarily:

- 7.9 million gain on the sale of PGS shares;

- 1.8 million of insurance proceeds related to the seismic vessel the *CGG Mistral* (in the Services segment);

- 2.2 million gain on the sale of a building (in the Services segment); and

- 4.5 million income related to the application of CGG s hedging policy (in the Products segment).

Operating Income

Operating income increased 64% to 75.1 million for the year ended December 31, 2005 compared to 45.7 million for 2004. The increase was principally attributable to CGG s Services segment.

Operating income from the Services segment was 25.2 million for the year ended December 31, 2005 compared to a loss of 19.8 million for 2004. This increase was primarily due to the improved profitability in the Offshore SBU, which experienced higher market prices, a higher level of after-sales and greater capacity following the acquisition of Exploration Resources, and to the firm recovery of the Land SBU.

Operating income from the Products segment was 79.8 million for the year ended December 31, 2005 compared to 64.5 million for 2004. This increase was primarily due to a higher volume of sales and improved gross margins.

Cost of Financial Debt, Net

Net cost of financial debt increased 52% to 42.3 million for the year ended December 31, 2005 from 27.8 million 2004. This increase was primarily due to the 9.4 million financial cost of the early redemption of our 10 7/8% bonds due 2007 in 2005 and interest and fees of 14.2 million under our $375 million bridge loan facility used to finance the acquisition of Exploration Resources.

Variance on derivative on convertible bonds

The variance in the fair value of the conversion option embedded in CGG s 7.75% $85 million convertible bonds due 2012 resulted in an aggregate other financial expense of 11.5 million for the year ended December 31, 2005 and of 23.5 million for 2004.

The increase in the value of the derivative of 11.5 million includes a 6.3 million increase related to the 11,475 bonds converted into shares in November 2005 and a 5.2 million increase related to the 2,525 bonds remaining outstanding at December 31, 2005. The increase in the value of the derivative is mainly due to the strengthening of the U.S. dollar against the euro and the increase in our share price, being acknowledged that, as regards the derivative related to the bonds effectively converted in November 2005, the value was reduced by the time-component as a result of the conversion in shares, for an amount of 8.9 million.

Other Financial Income

Other financial expenses were 14.5 million for the year ended December 31, 2005 compared to other financial income of 0.8 million for 2004. The other financial expenses for the year ended December 31, 2005 include a 12.6 million expense related to the early conversion of 11,475 convertible bonds, which included the premium of $10.4 million (8.9 million) paid to the bondholders who converted their bonds and the write-off of remaining issuance fees of 3.7 million at the date of conversion.

Equity in Income of Affiliates

Equity in income of affiliates accounted for under the equity method increased to 13.0 million for the year ended December 31, 2005 from 10.3 million for 2004. Equity in income from Argas, CGG s joint venture in Saudi Arabia, increased to 12.7 million for the year ended December 31, 2005 from 10.4 million for 2004.

Income Taxes

Income taxes increased to 26.6 million for the year ended December 31, 2005 from 10.9 million for 2004.

The expectation of positive tax results at CMG, CGG s Mexican subsidiary, (confirmed by the earning of taxable income in 2005), led CGG at December 31, 2005 to recognize a deferred tax asset and income of 2.4 million, representing CMG s net operating loss carryforwards. Likewise, Sercel Inc. s positive tax planning led CGG in 2004 to recognize a deferred tax asset and income of 10.4 million representing Sercel Inc. s net operating loss carryforwards.

The increase in tax expense, excluding the non-recurring deferred tax income, is mainly due to higher tax expenses in the United States and in the United Kingdom due to the increased revenues in those countries.

CGG is not subject to a worldwide taxation system, and the income tax paid in foreign countries, primarily based on revenues, does not generate comparable tax credits in France, CGG s country of consolidated taxation.

Net Loss

For the year ended December 31, 2005 CGG had a net loss of 7.8 million compared to a net loss of 6.4 million for the year ended December 31, 2004.

Liquidity and Capital Resources

CGG s principal capital needs are for the funding of ongoing operations, capital expenditures (particularly repairs and improvements to our seismic vessels), investments in its multi-client data library and acquisitions (such as, most recently, Exploration Resources).

Operations

For the nine months ended September 30, 2006, CGG s net cash provided by operating activities, before changes in working capital, was 296.0 million compared to 121.2 million for the nine months ended September 30, 2005. This increase is linked to the increase in net income, after elimination of financial expenses. Changes in working capital for the nine months ended September 30, 2006 had a negative impact of 101.7 million compared to a negative impact of 11.9 million for the nine months ended September 30, 2005, due to high volume of sales in the month of September 2006.

For the year ended December 31, 2005, CGG s net cash provided by operating activities, before changes in working capital, was 204.0 million compared to 149.7 million for 2004. This increase was primarily due to the increase in our operating income. Changes in working capital for the year ended December 31, 2005 had a negative impact of 21.6 million compared to a negative impact of 22.8 million for 2004.

Investing Activities

During the nine months ended September 30, 2006, CGG made purchases of tangible and intangible assets of 131.3 million (including 9.9 million of capitalized development costs), mainly linked to the conversion of its vessel, the *Geo Challenger* from a cable vessel into a 3D seismic vessel and to the equipping of the *Symphony* with Sentinel streamers, compared to 67.7 million for the nine months ended September 30, 2005 (including 5.5 million capitalized development costs). In addition, CGG entered into 0.2 million of new capital leases in the nine months ended September 30, 2006.

CGG also invested 38.9 million in its multi-client library during the nine months ended September 30, 2006, primarily in the Gulf of Mexico and Brazil, compared to 19.2 million for the nine months ended September 30, 2005. At September 30, 2006, the net book value of the CGG marine multi-client data library was 69.8 million compared to 93.6 million at December 31, 2005.

During the year ended December 31, 2005, CGG made purchases of tangible and intangible assets of 117.1 million compared to 44.4 million for 2004. This increase is due primarily to investments in Exploration Resources vessels, particularly the upgrade of the *C-Orion*. In addition, CGG entered into 17.4 million of new capital leases primarily related to the vessel *Laurentian* for the year ended December 31, 2005 compared with 8.7 million for the year ended December 31, 2004.

CGG also invested 32.0 million in its multi-client library during the year ended December 31, 2005, primarily for 2D data acquisition in Libya and depth reprocessing of its existing Gulf of Mexico 3D library. As at December 31, 2005, the net book value of the CGG marine multi-client data library was 93.6 million compared to 124.5 million as at December 31, 2004 due to intensive depreciation of surveys linked to high volume of after-sales. CGG invested 51.1 million in its multi-client library during the year ended December 31, 2004.

In 2005, CGG acquired all of the shares of Exploration Resources for a net investment of 265.8 million corresponding to the price it paid for the shares less the cash held by Exploration Resources at the acquisition date.

Acquisition capital expenditures in 2004 of 27.9 million consisted primarily of the acquisition of Thales Underwater Systems for 21.7 million, Hebei JunFeng Geophysical Co. Ltd for 9.8 million, Orca Instrumentation for 1.3 million and Createch Industrie for 1.9 million.

Proceeds from sales of assets in 2004 primarily correspond to the sale of CGG s PGS shares for 17.2 million.

Financing Activities

Net cash provided by financing activities during the nine months ended September 30, 2006 was 69.3 million compared to net cash provided by financing activities of 232.8 million for the nine months ended September 30, 2005. The amount in the earlier period results principally from borrowings under CGG s $375 million bridge loan facility used to finance the acquisition of Exploration Resources and described in the paragraph below. In February 2006, CGG issued an additional $165 million of its $7^1/2$% Senior Notes due 2015 first issued in April 2005 and CGG used the net proceeds from the additional notes primarily to repay the $140.3 million remaining outstanding under its $375 million bridge loan facility used to finance the acquisition of Exploration Resources. In March 2006, CGG concluded an asset financing agreement for $26.5 million with a bank, which was fully drawn at September 30, 2006, to finance the acquisition of newly-developed Sentinel streamers for the vessel *Symphony.* In March 2006, Exploration Resources also concluded a credit facility of $70 million, which was fully drawn since June 2006, to finance the conversion of the *Geo-Challenger* from a cable laying vessel to a 3D seismic vessel and to acquire seismic equipment for the vessels *C-Orion* and *Geo-Challenger.*

Net cash provided by financing activities for the year ended December 31, 2005 was 193.4 million, resulting principally from CGG s $375 million bridge loan facility entered on September 1, 2005 used to finance the acquisition of Exploration Resources. This bridge facility was drawn in the amount of $375 million in October 2005, then partially repaid on December 23, 2005 in the amount of $235 million with the proceeds of CGG s share capital increase on December 16, 2005 of 118.9 million ($140.3 million). The bridge facility remained drawn as at December 31, 2005. CGG also redeemed its outstanding $10^5/8$% senior notes due 2007 prior to maturity in aggregate principal amount of $225 million ($75 million on January 26, 2005 and $150 million on May 31, 2005) and issued $165 million aggregate principal amount of $7^1/2$% senior notes due 2015 on April 28, 2005.

Net Debt

Net debt was 273.0 million as at September 30, 2006 and 297.2 million as at December 31, 2005. The ratio of net debt to equity decreased to 32% at September 30, 2006 from 43% at December 31, 2005.

Net debt was 297.2 million as at December 31, 2005 and 121.8 million as at December 31, 2004. The ratio of net debt to equity increased to 43% as at December 31, 2005 from 31% as at December 31, 2004. Excluding foreign exchange rate effect, the increase in net debt was mainly related to the Exploration Resources acquisition, corresponding approximately to the sum of the acquired debt and the debt incurred for the acquisition of the shares of Exploration Resources.

Net debt is the amount of bank overdrafts, plus current portion of financial debt, plus financial debt, less cash and cash equivalents. Net debt is presented as additional information because our senior facilities require us to respect a maximum ratio of net debt to ORBDA. We expect the French revolving facility to have similar covenants relating to ORBDA. The maximum permitted ratio of net debt to ORBDA under the senior facilities is 2.25 to 1.0 for the 12-month periods ending on the last day of each quarter of the year ending December 31, 2007, 2.00 to 1.0 for the 12-month periods ending on the last day of each quarter of the year ending December 31, 2008, 1.75 to 1.0 for the 12-month periods ending on the last day of each quarter of the year ending December 31, 2009 and 1.50 to 1.0 for the 12-month periods ending on the last day of each quarter thereafter. See Description of Certain Indebtedness Senior Facilities . If we fail to meet these ratios and do not obtain waivers, we may be unable to borrow under such facility and may be compelled to repay amounts outstanding thereunder. Either the inability to borrow or the requirement to repay borrowed sums may have a negative effect on our liquidity and, consequently, may increase our vulnerability to general adverse economic and industry trends or limit our flexibility in adapting to such trends. Net debt is not a measure of financial performance under IFRS or U.S. GAAP and should not be considered as an alternative to any other measures of performance derived in accordance with IFRS or U.S. GAAP. The following table presents a reconciliation of net debt to financing items of the balance sheet as at the periods indicated:

	As at September 30,		**As at December 31,**	
	2006	**2005**	**2005**	**2004**
		(in millions)		
Bank overdrafts	10.9	15.7	9.3	2.8
Current portion of financial debt	44.0	357.5	157.9	73.1
Financial debt	386.8	265.4	242.4	176.5
Less cash and cash equivalents	(168.7)	(138.1)	(112.4)	(130.6)
Net debt	273.0	500.5	297.2	121.8

Research and development

CGG s ability to compete effectively and maintain a significant market position in its industry depends to a substantial extent upon its continued technological innovation. CGG has focused on rationalizing its research and development activities both to reduce costs and to focus its research and development efforts primarily on reservoir characterization, multi-component seabed seismic processing techniques, structural imaging and advanced seismic recording equipment. CGG s research and development teams, totaling 320 employees, are divided among operating divisions. Sercel has strong research capabilities, especially in underwater acoustic transmission, oceanographic metrology and borehole electronics for area studies. CGG also accesses new sources of information or technology by entering into strategic alliances with equipment manufacturers, oil and gas companies, universities, such as Bergen university, or other clients or by acquiring technology under license from others. CGG has historically entered into and continue to pursue common research programs with the *Institut Français du Pétrole,* an agency of the French government.

While the market for CGG s products and services is subject to continual and rapid technological changes, development cycles from initial conception through introduction can extend over several years. CGG s efforts have resulted in the development of numerous inventions, new processes and techniques, many of which have been incorporated as improvements to its product lines. During 2004 and 2005, CGG s research and development expenditures incurred (including capitalized costs and excluding grants received) were 35.5 million, and 43.5 million, respectively, of which 5.6%, and 3.9%, respectively, was funded by French governmental research entities, such as the *Fonds de Soutien aux Hydrocarbures* (which funding is to be repaid to such organizations from sales of products or services developed with such funds).

CGG budgeted 45.0 million for research and development expenditures in 2006, including both expensed and capitalized costs.

Trend information

Currency Fluctuations

Certain changes in operating revenues set forth in U.S. dollars in this prospectus were derived by translating revenues recorded in euros at the average rate for the relevant period. Such information is presented in light of the fact that most of CGG s revenues are denominated in U.S. dollars while its consolidated financial statements are presented in euros. Such changes are presented only in order to assist in an understanding of CGG s operating revenues but are not part of its reported financial statements and may not be indicative of changes in its actual or anticipated operating revenues.

As a company that derives a substantial amount of its revenue from sales internationally, CGG is subject to risks relating to fluctuations in currency exchange rates. In the year ended December 31, 2005 and December 31, 2004, about 90% of CGG s operating revenues and two-thirds of its operating expenses were denominated in currencies other than euros. These included U.S. dollars and, to a significantly lesser extent, other non-Euro Western European currencies, principally British pounds and Norwegian kroner. In addition, 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.

Fluctuations in the exchange rate of the euro against such other currencies, particularly the U.S. dollar, have had in the past and can be expected in future periods to have a significant effect upon CGG s results of operations. Since CGG participates in competitive bids for data acquisition contracts that are denominated in U.S. dollars, an appreciation of the U.S. dollar against the euro improves its competitive position against that of other companies whose costs and expenses are denominated in U.S. dollars. For financial reporting purposes, such appreciation positively affects CGG s reported results of operations since U.S. dollar-denominated earnings that are converted to euros are stated at an increased value. An appreciation of the euro against the U.S. dollar has the opposite effect. As a result, CGG s sales and operating income are exposed to the effects of fluctuations in the value of the euro versus the U.S. dollar. In addition, CGG s exposure to fluctuations in the euro/ U.S. dollar exchange rate has considerably increased over the last few years due to increased sales outside of Europe.

CGG attempts to match foreign currency revenues and expenses in order to balance its net position of receivables and payables denominated in foreign currencies. For example, charter costs for its four vessels, as well as its most important computer hardware leases, are denominated in U.S. dollars. Nevertheless, during the past five years such dollar-denominated expenses have not equaled dollar-denominated revenues principally due to personnel costs payable in euros.

In order to improve the balance of its net position of receivables and payables denominated in foreign currencies, CGG maintains a portion of its financing in U.S. dollars. At December 31, 2005 and 2004, CGG s total outstanding long-term debt denominated in U.S. dollars was $454.9 million (385.6 million at the December 31, 2004 exchange rate) and $307.8 million (226.0 million at the December 31, 2002 exchange rate), respectively, representing 97% and 92%, respectively, of its total financial debt outstanding at such dates.

In addition, to be protected against the reduction in value of future foreign currency cash flows, CGG follows a policy of selling U.S. dollars forward at average contract maturity dates that it attempts to match with future net U.S. dollar cash flows (revenues less costs in U.S. dollars) expected from firm contract commitments, generally over the ensuing six months. As at December 31, 2005 and 2004, CGG had $183.6 million (with a euro equivalent-value of 152.4 million) and $127.0 million (euro equivalent-value of 101.9 million), respectively, of notional amounts outstanding under euro/ U.S. dollar forward exchange contracts and other foreign exchange currency hedging instruments.

CGG does not enter into forward foreign currency exchange contracts for trading purposes.

Inflation

Inflation has not had a material effect on CGG s results of operations during the periods presented. CGG operates in, and receives payments in the currencies of, certain countries with historically high levels of inflation, such as Mexico, Brazil and Venezuela. CGG attempts to limit such risk by, for example, indexing payments in the local currency against, principally, the U.S. dollar exchange rate at a certain date to account for inflation during the contract term.

Income Taxes

CGG conducts the majority of its field activities outside of France and pays taxes on income earned or deemed profits in each foreign country pursuant to local tax rules and regulations. CGG does not receive any credit in respect of French taxes for income taxes paid by foreign branches and subsidiaries. Net tax expenses in recent periods were attributable to activities, principally in land acquisition, carried on outside of France.

CGG has significant tax loss carryforwards that are available to offset future taxation on income earned in certain OECD countries. CGG recognizes tax assets if budget estimates also indicate enough profits for the following years to use carryforward losses.

Recently Issued U.S. Accounting Pronouncements

On July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation Number (FIN) 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement 109 . This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity s financial statements in accordance with Statement of Financial Accounting Standard (SFAS) 109, Accounting for Income Taxes . It prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. This interpretation is effective for fiscal years beginning after December 15, 2006. The Group will be required to adopt this interpretation in the first quarter of fiscal year 2008. Management is currently evaluating the requirements of FIN 48 and has not yet determined the impact on the consolidated financial statements.

In September 2006, the Securities Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements . SAB 108 addresses the diversity in practice in quantifying financial statement misstatements and establishes an approach that requires quantification of financial statement misstatements based on the effects of the misstatements on each of the Group s financial statements and the related disclosures. SAB 108 is effective for fiscal years ending after November 15, 2006. Management currently does not expect that the adoption of SAB 108 will have a material impact on the Group s consolidated financial statements.

In September 2006, the FASB issued SFAS 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans . SFAS 158 requires the employer to recognize the overfunded or underfunded status of a single-employer defined benefit postretirement plan as an asset or liability in its balance sheet and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS 158 also requires an employer to measure the funded status of a plan as of the date of its year-end balance sheet. SFAS 158 is effective for fiscal years ending after December 15, 2006. Management currently does not expect that the adoption of SFAS 158 will have a material impact on the Group s consolidated financial statements.

In September 2006, the FASB issued SFAS 157, Fair Value Measurements . SFAS 157 defines fair value, establishes a framework for measuring fair value and expands fair value measurement disclosures. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Group will be required to adopt this interpretation in the first quarter of fiscal year 2009. Management is currently evaluating whether adoption of SFAS 157 will have an impact on the Group s consolidated financial statements.

Veritas Results of Operations

Three months ended October 31, 2006 compared with three months ended October 31, 2005

Revenues

Veritas revenues increased by 37% from $168.7 million in the first quarter of fiscal 2006 to $230.8 million in the first quarter of fiscal 2007 as discussed further below.

Multi-client revenue in the first quarter of fiscal 2007 of $108.3 million increased by $33.8 million, or 45%, compared to the prior year s first fiscal quarter. Land multi-client and marine multi-client contributed increases of $17.8 million and $16.0 million, respectively. The increases in the land multi-client revenue came primarily from Canada survey sales. Marine survey sales continued to remain strong globally with particularly good results coming from the Gulf of Mexico and the North Sea. In addition, Veritas had significant multi-client sales from Kazakhstan, a new and promising area for Veritas.

Total contract revenue increased $28.3 million, or 30%, from the prior year s first fiscal quarter with strong growth from marine acquisition and imaging work from across all geographic regions. The NASA region continued to see significant growth in revenues from the Gulf of Mexico area. The land contract business remained strong, improving from the first quarter results from the prior year that included a large project in South America.

All of Veritas segments contributed to higher revenue, which was driven primarily by increases both in multi-client and contract work. NASA generated a $36.5 million revenue increase primarily through multi-client land work in Canada, additional marine acquisition work in the Gulf of Mexico and increased imaging work. EAME had higher revenue of $19.5 million coming from all product lines with the most significant increase in its marine multi client sales. Asia Pacific continued to experience increases in its marine contract and imaging work.

Revenue by segment was as follows:

	Three months ended October 31,			
			Change	
	2006	**2005**	**$**	**%**
	(in $ thousands, except percentages)			
NASA	139,294	102,842	36,452	35%
EAME	54,248	34,769	19,479	56%
APAC	32,202	26,783	5,419	20%
VHR	5,087	4,284	803	19%
Total Revenue	230,831	168,678	62,153	37%

Revenue by contract type was as follows:

	Three months ended October 31,			
			Change	
	2006	**2005**	**$**	**%**
	(in $ thousands, except percentages)			
Multi-Client:				
Land	43,747	25,899	17,848	69%
Marine	64,549	48,558	15,991	33%
Total Multi-Client	108,296	74,457	33,839	45%
Contract:				
Land	48,817	47,647	1,170	2%
Marine	73,718	46,574	27,144	58%
Total Contract	122,536	94,221	28,314	30%
Total Revenue	230,831	168,678	62,153	37%

Operating income

Operating income for the first quarter of fiscal 2007 of $37.9 million more than doubled from the $18.3 million in the prior year s first fiscal quarter. The increase in operating income was primarily due to higher revenue and margins in both multi-client and contract work. Margin increases were generated by marine multi-client sales in the Gulf of Mexico, Canada, North Sea and Kazakhstan.

Operating income included $10.3 million of merger and related costs. Veritas terminated discussions with a third party relating to the possible sale of its land seismic acquisition business, during the first quarter of fiscal 2007. The $10.3 million includes fees in connection with the termination of those discussions, consisting of amounts paid in settlement of all claims by the third party buyers and professional fees, including accounting and legal fees, and professional fees related to the pending merger with CGG.

Also included in operating income in the first quarter of fiscal 2007 was $2.7 million of depreciation that related to the land seismic acquisition assets that were previously considered held for sale during fiscal 2006. Another significant item within operating income was $1.4 million of professional fees related to obtaining a significant refund from a foreign taxing authority. The benefit of the refund was recorded as a reduction of income tax expense, which is discussed below.

General and administrative expenses increased $2.6 million from the prior year s first fiscal quarter primarily due to the professional fees incurred related to obtain the tax refund discussed above and discussed in the income tax section below.

Interest expense

Interest expense increased by $0.7 million from the prior year s first fiscal quarter as a result of increases in the LIBOR applicable to the $155 million convertible debt.

Interest income

Interest income increased $3.1 million compared to the prior year s first fiscal quarter due to a higher cash balance and higher interest rates.

Involuntary conversion of assets

The company recognized a pre-tax insurance gain of $2.0 million in the first quarter of fiscal 2006 related to insurance settlements for the equipment loss on the Veritas Viking experienced in the second quarter of fiscal year 2005.

Other income (expense), net

Other income and expense, net consisted of foreign exchange losses of $0.3 million and other miscellaneous gains of $0.3 million in the first quarter of fiscal 2007. For the first quarter of fiscal year 2006, other income and expense, net consisted of $0.9 million of foreign exchange losses and other miscellaneous gains of $1.0 million.

Income taxes

The company s effective tax rate for the quarter ended October 31, 2006 was 32%, which is lower than the 35% U.S. statutory rate and the prior year s first quarter tax rate of 43%. The reduction in the current quarter rate was attributable to non-U.S. activities and a $5.0 million tax benefit related to a refund received from a foreign taxing authority with respect to certain prior year tax matters. This reduction was partially offset by a $3.6 million tax provision related to $10.3 million of non-deductible merger and related costs.

Year ended July 31, 2006 compared with year ended July 31, 2005

Revenue

Revenue for the year was up 30% from $634.0 million in for the year ended July 31, 2005 to $822.2 million for the year ended July 31, 2006. The increases for the year came from all product lines and across all geographic segments.

Increased multi client revenue was driven by strong marine library sales in the Gulf of Mexico and in Brazil. Multi client land library sales were more than double from a year ago primarily due to sales in U.S. and Canada.

Contract revenue for the year ended July 31, 2006 grew $81.1 million or 21% from the prior fiscal year. Increased revenue came from both land and marine work. Market conditions continue to improve and strengthen our business worldwide and Veritas saw much of the growth in this fiscal year from land acquisition work in Canada and Alaska as well as increased imaging revenue across all geographic operating regions. Marine acquisition revenue remained strong in all geographic regions.

During the year ended July 31, 2006, NASA revenue increased by $152.8 million. This increase is primarily due to marine and land multi-client library sales in Canada, Gulf of Mexico and Brazil. NASA also increased its land acquisition work primarily in Canada and Alaska. EAME generated most of its increased revenue through its marine acquisition work. The increased revenue in the APAC segment came primarily from its marine acquisition work.

Revenue by segment was as follows:

	Year ended July 31,			
			Change	
	2006	2005	$	%
	(in $ millions, except percentages)			
NASA	541.4	388.6	152.8	39%
EAME	148.7	131.0	17.7	14%
APAC	112.5	98.2	14.3	15%
VHR	19.6	16.2	3.4	21%
Total Revenue	822.2	634.0	188.2	30%

Revenue by contract type was as follows:

	Year ended July 31,			
			Change	
	2006	2005	$	%
	(in $ millions, except percentages)			
Multi-client:				
Land	109.8	54.7	55.1	101%
Marine	242.3	190.3	52.0	27%
Subtotal	352.1	245.0	107.1	44%
Contract:				
Land	203.1	161.6	41.5	26%
Marine	267.0	227.4	39.6	17%
Subtotal	470.1	389.0	81.1	21%
Total Revenue	822.2	634.0	188.2	30%

Operating income

Operating income of $132.9 million for the year ended July 31, 2006 was $68.6 million higher than the year ended July 31, 2005. This performance was driven by increases in both multi-client revenue and multi-client operating margins. The overall operating margin was also driven by increased revenue and margins in land acquisition work due to increased activity in Canada and Alaska. Operating income was also benefited by the $2.7 million reduction in depreciation expense related to the land acquisition assets that were considered held for sale for the last two months of the fiscal year. No depreciation expense was recorded during these two months for these assets. General and administrative expenses of $43.2 million for the year ended July 31, 2006 increased $11.3 million from the prior fiscal year primarily due to share-based compensation expense resulting from the adoption of new accounting rules, increased provision for performance-based incentive compensation, severance costs, and non-recurring costs related to the preparation of the potential sale of the land acquisition business.

Interest expense and interest income

Interest expense increased by $3.3 million from the prior fiscal year as a result of increases in LIBOR, which is the interest rate that the $155.0 million convertible debt is based upon. Interest income increased $6.7 million compared to the prior fiscal year due to higher interest rates and a higher cash balance.

Involuntary conversion of assets

Veritas recognized a pre-tax insurance gain of $2 million in the first quarter of fiscal 2006 related to insurance settlements for the equipment loss on the Veritas Viking experienced in the second quarter of fiscal year 2005. For the year ended July 31, 2005, Veritas recognized a pre-tax gain of $9.9 million related to this insurance settlement.

Income taxes

Veritas effective tax rate for the year ended July 31, 2006 was 41% This rate includes $2.5 million of additional tax cost associated with a $55 million one-time repatriation from one of Veritas foreign subsidiaries pursuant to the American Jobs Creation Act of 2004. In the fourth quarter of fiscal 2005, Veritas reversed $36.9 million of valuation allowances on certain of its deferred tax assets resulting in a net tax benefit of $37.3 million for the quarter and $6.8 million for the full fiscal year.

Year ended July 31, 2005 compared with the year ended July 31, 2004

Revenue

Revenue increased by 12% from $564.5 million for the year ended July 31, 2004 to $634.0 million for the year ended July 31, 2005. This increase was driven by increased contract work, primarily marine, in all regions and increased sales of multi-client data licenses in EAME partially offset by decreased sales of multi-client data licenses primarily in the NASA region, which includes the Gulf of Mexico, the United States, Brazil and Canada. During fiscal 2005, NASA significantly decreased its land acquisition operations in South America. NASA s increase in contract marine work was primarily in the Gulf of Mexico where the Veritas Vantage and two additional third party vessels acquired a wide azimuth survey during fiscal 2005. APAC s revenue increase was also generated by marine contract work, as Veritas operated the Veritas Viking II, the Pacific Sword and Veritas Searcher in Australia, India, Myanmar and New Zealand during the period. EAME generated most of its increased revenue through sales of multi-client data licenses for offshore Africa and the North Sea.

Revenue by segment was as follows:

	Year ended July 31,			
			Change	
	2005	2004	$	%
	(in $ millions, except percentages)			
NASA	388.6	370.9	17.7	5%
EAME	131.0	118.5	12.5	11%
APAC	98.2	60.1	38.1	63%
VHR	16.2	15.0	1.2	8%
Total Revenue	634.0	564.5	69.5	12%

Revenue by contract type was as follows:

	Year ended July 31,			
			Change	
	2005	2004	$	%
	(in $ millions, except percentages)			
Multi-client:				
Land	54.7	66.0	(11.3)	(17)%
Marine	190.3	209.1	(18.8)	(9)%
Subtotal	245.0	275.1	(30.1)	(11)%
Contract:				
Land	161.6	154.0	7.6	5%
Marine	227.4	135.4	92.0	68%
Subtotal	389.0	289.4	99.6	34%
Total Revenue	634.0	564.5	69.5	12%

Operating income (loss)

Operating income increased by $36.4 million from $27.8 million for the year ended July 31, 2004 to $64.2 million for the year ended July 31, 2005. During the first quarter of the year ended July 31, 2004, Veritas changed its multi-client amortization accounting policy to include a minimum amortization from the date of survey completion, instead of only during the last 24 months of the survey s book life. As a result of this change, Veritas recorded a charge of $22.1 million in cost of services in the first quarter of the year ended July 31, 2004. The remaining $14.3 million increase in operating income for the year ended July 31, 2004 was the result of increased margins (revenue less cost of services) of $24.1 million partially offset by increased research and development costs and general and administrative costs. Veritas margin increase was primarily due to its revenue increase and a decrease in cost of services as a percent of revenue of 2%. Increased productivity, favorable mix of jobs and higher pricing contributed to the margin increase.

Research and development costs have increased by $3.4 million for the year ended July 31, 2004 primarily due to Veritas focus on advanced acquisition and processing and general increases in research spending. General and administrative expense increased by $6.4 million due to the expenses associated with the restatement of Veritas historical financial statements and those associated with its increased efforts in the areas of disclosure controls and procedures and internal control over its financial reporting. Research and development expense and general and administrative expense both grew due to increased incentive compensation related to Veritas improved financial performance.

Interest expense and interest income

Interest expense decreased from $18.9 million for the year ended July 31, 2004 to $4.0 million for the year ended July 31, 2005. This decrease was due primarily to the issuance of Veritas Convertible Senior Notes in the third quarter for the year ended July 31, 2004 and the repayment of its term notes with the proceeds. This refinancing resulted in a significantly lower interest rate. Veritas Convertible Senior Notes accrue interest at a rate of three month LIBOR less 0.75%, which equated to a weighted average interest rate of 1.72% for fiscal 2005 and is much lower than the various tranches of debt in place for the year ended July 31, 2004. In addition, $7.4 million of debt issuance costs were expensed in fiscal 2004 in connection with the retirement of the term notes. Interest income increased from $1.6 million to $5.3 million due to interest earned on the cash balances.

Involuntary conversion of assets

In January 2005, Veritas seismic vessel Veritas Viking experienced an engine failure while acquiring data in the Gulf of Mexico and lost substantial amounts of overboard seismic equipment. As this seismic equipment was insured at its replacement cost, Veritas recognized a $9.9 million gain related to the insurance settlement.

Income taxes

Veritas reversed $36.9 million of valuation allowances on certain of its deferred tax assets during the fourth quarter of the year ended July 31, 2005, resulting in a net tax benefit of $6.8 million for the year ended July 31, 2005. The deferred tax assets were originally reserved at the end of the year ended July 31, 2003 primarily due to Veritas historical losses in several tax jurisdictions. As of the fourth quarter of the year ended July 31, 2005, Veritas had recognized profits in those jurisdictions and had a positive operational outlook. The combination of these two factors was sufficient to cause the reversal of the reserves. This decrease in provision was offset, in part, by the increased current tax provision resulting from substantially higher income for the year ended July 31, 2005. Excluding the release of valuation allowances, Veritas effective tax rate would have been 40%. See Note 5 to the Veritas consolidated financial statements included elsewhere in this prospectus for further information on income taxes.

Liquidity and Capital Resources

Sources and Uses

Net cash provided by operating activities was $42.7 million for the first three months of fiscal 2007, which is an increase from $29.4 million for the first three months of fiscal 2006 primarily due to the increase in net income. Net cash used by investing activities increased to $99.0 million in the first three months of fiscal 2007 from $59.4 million in the first three months of fiscal 2006 primarily due to increased multi-client library and capital expenditures.

Net cash provided by operating activities was $336.6 million for the year ended July 31, 2006, which is consistent with the year ended July 31, 2005 of $331.3 million. Net cash used by investing activities of $216.8 million in 2006 was slightly higher than $206.7 million in 2005 due to the increase in multi-client library investment and expenditures for property and equipment partially offset by the receipt of insurance proceeds. Veritas latest projected cash investments immediately prior to the merger for the year ended July 31, 2007 amount to $239.0 million, including $44.0 million for recurring capital expenditure, $144 million capacity upgrades and the remainder for vessel upgrades. These figures may not be representative of the contribution of Veritas to total CGGVeritas capital expenditures, including pursuant to the change in IFRS reporting, where, unlike under U.S. GAAP research and development expenses are capitalized. See Risk Factors Risks Related to Our Business The financial statements and other financial information of Veritas presented in this prospectus and used to prepare the unaudited pro forma condensed combined financial information presented in this prospectus and the pro forma financial information itself may not be indicative of the results of Veritas as part of our group .

Key factors affecting future results include utilization levels of acquisition and processing assets and demand for multi-client library surveys, all of which are driven by Veritas customers exploration spending and, ultimately, the underlying commodity prices.

Trend Information

Seasonality

Veritas land acquisition activities are seasonal in nature. Veritas generally experiences higher revenues in the second and third quarters of each year due to winter seismic acquisition seasons in Alaska and Canada.

However, performance of large land surveys in South America or other locations can cause a shift from this pattern.

CGGVeritas Capital Resources

We intend to fund ongoing operations through cash generated by operations and borrowings under the U.S. revolving facility and, when signed, the French revolving facility. After giving effect to the financing transactions we will continue to have substantial debt service requirements.

The senior facilities consist of a $1 billion term loan facility with a seven year maturity and the $140 million U.S. revolving facility with a five year maturity. The French revolving facility will consist of a $200 million senior secured revolving facility with a five year maturity.

At the option of Veritas, borrowings under the term loan facility bear interest at (i) the rate of adjusted LIBOR plus either 1.75% or 2.00% or (ii) the Alternate Base Rate plus either 0.75% or 1.00%, in each case depending on the corporate rating of CGGVeritas by S&P and the corporate family rating of CGGVeritas by Moody s. At the option of Veritas, borrowings under the U.S. revolving facility bear interest at the rate of adjusted LIBOR plus a range from 1.75% to 2.25% or the Alternate Base Rate plus a range from 0.75% to 1.25%, in each case depending on the corporate rating of CGGVeritas by S&P and the corporate family rating of CGGVeritas by Moody s. The Alternate Base Rate is the higher of Credit Suisse s Prime Rate and the Federal Funds Effective Rate plus 1/2 of 1.0%. The senior credit facilities require us, and the French revolving facility will require us, to meet minimum ratios of ORBDA less capital expenditures to total interest costs and maximum ratios of total net debt to ORBDA. In addition, the senior credit facilities contain, and the French revolving facility will contain, certain restrictive covenants which, among other things, limit our ability to incur additional indebtedness, pay dividends, make investments, pledge assets, merge or consolidate, change our business and engage in certain other activities customarily restricted in such agreements. They also contain certain customary events of defaults, subject to grace periods, as appropriate. See Description of Certain Indebtedness .

Future principal debt payments are expected to be paid out of cash flows from operations, borrowings under the U.S. revolving facility and the French revolving facility and future refinancing of our debt.

The indentures governing the notes offered hereby will also contain numerous covenants including, among other things, restrictions on our ability to: incur or guarantee additional indebtedness; pay dividends or make other equity distributions, repurchase or redeem equity interests; make investments or other restricted payments; sell assets or consolidate or merge with or into other companies; create limitations on the ability of our restricted subsidiaries to make dividends or distributions to us; engage in transactions with affiliates; and create liens.

Our ability to make scheduled payments of principal, or to pay the interest or additional interest, if any, on, or to refinance our indebtedness, or to fund planned capital expenditures will depend on our future performance, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based upon the current level of operations, we believe that cash flow from operations, available cash and short-term investments, together with borrowings available under the U.S. revolving facility and the French revolving facility, will be adequate to meet our future liquidity needs for the next 12 months. Our assumptions with respect to future costs may not be correct, and funds available to us from the sources discussed above may not be sufficient to enable us to service our indebtedness, including the notes, or cover any shortfall in funding for any unanticipated expenses. In addition, to the extent we make future acquisitions, we may require new sources of funding including additional debt, or equity financing or some combination thereof. We may not be able to secure additional sources of funding on favorable terms.

ORBDA

ORBDA (Operating Result Before Depreciation and Amortization) is defined as operating income (loss) excluding non-recurring revenues (expenses) plus depreciation, amortization and additions (deductions) to valuation allowances of assets and add-back of dividends received from equity companies. ORBDA is presented as additional information because our senior facilities require CGGVeritas to respect a maximum ratio of net debt to ORBDA and a minimum ratio of ORBDA less capital expenditures to total interest costs. We expect the French revolving facility to have similar covenants relating to ORBDA. The maximum permitted ratio of net debt to ORBDA under the senior facilities is 2.25 to 1.0 for the 12-month periods ending on quarters on the last day of each quarter of the year ending December 31, 2007, 2.00 to 1.0 for the 12-month periods ending on the last day of each quarter of the year ending December 31, 2008, 1.75 to 1.0 for the 12-month periods ending on the last day of each quarter in the year ending December 31, 2009 and 1.50 to 1.0 for the 12-month periods ending on the last day of each quarter thereafter. The minimum permitted ratio of ORBDA less capital expenditures to total interest costs under the senior facilities is 1.50 to 1.0 for the 12-month periods ending on quarters on or before December 31, 2007, 1.75 to 1.0 for the 12-month periods ending on December 31, 2008, 2.0 to 1.0 for the 12-month periods ending on December 31, 2009 and 2.5 to 1.0 for the 12-month periods ending thereafter. See Description of Certain Indebtedness Senior Facilities . If we fail to meet this ratio and do not obtain waivers, we may be unable to borrow under such facility and may be compelled to repay amounts outstanding thereunder. Either the inability to borrow or the requirement to repay borrowed sums may have a negative effect on our liquidity and, consequently, may increase our vulnerability to general adverse economic and industry trends or limit our flexibility in adapting to such trends.

In addition, we believe that the presentation of Veritas ORBDA for the periods presented is useful information for investors, when considered together with CGG s ORBDA for the periods presented, to help investors understand what CGGVeritas ORBDA may have been for the periods presented prior to the merger. Investors are cautioned, however, that Veritas historical ORBDA under U.S. GAAP may not be indicative of Veritas contribution to the ORBDA of CGGVeritas, including, for example, as a consequence of differences between IFRS and U.S. GAAP and because CGGVeritas, like CGG, will report its financial results in euro. See Risk Factors The financial statements and other financial information of Veritas presented in this prospectus and used to prepare the unaudited condensed combined pro forma financial information presented in this prospectus and the pro forma financial information itself may not be indicative of the results of Veritas as part of our group . ORBDA is not a measure of financial performance under IFRS or U.S. GAAP and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with IFRS or U.S. GAAP.

The following table presents a reconciliation of ORBDA to Net cash provided by operating activities for CGG under IFRS for the periods indicated:

	Nine months ended September 30,		Year ended December 31,	
	2006	**2005**	**2005**	**2004**
	(in millions)			
ORBDA	359.9	148.9	229.5	172.5
Other financial income (expense) net	(31.4)	(36.7)	(26.0)	(22.7)
Income tax paid	(60.6)	(28.1)	(31.7)	(17.0)
Non-recurring gains (losses)		(0.3)	(0.5)	3.3
Increase (decrease) in other long-term liabilities	3.3	0.3	6.7	(3.5)
Income calculated on stock-option	4.0	0.3	0.4	0.5
Less net gain on sale of asset	(6.0)	0.1	1.6	(11.5)
Other non-cash items	28.1	36.8	27.5	21.4
(Increase) decrease in trade accounts and notes receivables	(52.2)	(25.4)	(24.3)	(26.8)
(Increase) decrease in inventories and work in progress	(28.3)	(17.1)	(45.2)	(16.4)
(Increase) decrease in other current assets	(5.0)	(5.5)	(3.1)	17.4
Increase (decrease) in trade accounts and notes payables	(12.5)	13.1	38.8	9.0
Increase (decrease) in other current liabilities	8.4	9.9	1.0	(5.5)
Impact of changes in exchange rate	(12.1)	13.1	11.2	(0.5)
Less variation of current assets allowance included above	(1.3)	(0.1)	(3.5)	6.7
Net cash provided by operating activities	194.3	109.3	182.4	126.9

The following table presents a reconciliation of ORBDA to Net cash provided by operating activities for Veritas under U.S. GAAP for the periods indicated:

	Three months ended October 31,		Year ended July 31,		
	2006	**2005**	**2006**	**2005**	**2004**
			(in $ millions)		
ORBDA	123.5	81.6	383.7	265.9	278.3
Income tax provision (benefit)	(13.2)	(9.0)	(57.2)	6.8	(3.7)
Gain on involuntary conversion of assets		2.0	2.0	9.9	
Interest income	5.0	1.9	12.0	5.3	1.6
Interest expense	(2.2)	(1.5)	(7.3)	(4.0)	(18.9)
Other (income) expense	(11.7)	0.1	(0.1)	0.9	(0.6)
Loss (gain) on disposition of property and equipment	(0.5)	0.04	0.3	(0.4)	(0.3)
Deferred income taxes	0.5	0.4	3.5	(39.3)	(9.7)
Changes in operating assets and liabilities:					
Account receivable	(23.0)	(5.3)	(62.3)	3.1	(34.5)
Materials and supplies inventory	(0.6)	(1.3)	(1.4)	(1.2)	0.8
Prepayments and other	(13.7)	0.6	(4.9)	(3.3)	(1.8)
Accrued income taxes	6.8	2.9	23.0	12.1	2.6
Accounts payable, deferred revenue, and other accrued liabilities	(27.8)	(44.5)	40.6	69.0	33.0
Other non-current liabilities			4.0	5.1	(1.8)
Other	(0.3)	1.5	0.6	1.4	(2.0)
Net cash provided by operating activities (as reported by Veritas)	**42.7**	**29.4**	**336.6**	**331.3**	**243.0**

CGGVeritas Contractual Obligations

CGG

The following table sets forth CGG s contractual obligations as of December 31, 2005:

	Payments due by period				
	Less than 1 Year	**1-3 Years**	**3-5 Years**	**After 5 Years**	**Total**
			(in millions)		
Financial Debt[(1)]	135.7	17.7	10.1	147.3	310.8
Capital Lease Obligations	23.8	32.2	14.5	30.1	100.6
Operating Leases	51.6	43.2	10.3	0.8	105.9
Other Long-term Obligations (interest on existing notes)	11.5	23.0	23.0	47.2	104.7

Total Contractual Obligations	222.6	116.1	57.9	225.4	622.0

Notes:

(1) Includes principal due on the existing notes issued on April 28, 2005 and principal and interest due on bank debt.

The following table sets forth CGG s contractual obligations as at September 30, 2006:

	Payments due by period				
	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years	Total
			(in millions)		
Financial Debt[1]	27.4	44.1	35.8	256.2	363.5
Capital Lease Obligations (not discounted)	12.0	17.8	37.8		67.6
Operating Leases	45.7	36.1	12.7	2.1	96.6
Other Long-Term Obligations (interest on existing notes)	19.6	39.1	39.1	78.2	176.0
Total Contractual Obligations	104.7	137.1	125.4	336.5	703.7

Notes:

(1) Includes principal due on the existing notes issued on each of April 28, 2005 and February 3, 2006 and principal and interest due on bank debt.

Veritas

The following table presents Veritas contractual obligations as at July 31, 2006:

	Payments due by period				
Contractual Obligations	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
			(in $ millions)		
Long-term debt[1]				155.0	155.0
Estimated interest payments[2]	7.1	14.2	14.2	89.9	125.4
Operating leases	49.1	64.9	49.7	59.0	222.8
Capital leases	1.5	0.3			1.8
Purchase obligations	86.6				86.6
Potential payments under letters of credit	4.6	0.2			4.8
Other long-term liabilities[3]	0.1	1.4		33.0	34.6
Total	148.9	81.0	63.9	337.0	630.9

Notes:

(1) The debt of $155 million has been classified as a current liability since October 31, 2005 because the stock price has remained above the level that triggers the convertibility features of the debt.

(2) The interest rate on Veritas debt is LIBOR less 0.75% For purposes of this table, we used Veritas current interest rate of 4.58% based on a LIBOR of 5.33%. Each 100 basis point increase in LIBOR will increase our annual interest expense by $1.55 million per year.

(3) Includes income tax, deferred revenue, pension and retirement obligations for which the timing of payment is uncertain.

In March 2006, Veritas entered into an agreement with a third party ship owner to charter a vessel currently known as the *Veritas Vision*, which is currently being converted for seismic operations. The term of the charter is for a period of eight years fixed, with options of up to 10 more years. When delivered in the first calendar quarter of 2007, the *Veritas Vision* will be the seventh seismic vessel in the Veritas fleet. In addition to the charter, Veritas expects to invest approximately $60 million to equip the vessel for seismic operations. Of this expected total, $5 million was spent during the fiscal year ended July 31, 2006 and the remainder is expected to be spent during the fiscal year ending July 31, 2007.

In September 2006, Veritas entered into an agreement to charter a seismic vessel, currently known as the *Viking Poseidon*, which is currently expected to be in service commencing in the second calendar quarter of 2007.

This vessel will serve as a replacement for the *Seisquest* vessel, which is under a charter that expires in May of 2007.

Veritas has also entered into a commitment to purchase $26 million of recording equipment to upgrade a vessel in its existing fleet. Substantially all of this amount will be spent during the fiscal year ending July 31, 2007.

Subsequent to July 31, 2006, Veritas renewed its charter agreement to extend the charter expiration related to the *Pacific Sword* from October 2006 to October 2009.

Pro Forma Combined

The following table presents CGGVeritas contractual obligations on a pro forma basis as at September 30, 2006:

	Payments due by period				
Pro Forma Combined	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**After 5 Years**	**Total**
			(in millions)		
Financial debt	47.9	104.8	74.9	334.4	562.0
Additional notes offered hereby due 2015	17.8	35.5	35.5	297.7	386.6
Principal(1)				237.0	237.0
Interest(2)	17.8	35.5	35.5	60.7	149.6
New notes offered hereby due 2017	17.8	35.5	35.5	333.2	422.1
Principal(1)				237.0	237.0
Interest(2)	17.8	35.5	35.5	96.3	185.1
Term loan facility	65.3	128.9	126.6	858.9	1,179.8
Principal	7.9	15.8	15.8	750.4	789.9
Interest(3)	57.4	113.1	110.8	108.5	389.9
Capital leases	13.0	17.8	37.8	0.0	68.6
Operating leases	88.0	115.0	71.2	89.7	363.9
Total Contractual Obligations	**249.7**	**437.6**	**381.6**	**1,914.0**	**2,983.0**

Notes:

(1) Assumes $300 million in principal amount of additional notes offered hereby and $300 million of new notes offered hereby.

(2) Based on an estimated 7.5% interest rate and assuming that the notes offered hereby were issued on September 30, 2006. A change in the interest rate on the notes offered hereby by 50 basis points would have changed the total interest cost by 2.4 million ($3.0 million) per year.

(3) Based on LIBOR plus a margin of 2% for the term loan facility corresponding to a 7.3% interest rate. A change in LIBOR by 50 basis points would have changed the total interest cost by approximately 4.0 million (approximately $5.0 million per year).

CGGVeritas Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

OUR BUSINESS

We are a leading international provider of geophysical services and manufacturer of geophysical equipment. We provide geophysical services principally to oil and gas companies that use seismic imaging to help explore for, develop and manage oil and gas reserves by:

identifying new areas where subsurface conditions are favorable for the accumulation of oil and gas;

determining the size and structure of previously identified oil and gas fields; and

optimizing development and production of oil and gas reserves (reservoir management).

We sell our geophysical equipment primarily to other geophysical service companies.

On January 12, 2007, CGG acquired Veritas pursuant to the merger agreement. Upon completion of the merger, CGG was renamed Compagnie Générale de Géophysique-Veritas (abbreviated as CGGVeritas). For a further discussion of the merger, see The Veritas Merger . On a pro forma basis, after giving effect to the merger and the financing transactions, we would have had total revenue of 1,489.1 million and 1,470.1 million and operating income of 125.7 million and 289.6 million for the year ended December 31, 2005 and the nine months ended September 30, 2006, respectively under IFRS. See Unaudited Pro Forma Condensed Combined Financial Information for an illustration of our results of operations had the merger and the financing transactions occurred on an earlier date.

Our Strategy

We intend to continue to strengthen our competitive position in the global geophysical services and products markets by capitalizing on growth opportunities resulting from both the application of new technologies in every sector of the oil and gas business from exploration to production and reservoir management and from our diversified geographic presence.

To achieve this objective, we have adopted the following strategies:

Focus on Growth Areas for Geophysical Services

We believe that the continued development and enhancement of our proprietary seismic data recording equipment and software will help us to remain among the leading providers of 3D land seismic surveys. We believe that our proprietary equipment and software provide us with a competitive advantage in specific growth markets, such as data acquisition in transition zones and difficult terrain, where recent technological advances have made seismic acquisition more feasible. We intend to focus on developing our technological capabilities in emerging markets for geophysical services, such as reservoir appraisal and production monitoring. We believe that, due to our extensive international experience, we also have a competitive advantage in certain geographic markets such as Europe, Africa, the Middle East and Latin America, where we have been operating longer than many of our competitors and where we have developed partnerships with local seismic acquisition companies in several countries in these regions. We also believe that we have unique experience and expertise in complex land acquisition projects.

Our acquisition of Exploration Resources in September 2005 following our previous significant acquisition of marine seismic assets from Aker Geo in 2001 fits within the strategy we defined in 1999 to strengthen our position in the marine seismic segment. In addition, we believe that the combination of CGG and Veritas has created 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. We believe the geographic complementarities of CGG and Veritas will allow us to respond to the growing demand for seismic imaging and reservoir solutions.

We also intend to maintain our position in the marine seismic market for non-exclusive data by developing our non-exclusive data library. We believe that a strong position in this market segment enhances our global competitive position and may provide opportunities for continuing future sales. In developing our non-exclusive data library, we carefully select survey opportunities in order to maximize our return on investment. In 2005, for example, we carried out several feasibility studies for permanent seismic monitoring, most notably in Brazilian basins. We also intend to apply the latest advances in depth imaging technology to a selected part of our existing library.

Given the growing importance of geophysics in reservoir characterization, we intend to further develop the synergies between our data processing and reservoir services. This approach places us in a better position to meet the requirements of our clients with an extensive range of integrated services. We also intend to increase our processing capability in developing disciplines, such as applications relating to reservoir description and monitoring, including 3D pre-stack depth imaging, multi-component and 4D studies. We also plan to continue promoting and developing our dedicated processing centre services within our clients offices and to develop our regional centers.

Develop Technological Synergies for Products and Capitalize on New Generation Equipment

We believe Sercel is the leading producer of land, marine and subsea geophysical equipment, particularly in difficult terrain. We plan to continue developing synergies among the technologies available within Sercel and to capitalize fully on our position as a market leader. Through internal expenditures on research and development, we seek to improve existing products and maintain an active new product development program in all segments of the geophysical equipment market (land, marine and ocean-bottom).

Develop and Utilize Innovative Technology

We believe that growth in demand for geophysical services will continue to be driven in part by the development of new technologies. The industry is increasingly demanding clearer seismic imaging and better visibility, particularly underneath salt layers. Recent technologies used to acquire seismic data, such as the performance of multi-azimuth technologies, enhances the understanding of complex geological structures. We expect multi-azimuth, multi-component (3C/4C) surveys and time-lapse (4D) surveys to become increasingly important for new production-related applications, particularly in the marine sector, and expect specialized recording equipment for difficult terrain to become more important in land seismic data acquisition, particularly in transition zones and shallow water. We believe that to remain competitive, geophysical services companies will need to combine advanced data acquisition technology with consistently improving processing capacity in order to reduce further delivery times for seismic services.

We believe that the combined technology and know-how of CGG and Veritas will strengthen research and development capabilities to best serve the CGGVeritas client base with a broader range of technologies that we will be able to deliver more rapidly to the market.

Our strategy is to take advantage of our leading technology and our ability to integrate our full range of services to enhance our position as a market leader in:

- land and transition zone seismic data acquisition systems and know-how;
- innovative marine or subsea acquisition systems and services;
- seismic data processing and reservoir services; and
- manufacturing of land, marine and subsea data acquisition equipment.

In this respect, we intend to continue our high level of research and development investment to reinforce our technological leadership.

Emphasize Client Service

We believe it is important to operate in close proximity to our clients to develop a better understanding of their individual needs and to add measurable value to their business processes. We respond to these needs by creating new products or product enhancements that improve the quality of data and reduce the data delivery time to clients. We believe that our regional multi-client and dedicated data processing centers in our clients offices provide us with an advantage in identifying contract opportunities, optimizing service to clients and developing products responsive to new market demands, such as seismic techniques applied to reservoir management. We believe that we are well positioned to benefit from the industry trend towards increased outsourcing that is leading oil and gas companies to place greater emphasis on relationships and service quality, including health, safety and protection of the environment, in their selection of third party service providers, including geophysical services providers. We plan to continue implementing our strategy toward client service through:

- tailoring our data acquisition operations to meet specific client demands;
- expanding regional multi-client and dedicated on-site processing centers;
- recruiting and training customer-oriented service staff;
- organizing client training seminars focused on our products and services;
- developing easy access to our multi-client data library through the increasing application of e-business technologies;
- developing corporate contracts with our main clients; and
- gaining access to new data acquisition markets, such as subsea and newly opening territories.

Provide Integrated Services

We are committed to providing clients with a full array of seismic data services, from acquisition and processing to data interpretation and management. We believe that integration of compatible technology and equipment increases the accuracy of data acquisition and processing, enhances the quality of our client service and thereby improves productivity in oil and gas exploration and production. Our clients increasingly seek integrated solutions to better evaluate known reserves and improve the ratio of recoverable hydrocarbons from producing fields. We are continuing to develop our ability to provide geosciences solutions through a combination of various exploration and production services, including technical data management, reservoir characterization and interpretation of well information.

Exploit Strong Data Libraries

In addition, we intend to take advantage of the complementary, recent vintage, well-positioned seismic data libraries of CGG and Veritas. For example, in the Gulf of Mexico, Veritas data library is 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 by applying the latest processing software development to achieve an optimal image. Onshore, Veritas land library offers additional potential in North America. Our combined library is a strength in a market where a global library portfolio is increasingly attractive to clients.

Develop Reservoir Applications

Seismic data is currently mainly used by oil and gas companies for exploration purposes. However, we are progressively extending our core business towards compiling and analyzing seismic data of existing reservoirs. Through high-resolution images and our expertise in 4D seismic and permanent monitoring, we aim to assist hydrocarbon producers in better characterizing and predicting the static properties and dynamic behavior of their reservoirs.

Competition

Most contracts are obtained through a competitive bidding process, which is standard for the industry in which we operate. Important factors in awarding contracts include service quality, technological capacity, performance, reputation, experience of personnel, customer relations and long-standing relationships, as well as price. While no single company competes with CGGVeritas in all of its segments, we are subject to intense competition with respect to each of our segments. We compete with large, international companies as well as smaller, local companies. In addition, we compete with major service providers and government-sponsored

enterprises and affiliates. Some of our competitors operate more data acquisition crews than we do and have substantially greater financial and other resources.

The land seismic market is extremely fragmented and characterized by intense price competition. There are a large number of seismic companies, mostly small and local, in the land acquisition and land data processing areas where financial and technical barriers to entry are minimal. Due to the constantly changing configurations of seismic crews and the immense numbers of channels in the market, it is impossible to discuss the global competition in land acquisition in any quantitative fashion. The entrance of a significant number of Chinese competitors seeking to expand their international market share beginning in 2000 has driven down prices in this sector and decreased the market share of established participants. In addition, certain very active services markets, such as China and Russia, are not practically accessible to international service providers like us. The most significant service providers in land are Western Geco and BGP. We believe that price is the principal basis of competition in this market, although relationships with local service providers are important, as is experience in unusual terrain, where high-end equipment, such as 3-component products, can add value in certain areas with complex geology. Volume in the land seismic market increased by almost 20% in 2005 with a positive, but moderate, impact on market prices.

The offshore sector has four leading participants: Western Geco, PGS, Fugro and us. From 1999 to mid-2004, the offshore market experienced excess supply, which put downward pressure on prices. Because of the high fixed costs in this sector, excess supply was not reduced by operators but rather channeled into multi-client libraries. According to a September 15, 2005 report by Enskilda Securities, a third party industry analyst, there are a total of 60 towed-streamer vessels working in the world, including 44 3D vessels and 16 2D vessels. With supply flat since 2003, however, and demand increasing since 2004, prices have recovered significantly in this market and we have experienced a continuous increase of exclusive volumes and sales from the multi-client existing libraries since 2005. In the multi-client library business, we compete with the full-service seismic companies mentioned above, as well as with specialty library companies such as TGS Nopec Geophysical Company ASA and Seitel Inc.

The processing sector is led by Western Geco and us. This market is characterized by greater client loyalty than the acquisition sector, as evidenced by the presence of processing centers on client premises. Processing capacity has multiplied in recent years as a result of improvements in computing technology. This increase in computing power has allowed improved processing and the use of more complex and accurate algorithms.

Our principal competitor for the manufacture of seismic survey equipment is Input/ Output Inc. The market for seismic survey equipment is highly competitive and is characterized by continual and rapid technological change. We believe that technology is the principal basis for competition in this market, as oil and gas companies have increasingly demanded new equipment for activities such as reservoir management and data acquisition in difficult terrain. Oil and gas companies have also become more demanding with regard to the quality of data acquired. Other competitive factors include price and customer support services.

Industry Conditions

Overall demand for geophysical services and equipment is dependent upon spending by oil and gas companies for exploration, production development and field management activities. This spending depends in part on present and expected future oil and gas prices.

We believe that the medium-term outlook for the geophysical services sector and the demand for the geophysical products is fundamentally positive for a number of reasons:

- Economic growth, particularly in more active regions such as Asia (notably China, India and Brazil), is generating increased energy demand and leading to higher energy prices and increased exploration efforts;

- The need to replace depleting reserves and maximize the recovery of oil in existing reservoirs should encourage capital expenditures by companies engaged in exploration and production, which we expect will benefit the seismic industry;

The scope of application of geophysical services has considerably increased over the last several years as a result of significant research and development efforts. Geophysical services can now potentially be applied to the entire sequence of exploration, development and production as opposed to exploration only. This is particularly true with technologies such as 4D (time lapse seismic data); and

Finally, the depth and duration of the contraction in the geophysical sector between 1999 and 2004 may have increased awareness among geophysical service providers of the risks related to market overcapacity.

We believe that the merger puts us in a strong position to benefit from these industry conditions. See The Veritas Merger Merger Rationale .

BUSINESS OF CGG

History and Development of the Company

CGG was established in 1931 to market geophysical techniques for appraising underground geological resources. Since that time, it has gradually come to specialize in seismic techniques adapted to exploration for and production of oil and gas, while continuing to carry on other geophysical activities. CGG is a *société anonyme* incorporated under the laws of the Republic of France and operating under the French *Code de commerce.* Its registered office is Tour Maine-Montparnasse, 33 avenue de Maine, BP 191, 75755 Paris CEDEX 15, France. Its telephone number is (33) 1 64 47 45 00.

Over the course of the last three years, CGG completed numerous acquisitions and dispositions which are described under Management s Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting CGGVeritas Results of Operations Acquisitions and Disposals elsewhere in this prospectus.

Business Overview

CGG s operations have historically been organized into two main segments: Services and Products. Services accounted for 63% and 64% and Products accounted for 37% and 36% of its consolidated revenues for the nine months ended September 30, 2006 and for the year ended December 31, 2005, respectively. CGG generates revenues (by location of customers) on a worldwide basis. For the nine months ended September 30, 2006, 33% of its consolidated revenues were from the Americas, 33% from the Middle East and the Asia-Pacific region, 24% from Europe and CIS, and 10% from Africa. For the year ended December 31, 2005, 34% of its consolidated revenues were from the Americas, 34% from the Middle East and Asia-Pacific region, 22% from Europe and CIS and 10% from Africa.

Operating Revenues Data

Revenues by Activity

The following table sets forth CGG s consolidated operating revenues by activity, and the percentage of total consolidated operating revenues represented thereby, for the periods indicated:

	Nine months ended September 30,				Year ended December 31,			
	2006		**2005**		**2005**		**2004**	
	(in millions, except percentages)							
Services								
Land SBU	96.9	10%	88.2	15%	119.8	14%	77.3	11%
Offshore SBU	404.1	42%	222.3	37%	319.5	37%	205.7	30%
Processing & Reservoir SBU	102.3	11%	81.1	13%	113.0	13%	105.0	15%
Total Services	603.3	63%	391.6	64%	552.3	64%	388.0	56%
Products	352.3	37%	215.9	36%	317.6	36%	299.4	44%
Total	955.6	100%	607.5	100%	869.9	100%	687.4	100%

Revenues by Region (by location of customers)

The following table sets forth CGG s consolidated operating revenues by region, and the percentage of total consolidated operating revenues represented thereby, for the periods indicated:

	Nine months ended September 30,				Year ended December 31,			
	2006		**2005**		**2005**		**2004**	
	(in millions, except percentages)							
Americas	314.0	33%	178.7	29%	291.7	34%	207.7	30%
Asia-Pacific/ Middle East	313.2	33%	217.1	36%	297.3	34%	274.5	40%
Europe and CIS	229.4	24%	138.6	23%	190.3	22%	138.2	20%
Africa	99.0	10%	73.1	12%	90.6	10%	67.0	10%
Total	955.6	100%	607.5	100%	869.9	100%	687.4	100%

Services

CGG s services have historically been organized into the following three Strategic Business Units (SBUs) for increased efficiency: Land SBU, Offshore SBU and Processing & Reservoir SBU. Following the merger, CGGVeritas intends to organize the services business both into geographical operating segments for the western and eastern hemispheres, and into land, offshore and processing & reservoir business lines.

CGG has established a network of country managers responsible for promoting its entire spectrum of products and services in its main markets, focusing on providing comprehensive solutions to client problems. CGG believes that its capacity to provide integrated geophysical services is a significant competitive advantage that will help it to implement all components of its strategy.

Land

CGG is a significant land seismic contractor outside North America, particularly in difficult terrain. At December 31, 2005, it had 12 land crews performing specialized 3D and 2D seismic surveys, all of which were recording data. Revenues from its Land SBU accounted for 11% and 14% of CGG s consolidated operating revenues in 2004 and 2005, respectively and 10% of its consolidated operating revenues for the nine months ended September 30, 2006.

Land Seismic Acquisition

Land seismic acquisition includes all seismic surveying techniques where the recording sensor is either in direct contact with, or in close proximity to, the ground. CGG s land business line offers integrated services, including the acquisition and on site processing of seismic data on land, in transition zones and on the ocean floor (seabed surveys).

Description of Activity

Seismic surveying on land is carried out by installing geophones linked to digital recorders that are used to receive the signals from reflected acoustical waves. Vibroseismic vehicles are the preferred method of generating acoustical waves since the frequency of the waves they emit can be precisely modulated by a computerized system and is less susceptible to noise or error. In difficult terrain or transition zones, however, other methods of generating acoustical waves must be utilized, such as explosives or air guns.

Seismic surveying in transition zones and on the sea-bed is carried out by laying cables or other stationary measuring devices on the ocean floor. Ocean-bottom cables allow seismic surveys to be conducted in areas not accessible to marine vessels, such as shallow water or the area around drilling platforms. Ocean-bottom cables also provide high quality seismic data because they are in direct contact with the ocean floor.

CGG s land seismic crews are equipped with advanced proprietary equipment and software used in each stage of the land seismic acquisition process, including:

the Sercel 408UL seismic data recorders, which feature 24-bit digital recording technology;

Geoland quality control software, which is used to verify that the location of field data points during a survey corresponds to their theoretical position;

the Sercel VE 432 vibrator electronic control system, used to synchronize and verify the emission of acoustical waves by vibrators; and

Geocluster software, used for on-site processing and quality control of acquired data.

CGG believes that its proprietary equipment and software enable it to offer high quality, fully integrated land seismic services. It has pioneered real-time positioning of geophones and seismic sources, quality control of positioning during land surveys, and on-site processing, which together increase the accuracy and efficiency of such surveys.

One of the challenges inherent in land acquisition surveys is gathering data without disrupting environmentally sensitive zones, such as mountainous regions, tropical forests and swamps in which such surveys are frequently located. CGG has designed shallow draft boats and ultra-light drilling equipment to facilitate operations in such sensitive zones. This equipment can be transferred safely and rapidly from one area to another. CGG also works in conjunction with the local community at site locations, hiring local employees and obtaining necessary local authorizations to alleviate potential opposition to its operations.

The difficulty of access to survey sites is a major factor in determining the number of personnel required to carry out a survey and the cost of a survey. Fully staffed land or transition zone areas range in size from 40 to 3,000 members (principally composed of local employees in the latter case), and the cost of a survey can range from several hundred thousand to several million dollars per month, depending on the size of the team and the type and difficulty of the study.

CGG works closely with its clients to plan surveys in accordance with their specifications. This provides it with a competitive advantage in being selected to carry out surveys, whether such surveys are awarded based on competitive bids or directly negotiated agreements with clients. CGG regularly conducts land acquisition surveys for national and international oil companies.

CGG has developed partnerships with local seismic acquisition companies in several countries (Kazakhstan, Indonesia and Libya). CGG brings to these partnerships its international expertise, technical know-how, equipment and experienced key personnel as needed, while local partners provide their logistical resources, equipment and knowledge of the environment and local market.

In Saudi Arabia, CGG s land seismic acquisition activities are conducted through Arabian Geophysical & Surveying Co. (Argas), a joint venture owned 49% by us and 51% by TAQA, its local partner.

Restructuring

In 2003, CGG s land acquisition business unit went through a period of intense competition that led it to reassess its presence in certain geographical land acquisition markets and to launch a restructuring program to substantially lower fixed costs in its land acquisition unit. This program is now fully implemented and its land acquisition business has at least broken even since the second quarter of 2005.

Offshore

CGG provides a full range of 3D marine seismic services, principally in the Gulf of Mexico, the North Sea and off the coasts of West Africa and Brazil as well as in the Asia-Pacific region. The capacity to both acquire and process marine seismic data is an important element of its overall strategy to maintain and develop its leading position in marine seismic data acquisition and processing. CGG expanded its offshore capabilities substantially in September 2005, when it acquired Exploration Resources, a Norwegian provider of marine seismic acquisition services. Revenues from its Offshore SBU accounted for 30% and 37% of CGG s consolidated operating

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revenues in 2004 and 2005, respectively, with Exploration Resources included in its results for the last four months of 2005. Revenues from its Offshore SBU accounted for 42% of CGG s consolidated operating revenues in the nine months ended September 30, 2006.

Description of Activity

Marine seismic surveys are conducted through the deployment of submersible cables (streamers) and acoustic sources (airguns) from marine vessels. Such streamers are each up to 10 kilometers long and carry hydrophone groups normally spaced 12.5 meters apart along the length of the streamer. The recording capacity of a vessel is dependent upon the number of streamers it tows and the number of acoustic sources it carries, as well as the configuration of its data recording system. By increasing the number of streamers and acoustic sources used, a marine seismic operator can perform large surveys more rapidly and efficiently.

Through its subsidiary, Exploration Resources, CGG provides marine seismic services to the global oil and gas industry with a focus on towed seismic data acquisition, multi-client seismic services and 4C/4D seabed operations. Exploration Resources activities consist of delivering 2D and 3D seismic surveys, as well as seabed surveys through its subsidiary Multiwave.

Each of the six seismic acquisition vessels CGG operated prior to the Exploration Resources acquisition is equipped with modern integrated equipment and software and has the capacity to conduct 3D surveys. CGG s vessels can deploy between six and 10 streamers up to 10 kilometers long and are equipped with on board processing capability. In September 2005, CGG expanded its capacity from five seismic vessels to six with a technological upgrade of one of its source vessels, the *Laurentian,* into a 3D seismic vessel. CGG owns two of its vessels and operates the other four through time charters.

Exploration Resources owns three seismic vessels equipped for 2D studies (*Princess, Duke* and *Venturer*) and two vessels equipped for 3D studies (*C-Orion* and *Search*). In addition, it charters the *Geo Challenger,* a cable vessel converted to 3D in 2006, on a long-term basis and the *Pacific Titan,* a vessel equipped for 2D studies, on a short-term basis. *Search* was chartered to TGS Nopec under a contract until October 29, 2006. The 2D vessels *Princess, Duke* and *Venturer* were partly chartered until April 2006 to Fugro Geoteam, a subsidiary of Fugro N.V., as part of a strategic alliance with Exploration Resources existing prior to CGG s acquisition. These vessels have now become part of our fleet. In this framework, the parties agreed that Exploration Resources would supply the vessel, marine crew, technical support, insurance and seismic equipment, while Fugro Geoteam supplied the geophysical services, seismic personnel and operational support. Profits were then divided, with Exploration Resources receiving 60% to 85% and Fugro Geoteam receiving 15% to 40%, after agreed deductibles related to operational and capital costs.

The *C-Orion* was launched as a 3D vessel with eight streamers in early 2006 and the *Geo Challenger* will be converted to a 3D vessel with twelve streamers in the first half of 2006, increasing to nine the number of CGG vessels with 3D capability. The four remaining 2D vessels will be used for 2D surveys or, where possible, as source vessels for more complex operations, which have higher margins, such as for 4D, high-resolution, and wide azimuth.

The additional vessels increase CGG s fleet management flexibility considerably. For instance, when demand for exclusive surveys increases (as is currently the case), CGG is able to meet demand while continuing to devote a portion of its fleet to enhancing its multi-client library. With more vessels, CGG also increases its geographical coverage and can minimize unproductive time by reducing vessels transit between areas of operation.

In addition to the seven vessels that are part of the Exploration Resources fleet, CGG operates six vessels, of which it owns two, it operates two under renewable time charters with Louis Dreyfus Armateurs (LDA), one of the largest shipowners in France, it operates one under time charter indirectly in partnership with LDA, and it operates one under time charter with Tech Marine International Ltd. (TMI). Time charters allow CGG to change vessels in order to keep pace with market developments and provide it with the security of continued access to vessels without the significant investment required for ownership. LDA and TMI also supply crews for the three vessels each (other than persons directly involved in seismic data acquisition and ship management).

Rieber Shipping AS, one of the largest ship managers in Norway, undertakes the ship management of the Exploration Resources fleet.

Marine seismic acquisition requires advanced navigation equipment for positioning vessels, acoustic sources and streamers and specialized techniques for safe and rapid deployment and retrieval of acoustic sources and streamers. Most of the vessels operated by CGG are fitted with a full complement of modern integrated equipment and software, including onboard computer equipment running CGG s GeovecteurPlus software, used to process seismic data.

Seabed

Exploration Resources subsidiary, Multiwave, is a Norwegian seismic company specializing in seabed seismic operations and electromagnetic seabed logging (EM SBL). Seabed seismic generally is a more recent process than towed seismic and generally does not compete with towed seismic. Seabed seismic operations are most often used in areas where conventional streamer acquisition is impossible. The method can also be more effective in certain types of seismic applications, such as the monitoring of existing production fields to optimize reservoir recovery rates. Seabed seismic collection is based on laying recording cables on the seabed either permanently or as a mobile system that can be re-used in other areas. The data collection may take place through multiple components (3C) adapted to seabed environments, resulting in greater accuracy than conventional towed seismic, or through permanent systems that permit continuous monitoring over time (4C/4D).

EM SBL is a complementary data acquisition method allowing for remote identification of hydrocarbon filled layers in deepwater areas. There are only two independent providers of this patented technology, ElectroMagnetic GeoServices and OHM. Multiwave has a service agreement with ElectroMagnetic GeoServices for EM SBL projects.

The market for seabed services is still developing, and CGG has until now had limited experience in it. By acquiring Exploration Resources, however, CGG has obtained strong know-how and experience in the fields of seabed seismic and EM SBL. CGG will continue to offer these services under the Multiwave name.

Multi-client Library

Exclusive contract surveys generally provide for CGG to be paid a fixed fee per square kilometer of data acquired. When CGG acquires marine seismic data on an exclusive basis, the customer directs the scope and extent of the survey and retains ownership of the data obtained. In regions where there is extensive petroleum exploration, such as Brazil, the Gulf of Mexico, West Africa, the Mediterranean Sea and the North Sea, CGG also undertakes multi-client (or non-exclusive) surveys whereby it retains ownership of the seismic data. This enables it to provide multiple companies access to the data by way of license. As a result, CGG has the potential to obtain multiple and higher revenues, while its customers who license the data have the opportunity to pay lower prices. Exploration Resources also regularly conducted non-exclusive surveys that could later be sold to one or more customers. Exploration Resources multi-client library represented close to 111,000 kilometers of 2D data at the time of acquisition.

CGG s policy is generally to require a minimum share of the estimated cost of each multi-client survey to be covered by pre-commitments from clients prior to commencement. CGG treats these multi-client projects as investments. In determining whether to undertake multi-client surveys, it considers factors that include the availability of initial participants to underwrite a share of the costs to acquire such data, the location to be surveyed, the probability and timing of any future lease concessions and development activity in the area and the availability, quality and price of competing data. Once the surveys are completed, CGG s customers may license the resulting data through after-sales .

Non-exclusive survey production accounted for approximately 17% of CGG s fleet utilization in the nine months ended September 30, 2006 compared to 5% in 2005 and 15% in 2004. The decrease in 2005 as compared to 2004 was primarily due to a result of sharply increased demand for exclusive surveys in 2004 and inadequate fleet capacity. Within the multi-client survey market, pre-commitment sales have decreased in 2005 while after-sales have benefited from increased customer demand. For each year ended 2005, 2004, 2003 and 2002, CGG s multi-client revenues (both pre-commitments and after-sales) have exceeded its investments in its multi-client library.

Processing & Reservoir

CGG provides seismic data processing and reservoir services through its network of 30 data processing centers and reservoir teams located around the world. Revenues from its Processing & Reservoir SBU accounted for 15% of CGG s consolidated operating revenues in 2004 and for 13% in 2005, respectively and 11% of its consolidated operating revenues for the nine months ended September 30, 2006.

Description of Activity

CGG s seismic data processing operations transform seismic data acquired in the field into 2D cross-sections or 3D images of the earth s subsurface using Geocluster, its proprietary seismic software. These images are then interpreted by geophysicists and geologists for use by oil and gas companies in evaluating prospective areas, selecting drilling sites and managing producing reservoirs. CGG processes seismic data acquired by its own land and marine acquisition crews as well as seismic data acquired by non-affiliated third parties. Marine seismic data has been a significant source of the growth in demand for CGG s data processing services and represents over two-thirds of its operating revenues generated in its processing centers. In addition, CGG reprocesses previously processed data using new techniques to improve the quality of seismic images.

Beyond conventional processing and reprocessing, CGG is also increasingly involved in reservoir-applied geophysics, an activity that encompasses large integrated reservoir studies from reprocessing to full reservoir simulation. It also includes advanced technology studies such as reservoir characterization, stratigraphic inversion and stochastic reservoir modeling. In 2001, CGG was awarded contracts to operate dedicated 4D processing centers for BP and Shell. These contracts have been regularly extended since then.

While CGG s reservoir teams mainly operate from Houston (covering South American projects), London and Massy, France, it also provides seismic data processing (conventional and reservoir-oriented) services through a large network of international and regional data processing centers located around the world. CGG operates six international processing centers located in Massy, London, Oslo, Houston, Kuala Lumpur and Calgary. Five of these centers are linked by high-speed fiber optic connections, and all of CGG s centers have access to powerful high-performance computers. CGG complements its network of international centers with regional multi-client centers and dedicated centers that bring processing facilities within its clients premises. Sixteen of its data processing centers are dedicated centers that are located in CGG s clients offices. CGG believes that these dedicated centers are responsive to the trend among oil and gas companies to outsource processing work while providing its clients with a high level of service. These centers enable CGG s geoscientists to work directly with clients and tailor CGG s services to meet individual clients needs.

The deployment of new technologies developed by CGG s research and development teams and improved project management methods have increased its efficiency in time and depth migrations. The expertise in 4D that CGG acquired in the North Sea, in particular through its 4D dedicated centers in Aberdeen, has now been exported to the Gulf of Mexico, where this activity is growing.

CGG s geographical presence was strengthened in Southeast Asia with the opening of the Kuala Lumpur hub in 2004, equipped with new computer facilities, which is becoming one of its major regional hubs, and is enabling CGG to increase its reach throughout the Asia-Pacific region.

Each of the principal computers used at CGG s centers is leased for a period of approximately two years, permitting CGG to upgrade to more advanced equipment at the time of renewal. In 2005, CGG had more than 10,000 PC clusters worldwide, an average real-time computer capacity representing more than 65 teraflops, compared to 40 in 2004, 30 in 2003 and 15 in 2002. CGG s delivery time has decreased in recent years, enabling delivery of data to clients within the same timeframe as work performed directly onboard marine vessels. CGG believes that, with the combined capacity of its centers located in Massy and London, it has one of the largest computing capacities of any privately-owned facility in Europe.

IT and Data Management

CGG competes in the data management market through sales of PetroVision, a software designed to manage and permit instant retrieval of large quantities of geological, geophysical, well and production data.

Processing Software Development and Sales

CGG sells Geocluster, its proprietary processing software, to the oil and gas industry as well as to scientific and university research centers. This software is currently available on most modern platforms in the market, including Linux platforms. CGG s other proprietary software products include:

Geovista, a set of software products used to produce accurate images of geological structures and showing depth;

Stratavista, advanced software used to determine specific rock properties from stratigraphic inversion of seismic data;

WaveVista, a depth migration service based on wave equations;

VectorVista, designed to provide greater understanding of seismic data acquired with multi-component techniques; and

ChronoVista, a set of software products used to produce accurate images of geological structures over time.

Products

CGG conducts its equipment development and production operations through Sercel and its subsidiaries. CGG believes Sercel is the market leader in the development and production of seismic acquisition systems and specialized equipment in the land and offshore seismic markets. Sercel is operated as an independent division and makes most of its sales to purchasers other than CGG. Sercel currently operates eight seismic equipment manufacturing facilities, located in Nantes, Saint Gaudens and Toulon in France, Houston, Sydney, Singapore, Alfreton in England and Calgary. In China, Sercel operates its activities through Sercel-JunFeng Geophysical Equipment Co Ltd, based in Hebei (China), in which Sercel acquired a 51% stake in the capital in 2004 and through Xian-Sercel a manufacturing joint venture with XPEIC (Xian Petroleum Equipment Industrial Corporation), in which Sercel holds a 40% interest. In addition, two sites in Massy and Brest (France) are dedicated to borehole tools and submarine acoustic instrumentation, respectively.

Revenues from CGG s Products segment accounted for 44% and 36% of its consolidated operating revenues in 2004 and 2005, respectively and 37% of its revenues for the nine months ended September 30, 2006.

Description of Activity

Sercel offers and supports worldwide a complete range of geophysical equipment for seismic data acquisition, including seismic recording equipment and seismic sources, and provides its clients with integrated solutions. Sercel s principal product line is seismic recording equipment, particularly the 408UL 24-bit recording systems.

In November 1999, Sercel launched the 408UL seismic data recording system, the 408UL. The 408UL offers greater operating flexibility than any other previous generation system due to:

clusters of ultra-light acquisition modules allowing total flexibility of configuration;

the option of mixing different communication media (cable, radio, micro-wave, laser, fiber-optic) to form a true network allowing the user to define data routing and hence avoid obstacles in the field; and

an architecture fully supported by a new generation of object-oriented software.

The 408UL is one of the industry s most advanced systems, and at the end of the year 2005, the installed base reached more than 785,000 channels. Sercel, seeking to provide users with systems well-adapted to various environments, developed the 408UL system on the basis of an upgradeable architecture. In 2002, Sercel expanded its family of 408UL products with the ULS version for transition zone environment and in 2003 with the digital sensor unit (DSU) featuring three component digital sensors based on the MicroElectroMechanicalSystem (MEMS). In November 2005, at the Society of Exploration Geophysicists convention in Houston, Sercel announced the launch of 428 XL, the new generation of land seismic acquisition systems. The 428 XL offers enhanced possibilities in high density and multi-component land acquisition.

Sercel is also a market leader for vibroseismic vehicles. Sercel s latest vibrators, called Nomad, offer high reliability and unique ergonomic features. Nomad is available with either normal tires or a tracked drive system. The track drive system allows Nomad vibrators to operate in terrain not accessible to vehicles with tires. In sand dunes or arctic conditions this can improve crew productivity. During the geophysical European congress held in Paris, France on June 2004, Sercel launched the Nomad 90, a geoseismic vehicle that is capable of exerting a peak force 90,000 pounds.

In addition to recording systems, Sercel develops and produces a complete range of geophysical equipment for seismic data acquisition and other ancillary geophysical products as a result of the acquisition of Mark Products in September 2000, which specialized in the manufacture of geophones, cables and connectors. The acquisition of a 51% stake in Sercel-JunFeng Geophysical Equipment Co Ltd, based in Hebei, China, in January 2004 reinforced CGG s manufacturing capabilities for geophone, cables and connectors, as well as its presence on the Chinese seismic market.

The Seal, CGG s marine seismic data recording system, capitalizes on the 408 architecture and on CGG s many years of experience in streamer manufacturing. The Seal is the currently sole system with integrated electronics. Sercel has recently developed, among other products, an innovative solid streamer cable for marine seismic data acquisition that is designed to reduce downtime due to adverse weather conditions and thereby increase data acquisition productivity. Sercel has also expanded its marine product range with ocean- bottom cable. In November 2005, Sercel launched the Sentinel solid streamer, a new product in its Seal line that is the outcome of the technological synergies realized in recent acquisitions. Sercel has already received several firm orders for the new Sentinel.

Sercel significantly expanded its product range and increased its market share in the seismic equipment industry with the acquisitions of GeoScience Corporation in December 1999, Mark Products in 2000 and continued its expansion in 2003 and 2004. In October 2003, Sercel acquired Sodera S.A., a leading provider of air gun sources used mainly in marine seismic data acquisition. In January 2004, Sercel acquired a division of Thales Underwater Systems Pty Ltd. that develops and manufactures surface marine seismic acquisition systems, particularly solid streamers, and seabed marine seismic acquisition systems. Both Thales seismic equipment business and Sercel-JunFeng have been consolidated within the CGG group from January 2004. In addition, through the acquisitions of Createch and Orca in 2004, Sercel is continuing its expansion while strengthening its position in two areas with perceived growth potential: sea-floor seismic systems and borehole seismic tools.

As a result of these acquisitions, Sercel is a market leader in the development and production of both marine and land geophysical equipment. It is a global provider for the seismic acquisition industry with a balanced industrial position in terms of both product range and geographical presence.

Seasonality

CGG s land and marine seismic acquisition activities are seasonal in nature. CGG generally experiences decreased revenues in the first quarter of each year due to the effects of weather conditions in the Northern Hemisphere and to the fact that its principal clients are generally not prepared to fully commit their annual exploration budget to specific projects during that period.

CGG has historically experienced higher levels of activity in its equipment manufacturing operations in the fourth quarter as its clients seek to fully deploy annual budgeted capital.

Intellectual Property

CGG continually seeks the most effective and appropriate protection for its products, processes and software and, as a general rule, will file for patent, copyright or other statutory protection whenever possible. CGG s patents, trademarks, service marks, copyrights, licenses and technical information collectively represent a material asset to its business. However, no single patent, trademark, copyright, license or piece of technical information is of material importance to its business when taken as a whole. As at December 31, 2005, CGG held 144 patents in respect of different products and processes worldwide. The duration of these patents varies from four to 20 years, depending upon the date filed and the duration of protection granted by each country.

Organizational Structure

CGG s principal direct subsidiaries are as follows:

Subsidiary	Jurisdiction of organization	Head office	% of interest
Sercel S.A.	France	Carquefou, France	100.0
CGG Services SA	France	Massy, France	100.0
CGG Americas, Inc.	Texas	Houston, Texas, United States	100.0
CGG Marine Resources Norge A/ S	Norway	Hovik, Norway	100.0
Companía Mexicana de Geofisica	Mexico	Mexico City, Mexico	100.0
CGG do Brasil Participaçoes Ltda.	Brazil	Rio de Janeiro, Brazil	100.0
Exploration Resources ASA	Norway	Oslo, Norway	100.0
Sercel Inc.	Oklahoma	Tulsa, Oklahoma, United States	100.0
CGGVeritas Services Inc.	Delaware	Houston, Texas, United States	100.0

Property, Plant and Equipment

The following table sets forth certain information as at December 31, 2005 relating to CGG s principal properties:

Location	Type of facilities	Size	Owned/ Leased
Paris, France	Registered offices of CGGVeritas and executive offices for the group	725 m$^{(2)}$	Leased
Massy, France	Registered offices of CGG Services SA	9,174 m$^{(2)}$	Owned
Massy, France	Data processing center	7,371 m$^{(2)}$	Owned
London, England	Data processing center	2,320 m$^{(2)}$	Leased
Redhill, England	Administrative offices	2,095 m$^{(2)}$	Leased
Houston, Texas, U.S.A.	Offices of CGG Americas, Inc.	6,905 m$^{(2)}$	Leased
Houston, Texas, U.S.A.	Offices and manufacturing premises of Sercel	24,154 m$^{(2)}$	Owned
Cairo, Egypt	Data processing center	2,653 m$^{(2)}$	Leased
Kuala Lumpur, Malaysia	Data processing center and administrative offices	1,152 m$^{(2)}$	Leased
Perth, Australia	Data processing center	429 m$^{(2)}$	Leased
Calgary, Canada	Administrative offices and data processing center	1,764 m$^{(2)}$	Leased
Rio de Janeiro, Brazil	Offices of CGG Do Brazil	326 m$^{(2)}$	Leased
Oslo, Norway	Data processing center CGG Norge	1,431 m$^{(2)}$	Leased
	Offices of CGG Marine Resources Norge A/S	243 m$^{(2)}$	Leased

Bergen, Norway	Offices of Exploration Resources AS and Multiwave AS	992 m(2)	Leased
Mexico City, Mexico	Registered office of CMG	570 m(2)	Leased
Caracas, Venezuela	Administrative offices	315 m(2)	Leased
	Processing activities	1,394 m(2)	Leased
Carquefou, France	Sercel factory. Activities include research and development relating to, and manufacture of, seismic data recording equipment	23,318 m(2)	Owned
Saint Gaudens, France	Sercel factory. Activities include research and development relating to, and manufacture of, geophysical cables, mechanical equipment and borehole seismic tools	16,000 m(2)	Owned

Location	Type of facilities	Size	Owned/ Leased
Sydney, Australia	Activities include research and development relating to, and manufacture and marketing of, marine streamers	7,096 m(2)	Leased
Xu Shui, China	Activities include research and development relating to, and manufacture of geophones	59,247 m(2)	Leased
Calgary, Canada	Manufacture of geophysical cables	8,357 m(2)	Owned
Alfreton, England	Manufacture of geophysical cables	5,665 m(2)	Owned
Singapore	Manufacture of geophysical cables	5,595 m(2)	Owned

CGG also leases other offices worldwide to support its operations. CGG believes that its existing facilities are adequate to meet its current requirements.

The following table provides certain information concerning the 2D and 3D seismic vessels operated by the Offshore SBU during 2006:

Vessel Name	Year built	Year added to fleet	Charter expires	2D/3D	Number of streamers	Vessel length (in meters)
CGG Föhn	1985	1985	2008	3D	8(1)	84.5
CGG Harmattan	1993	1993	2008	3D	8(1)	96.5
CGG Alizé	1999	1999	2007	3D	10	100.0
Laurentian	1983	2003	2008	3D	6	84.4
CGG Amadeus	1999	2001	N/A	3D	8	87.0
CGG Symphony	1999	2001	N/A	3D	10	120.7
Search(2)	1982	2005	N/A	3D	6	98.5
C-Orion(2)	1979	2005	N/A	3D	8	81.0
Geo Challenger(2)	1999	2005	2010	3D	12	96.4
Princess(2)	1985	2005	N/A	2D	1-2(3)	76.2
Duke(2)	1983	2005	N/A	2D	1	66.7
Venturer(2)	1986	2005	N/A	2D	1-4(3)	89.5
Pacific Titan(2)	1982	2005	2006	2D	1-4(3)	64.5

Notes:

(1) In high-resolution mode.

(2) Vessel in the Exploration Resources fleet.

(3) One streamer if long or multistreamer mode for shorter streamers.

Environmental Matters and Safety

Our operations are subject to a variety of environmental health and safety laws. We need to invest financial and managerial resources to comply with these laws and related permit requirements. Our failure to do so could result in fines or penalties, enforcement actions, claims for personal injury or property damages or obligations to investigate and/or remediate contamination. Failure to timely obtain the required permits may also result in crew downtime and operating losses. Moreover, if applicable environmental, health and safety requirements, or the interpretation or enforcement thereof, become more stringent in the future, we could incur capital or operating costs beyond those currently anticipated. The adoption of laws and regulations that have the effect of curtailing exploration by oil and gas companies could also materially adversely affect our operations by reducing the demand for our geophysical products and services. CGG is not involved in any significant legal proceedings concerning environmental matters and is not aware of any claims or potential liability concerning environmental matters that could have a material adverse impact on its business, capital expenditure requirements, earnings or consolidated financial condition.

Legal Proceedings

From time to time CGG is involved in legal proceedings arising in the normal course of its business. CGG does not expect that any of these proceedings, either individually or in the aggregate, will result in a material adverse effect on its consolidated financial condition or results of operations.

On September 29, 2006, CGG, CGG s subsidiary CGG Services SA and five directors and officers of these entities were named as defendants in a lawsuit brought by one of the main labor unions representing CGG employees for violation of French labor laws. The case relates to the employment by CGG and CGG Services SA of international staff by a non-French subsidiary of CGG. Procedural hearings were held in December 2006, and a hearing on the merits of the case is scheduled for February 2007. CGG is contesting this claim vigorously and does not expect it to have a material adverse affect on its financial position or profitability.

On October 20, 2006, a complaint was filed against CGG s subsidiary, Sercel Inc., in the United States District Court for the Eastern District of Texas. The complaint alleges that several of Sercel Inc. s seismic data acquisition products infringe a U.S. patent allegedly owned by the plaintiffs. The plaintiffs have requested a permanent injunction prohibiting Sercel Inc. from making, using, selling, offering for sale or importing the equipment in question into the United States and have sought an unspecified amount of damages. Sercel is confident that the products in question do not infringe any valid claims of the patent at issue and intends to contest this claim vigorously. While we do not believe this litigation will have a material adverse effect on our financial position or profitability, the complaint provides limited information, and the lawsuit is in its early stages.

BUSINESS OF VERITAS

Services and Markets

Veritas conducts geophysical surveys on both a contract and a multi-client basis. When it conducts surveys on a contract basis, it acquires and processes data for a single client who pays Veritas to conduct the survey and owns the data Veritas acquires. When conducting surveys on a multi-client basis, Veritas acquires and processes data for its own account and licenses that data and associated products to multiple clients. The high cost of acquiring and processing geophysical data on an exclusive basis has prompted many oil and gas companies to license surveys on a multi-client basis. In response to this demand, Veritas has built a large library of surveys consisting of 200,000 line kilometers of 2D data and 210,000 square kilometers of 3D data. Its marine data library includes surveys in the Gulf of Mexico, the North Sea, Southeast Asia, West Africa, North Africa, Canada and Brazil. Veritas land data library includes surveys in Texas, Mississippi, Oklahoma, Wyoming and Utah in the United States as well as Alberta and British Columbia in Canada. The portion of Veritas revenue generated from the sale of multi-client data licenses is influenced by a number of factors, including government licensing of exploration and production rights and as a result, will fluctuate from year to year.

The following tables describe the Veritas revenue by contract type and geographic region based on the location of the product or service provided:

	Three months ended October 31,		Years ended July 31,		
	2006	**2005**	**2006**	**2005**	**2004**
			(in $ thousands)		
Revenue by Contract Type					
Contract work	122,536	94,221	470,132	389,046	289,404
Licensing of multi-client data	108,296	74,457	352,056	244,980	275,065
Total	230,831	168,678	822,188	634,026	564,469

	Three months ended October 31,		Year ended July 31,					
	2006		**2006**		**2005**		**2004**	
			(in $ millions, except percentages)					
Revenue by Region								
Americas	143.4	*62%*	552.4	*67%*	397.8	*63%*	390.6	*70%*
Asia Pacific/Middle East	41.9	*18%*	138.2	*17%*	124.9	*20%*	81.3	*14%*
Europe	44.8	*20%*	93.6	*11%*	71.9	*11%*	79.2	*14%*
Africa	0.7		38.0	*5%*	39.4	*6%*	13.3	*2%*
Total	230.8	*100%*	822.2	*100%*	634.0	*100%*	564.5	*100%*

In fiscal 2006, 2005 and 2004, 58%, 55% and 57%, respectively, of Veritas revenue was attributable to non-U.S. operations and export sales. See Note 13 to the Veritas consolidated annual financial statements and Note 4 to Veritas consolidated interim financial statements for the three months ended October 31, 2006 included elsewhere in this prospectus for additional geographic and segment information.

Principal Operating Assets

Veritas acquires, processes, interprets and sells geophysical information utilizing a wide array of assets as follows:

Land Acquisition

Veritas land acquisition activities are performed with technologically advanced geophysical equipment. As at July 31, 2006, Veritas land survey equipment had a combined recording capacity of 52,000 channels. Veritas typically deploys equipment in North and South America and Oman by crews of varying size. Veritas crew count varies widely as land acquisition is a seasonal activity in many markets, primarily due to weather. Veritas had an average of 12 crews in operation in fiscal year 2006.

Veritas land operations include surveying crews, which lay out the lines to be recorded and mark the sites for shot-hole placement or equipment location, and recording crews, which use explosive or mechanical vibrating units to produce acoustic impulses and use recording units to synchronize the shooting and capture of the seismic signals via geophones. On a land survey where explosives are used, the recording crew is supported by several drill crews, which are typically furnished by third parties under short-term contracts. Drill crews operate in advance of the recording crew and bore shallow holes for explosive charges which, when detonated by the recording crew, produce the necessary acoustic impulse.

Marine Acquisition

Veritas marine acquisition crews operate from chartered vessels that have been modified or equipped to its specifications. All of the vessels utilized are equipped to perform both 2D and 3D geophysical surveys. During the last several years, the majority of the marine geophysical data acquisition services performed by Veritas involved 3D surveys. The following table contains certain information concerning the geophysical vessels operated by Veritas as at July 31, 2006.

Vessel	Year entered service	Length	Beam	Charter expiration
Pacific Sword	1999	189 feet	40 feet	October 2006[1]
Seisquest	2001	300 feet	60 feet	May 2007[1]
Veritas Viking	1998	305 feet	72 feet	May 2011
Veritas Viking II	1999	305 feet	72 feet	May 2007
Veritas Vantage	2002	305 feet	72 feet	April 2010
Veritas Voyager	2006	220 feet	52 feet	July 2011[1]
Veritas Searcher	1982	217 feet	44 feet	Owned[1]

Note:

(1) See the following discussions related to various changes in the status of the charters and the vessels subsequent to July 31, 2006.

The *Veritas Searcher* was sold in August 2006. During July 2006, Veritas chartered the *Veritas Voyager* to replace the *Veritas Searcher*. As at July 31, 2006, the *Veritas Searcher* was classified in Veritas balance sheet as an asset held for sale.

Each vessel is equipped with geophysical recording instrumentation, digital geophysical streamer cable, cable location and geophysical data location systems, multiple navigation systems, and a source control system that controls the synchronization of the energy source and a firing system that generates the acoustic impulses. Streamer cables contain hydrophones that receive the acoustic impulses reflected by variations in the subsurface strata.

As at October 31, 2006, five of Veritas vessels are equipped with multiple streamers and multiple energy sources. These vessels acquire more lines of data with each pass, which reduces completion time and the acquisition cost. The *Veritas Viking*, *Veritas Viking II* and the *Veritas Vantage* are each capable of deploying 12 streamers simultaneously, although each is currently equipped to tow eight. The *Veritas Viking*, *Veritas Viking II*,

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Veritas Vantage and *Veritas Voyager* are equipped with solid streamers that offer numerous advantages over fluid-filled streamers. The solid streamers allow these vessels to work in rougher seas and record more desirable frequencies with less noise and less downtime than is possible with fluid-filled streamers.

In March 2006, Veritas entered into an agreement with a third party ship owner to charter a vessel currently known as the *Veritas Vision*, which is currently being converted for seismic operations. The term of the charter is for a period of eight years fixed, with options of up to 10 more years. When delivered in the first calendar quarter of 2007, the *Veritas Vision* will be the seventh seismic vessel in the Veritas fleet. In addition to the charter, Veritas expects to invest approximately $62 million to equip the vessel for seismic operations. Of this expected total, $5 million was spent during the fiscal year ended July 31, 2006 and the remainder is expected to be spent during the fiscal year ending July 31, 2007.

In September 2006, Veritas entered into an letter of intent to charter a seismic vessel, currently known as the *Viking Poseidon*, which is currently expected to be in service commencing in the second calendar quarter of 2007. This vessel will serve as a replacement for the *Seisquest* vessel, which is under a charter that expires in May of 2007.

Veritas has also entered into a commitment to purchase $26 million of recording equipment to upgrade a vessel in its existing fleet. Substantially all of this amount will be spent during the fiscal year ending July 31, 2007.

Subsequent to July 31, 2006, Veritas renewed its charter agreement to extend the charter expiration related to the *Pacific Sword* from October 2006 to October 2009.

Data Processing and Interpretation

Veritas operates several data processing centers capable of processing 2D and 3D data. Most of its data processing services are performed on 3D seismic data. The centers process data received from the field, both from Veritas own crews and from other geophysical companies, to produce an image of the earth s subsurface using proprietary computer software and techniques. Veritas also reprocesses older geophysical data using new techniques designed to enhance the quality of the data. Veritas first data processing center opened in 1966, and it now has centers in all of its geographic locations.

Veritas processing centers operate high capacity, advanced technology data processing systems on high-speed cluster CPUs. These systems run Veritas proprietary data processing software. The marine and land data acquisition crews have software compatible with that utilized in the processing centers, allowing for ease in the movement of data from the field to the data processing centers. Veritas centers can generally process both land and marine data and it tailors the equipment and software deployed in an area to meet the local market demands.

Veritas operates visualization centers in Houston, Calgary, Perth, and Crawley. These four centers allow teams of Veritas customers geoscientists and engineers to view and interpret large volumes of complex 3D data. The visualization centers have imaging tools used for advanced interpretive techniques that enhance the understanding of regional as well as detailed reservoir geology. These visualization centers allow Veritas to offer its expertise combined with the type of collaborative geophysical model building that is enabling oil companies to explore areas of complex geology such as the large sub-salt plays in the deepwater Gulf of Mexico.

Veritas has groups of scientists available to perform advanced geophysical and geological interpretation on a contract basis. These experts work around the world, using third party and Veritas proprietary software to create subsurface models for its clients and advise its clients on how best to exploit their reservoirs. Their work is related to exploration as well as production activities. Additionally, Veritas licenses its proprietary Hampson-Russell software to companies desiring to do their own geophysical interpretation.

Technology and Capital Expenditures

Veritas maintains its technological capabilities through continuing research and development, strategic alliances with equipment manufacturers, and by acquiring technology from others.

Veritas research and development staff includes scientists, engineers or programmers. Its research and development efforts focus on new acquisition technologies and processes and on its core processing and imaging software. During the fiscal years ended 31 July 2006, 2005 and 2004, Veritas research and development expenditures were $22.9 million, $18.9 million and $15.5 million, respectively.

During the fiscal years ended July, 31 2006, 2005, and 2004, Veritas capital expenditures for equipment were $67.9 million, $62.4 million and $30.5 million, respectively.

During the fiscal years ended July 31, 2006, 2005 and 2004, Veritas cash multi-client investment, net of capitalized depreciation, was $165.6 million, $148.4 million and $126.3 million, respectively. For the fiscal year ended July 31, 2007, Veritas is planning to substantially increase its cash investment in multi-client data to $240 million.

Significant Customers

Veritas customers include international oil and gas companies, national oil companies and independent oil and gas companies. In fiscal 2006, no customer accounted for 10% or more of Veritas total revenue. A single, large multi-national oil company represented 12% of Veritas revenue in the fiscal year ended July 31, 2005. In the fiscal year ended July 31, 2004, no customer accounted for 10% or more of Veritas total revenue.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Board of Directors

Under French law, the Board of Directors determines our business strategy and monitors business implementation. Subject to the specific powers granted by the ordinary general shareholders meeting, the Board of Directors is in charge of conducting our business. Among other things, the Board of Directors prepares and presents our annual financial statements to our ordinary general shareholders meeting. Our Board of Directors currently consists of 12 members elected by our shareholders. Under French law, a director may be an individual or a legal entity for which an individual is appointed as permanent representative.

Our *statuts* (memorandum and articles of association) provide that each director is elected for a six-year term by the ordinary general shareholders meeting. There is no requirement for directors to be French nationals. According to French corporate law, a physical person may simultaneously hold the office of director in no more than five *sociétés anonymes* whose registered offices are located on French territory, subject to certain exceptions. Each director will be required to own at least 100 of our shares, beginning on the date of our general shareholders meeting in 2007 to approve our 2006 financial statements.

Directors are required to comply with applicable law and our *statuts.* Under French law, directors are responsible for actions taken by them that, *inter alia,* are contrary to the company s interests and may be held liable for such actions both individually and jointly with the other directors.

On January 9, 2007, CGG s extraordinary general meeting of shareholders nominated four Veritas directors (Thierry Pilenko, former chairman and CEO of Veritas, Terence Young, David Work, and Loren Carroll) to the board of directors of CGGVeritas effective January 12, 2007, the effective time of the merger. Each new director will serve for a term of six years.

The following table sets forth the names of our current directors, their positions, the dates of their initial appointment as directors and the expiration dates of their current term.

Name	Position	Initially appointed	Term expires
Robert Brunck(1)	Chairman of the Board and Chief Executive Officer	1998	2008
Olivier Appert(2)	Director	2003	2008
Loren Carroll	Director	2007	2013
Rémi Dorval(3)	Director	2005	2010
Jean Dunand(3)	Director	1999	2007
Yves Lesage(3)	Director	1988	2009
Christian Marbach(1)	Director	1995	2007
Thierry Pilenko	Director	2007	2013
Robert Semmens(2)(3)	Director	1999	2011
Daniel Valot(2)	Director	2001	2012
David Work	Director	2007	2013
Terence Young	Director	2007	2013

Notes:

(1) Member of Strategic Planning Committee.

(2) Member of Appointment-Remuneration Committee.

(3) Member of Audit Committee.

Mr. Brunck, 57, has been our Chairman and Chief Executive Officer since May 1999. Mr. Brunck was our Vice Chairman and President from September 1998 to May 1999 and was our President and Chief Operating Officer from February 1995 to September 1998. Mr. Brunck was Vice President of Administration and Development from 1991 to 1995 and Chief Financial Officer from 1989 to 1991. He is a member of the Supervisory Board of Sercel Holding S.A., Chairman of the Board of Directors of CGG Americas, Inc., Director of the *Ecole Nationale Supérieure de Géologie,* Director of the Bureau of Geological and Mining Research, Director of the *Conservatoire National des Arts et Métiers,* Director of the *Groupement des Entreprises Parapétrolières et Paragazières*, Chairman of Armines and Director of the *Institut Français du Pétrole*.

Mr. Appert, 57, has been Chairman and Chief Executive Officer of the French Petroleum Institute (*Institut Français du Pétrole,* or IFP) since April 2003. Mr. Appert was President for long-term co-operation and energy policy analysis within the International Energy Agency until October 1999. He is also a Director of Technip and of the *Institut de Physique du Globe de Paris.*

Mr. Carroll, 63, joined our Board of Directors on the effective date of the merger. Until the merger, Mr. Carroll had been a director of Veritas since 2003. Mr. Carroll is currently a financial and strategic business consultant. Until his retirement in April 2006, Mr. Carroll was President and Chief Executive Officer of M-I Swaco L.L.C. and was also Executive Vice President of Smith International, Inc. Mr. Carroll also serves as a Director of Smith International, Inc., Fleetwood Enterprises, Inc. and Forest Oil Corporation. Mr. Carroll joined Smith International in December 1984 as Vice President and Chief Financial Officer. In January 1988, he was appointed Executive Vice President and Chief Financial Officer of Smith International and served in that capacity until March 1989. Mr. Carroll then rejoined Smith International in 1992 as Executive Vice President and Chief Financial Officer. Smith International holds a 60% interest in M-I Swaco L.L.C.

Mr. Dorval, 55, has been Vice-Chairman and Chief Executive Officer of Soletanche-Bachy Entreprise since June 1997. Mr. Dorval is Director, Vice Chairman and President of Solétanche Bachy France, Chairman of Forsol, a Director of Solétanche S.A., Solmarine, SHPIC, Sol-Expert International, Sepicos Perfosol, Solétanche Bachy GmbH, Bachy Soletanche Holdings, Rodio Inc. and Nicholson. He is also Director, Chairman and Chief Executive Officer of SolData and permanent representative of Solétanche Bachy France in the economic group SB Mat.

Mr. Dunand, 66, was Financial and Legal Director of ISIS from 1999 to December 2001 and was Deputy General Manager Finance (Russia and CIS) of Total Exploration-Production from 1994 to 1999.

Mr. Lesage, 69, has been CGG Honorary Chairman since May 1999. Mr. Lesage was Chairman and Chief Executive Officer of CGG from January 1995 to May 1999. He was Chairman, President and Chief Executive Officer of Sogerap from 1994 to 1995.

Mr. Marbach, 69, *Ingénieur Général des Mines,* was Advisor to the General Management of Suez-Lyonnaise des Eaux from 1996 to 2000. Before that time, Mr. Marbach was Chairman and Chief Executive Officer of Coflexip and Coflexip Stena Offshore from 1991 to 1996. Mr. Marbach is a member of the Supervisory Board of Lagardère, Supervisor of Sofinnova and President of Oseo-Services, previously the Small and Medium Size Business Agency (*Agence des PME*), a private sector group.

Mr. Pilenko, 49, joined our Board of Directors on the effective date of the merger. Until the merger, Mr. Pilenko had been Chairman and Chief Executive Officer and a Director of Veritas since March 2004. Prior to his appointment and since 2001, Mr. Pilenko had served as Managing Director of SchlumbergerSema, a Schlumberger Ltd. company located in Paris. From 1998 to 2001, he was President of Geoquest, another Schlumberger Ltd. company located in Houston, Texas. Mr. Pilenko was employed by Schlumberger Ltd. and its affiliated companies in various parts of the world beginning in 1984 and progressed through a variety of operating positions. Mr. Pilenko is also a Director of Hercules Offshore, Inc.

Mr. Semmens, 49, is an independent consultant and private investor. He was co-founder and General Partner of The Beacon Group LLC from 1993 to 2001. Mr. Semmens is a Member of the Supervisory Board of Sercel Holding S.A.

Mr. Valot, 62, has been Chairman and Chief Executive Officer of Technip since September 1999. Mr. Valot was President of Total Exploration and Production, and was a member of the Total Group Executive Committee from 1995 to 1999. Mr. Valot is Chairman of Technip Italy and a Director of Technip Far East, IFP, SCOR and SCOR VIE and is a Permanent Representative of Technip on the Board of Directors of Technip France.

David F. Work, 61, joined our Board of Directors on the effective date of the merger. Prior to the merger, Mr. Work had been a Director of Veritas since 2004. Mr. Work is currently an oil and gas industry consultant.

From 2001 until October 2003, he served as the Chairman of Energy Virtual Partners, Inc., a privately-held company engaged in the business of managing under-resourced oil and gas properties. For more than five years prior to his retirement from BP Amoco in October 2000, he served in various management capacities with Amoco and BP Amoco, including Group Vice President of exploration and, finally, as Regional President in the United States. Mr. Work currently also serves as a director of Edge Petroleum Corporation and CrystaTech, Inc.

Terence K. Young, 60, joined our Board of Directors on the effective date of the merger. Until the merger, Mr. Young had been a Director of Veritas since 2005. Mr. Young is currently a professor and head of the Department of Geophysics at the Colorado School of Mines and has served as such since 2000. From 1983 until 2000, Mr. Young was employed by Mobil Research and Development Corporation in a variety of roles, the last of which was as a visiting scholar at the Institute for Statistics and Its Applications, Carnegie Mellon University. From 1982 to 1983, he served as a research geophysicist with Compagnie Générale de Géophysique, from 1979 to 1982, he served as assistant professor, Colorado School of Mines, and from 1969 to 1974 was a pilot and flight instructor in the United States Navy.

Executive Officers

Under French law and our *statuts,* the Chairman and Chief Executive Officer has full executive authority to manage our affairs. The Board of Directors has the power to appoint and remove, at any time, the Chairman and Chief Executive Officer. Under French law and our *statuts,* the Chairman and Chief Executive Officer, where those functions are exercised by the same person, has full power to act on our behalf and to represent us in dealings with third parties, subject only to (i) the corporate purpose of the company, (ii) those powers expressly reserved by law to the Board of Directors or our shareholders and (iii) limitations that the Board of Directors may resolve, such limitations not being binding on third parties. The Chairman and Chief Executive Officer determines and is responsible for the implementation of the goals, strategies and budgets for our different businesses, which are reviewed and monitored by the Board of Directors. In accordance with French corporate law, our *statuts* provide for the election by the Board of Directors of one person to assume the position of Chairman and Chief Executive Officer or the division of such functions between two different persons. In its session of May 15, 2002, the Board of Directors decided that Mr. Brunck would assume the position of Chairman and Chief Executive Officer until the expiry of his term as a director, unless otherwise decided by the Board. Our *statuts* provide that the Board of Directors may appoint up to five Presidents and Chief Operating Officers (*Directeurs Généraux Délégués*) upon proposal of the Chief Executive Officer, whether or not this person is also the Chairman of the Board. On September 7, 2005, our Board of Directors named Thierry Le Roux and Christophe Pettenati-Auziere to this position.

The following table sets forth the names of our current executive officers who serve as members of our Executive Committee, their current positions with us and the first dates as of which they served as our executive officers. We employ our executive officers under standard employment services agreements that have no fixed term.

Executive Committee *(Comité Exécutif)*

Name	Current position	Executive officer since
Robert Brunck	Chairman and Chief Executive Officer	1989
Thierry Le Roux	President and Chief Operating Officer	1995
Stephane-Paul Frydman	Chief Financial Officer	2003
Gérard Chambovet	Senior Executive Vice President, Technology, Planning, Control and Communication, QHSE, Career Development and Training, Investor Relations, Communication and Audit	1995
Christophe Pettenati-Auzière	President, Geophysical Services	1997
Luc Benoît-Cattin	President Eastern Hemisphere	2003
Timothy Wells	President Western Hemisphere	2007
Pascal Rouiller	Chief Executive Officer, Sercel Group	1997

Mr. Le Roux, 53, was appointed President and Chief Operating Officer in January 2007. Before that time, he had been Group President and Chief Financial Officer since September 2005 and Senior Executive Vice President of our Products segment since October 1998. Mr. Le Roux was Executive Vice President of CGG s Geophysical Equipment operations from March 1995 to October 1998. He was Business Development Manager from 1992 to 1995 and Far East Manager from 1984 to 1992. Mr. Le Roux is Chairman of Sercel S.A., Chairman of the Board of Sercel Inc., Chairman of the Board of Hebei Sercel-Jungfeng Geophysical Prospecting Equipment Co. Ltd, Chairman of the Supervisory Board of Sercel Holding, a Director of CGG Americas, Inc., Chairman of the Board of Sercel England, a Director of Sercel Singapore Private Ltd., a Director of INT. Inc., permanent representative of Sercel Holding on the Board of Tronic s Microsystems S.A. and a Director of Cybernetix S.A.

Mr. Frydman, 43, was appointed Chief Financial Officer in January 2007. Before that time, he had been Group Controller, Treasurer and Deputy Chief Financial Officer since September 2005, Deputy Chief Financial Officer of the CGG Group since January 2004 and Vice President in charge of corporate financial affairs reporting to the Chief Financial Officer since December 2002. Prior to joining CGG, Mr. Frydman was an Investor Officer of Butler Capital Partners, a private equity firm, from April 2000 to November 2002, and Industrial Advisor to the French Minister of the Economy and Finances from June 1997 to March 2000.

Mr. Chambovet, 53, was appointed Senior Executive Vice President, Technology, Planning, Control and Communication, QHSE, Career Development and Training, Investor Relations, Communication and Audit in January 2007. Until that time, he had been Senior Executive Vice President, Technology, Planning & Control and Communication since January 2005 and Senior Executive Vice President of our Services segment since October 1998. Mr. Chambovet was Executive Vice President of our Acquisition Product line from March 1995 to October 1998 and was Manager of our data processing center in Massy, France from 1987 to 1995. Mr. Chambovet is a director of Argas, Sercel S.A., Sercel Holding S.A. and CGG Ardiseis.

Mr. Pettenati-Auzière, 54, was appointed President, Geophysical Services in September 2005 after serving as Senior Executive Vice President, Services since January 2004. Until that time, he had been Senior Executive Vice President, Strategy, Planning and Control since January 2001. Mr. Pettenati-Auzière was Senior Executive Vice President of our Offshore SBU from July 1999 to January 2001, Vice President of Business Development and Investor Relations from December 1998 to July 1999 and Vice President of Seismic Acquisition from April 1997 to December 1998. He was Executive Vice President of International Operations for Coflexip from 1990 to 1996.
Mr. Pettenati-Auziere is a Director of CGG Americas, Inc., a Director and Chairman of the Board of CGG

Marine Resources Norge, a member of the Management Committee of VS Fusion, LLC, a member of the Management Committee of Geomar and Chairman of the Board of CGG Ardiseis. He is also a director of BW Offshore.

Mr. Benoît-Cattin, 43, was appointed President of Eastern Hemisphere Geophysical Services in January 2007. Before that time, he had been Executive Vice President of our Offshore SBU division since January 2005, Deputy Vice President Geophysical Services from January 2004 to December 2004 and Vice President, Services from June 2002 to December 2003. Prior to joining CGG, Mr. Benoit-Cattin was Executive Vice President for oil and heat transfer businesses in the Pechiney Group from January 1998 to May 2002 and Advisor to the French Minister of Industry, in charge of energy and nuclear issues from June 1995 to May 1997.

Mr. Rouiller, 53, was appointed Executive Vice President for Equipment and Chief Executive Officer of Sercel in September 2005 after having served as Chief Operating Officer of the Sercel Group since December 1999. Mr. Rouiller was Vice President of our Product segment from October 1995 to December 1999 and Vice President for the Asia-Pacific region from May 1992 to September 1995. Mr. Rouiller is President of the Management Board of Sercel Holding, Chief Executive Officer of Sercel SA and Sercel Inc., President of Sercel Canada and Chairman of the Board of Sercel Australia Pty Ltd., Sercel-JunFeng, Sercel Singapore Pte Ltd., Sercel (Beijing) Technological Services Co Ltd, Director of Vibration Technology Ltd. and Xian-Sercel Petroleum Exploration Instrument Limited Liability Company.

Mr. Wells, 53, was appointed President of Western Hemisphere Geophysical Services in January 2007. Prior to the merger, Mr. Wells had been President and Chief Operating Officer of Veritas DGC, Inc. since 1999. He had been employed by Veritas for twenty years, having served as president of Veritas Asia Pacific division, regional manager of North and South American processing, manager of research and programming and in various other capacities in North and South America.

Compensation

The aggregate compensation of our executive officers, including the Chairman and Chief Executive Officer and both Presidents, includes both a fixed element and a bonus element. The bonus due to the general management for a given fiscal year is paid during the first semester of the next fiscal year. With this bonus, the aggregate compensation may substantially vary from one year to another.

The aggregate compensation as a group of CGG s executive officers (including the Chairman and Chief Executive Officer and both Presidents) who were members of our former Group Management Committee paid in fiscal year 2005 was 3,026,274, including the 2005 bonus and benefits in kind but excluding directors fees. The amount of the bonus of the members of the former Group Management Committee (except for the Chairman and Chief Executive Officer and both Presidents, for whom additional criteria are also taken into consideration) depends upon the achievement of commercial and financial targets for items such as consolidated net income, operating income and free cash flow of our various activities and upon satisfaction of certain individual qualitative objectives.

The aggregate compensation paid to Mr. Brunck, Chairman and Chief Executive Officer, in fiscal year 2005 was 288,100 of fixed compensation and 238,550, representing his 2004 bonus. The amount of his bonus depends upon the achievement of commercial and financial targets for items such as progression of revenues, operating income, consolidated net income and free cash flow of our various activities for the considered fiscal year. Evolution of the market price of CGG shares is also taken into consideration. Completion of certain individual qualitative objectives is also part of the bonus calculation. Mr. Brunck was paid his 2005 bonus of 333,000 in the first half of 2006. In addition, Mr. Brunck received 39,216.55 in his capacity as a director in 2005.

The aggregate compensation of Mr. Thierry Le Roux, Group President and Chief Financial Officer, in fiscal year 2005 was 288,100 plus a bonus of 125,000 for fiscal year 2004 paid during the first half of 2005. The bonus for fiscal year 2005 of 159,000 was paid during the first half of 2006.

The aggregate compensation of Mr. Christophe Pettenati-Auziere, President of Geophysical Services in fiscal year 2005 was 288,700 plus a bonus of 90,000 for fiscal year 2004 paid during the first half of 2005. The bonus for fiscal year 2005 of 140,700 was paid during the first half of 2006.

The amount of the Presidents bonus depends upon the achievement of commercial and financial targets for items such as progression of revenues, operating income, consolidated net income and free cash flow of our various activities for the considered fiscal year. The operational performance of each segment is taken in consideration, as is the evolution of the market price of CGG shares. Completion of certain individual qualitative objectives is also part of the bonus calculation.

In addition to the compensation discussed above, a supplemental pension and retirement plan for the members of the Group Management Committee and the Management Board of Sercel was implemented in December 2004.

Directors as a group received aggregate compensation of 315,000 in February 2006 for services provided in their capacity as directors during fiscal year 2005. No amounts were set aside or accrued by us or our subsidiaries to provide pension, retirement or similar benefits to directors. Directors service contracts do not provide for benefits upon termination.

The following table sets forth the amounts CGG and its subsidiaries paid to directors of CGG, in their capacity as directors, for the year ended December 31, 2005:

Name	**Amount paid to CGG directors for 2005**
	(in)
Robert Brunck[(1)]	39,216.55
Olivier Appert	24,249.47
Patrick de la Chevardière[(2)]	2,534.64
Rémi Dorval	23,235.10
Jean Dunand	35,641.60
Gérard Friès[(3)]	31,355.82
Yves Lesage	30,879.70
John J. MacWilliams[(3)]	22,564.61
Christian Marbach	27,777.03
Robert F. Semmens[(4)]	55,183.85
Andrew Sheiner[(5)]	1,775.15
Daniel Valot	20,586.46

Notes:

(1) Mr. Brunck does not receive any compensation as member of the Supervisory Board of Sercel Holding or as Chairman of the Board of Directors of CGG Americas Inc.

(2) Resigned from the Board on March 8, 2005.

(3) Resigned from the board on January 12, 2007.

(4) Includes 40,183.85 paid by CGG to Mr. Semmens as a director and 15,000 paid by Sercel Holding to Mr. Semmens as a member of the Supervisory Board.

(5) Resigned from the Board on March 7, 2005.

As at December 31, 2006, CGG directors and executive officers held an aggregate of 30,394 ordinary shares of CGG. As at December 31, 2006, CGG directors and executive officers held options to purchase an aggregate of 297,334 ordinary shares. As at December 31, 2006, none of CGG s directors and executive officers held, on an individual basis, shares and options representing 1% or more of our outstanding capital.

Board Practices

In accordance with the corporate governance standards set forth in the Bouton Report, we believe that five of our directors do not have any relationship with CGG, the group or its management that could impair their freedom of judgment and thus qualify as independent. Those directors are Mr. Dorval, Mr. Dunand, Mr. Marbach, Mr. Semmens and Mr. Valot. We also believe that the position of Mr. Semmens as a member of the Supervisory Board of our subsidiary Sercel Holding S.A. does not impair his independence. Our Board of Directors reviews, on an annual basis, the qualification of directors as independent pursuant to the Bouton Report criteria.

The corporate governance rules of the New York Stock Exchange differ from the regulations and recommendations applicable in France, especially those governing the definition of director independence and the role and operation of the Board s committees. As a non-U.S. listed company, we are exempted from many of these corporate governance rules, which are applicable to U.S. listed companies. For example, our Board has not formally determined which of its directors meet NYSE independence standards, and non-management directors do not meet regularly. Our Appointment-Remuneration Committee does not consist exclusively of independent directors, and the Board s internal charter does not address committee purposes and responsibilities in the manner specified by the NYSE rules applicable to nominating, compensation and audit committees. However, our Audit Committee members meet the independence test for audit committee members established by the SEC, and we believe that they also meet the definition of independence under the NYSE rules.

Strategic Planning Committee

The Strategic Planning Committee is responsible for studying our strategic plans and our planned financial transactions. The Strategic Planning Committee meets before each Board meeting and more often if necessary. During 2006, the Strategic Planning Committee met nine times. The average meeting attendance rate of committee members was close to 88%.

In 2006, the Strategic Planning Committee was regularly consulted by management with respect to the merger and was kept regularly informed of the merger process. The Strategic Planning Committee was also consulted regarding:

- the proposed acquisition by Sercel of Cybernetix S.A. and Vibtech;
- the proposed modification of the terms and conditions of the CGG 7.75% subordinated convertible bonds due 2012 before the modification was proposed to bondholders and shareholders meetings in April and May 2006, respectively; and
- the Board performance evaluation.

Audit Committee

The Audit Committee is chaired by Mr. Dunand. The other members are Mr. Dorval, Mr. Lesage and Mr. Semmens. The Audit Committee is responsible for assisting the Board of Directors and undertaking preparatory work for the Board, particularly by reviewing our financial statements with management and our statutory auditors.

Responsibilities

The principal responsibilities of the Audit Committee are as follows:

Reviewing and discussing with management and our statutory auditors (i) the consistency and appropriateness of the accounting methods we adopt to prepare our corporate and consolidated financial statements; (ii) the consolidation perimeter and requesting, when necessary, all appropriate explanations; (iii) our draft annual, semi-annual and quarterly financial statements together with the notes to them, and especially off-balance sheet arrangements; and (iv) the quality, comprehensiveness, accuracy and veracity of the financial statements;

- Receiving reports from our statutory auditors on their review, including any comments and suggestions they may have made in the scope of their audit; and
- Raising any financial or accounting question that the Committee deems important.

Reviewing our annual report on Form 20-F and our *Document de Référence* filed with the French securities market regulator.

In consultation with our statutory auditors, our internal auditors and management, reviewing the structure of our internal control procedures and the way in which they operate, notably those procedures relating to the preparation and treatment of accounting and financial information used to prepare our financial statements, to assess and manage risks, to comply with the principal regulations applicable to us, and to review the comments and observations made by the statutory auditors on our internal control procedures.

With respect to internal audit, reviewing and discuss with management particularly:

- its organization and operation,
- its activities and the responsibilities proposed in the scope of the internal audit plan approved by the general management and presented to the Audit Committee.

Reviewing and discussing with management and, when appropriate, our statutory auditors the transactions directly or indirectly binding the Group and its executive officers.

With respect to external audit:

- Reviewing and discussing with the statutory auditors their annual audit plan,
- Meeting, if necessary, with the statutory auditors outside the presence of management,
- Ensuring the independence of the statutory auditors by managing the procedure for selection of the auditors. The Audit Committee submits its choice to the Board of Directors, which, pursuant to law, must submit the appointment of auditors to a vote at a shareholders meeting,
- Discussing the extent and results of the audit work with the statutory auditors and management and reviewing the amount of auditors fees regularly with management. The Audit Committee has sole authority to authorize performance of non-audit services by our auditors or members of their network.

Overseeing the anonymous handling of any report concerning a possible internal control problem or any problem of an accounting or financial nature.

Finally, the management of the company must report to the Audit Committee any suspected fraud of a significant amount so that the committee may proceed with any verification that it deems appropriate.

Sessions of the Audit Committee are open to the members of the Executive Committee, the Deputy Chief Financial Officer, our external auditors (in order to report on their audit reviews) and the Senior Vice-President in charge of Internal Audit (in order to review important assignments).

The Audit Committee meets before each Board meeting. In addition, the members of the Audit Committee are systematically invited to attend Strategic Committee meetings. During 2006, the Audit Committee met six times, each time with all members in attendance.

2006 Activities

During 2006, the Audit Committee reviewed drafts of the annual consolidated financial statements for 2005 and the interim financial statements for 2006 before those were presented to the Board and provided to the Board its recommendations concerning these financial statements. The Audit Committee reviewed the annual report on Form 20-F and the *Document de Référence* , the proxy statement dated November 30, 2006 and the French *Note* *d Opération* issued in connection with the merger before they were published.

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The Audit Committee examined the work to be performed by the statutory auditors in the scope of their audit on the 2006 financial statements and approved their fee estimates for this work. In compliance with the Audit Committee s procedures providing for its prior approval of non-audit services provided by the members of our auditors network, the Audit Committee reviewed the services so performed in 2006 and approved them as necessary.

The Audit Committee reviewed the activities of the internal audit team, which acts on the basis of a plan established by the Executive Committee and presented to the Audit Committee. This plan is established in light of perceived operational and financial risks and with the goal of systematically reviewing each Strategic Business Unit every three years.

In addition, the Audit Committee reviewed regularly multi-client surveys, analyzing in particular the sales average coverage rate in order to evaluate the fair value of surveys as recorded on the balance sheet.

The Audit Committee was also kept regularly informed on the development of the assessment of internal control procedures pursuant to section 404 of the Sarbanes-Oxley Act.

Finally, the Audit Committee reviewed the independence of some of our directors before the annual determination by the Board of Directors.

Appointment-Remuneration Committee

The principal responsibilities of the Appointment-Remuneration Committee are as follows:

- to propose to the Board of Directors:
  - the implementation of stock option and performance share plans and employee shareholding plans;
  - the remuneration of the executive officers *(mandataires sociaux*); and
  - the appointment of directors, executive officers *(mandataires sociaux*) or members of Board committees.
- to be kept informed of the remuneration of the members of the Executive Committee.

In 2006, this committee met four times, with an average meeting attendance rate of 83%. The Appointment-Remuneration Committee met to decide on

- the remuneration of the Chairman and Chief Executive Officer and the Presidents,
- the proposal to be subject to the annual general meeting with respect to stock-options and performance shares and the final allocation of such performance shares and stock-options to employees of the Group,
- the protection letters of the Chairman and Chief Executive Officer and the Presidents,
- the proposal to be made to the extraordinary general meeting for the appointment of the four new directors after completion of the merger with Veritas,
- the reorganization of the Group Management Committee to be effective after completion of the merger with Veritas, and
- the implementation of the evaluation process of the Board of Directors and the Chief Executive Officer.

Employees

As at December 31, 2006, CGG had approximately 4,500 permanent employees worldwide, as well as several thousand auxiliary field personnel on temporary contracts. Of the total, 2,567 were involved in the Services segment and 1,933 in the Products segment. CGG has never experienced a material work stoppage and considers its relations with its employees to be good. CGG permanently employs more than 3,000 technicians and persons holding engineering degrees and have developed a significant in-house training program.

CGG s total workforce has increased from 3,669 at December 31, 2004 to 3,952 at December 31, 2005 and to 4,500 at December 31, 2006. This increase in the size of its workforce is mainly attributable to the growth of

both its geophysical product and service activities, as well as its acquisition of Exploration Resources. We are preparing for the future by improving our management training program, putting increased emphasis on strengthening the technical and personal skills of our employees.

During its financial year ended July 31, 2006, Veritas employed an average of approximately 2,800 people on a full time basis. The number of Veritas employees varied greatly due to activity changes in its land acquisition business and during its financial year ended July 31, 2006 the number of employees ranged from a low of approximately 2,400 to a high of approximately 4,300. This variation typically occurred on a seasonal basis, with higher employee counts and higher revenue occurring during the second and third fiscal quarters, coinciding with the winter seismic acquisition seasons in Alaska and Canada. However, performance of large land surveys in South America or other locations can cause a marked shift from this pattern. A total of 31 employees in Singapore are subject to collective bargaining agreements.

In accordance with French law for employees employed under French contracts, we, and each of our French subsidiaries have an Employee Representation Committee (*Comité d Entreprise*) consisting of representatives elected by our employees. The Employee Representation Committee reports regularly to employees, represents employees in relations with management, is consulted on significant matters relating to employee working conditions and is regularly informed of economic developments.

Share Ownership

In accordance with French law, we are authorized annually by our shareholders at the extraordinary general meeting to issue ordinary shares for sale to our employees and employees of our affiliates who elect to participate in our Group Employee Savings Plan (*Plan d Epargne Entreprise Groupe*) instituted in 1997 (the Group Plan). Our shareholders, at the extraordinary general meeting held on May 11, 2006, renewed our authorization to issue up to 1,500,000 ordinary shares in sales to employees and affiliates who participate in the Group Plan. We may offer ordinary shares pursuant to the Group Plan at a price neither higher than the average market price for the 20 business days preceding the date on which the Board of Directors set the commencement date for the offering nor lower than 80% of such average market price. As at December 31, 2006, CGG group employees held 24,550 ordinary shares, corresponding to 0.14% of our share capital, through the Group Plan.

Pursuant to resolutions adopted by our Board of Directors on January 18, 2000, March 14, 2001, May 15, 2002, May 15, 2003 and May 11, 2006, our Board of Directors has granted options to certain of our employees, executive officers and directors to subscribe for an aggregate of 997,500 ordinary shares. This total has been adjusted pursuant to French law and the terms of the options to total 852,812 options. Options with respect to 650,797 ordinary shares remained outstanding as at December 31, 2006. The following table sets forth certain information relating to these stock options plans as at December 31, 2006:

Date of board of directors resolution	Options initially granted(1)	Options exercised (ordinary shares) at December 31, 2006	Options outstanding at December 31, 2006(2)	Exercise price per ordinary share(1)	Expiration date
January 18, 2000(3)	231,000	181,194	39,625	45.83	January 17, 2008
March 14, 2001(4)	256,000	113,911	147,297	65.39	March 13, 2009
May 15, 2002(5)	138,100	41,896	97,214	39.92	May 14, 2010
May 15, 2003(6)	169,900	15,717	164,711	14.53	May 14, 2011
May 11, 2006(7)	202,500	0	201,950	131.26	May 10, 2014
Total	997,500	187,649	650,797		

Notes:

(1) Pursuant to French law and the terms of the stock option plans, the numbers of options granted and the exercise price were adjusted following our share capital increase in December 2005.

(2) The stock option plans provide for the cancellation of the options if the holder is no longer our employee, director or executive officer.

(3) Options under the 2000 plan could not be exercised before January 2003.

(4) Options under the 2001 plan vest by one-fifth each year from March 2001 and could not be exercised before March 14, 2004.

(5) Options under the 2002 plan vest by one-fifth each year from May 2002 and could not be exercised before May 16, 2005.

(6) Options under the 2003 plan vest by one-fourth each year from May 2003 and could not be exercised before May 16, 2006.

(7) Options under the 2006 plan vest by one-fourth each year from May 2006 and can be exercised at any time. However resulting shares cannot be sold before May 12, 2010.

At the extraordinary general shareholders meeting held on May 11, 2006, a new stock option plan was approved by shareholders whereby options to purchase up to 5% of our share capital outstanding on the date of allocation may be granted in one or several allocations by the Board of Directors to certain of our employees and executive officers during the 38-month period following the plan s approval. The Board has allocated 202,500 stock options pursuant to such shareholders resolution.

At the same extraordinary general shareholders meeting, a performance share plan was approved by shareholders whereby performance shares up to 1% of our share capital outstanding on the date of allocation may be granted in one or several allocations by the Board of Directors to certain of our employees and executive officers during the 38-month period following the plan s approval. The Board has allocated 53,200 performance shares pursuant to such shareholders resolution.

PRINCIPAL SHAREHOLDERS

Major Shareholders

The table below sets forth certain information with respect to entities known to us or ascertained from public filings to beneficially own a significant percentage of our voting securities as at January 25, 2007 and December 31, 2006, 2005 and 2004.

	January 25,		**December 31,**					
	2007		**2006**		**2005**		**2004**	
	% of shares	**% of voting rights**	**% of shares**	**% of voting rights**	**% of shares**	**% of voting rights**	**% of shares**	**% of voting rights**
Identity of Person or Group								
The Beacon Group							15.21	25.51
EBPF-Financière de l Echiquier							4.58	3.84
Fidelity International Limited	4.71	4.47	10.77	9.97	10.31	9.50		
Institut Français du Pétrole	5.07	9.64	7.73	14.32	8.21	15.13	12.01	12.94
Public	90.22	85.89	81.50	75.71	81.48	75.37	68.20	57.71

Our *statuts* provide that each ordinary share that is fully paid and has been held in registered form by the same shareholder for a period of at least two consecutive years will entitle such shareholder to two votes at meetings of shareholders. As at January 25, 2007, IFP had held 1,360,622 fully paid ordinary shares in registered form for two consecutive years, giving IFP 9.64% of the voting power of the outstanding ordinary shares as at such date. Other than in this respect, our ordinary shares carry identical voting rights. Our *statuts* provide that fully paid ordinary shares may be held in either registered form or bearer form at the option of the shareholder. Substantially all ordinary shares held by shareholders other than IFP are presently held in bearer form.

In connection with the merger, we issued 9,215,845 ordinary shares that were deposited with The Bank of New York Trust Company, National Association as ADS depository, which issued 46,054,225 ADSs to be paid as merger consideration to former holders of Veritas common stock.

The terms of CGG s $85 million convertible bonds due 2012 were amended by the CGG general meeting of bondholders held on November 2, 2005, as approved by a general meeting of CGG shareholders held on November 16, 2005 in order to provide bondholders with the opportunity to redeem their convertible bonds before maturity and receive an additional cash payment. The early conversion period was open from November 17 to November 18, 2005, inclusive. At the conclusion of the conversion period, 11,475 convertible bonds due 2012 were converted, leading to the issuance of 1,147,500 new shares. 2,525 convertible bonds remain outstanding with a nominal value of $15.3 million. CGG paid a total premium of $10.4 million to the bondholders who converted their bonds.

A general meeting of bondholders, held on April 5, 2006, and a general meeting of CGG shareholders, held on May 11, 2006, approved a change to the terms and conditions of the remaining convertible bonds to grant bondholders a right to receive a cash payment upon immediate conversion of the bonds. The early conversion period was open on May 12, 2006 only. At the conclusion of the conversion period, all the remaining 2,525 convertible bonds were converted, leading CGG to issue of 274,914 new shares of CGG and pay a total premium of $2.1 million to the converting bondholders.

On December 16, 2005, CGG completed a share capital increase by way of preferential subscription rights. CGG issued 4,099,128 new shares of our common stock bearing rights from January 1, 2005, bringing its total share capital at that date to 17,079,718 ordinary shares, par value 2 per share. CGG used the net proceeds to repay $235 million under its $375 million bridge loan facility, which facility was used to finance the acquisition of Exploration

Resources.

On March 18, 2005, CGG Investors LLC and GF Ltd. Transaction Partnership LP (The Beacon Group) sold all the 1,777,071 ordinary shares they owned, representing 15.21% of our total share capital, by means of a private placement in Europe.

Related Party Transactions

We provide geophysical services and equipment to oil and gas exploration and production subsidiaries of the Total Group pursuant to contracts entered into on an arm s-length basis. Total Chimie, which was until 2004 one of our major shareholders, is a member of the Total Group. Aggregate operating revenues to this group totaled 23.1 million in 2004 and 30.2 million in 2003.

Louis Dreyfus Armateurs (LDA) provides ship management services for a portion of our fleet. Debt to LDA was 6.0 million, 6.2 million and 1.3 million as at December 31, 2005, 2004 and 2003, respectively and 0.5 million at June 30, 2006. Total net charges paid throughout the year for the provision of ship management services were 0.8 million, 0.5 million and 7.2 million for 2005, 2004 and 2003, respectively and 2.4 million throughout the six months ended June 30, 2006. Future commitments for such services to LDA were 23.2 million, 6.8 million and 10.0 million for 2005, 2004 and 2003, respectively and 13.6 million for the six months ended June 30, 2006.

LDA and we own Geomar, a company accounted for under the equity method. Geomar is the owner of the *CGG Alizé* seismic vessel. LDA has a 51% controlling stake and we have a 49% stake in Geomar. We paid 8.8 million, 9.0 million and 9.7 million to Geomar during the years 2005, 2004 and 2003, respectively, and 4.5 million during the six months ended June 30, 2006, while future charter party amounts due to Geomar were 12.0 million, 18.6 million and 28.5 million as at December 31, 2005, 2004 and 2003, respectively and 6.6 million as at June 30, 2006. Debt to Geomar was 0.9 million, 0.7 million and 1.5 million as at December 31, 2005, 2004 and 2003, respectively and 0.7 million as at June 30, 2006.

The sales of geophysical products from Sercel to Argas, our 49% owned affiliate, were 8.1 million in 2005 (representing 0.9% of the Group revenues), 1.3 million in 2004 (representing 0.2% of the Group revenues) and 1.7 million in 2003 (representing 0.3% of the Group revenues) and 0.6 million for the six months ended June 30, 2006 (representing 0.1% of the Group revenues). These transactions were concluded on an arm s length basis.

Sales of geophysical products from Sercel to Xian Peic, our 40% owned affiliate, were 2.9 million in 2005 (representing 0.3% of Group revenues) and 4.8 million in 2004 (representing 0.7% of Group revenues) and 2.4 million for the six months ended June 30, 2006 (representing 0.4% of the Group revenues). These transactions were concluded on an arm s length basis.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following is a description of the terms of our material financing arrangements.

Bridge Loan Facility

On November 22, 2006, CGG, as borrower, and certain of its subsidiaries, as guarantors, entered into a $1.6 billion senior secured bridge loan facility agreement with Credit Suisse International, as agent and security agent, and the lenders party thereto. On January 12, 2007, CGG borrowed $700 million under the bridge loan facility, and the proceeds were used to:

- finance a portion of the cash component of the merger consideration;
- repay certain existing debt of CGG and Veritas; and
- pay the fees and expenses incurred in connection with the foregoing.

Upon such borrowing and the concurrent funding of the $1.0 billion term loan facility, the unused commitments of $900 million were terminated.

We will use the net proceeds of this offering, together with cash on hand, to repay in full the bridge loan facility.

Senior Facilities

On January 12, 2006, Veritas, as borrower, and CGG entered into a $1.115 billion senior secured credit agreement with Credit Suisse, as administrative agent and collateral agent, and the lenders party thereto, pursuant to which credit agreement Veritas borrowed a $1.0 billion senior secured term loan B and obtained a $115 million senior secured U.S. revolving facility (which revolving facility includes letter of credit and swingline subfacilities). Aggregate commitments under the U.S. revolving facility are expected to be increased to $140 million.

The proceeds of the term loan facility were used to:

- finance a portion of the cash component of the merger consideration;
- repay certain existing debt of CGG and Veritas; and
- pay the fees and expenses incurred in connection with the foregoing.

In addition, proceeds of the term loan facility may be used to repurchase up to 3,000,000 of our common shares (or the corresponding number of our ADSs).

Proceeds of loans under the U.S. revolving facility may be used for the general corporate purposes of Veritas.

The term loan facility amortizes in equal quarterly installments of $2.5 million, with the balance payable on January 12, 2014. Revolving loans may be made at any time prior to the final maturity of the U.S. revolving facility on January 12, 2012. Subject to certain exceptions, we are required to repay the principal outstanding under the term loan facility with a portion of our excess cash flow as well as with certain proceeds of insurance, asset sales and debt and equity issuances.

The obligations of Veritas as borrower under the senior facilities are guaranteed by us and the Initial Guarantors of the notes (with the exception of Sercel Canada Ltd., which does not guarantee the senior facilities), and will be guaranteed by any future guarantors of the notes or future refinancing facilities. We have pledged first-priority security in the shares of Veritas and certain of our other first-tier subsidiaries, as well as material first-tier subsidiaries of Veritas. In addition, certain guarantors have provided (or will provide) first-priority security interests in certain of their respective tangible and intangible assets, including (without limitation) certain vessels, real property, mineral rights, deposit accounts and intellectual property. In the case of certain of our subsidiaries (most notably Veritas and certain U.S. and Canadian subsidiaries), the collateral may comprise substantially all of their respective assets.

Our obligations under, and the guarantees issued in respect of the French revolving facility described below will rank *pari passu* in right of payment with the obligations of Veritas under the guarantees issued in respect of the senior facilities. The lien priority and other creditors rights issues in respect of the senior facilities and the bridge loan facility are set forth in an intercreditor agreement that provides, among other things, that so long as any obligations are outstanding under the senior facilities, Credit Suisse (acting as agent for the senior facilities lenders as first lien lenders) will control all remedies and other action related to the collateral.

At the option of the borrower, borrowings under the term loan facility bear interest at the rate of adjusted LIBOR plus either 1.75% or 2.00% or the Alternate Base Rate plus either 0.75% or 1.00%, in each case depending on the corporate rating of CGGVeritas by S&P and the corporate family rating of CGGVeritas by Moody s. At the option of the borrower, borrowings under the U.S. revolving facility bear interest at the rate of adjusted LIBOR plus a range from 1.75% to 2.25% or the Alternate Base Rate plus a range from 0.75% to 1.25%, in each case depending on the corporate rating of CGGVeritas by S&P and the corporate family rating of CGGVeritas by Moody s. The Alternate Base Rate is the higher of Credit Suisse s Prime Rate and the Federal Funds Effective Rate plus 1/2 of 1.0%.

We are required to adhere to certain financial covenants (measured under the financial definitions set forth in the credit agreement governing the senior facilities), including:

maximum ratio of (i) total net debt to (ii) ORBDA; and

minimum ratio of (i) ORBDA less capital expenditures to (ii) total interest costs.

For further information on these financial covenants, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources CGGVeritas Capital Resources ORBDA .

We are subject to affirmative and negative covenants that affect our ability, among other things, to borrow money, incur liens, dispose of assets and acquisitions and pay dividends or redeem shares. Events of default under the senior facilities include, among other things, payment and covenant breaches, insolvency of us or our subsidiaries, the occurrence of certain events constituting a change of control of and certain defaults in respect of other material financial indebtedness.

French Revolving Facility

We intend to enter as borrower into a $200,000,000 revolving credit agreement with a syndicate of banks with Natixis as facility agent and Credit Suisse as collateral agent, in order to replace our previous $60,000,000 revolving facility made available to CGG, CGG Services and Sercel on March 12, 2004 and cancelled prior to the merger. A 40,000,000 swingline facility will operate as a sub-limit within the French revolving facility. We intend to use the proceeds of loans under the French revolving facility for general corporate purposes.

Each cash advance under the French revolving facility will be repaid in full at the end of the relevant interest period of one month to twelve months and is available for redrawing during the availability period. All drawings under the French revolving facility must be repaid on the final maturity date expected to be in 2012.

To secure the obligations under the French revolving facility, we and our material subsidiaries (other than Sercel Canada Ltd.) acting as guarantors intend to grant the same guarantees and security interests as were granted to secure the obligations under the senior facilities and the bridge loan facility.

We expect that the revolving loans (other than swingline loans), will bear interest (computed on the basis of the actual number of days elapsed over 360) at a rate per annum equal to the aggregate of: (i) the applicable margin; (ii) EURIBOR in relation to loans made in euro and LIBOR in relation to loans made in dollars for the relevant interest period; and (iii) mandatory costs, if any.

We expect that the swingline loans will bear interest (computed on the basis of the actual number of days elapsed over 360) at a rate per annum equal to the aggregate of: (i) the applicable margin; (ii) EONIA; and (ii) the mandatory cost (if any).

Debt Securities

7^{1}/2% Senior Notes due 2015

On April 28, 2005, CGG issued $165 million aggregate principal amount of its 7^{1}/2% Senior Notes due 2015 at par in the international capital markets. CGG used the $159.8 million of net proceeds to redeem and pay accrued interest on all of the outstanding $150 million aggregate principal amount of CGG s 10^{5}/8% Senior Notes due 2007 on May 31, 2005. On November 9, 2005, $164.5 million in principal amount of these notes were exchanged for identical notes registered with the SEC.

On February 3, 2006, CGG issued an additional $165 million of its 7^{1}/2% Senior Notes due 2015 issued in April 2005 in a private placement to certain eligible investors. The notes were issued at a price of 103.25% of their principal amount. The net proceeds from the notes were used mainly to repay on February 10, 2006, the $140.3 million remaining under CGG s $375 million bridge loan facility used to finance the acquisition of Exploration Resources. On August 17, 2006, $164 million in principal amount of these notes were exchanged for identical notes registered with the SEC.

Veritas Floating Rate Convertible Senior Notes due 2024

On March 3, 2004, Veritas issued $155 million in principal amount of convertible senior notes due 2024. Convertible notes in a principal amount of $130.5 million were converted prior to the merger, and $24.5 million remained outstanding. CGGVeritas has guaranteed the convertible bonds following the merger.

The convertible notes bear interest at a per annum rate which equals the three-month LIBOR, adjusted quarterly, minus a spread of 0.75%. The notes will mature on March 15, 2024 and may not be redeemed prior to March 20, 2009. Holders of the notes may require CGGVeritas Services Inc. (as successor to Veritas) to repurchase some, or all, of the notes on March 15, 2009, 2014 and 2019. They may also require repurchase upon a change of control, such as the merger.

Under certain circumstances and at the option of the holder, the convertible notes are convertible prior to the maturity. Pursuant to the merger agreement, the indenture governing the convertible bonds and a supplemental indenture in connection with the merger, the holders of convertible bonds are entitled to receive, upon conversion, consideration exclusively in the form of CGGVeritas ADSs.

Other Credit Facilities

$70 million DnB Credit Facility

On March 29, 2006, CGG signed a long term facility agreement with DnB NOR Bank ASA and certain other banks and financial institutions of up to $70,000,000 to partially finance the conversion of both the *C-Orion* and the *Geo Challenger* into 3D vessels, and to purchase new marine streamers. This facility includes pledges over the *C-Orion* and *Geo-Challenger* vessels (including their equipment), as well as over the shares of a subsidiary of Exploration Resources and its assets, and a negative pledge clause with respect to all other vessels of Exploration Resources and the shares of all other subsidiaries of Exploration Resources.

DESCRIPTION OF THE ADDITIONAL NOTES

General

You can find the definitions of certain terms used in this description of the notes under the caption Certain Definitions. In this description, the word Company refers only to Compagnie Générale de Géophysique-Veritas, S.A., and not to any of its subsidiaries.

The notes offered hereby (the *Additional Notes*) will be issued as additional notes under the Indenture dated as of the Issue Date among the Company, the Guarantors and The Bank of New York Trust Company, National Association (as successor to JPMorgan Chase Bank, National Association), as trustee (the *Trustee*). On April 28, 2005, we issued $165.0 million aggregate principal amount of our 7$^{1}/2$% Senior Notes due 2015 under the Indenture, and we subsequently exchanged $164.5 million in aggregate principal amount of these notes for publicly-registered notes with identical terms (the *Initial Notes*). On February 3, 2006, we issued an additional $165.0 million aggregate principal amount of our 7$^{1}/2$% Senior Notes due 2015 under the Indenture, and we subsequently exchanged $164.0 million in aggregate principal amount of these notes for publicly-registered notes with identical terms (the *2006 Additional Notes* , and together with the Initial Notes, the *Existing Notes*). The Additional Notes and the Existing Notes will be treated as a single class of debt securities under the Indenture, including for purposes of determining whether the required percentage of holders of the Notes have given their approval or consent to an amendment or waiver or joined in directing the Trustee to take certain actions on behalf of all holders of the Notes. After consummation of this offering, the Additional Notes will represent % of all of the Notes issued under the Indenture. The terms of the Notes will include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the *Trust Indenture Act*).

The following description is a summary of the material provisions of the Indenture. It does not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, will define your rights as holders of the Notes.

Copies of the Indenture are available for inspection during normal business hours at the office of the Company referred to under the caption Available Information, at the corporate trust office of the Trustee at 601 Travis Street, 18th Floor, Houston, Texas 77002, and at the specified office of each Paying Agent, including, for so long as the Notes are listed on the Luxembourg Stock Exchange, at the specified office of the Paying Agent in Luxembourg. Holders of the Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Indenture.

Brief Description of the Notes

The Notes will, upon issuance:

- be general senior, unsecured obligations of the Company;
- rank equally in right of payment to all existing and future senior, unsecured indebtedness of the Company, except for any liabilities preferred by law;
- rank senior in right of payment to all existing and future subordinated indebtedness of the Company;
- be guaranteed on a senior unsecured basis by certain Subsidiaries of the Company as described below; and
- be effectively subordinated to all existing and future indebtedness of Subsidiaries of the Company that are not Guarantors.

Holders of existing and future secured indebtedness of the Company and its Subsidiaries, including loans under the existing Credit Facilities, will have claims with respect to the assets constituting collateral for such secured indebtedness that are superior to the claims of the holders of the Notes. Accordingly, the Notes and the Subsidiary Guarantees will be effectively subordinated to claims of secured creditors of the Company and the Guarantors to the extent of such collateral.

Only certain Subsidiaries of the Company will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any Subsidiary of the Company that is not a Guarantor, that Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

Assuming that the merger and the financing transactions, including the offering of the Notes and the use of the proceeds thereof, had occurred as at September 30, 2006, there would have been 947 million of outstanding indebtedness including accrued interest effectively senior to the Notes as of September 30, 2006, of which 926 million would have been secured and the Initial Guarantors (as defined under the caption Subsidiary Guarantees Guarantors) (excluding their Subsidiaries that are not Guarantors) would have had outstanding external total Indebtedness of 1,540 million. Indebtedness of the Initial Guarantors is included in the total Indebtedness of the Company and its Subsidiaries. In addition, as at September 30, 2006, the Company and its Subsidiaries had availability under their Credit Facilities of $20 million, which if drawn would have been secured. Each of the Initial Guarantors, other than Sercel Canada, is an obligor under the senior facilities and the French revolving facility. The Indenture will permit the Company and its Subsidiaries (including the Guarantors) to incur additional Indebtedness, including certain additional secured Indebtedness.

As of the date of the Indenture, all of the Company s Subsidiaries will be Restricted Subsidiaries. Under certain circumstances, the Company will be able to designate current or future Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to the restrictive covenants set forth in the Indenture and will not guarantee the Notes.

The Indenture provides the Company the flexibility of issuing additional Notes in the future in an unlimited amount; however, any issuance of such additional Notes would be subject to the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock. The Existing Notes, the Additional Notes and any such additional Notes are collectively referred to as the *Notes* in this Description of the Additional Notes.

Whenever the covenants or default provisions or definitions in the Indenture refer to an amount in U.S. dollars or euros, that amount will be deemed to refer to the U.S. Dollar Equivalent or the Euro Equivalent, respectively, of the amount of any obligation denominated in any other currency or currencies, including composite currencies.

Any other determination of the U.S. Dollar Equivalent or the Euro Equivalent for any purpose under the Indenture will be determined as of a date of determination as described in the definitions of U.S. Dollar Equivalent and Euro Equivalent under Certain Definitions and, in any case, no subsequent change in the U.S. Dollar Equivalent or the Euro Equivalent after the applicable date of determination will cause such determination to be modified.

Principal, Maturity and Interest

The Additional Notes will be limited in aggregate principal amount to $300,000,000 and will mature on May 15, 2015. Interest on the Notes will accrue at the rate of $7^1/2$% per annum and will be payable semi-annually in arrears on May 15 and November 15 of each year, commencing on May 15, 2007, in the case of the Additional Notes, to holders of record on the immediately preceding May 1 and November 1. Interest on the Additional Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from November 15, 2006, the last payment date in respect of the Existing Notes. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payment and Paying Agents

Principal of, premium, if any, and interest on the Notes will be payable in U.S. dollars at the office or agency of the Company maintained for such purpose in the continental United States and, subject to any fiscal or other laws and regulations applicable thereto, at the specified offices of any other Paying Agent appointed by the Company for such purpose, or, at the option of the Company, payment of interest may be made by check mailed to holders of the Notes at their respective addresses set forth in the register of holders; *provided, however,* that all payments with respect to Notes the holders of which have given wire transfer instructions to the Company or a

Paying Agent will be required to be made by wire transfer of immediately available funds to the accounts specified by the holders thereof. The principal of the Notes will be payable only upon surrender of any Note at the Corporate Trust Office of the Trustee or at the specified offices of any other Paying Agent.

If the due date for payment of the principal in respect of any Note is not a business day at the place in which it is presented for payment, the holder thereof will not be entitled to payment of the amount due until the next succeeding business day at such place and will not be entitled to any further interest or other payment in respect of any such delay.

The Indenture provides that any money deposited with the Trustee or any Paying Agent in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, premium, if any, or interest have become due and payable will be paid to the Company, and will be discharged from such trust; and the holder of such Note will thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such money will thereupon cease.

The Corporate Trust Office of the Trustee in Dallas, Texas will initially be designated as the Company s Paying Agent for payments with respect to the Notes. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, the Company will maintain a Paying Agent in Luxembourg. Dexia Banque Internationale à Luxembourg, société anonyme will initially be designated as the Company s Paying Agent in Luxembourg and as the Company s agent where Notes may be surrendered for registration of transfer and exchange. The Company may at any time designate one or more additional Paying Agents or rescind the designation of any Paying Agent or approve a change in the office through which any Paying Agent acts, except that the Company will be required to maintain a Paying Agent in the continental United States. The Company will give notice to each holder of Notes, in the manner described under the caption Notices , of any change in Paying Agents.

Subsidiary Guarantees

General

The obligations of each Guarantor under its Subsidiary Guarantee will be general senior, unsecured obligations of such Guarantor, ranking *pari passu* in right of payment with all other senior indebtedness of such Guarantor and senior in right of payment to any subordinated indebtedness of such Guarantor. The Subsidiary Guarantees will be joint and several obligations of the Guarantors. Holders of existing and future secured indebtedness of the Guarantors, including loans under the existing credit facilities (including the senior facilities and the French revolving facility) will have claims with respect to the assets constituting collateral for such secured indebtedness that are superior to the claims of the holders of the Notes.

The Indenture provides that the obligations of each Guarantor under its Subsidiary Guarantee will be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under bankruptcy, fraudulent conveyance and fraudulent transfer and similar laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Subsidiary Guarantee, result in the obligations of such Guarantor under its Subsidiary Guarantee not constituting a fraudulent transfer or conveyance. In addition, the obligations of each Guarantor under its Subsidiary Guarantee shall be limited to the extent required by applicable law.

Guarantors

Only certain Subsidiaries of the Company will guarantee the Notes. On the date of the issuance of the Additional Notes, the Notes will be guaranteed by CGGVeritas Services Inc., Veritas DGC Land Inc., Veritas Geophysical Corporation, Veritas Investments Inc., Viking Maritime Inc., Veritas Geophysical (Mexico) LLC, Veritas DGC Asia Pacific Ltd. and Alitheia Resources Inc. (the *Veritas Guarantors*), Sercel Inc., Sercel Canada Ltd. and Sercel Australia Pty Ltd (the *Sercel Guarantors*) and CGG Americas, Inc., CGG Canada Services Ltd. and CGG Marine Resources Norge A/ S (the *CGG Guarantors* , and together with the Veritas

Guarantors and the Sercel Guarantors, the *Initial Guarantors*). For more information about the Initial Guarantors, see General Information and Note 31D to the CGG consolidated annual financial statements, Note 4 to CGG s consolidated interim financial statements for the nine months ended September 30, 2006, Note 16 to the Veritas consolidated annual financial statements and Note 11 to Veritas consolidated interim financial statements for the three months ended October 31, 2006, all included elsewhere in this prospectus. The Company s other Subsidiaries will not initially guarantee the Additional Notes and, in certain circumstances described below under the caption Release, the Company may elect to have the Sercel Guarantors released from their Subsidiary Guarantees. In the event of a bankruptcy, liquidation or reorganization of any Subsidiary of the Company that is not a Guarantor, that Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

The Veritas Guarantors (excluding their subsidiaries that have not guaranteed the Notes) generated, before consolidation entries, $384.1 million of revenues, $65.5 million of operating income and $49.5 million of net income in the year ended July 31, 2006 and held $807.9 million of total assets before consolidation entries. They generated, before consolidation entries, $112.5 million of revenues, $15.2 million of operating income and $20.4 million of net income in the three month-period ended October 31, 2006 and held $781.3 million of total assets before consolidation entries as at October 31, 2006.

The CGG Guarantors (excluding their subsidiaries that have not guaranteed the Notes) generated, before consolidation entries, 161.0 million of revenues, 49.8 million of operating income and 30.7 million of net income in the year ended December 31, 2005 and held 394.4 million of total assets before consolidation entries. They generated, before consolidation entries, 194.2 million of revenues, 92.8 million of operating income and 54.7 million of net income in the nine-month period ended September 30, 2006 and held 402.1 million of total assets before consolidation entries as at September 30, 2006.

The Sercel Guarantors (excluding their subsidiaries that have not guaranteed the Notes) generated, before consolidation entries, 146.5 million of revenues, 10.9 million of operating income and 6.3 million of net income in the year ended December 31, 2005 and held 205.9 million of total assets before consolidation entries. They generated, before consolidation entries, 229.3 million of revenues, 33.6 million of operating income and 22.3 million of net income in the nine-month period ended September 30, 2006 and held 208.7 million of total assets before consolidation entries. The revenue, operating income, net income and assets of the Sercel Guarantors are included in those of the Initial Guarantors. In the circumstances described under the caption Certain Covenants Guarantees of Certain Indebtedness by Restricted Subsidiaries the Indenture will require certain of the Company s other Subsidiaries to become Guarantors. For more information about the Initial Guarantors, see General Information .

In addition, a Restricted Subsidiary may become a Guarantor, at its option, by executing a supplemental indenture providing for a Subsidiary Guarantee in accordance with the provisions of the Indenture.

Release

The Indenture provides that, in the event of (a) a transfer, conveyance, sale or other disposition of any Capital Stock of Sercel S.A. or any Sercel Guarantor or (b) the issue by Sercel S.A. or any Sercel Guarantor of any Equity Interests, in either case to any Person other than the Company or a Restricted Subsidiary of the Company, the Company may elect to have the Sercel Guarantors released and relieved of any obligations under their Subsidiary Guarantees, *provided that* the Net Proceeds of such issuance, transfer, conveyance, sale or other disposition are applied in accordance with the covenant described below under the caption Put Option of Holders Asset Sales and the Sercel Guarantors have no other guarantees of Indebtedness of the Company or any other Guarantors (other than Permitted Guarantees) then outstanding. If a Restricted Subsidiary has become a Guarantor at its option, it may thereafter be released and relieved of its obligations under its Subsidiary Guarantee at its option, *provided that* such Guarantor has no guarantee of Indebtedness of the Company or any Guarantor (other than Permitted Guarantees) then outstanding. The Indenture further provides that, for purposes of the covenant described under Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock , the release of any Subsidiary Guarantee pursuant to provisions described in this paragraph shall be

deemed to be an incurrence by the Restricted Subsidiary whose Subsidiary Guarantee is being released of all Indebtedness then held by such Restricted Subsidiary.

The Indenture provides that, in the event of a transfer, conveyance, sale or other disposition (including by way of merger or consolidation) of all or substantially all of the assets or all of the Capital Stock of any Guarantor, then such Guarantor will be released and relieved of any obligations under its Subsidiary Guarantee and the Indenture, provided that the Net Proceeds of such transfer, conveyance, sale or other disposition are applied in accordance with the covenant described below under the caption Put Option of Holders Asset Sales. A Guarantor will likewise be released and relieved of its obligations under its Subsidiary Guarantee upon the release of any guarantee of Indebtedness of the Company that required such Guarantor to guarantee the Notes pursuant to the covenant described below under the caption Certain Covenants Guarantees of Certain Indebtedness by Restricted Subsidiaries except a discharge or release by or as a result of direct payment under such guarantee, *provided that* the Guarantor has no other guarantee of Indebtedness of the Company or any Guarantor (other than Permitted Guarantees) then outstanding. The Indenture also provides that, if the Board of Directors designates a Guarantor to be an Unrestricted Subsidiary, then such Guarantor will be released and relieved of any obligations under its Subsidiary Guarantee and the Indenture, *provided that* such designation is conducted in accordance with the applicable provisions of the Indenture.

Merger or Consolidation

The Indenture provides that, for so long as a Restricted Subsidiary provides a Subsidiary Guarantee pursuant to the terms of the Indenture, such Guarantor may not consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person (other than the Company or another Guarantor), unless:

(a) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) shall execute a Subsidiary Guarantee and deliver an opinion of counsel in accordance with the terms of the Indenture;

(b) immediately after giving effect to such transaction, no Default or Event of Default exists;

(c) such Guarantor, or any Person formed by or surviving any such consolidation or merger, would have a Consolidated Net Worth (immediately after giving effect to such transaction) equal to or greater than the Consolidated Net Worth of such Guarantor immediately preceding the transaction; and

(d) the Company would be permitted by virtue of the Company s pro forma Consolidated Interest Coverage Ratio, immediately after giving effect to such transaction, to incur at least 1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock .

Optional Redemption

At any time prior to May 15, 2010, the Company may redeem the Notes at its option, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest to, the date of redemption.

The Notes will also be redeemable at the Company s option on or after May 15, 2010, in whole or in part, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the 12-month period beginning May 15 of the years indicated below:

Year	**Percentage**
2010	103.75%
2011	102.50%
2012	101.25%
2013 and thereafter	100.00%

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Further, prior to May 15, 2008, the Company may redeem on any one or more occasions Notes representing up to 35% of the sum of the aggregate principal amount of the Existing Notes and the Additional Notes plus any other Notes originally issued under the Indenture after the Issue Date at a redemption price of 107.50% of the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, with the net cash proceeds of one or more Qualified Equity Offerings, *provided that* (a) Notes representing at least 65% of the sum of the aggregate principal amount of the Existing Notes and the Additional Notes plus any other Notes originally issued under the Indenture after the Issue Date remain outstanding immediately after the occurrence of each such redemption and (b) such redemption occurs within 90 days of the date of the closing of each such Qualified Equity Offering.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption as follows:

(a) if the Notes are listed, in compliance with the requirements of the principal securities exchange on which the Notes are listed; or

(b) if the Notes are not so listed, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

No Notes of $1,000 or less shall be redeemed in part.

Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address. For so long as the Notes are listed on the Luxembourg Stock Exchange and for so long as the rules of such exchange require, notices of redemption will be published once by the Trustee, not less than five business days prior to the redemption date, in a newspaper having general circulation in Luxembourg, which is expected to be *D Wort* or if such newspaper ceases to be published or timely publication in it will not be practicable, in such other newspaper as the Trustee deems necessary to give fair and reasonable notice to the holders of Notes. Notices may also be published on the internet site of the Luxembourg Stock Exchange at www.bourse.lu.

Notices of redemption may not be conditional.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder thereof upon surrender of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Indenture provides that the Company may at any time redeem, in whole but not in part, the outstanding Notes at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest thereon to the date of redemption if it or any Guarantor has become or would become obligated to pay any Additional Amounts (as defined under the caption Additional Amounts) in respect of the Notes as a result of:

(a) (1) any change in or amendment to the laws or treaties (or regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under the caption Additional Amounts) or (2) any change in or amendment to any official position regarding the application or interpretation of such laws, treaties, regulations or rulings, which change or amendment is announced or is effective on or after the date of the Indenture; and

(b) such obligation cannot be avoided by the Company or any such Guarantor taking reasonable measures available to it.

Notwithstanding the preceding, no notice of redemption will be given earlier than 60 days prior to the earliest date on which the Company could be obligated to pay such Additional Amounts if a payment in respect of the Notes was then due. Prior to giving notice of any such redemption, the Company will deliver to the Trustee (y) an Officers Certificate stating that the obligation to pay Additional Amounts cannot be avoided by the Company or any such Guarantor taking reasonable measures available to it and (z) a written opinion of an independent legal counsel to the Company to the effect that the circumstances referred to above exist.

Additional Amounts

The Indenture provides that payments made by or on behalf of the Company or any Guarantor under or with respect to the Notes or the Subsidiary Guarantees will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, interest, assessment or other governmental charge (*Taxes*) imposed or levied by or on behalf of any jurisdiction in which the Company or any Guarantor (including any successor entities), is then organized or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction by or through which payment is made (each, a *Relevant Taxing Jurisdiction*), unless the Company or any Guarantor (or any Paying Agent) is required to withhold or deduct Taxes under the laws of the Relevant Taxing Jurisdiction or by the interpretation or administration thereof by the relevant taxing authority. If the Company or any Guarantor (or any Paying Agent) is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Notes or the Subsidiary Guarantees, the Company or any such Guarantor (and each Paying Agent) will pay to each holder of the Notes that are outstanding on the date of the required payment, such additional amounts (*Additional Amounts*) as may be necessary so that the net amount received by such holder (including the Additional Amounts) after such withholding or deduction will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted, provided that no Additional Amounts will be payable with respect to any Note:

(a) surrendered by the holder thereof for payment of principal more than 30 days after the later of (1) the date on which such payment first became due and (2) if the full amount payable has not been received by or on behalf of the relevant holder on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the holders by the Trustee, except to the extent that the holder would have been entitled to such Additional Amounts on surrendering such Note for payment on the last day of the applicable 30-day period;

(b) if any tax, assessment or other governmental charge is imposed or withheld by reason of the failure to comply by the holder or, if different, the beneficial owner (*ayant-droit*) of the Note with a request addressed to such holder or beneficial owner to provide information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of such holder or beneficial owner which is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such tax, assessment or governmental charge;

(c) held by or on behalf of a holder who is liable for Taxes in respect of such Note by reason of having some connection with the Relevant Taxing Jurisdiction other than the mere purchase, holding or disposition of any Note, or the receipt of payments made by or on behalf of the Company or any Guarantor in respect thereof or any Subsidiary Guarantee, including, without limitation, such holder being or having been a citizen or resident thereof or being or having been present or engaged in a trade or business therein or having had a permanent establishment therein;

(d) on account of any estate, inheritance, gift, sale, transfer, personal property or other similar tax, assessment or other governmental charge;

(e) except in the case of the winding up of the Company or any Guarantor, any Note surrendered for payment in the Republic of France;

(f) any withholding or deduction imposed on a payment to an individual which is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to European Council Directive 2003/48/ EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of

November, 26-27, 2000 on the taxation of savings income or any agreement between the European Community and any jurisdiction providing for equivalent measures; or

(g) as a result of any combination of (a), (b), (c), (d), (e) or (f) or with respect to any payment made by or on behalf of the Company or any Guarantor in respect of any Note or Subsidiary Guarantee to any holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor or beneficial owner would not have been entitled to any Additional Amounts had such beneficiary or settlor or beneficial owner been the holder.

The Company or any Guarantor will also make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company will furnish, within 60 days after the date the payment of any Taxes is due pursuant to applicable law, to the Trustee, copies of tax receipts (to the extent received from the relevant tax authorities in the usual course or as generally provided) evidencing that such payment has been made by the Company or any Guarantor. The Trustee will make such evidence available to the holders upon request.

At least 30 days prior to each date on which any payment under or with respect to the Notes or the Subsidiary Guarantees is due and payable, if the Company or any Guarantor becomes obligated to pay Additional Amounts with respect to such payment, the Company will deliver to each Paying Agent an Officers Certificate stating the fact that such Additional Amounts will be payable, and the amount so payable and will set forth such other information as necessary to enable such Paying Agent to pay such Additional Amounts to the holders of the Notes on the payment date. Whenever in the Indenture or this prospectus there is mentioned, in any context, (a) the payment of principal (and premium, if any), (b) purchase prices in connection with a purchase of the Notes, (c) interest or (d) any other amount payable on or with respect to any of the Notes or the Subsidiary Guarantees, such mention is deemed to include mention of the payment of Additional Amounts provided for in this section to the extent, that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Company or a Guarantor, as the case may be, will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that arise in the United States, the Republic of France or in any jurisdiction in which a Paying Agent is located from the initial issue or registration of the Notes or on the enforcement of any payments with respect to the Notes or any Subsidiary Guarantee.

The obligations of the Company or any Guarantor described in this Additional Amounts section will survive the satisfaction and discharge of the Indenture.

Mandatory Redemption

Except as set forth below under the caption Put Option of Holders, the Company will not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

Put Option of Holders

Change of Control

The Indenture provides that, upon the occurrence of a Change of Control, each holder will have the right to require the Company to purchase all or any portion (equal to $1,000 or an integral multiple thereof) of the holder s Notes, pursuant to the offer described below (the *Change of Control Offer*), at a purchase price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase (the *Change of Control Payment*).

Within 30 days following a Change of Control, the Company will give notice to each holder of Notes, in the manner described under the caption Notices , and the Trustee describing the transaction that constitutes the Change of Control and offering to purchase the Notes on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is given (the *Change of Control Payment Date*), pursuant to the procedures required by the Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws and regulations are applicable in connection with the purchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such conflict.

On or before the Change of Control Payment Date, the Company will, to the extent lawful:

(a) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(b) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(c) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers Certificate stating the aggregate principal amount of the Notes or portions thereof being purchased by the Company.

The Paying Agent will promptly deliver to each holder of the Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided, however,* that each such new Note will be in a principal amount of $1,000 or an integral multiple thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. In addition, the Company could enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that could affect the Company s capital structure or the value of the Notes, but that would not constitute a Change of Control. The occurrence of a Change of Control may result in a default under the agreement governing other senior indebtedness of the Company including the term loan facility, giving the lenders thereunder the right to require the Company to repay all outstanding obligations thereunder, possibly limiting the Company s ability to purchase the Notes upon a Change of Control. The Company s ability to purchase the Notes following a Change of Control may also be limited by the Company s then existing financial resources. Should a Change of Control occur at a time when the Company lacks sufficient funds to make the Change of Control Payments or is prohibited from purchasing the Notes under instruments governing other senior indebtedness (and the Company is unable to obtain the consent of the holders of such senior indebtedness or to prepay such senior indebtedness), an Event of Default would occur under the Indenture. See Events of Default and Remedies. See Risk Factors Risks Related to the Notes Although the occurrence of specific change of control events affecting us will permit you to require us to repurchase your notes, we may not be able to repurchase your notes.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable regardless of whether any other provisions of the Indenture are applicable. The Company will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

A *Change of Control* will be deemed to have occurred upon the occurrence of any of the following:

(a) the sale, lease, transfer, conveyance or other disposition (other than by merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole;

(b) the adoption, by holders of Capital Stock of the Company, of a voluntary plan relating to the liquidation or dissolution of the Company;

(c) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as such term is used in Section 13(d) (3) of the Exchange Act) becomes the beneficial owner (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly through one or more intermediaries, of more than 50% of the voting power of the outstanding Voting Stock of the Company; or

(d) the first day on which more than a majority of the members of the Board of Directors are not Continuing Directors;

provided, however, that a transaction in which the Company becomes a Subsidiary of another Person (other than a Person that is an individual) shall not constitute a Change of Control if (1) the shareholders of the Company immediately prior to such transaction beneficially own (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly through one or more intermediaries, at least a majority of the voting power of the outstanding Voting Stock of such other Person immediately following the consummation of such transaction and (2) immediately following the consummation of such transaction, no person (as such term is defined above), other than such other Person (but including the holders of the Equity Interests of such other Person), beneficially owns (as such term is defined above), directly or indirectly through one or more intermediaries, more than 50% of the voting power of the outstanding Voting Stock of the Company.

Continuing Directors means, as of any date of determination, any member of the Board of Directors who (a) was a member of the Board of Directors on the Issue Date or (b) was nominated for election to the Board of Directors with the approval of, or whose election to the Board of Directors was ratified by, at least a majority of the members of the Board of Directors who were members of the Board of Directors on the Issue Date or who were so elected to the Board of Directors thereafter.

The definition of Change of Control includes an event by which the Company sells, leases, transfers, conveys or otherwise disposes of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase such Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the properties or assets of the Company and its Subsidiaries, taken as a whole, may be uncertain.

Asset Sales

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale (excluding for this purpose an Event of Loss) unless:

(a) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (as determined in accordance with the definition of such term set out below under the caption Certain Definitions , the results of which determination shall be set forth in an Officers Certificate delivered to the Trustee) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(b) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents;

provided, however, that the amount of (1) any liabilities (as shown on the Company s or such Restricted Subsidiary s most recent balance sheet) of the Company or such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or the Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability and (2) any securities, notes or other obligations received by the Company or such Restricted Subsidiary from such transferee that are converted within 180 days by the Company or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion) shall be deemed to be cash for purposes of this provision.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale (including, without limitation, any Event of Loss), the Company or any such Restricted Subsidiary may apply such Net Proceeds to (a) permanently repay the principal of any Indebtedness of the Company ranking in right of payment at least *pari passu* with the Notes or any Indebtedness of such Restricted Subsidiary (*provided that* if such Restricted Subsidiary is a Guarantor, then such Indebtedness shall rank in right of payment at least *pari passu* with its Subsidiary Guarantee), (b) make capital expenditures in respect of Strategic Assets or (c) acquire (including by way of a purchase of assets or a majority of the Voting Stock of a Person, by merger, by consolidation or otherwise) Strategic Assets, *provided that* if the Company or such Restricted Subsidiary enters into a binding agreement to acquire such Strategic Assets within such 365-day period, but the consummation of the transactions under such agreement has not occurred within such 365-day period and such agreement has not been terminated, then such 365-day period will be extended by 90 days to permit such consummation. If such consummation does not occur, or such agreement is terminated within such 90-day extension period, then the Company may apply, or cause such Restricted Subsidiary to apply, within 90 days after the end of such initial 90-day extension period or the effective date of such termination, whichever is earlier, such Net Proceeds as provided in clauses (a) through (c) of this paragraph. Pending the final application of any such Net Proceeds, the Company or any such Restricted Subsidiary may temporarily reduce outstanding revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture. Any Net Proceeds from Asset Sales that are not applied or invested as provided in clauses (a) through (c) of this paragraph will be deemed to constitute Excess Proceeds .

When the aggregate amount of Excess Proceeds exceeds 10,000,000, the Company will be required to make an offer to all holders of the Notes (an *Asset Sale Offer*) to purchase the maximum principal amount of the Notes that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase, in accordance with the procedures set forth in the Indenture; *provided, however,* that, if the Company is required to apply such Excess Proceeds to purchase, or to offer to purchase, any Pari Passu Indebtedness, the Company shall only be required to offer to purchase the maximum principal amount of the Notes that may be purchased out of the amount of such Excess Proceeds multiplied by a fraction, the numerator of which is the aggregate principal amount of the Notes outstanding and the denominator of which is the aggregate principal amount of the Notes outstanding plus the aggregate principal amount of Pari Passu Indebtedness outstanding. To the extent that the aggregate principal amount of the Notes tendered pursuant to an Asset Sale Offer is less than the amount that the Company is required to purchase, the Company may use any remaining Excess Proceeds for general corporate purposes in any manner not prohibited by the Indenture. If the aggregate principal amount of the Notes surrendered by holders thereof exceeds the amount that the Company is required to purchase, the Trustee shall select the Notes to be purchased on a pro rata basis. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero.

The Company will not, and will not permit any Restricted Subsidiary to, enter into or suffer to exist any agreement (other than any agreement governing the Company s or any Restricted Subsidiary s Credit Facilities) that would place any restriction of any kind (other than pursuant to law or regulation) on the ability of the Company to make an Asset Sale Offer. The agreements governing the Company s existing Credit Facilities contain and the agreements governing the Company s future Credit Facilities may contain prohibitions of certain events, including events that would constitute a Change of Control or an Asset Sale. In addition, the exercise by the holders of Notes of their right to require the Company to repurchase the Notes upon a Change of Control or an Asset Sale could cause a default under these other agreements, even if the Change of Control or Asset Sale itself does not, due to the financial effect of such repurchases on the Company. Finally, the Company s ability to pay cash to the holders of Notes upon a repurchase may be limited by the Company s then existing financial resources. See Risk Factors Risks Related to the Notes .

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws and regulations are applicable in connection with the purchase of the Notes as a result of an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Company will comply with the applicable

securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such conflict.

Certain Covenants

Restricted Payments

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(a) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any of its Restricted Subsidiaries (other than any such Equity Interests owned by the Company or any Wholly Owned Restricted Subsidiary of the Company);

(b) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Indebtedness that is subordinated in right of payment to the Notes or the Subsidiary Guarantees, except a payment of interest or principal at Stated Maturity; or

(c) make any Restricted Investment,

(all such payments and other actions set forth in clauses (a) through (c) above being collectively referred to as *Restricted Payments*), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least 1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described under the caption Incurrence of Indebtedness and Issuance of Disqualified Stock ; and

(3) such Restricted Payment, together with (x) the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the date of the Indenture (excluding Restricted Payments permitted by clauses (b) through (e) and, to the extent deducted in computing Consolidated Net Income, (f) and (g) of the next succeeding paragraph) , and (y) the aggregate amount of all dividends and other payments or distributions paid subsequent to the Issue Date on account of the Company s or any of its Restricted Subsidiaries Equity Interests (including, without limitation, any such payment in connection with any merger or consolidation involving the Company) or to the direct or indirect holders of the Company s Equity Interests in their capacity as such (other than (i) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company, (ii) dividends or distributions payable to the Company or any of its Restricted Subsidiaries or (iii) if the Restricted Subsidiary making such dividend is not a Wholly Owned Restricted Subsidiary, dividends to its shareholders on a pro rata basis), is less than the sum (without duplication) of the following:

(A) 50% of the cumulative Consolidated Net Income of the Company for the period (taken as one accounting period) from January 1, 2005 to the end of the Company s most recently ended fiscal quarter for which financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(B) 100% of the aggregate of (1) the net cash proceeds and (2) the fair market value of Strategic Assets transferred or conveyed to the Company (as valued at the time of transfer or conveyance to the Company, and as determined in the manner contemplated by the definition of the term fair market value), in each case received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issuance or sale of Disqualified Stock or debt securities of the Company that have been converted into, or exchanged or redeemed for, such Equity Interests (other than any such Equity Interests, Disqualified Stock or convertible debt securities sold to a Restricted Subsidiary of the Company and other than Disqualified Stock or convertible debt securities that have been converted into, or exchanged or redeemed for, Disqualified Stock); plus

(C) to the extent that any Restricted Investment that was made after the date of the Indenture is sold for cash or otherwise liquidated or repaid for cash, the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any); plus

(D) if any Unrestricted Subsidiary is redesignated as a Restricted Subsidiary, the lesser of (1) an amount equal to the fair market value of the Investments previously made by the Company and its Restricted Subsidiaries in such Subsidiary as of the date of redesignation and (2) the amount of such Investments.

The preceding provisions will not prohibit any of the following:

(a) the payment of any dividend within 60 days after the date of declaration thereof if at said date of declaration such payment would have complied with the provisions of the Indenture;

(b) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Company or any Guarantor or any Equity Interests of the Company or any of its Restricted Subsidiaries in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of, other Equity Interests of the Company (other than any Disqualified Stock), *provided that* the amount of any such net cash proceeds that are utilized for any such redemption, purchase, retirement, defeasance or other acquisition shall be excluded from clause (3)(B) of the preceding paragraph;

(c) the defeasance, redemption, purchase, retirement or other acquisition of subordinated Indebtedness of the Company or any Guarantor with the net cash proceeds from an incurrence of, or in exchange for, Permitted Refinancing Indebtedness;

(d) the payment of any dividend or distribution by a Restricted Subsidiary of the Company to the Company or any of its Wholly Owned Restricted Subsidiaries;

(e) repurchases of Equity Interests deemed to occur upon exercise of stock options, if such Equity Interests represent a portion of the exercise price of such stock options;

(f) so long as no Default has occurred and is continuing, the repurchase or other acquisition for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company for allocation (as a free allocation or otherwise) to directors, officers and employees of the Company and its Restricted Subsidiaries not in excess of 2,500,000 in any 12-month period;

(g) so long as no Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any member of the Company s (or any of its Restricted Subsidiaries) management pursuant to any management equity subscription agreement or stock option agreement in effect as of the Issue Date; *provided that* the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed 1,000,000 in any 12-month period;

(h) loans or advances in the ordinary course of business to Affiliates or Persons with which the Company or a Subsidiary may have contractual arrangements in any jurisdiction reasonably necessary to be made in connection with conducting the business of the Company or a Subsidiary in such jurisdiction in a form that is customary to address foreign investment regulation or practice in such jurisdiction, in an aggregate amount not to exceed 2,000,000 outstanding at any one time;

(i) so long as no Default has occurred and is continuing, advances constituting Investments or loans to directors, officers and employees of the Company and its Restricted Subsidiaries in the ordinary course of business for bona fide business purposes not in excess of 1,000,000 at any one time outstanding; and

(j) other Restricted Payments not to exceed 15,000,000 in the aggregate.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any non-cash Restricted Payment shall be determined in the manner contemplated by the definition of the term fair market value , and the results of such determination shall be evidenced by an Officers Certificate delivered to the Trustee. Not later than 10 business days following the date of making any Restricted Payment (other than a Restricted Payment permitted by clauses (b) through (d) of the preceding paragraph), the Company shall deliver to the Trustee an Officers Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by the covenant Restricted Payments were computed.

Incurrence of Indebtedness and Issuance of Disqualified Stock

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, *incur* or an *incurrence*) any Indebtedness (including, without limitation, any Acquired Indebtedness) and that the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however,* that the Company or any Guarantor may incur Indebtedness or issue Disqualified Stock, and any Restricted Subsidiary may incur Acquired Indebtedness, in each case if the Consolidated Interest Coverage Ratio for the Company s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 3.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness or Disqualified Stock had been issued or incurred, as the case may be, at the beginning of such four-quarter period.

The preceding paragraph will not apply to the incurrence by the Company or any of its Restricted Subsidiaries of any of the following Indebtedness:

(a) Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed the greater of (x) 125,000,000, plus any fees, premiums, expenses (including costs of collection), indemnities and similar amounts payable in connection with such Indebtedness, and less any amounts derived from Asset Sales and applied to the permanent reduction of Indebtedness under Credit Facilities in accordance with the covenant described under the caption Put Option of Holders Asset Sales and (y) 10% of the Company s Consolidated Total Assets;

(b) Existing Indebtedness;

(c) Hedging Obligations;

(d) Indebtedness represented by the Existing Notes or the Subsidiary Guarantees with respect thereof (but not the Additional Notes and related guarantees);

(e) intercompany Indebtedness between or among the Company and any of its Wholly Owned Restricted Subsidiaries, *provided that* (1) if the Company or any Guarantor is the obligor on such Indebtedness, then the Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all of the Company s obligations with respect to the Notes or such Guarantor s obligations under its Subsidiary Guarantee, as the case may be, and (2) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company, or any sale or other transfer of any such Indebtedness to a Person that is neither the Company nor a Wholly Owned Restricted Subsidiary of the Company, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the

Company or such Restricted Subsidiary, as the case may be, as of the date of such issuance, sale or other transfer that is not permitted by this clause (e);

(f) Indebtedness in respect of bid, performance or surety bonds issued for the account of the Company or any of its Restricted Subsidiaries in the ordinary course of business, including guarantees or obligations of the Company or any of its Restricted Subsidiaries with respect to letters of credit supporting such bid, performance or surety obligations (in each case other than for an obligation for money borrowed);

(g) Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations (or any guarantee thereof or indemnity with respect thereto), in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (g), not to exceed 20,000,000 at any time outstanding;

(h) the guarantee by the Company of Indebtedness of any of its Restricted Subsidiaries or by any Restricted Subsidiary of Indebtedness of the Company or another Restricted Subsidiary, in each case, that was permitted to be incurred by another provision of this covenant; *provided that* if the Indebtedness being guaranteed is subordinated in right of payment to the Notes or a Subsidiary Guarantee then the guarantee shall be subordinated to the same extent as the Indebtedness guaranteed;

(i) intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries incurred in the ordinary course of business in connection with cash pooling or other cash management arrangements;

(j) Permitted Refinancing Indebtedness incurred in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund Indebtedness incurred pursuant to the first paragraph and clauses (b), (d), (g) and (j) of the second paragraph of this covenant;

(k) Indebtedness of Restricted Subsidiaries of the Company (other than Guarantors) in an aggregate principal amount not to exceed 5% of the Company s Consolidated Total Assets minus the sum of all Indebtedness of Restricted Subsidiaries of the Company (other than Guarantors) then outstanding; and

(l) any additional Indebtedness of the Company or any Guarantor in an aggregate principal amount not in excess of 25,000,000 at any one time outstanding and any guarantee thereof.

The Indenture also provides that the Company will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness which by its terms (or by the terms of any agreement governing such Indebtedness) is subordinated to any other Indebtedness of the Company or of such Guarantor, as the case may be, unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinate to the Notes or the Subsidiary Guarantees of such Guarantor, as the case may be, to the same extent and in the same manner as such Indebtedness is subordinated pursuant to subordination provisions that are most favorable to the holders of any other Indebtedness of the Company or of such Guarantor, as the case may be; *provided, however,* that no Indebtedness shall be deemed to be contractually subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured.

For purposes of determining compliance with this Incurrence of Indebtedness and Issuance of Disqualified Stock covenant, if an item of proposed Indebtedness meets the criteria of more than one of the categories of Indebtedness described in clauses (a) through (l) of the second paragraph, or is entitled to be incurred pursuant to the first paragraph, of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant.

Liens

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien on any property or asset now owned or hereafter acquired, or any income or profits therefrom, except Permitted Liens, to secure (a) any Indebtedness of the Company or such Restricted Subsidiary (if it is not also a Guarantor), unless prior to, or contemporaneously therewith, the Notes are equally and ratably secured, or (b) any Indebtedness of any Guarantor, unless prior to, or contemporaneously therewith, the Subsidiary Guarantee of such Guarantor is equally and ratably secured; *provided, however,* that if such Indebtedness is expressly subordinated to the Notes or any Subsidiary Guarantee, the Lien securing such Indebtedness will be subordinated and junior to the Lien securing the Notes or the Subsidiary Guarantee, as the case may be, with the same relative priority as such Indebtedness has with respect to the Notes or the Subsidiary Guarantee. The incurrence of secured Indebtedness by the Company and its Restricted Subsidiaries is subject to further limitations on the incurrence of Indebtedness as described under the caption Incurrence of Indebtedness and Issuance of Disqualified Stock .

Sale-and-Leaseback Transactions

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale-and-leaseback transaction; *provided, however,* that the Company or any Restricted Subsidiary, as applicable, may enter into a sale-and-leaseback transaction if:

(a) the Company or such Restricted Subsidiary could have (1) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such sale-and-leaseback transaction pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption Incurrence of Indebtedness and Issuance of Disqualified Stock and (2) incurred a Lien to secure such Indebtedness pursuant to the covenant described under the caption Liens ;

(b) the gross cash proceeds of such sale-and-leaseback transaction are at least equal to the fair market value (as determined in accordance with the definition of such term, the results of which determination shall be set forth in an Officers Certificate delivered to the Trustee) of the property that is the subject of such sale-and-leaseback transaction; and

(c) the transfer of assets in such sale-and-leaseback transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, the covenant described above under the caption Put Option of Holders Asset Sales , if applicable.

Issuances and Sales of Capital Stock of Restricted Subsidiaries

The Indenture provides that the Company (a) will not, and will not permit any Restricted Subsidiary of the Company to, transfer, convey, sell or otherwise dispose of any Capital Stock of any Restricted Subsidiary of the Company to any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company, and (b) will not permit any Restricted Subsidiary of the Company to issue any of its Equity Interests to any Person other than to the Company or a Wholly Owned Restricted Subsidiary of the Company, (except, in the case of both clauses (a) and (b) above, as required in the manner described in clause (b) under the definition of Wholly Owned Restricted Subsidiary , *provided that* the business and management of the Restricted Subsidiary is, by contract or otherwise, controlled by the Company), unless:

(a) the Net Proceeds from such issuance, transfer, conveyance, sale or other disposition are applied in accordance with the covenant described above under the caption Put Option of Holders Asset Sales ; and

(b) immediately after giving effect to such transfer, conveyance, sale or other disposition, such Restricted Subsidiary either continues to be a Restricted Subsidiary or, if such Restricted Subsidiary would no longer constitute a Restricted Subsidiary, any remaining Investment in such Restricted Subsidiary would have been permitted to be made under the covenant described above under the caption Restricted Payments if made on the date of such transfer, conveyance, sale or other disposition.

For purposes of this covenant, the creation or perfection of a Lien on any Capital Stock of a Restricted Subsidiary of the Company to secure any Indebtedness of the Company or any of its Restricted Subsidiaries will not be deemed to be a disposition of such Capital Stock, *provided that* any sale by the secured party of such Capital Stock following foreclosure of its Lien will be subject to this covenant.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to do any of the following:

(a) (1) pay dividends or make any other distributions to the Company or any of its Restricted Subsidiaries on its Capital Stock or (2) pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(b) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(c) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries,

except for such encumbrances or restrictions existing under or by reason of:

(1) agreements governing Credit Facilities or Existing Indebtedness, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof, *provided that* such agreements and amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are not materially less favorable to the holders of the Notes, taken as a whole, with respect to such dividend and other payment restrictions, than those contained, in the case of Credit Facilities, in agreements governing Credit Facilities or, in the case of Existing Indebtedness, in agreements governing such Existing Indebtedness, in either case as in effect on the date of the Indenture;

(2) the Indenture, the Notes and the Subsidiary Guarantees;

(3) any agreement for the sale or other disposition of Equity Interests in a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending the sale or other disposition;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, *provided that,* in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(5) by reason of customary provisions restricting the subletting or assignment of any lease or the transfer of copyrighted or patented materials;

(6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (c) above on the property so acquired;

(7) customary provisions in agreements for the sale of property or assets;

(8) customary provisions in agreements that restrict the assignment of such agreements or rights thereunder;

(9) provisions with respect to the disposition or distribution of assets or property in any joint venture agreement, assets sale agreement, stock sale agreement or other similar agreement in each case entered into in the ordinary course of business, but in each case only to the extent such encumbrance or restriction relates to the

transfer of the property, or encumbers or restricts the assets, subject to such agreement;

(10) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(11) Permitted Refinancing Indebtedness, *provided that* the encumbrances and restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially less favorable to the holders of the Notes, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(12) any Liens not prohibited by the covenant described above under the caption Liens that limit the right of the debtor to dispose of the assets subject to such Liens; or

(13) applicable law.

Transactions with Affiliates

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an *Affiliate Transaction*), unless:

(a) such Affiliate Transaction is in writing and on terms that, when taken as a whole, are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person or, if there is no such comparable transaction, on terms that are fair and reasonable to the Company or such Restricted Subsidiary; and

(b) the Company delivers to the Trustee (1) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of 2,000,000, an Officers Certificate certifying that such Affiliate Transaction complies with clause (a) above and (2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of 5,000,000, a resolution of the Board of Directors set forth in an Officers Certificate certifying that such Affiliate Transaction complies with clause (a) above and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors and (3) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of 15,000,000, an opinion as to the fairness to the Company or the relevant Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm that is, in the judgment of the Board of Directors, qualified to render such opinion and is independent with respect to the Company;

provided, however, that the following shall be deemed not to be Affiliate Transactions:

(A) any employment agreement or other employee compensation plan or arrangement (including stock option plans) entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business of the Company or such Restricted Subsidiary;

(B) transactions between or among the Company and its Restricted Subsidiaries (including any Person that becomes a Restricted Subsidiary as a result of any such transaction);

(C) loans or advances to officers, directors and employees of the Company or any of its Restricted Subsidiaries made in the ordinary course of business and consistent with past practices of the Company and its Restricted Subsidiaries in an aggregate amount not to exceed 1,000,000 outstanding at any one time;

(D) indemnities of officers, directors and employees of the Company or any of its Restricted Subsidiaries permitted by provisions of the organizational documents of the Company or such Restricted Subsidiary or applicable law;

(E) the payment of reasonable and customary regular fees to directors of the Company or any of its Restricted Subsidiaries who are not employees of the Company or any Subsidiary;

(F) any agreement or arrangement in effect as of the Issue Date or any amendment thereto or replacement thereof or any transaction contemplated thereby (including pursuant to any amendment or replacement agreement) so long as any such amendment or replacement agreement, taken as a whole, is no more disadvantageous to the holders of the Notes in any material respect than the original agreement as in effect on the Issue Date; and

(G) Restricted Payments and Permitted Investments that are permitted by the provisions of the Indenture described above under the caption Restricted Payments .

Guarantees of Certain Indebtedness by Restricted Subsidiaries

The Indenture provides that the Company will not permit any Restricted Subsidiary, directly or indirectly, to guarantee any Indebtedness of the Company or any Guarantor (the *Other Company Indebtedness*) other than Permitted Guarantees unless such Restricted Subsidiary (if it is not already a Guarantor) contemporaneously executes a Subsidiary Guarantee, which Subsidiary Guarantee will be senior to such Restricted Subsidiary s guarantee of such Other Company Indebtedness if such Other Company Indebtedness so guaranteed is subordinated Indebtedness.

Conduct of Business

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in the conduct of any business other than the business being conducted on the Issue Date and such other businesses as are reasonably necessary or desirable to facilitate the conduct and operation of, or ancillary or reasonably related to, such businesses, except to the extent as would not be material to the Company and its Restricted Subsidiaries, taken as a whole.

Anti Layering

The Indenture provides that the Company will not and will not permit any Guarantor to incur, directly or indirectly, any Indebtedness that is subordinated in right of payment to any Indebtedness of the Company or the Guarantor, as the case may be, unless the Indebtedness so incurred is either *pari passu* with, or subordinated in right of payment to, the Notes or the relevant Subsidiary Guarantee, as the case may be.

Unsecured Indebtedness will not be deemed to be subordinated in right of payment to secured Indebtedness solely because it is unsecured, and Indebtedness that is not guaranteed by a particular Person is not deemed to be subordinated in right of payment to Indebtedness that is so guaranteed solely because it is not so guaranteed.

Reports

Whether or not the Company is required to do so by the rules and regulations of the Commission, the Company will file with the Commission (unless the Commission will not accept such a filing):

(i) within the time periods specified in the Commission s rules and regulations, all annual financial and other information with respect to the Company and its Subsidiaries that would be required to be contained in a filing with the Commission on Form 20-F, including a Management s Discussion and Analysis of Financial Condition and Results of Operations and a report thereon by the Company s certified independent accountants; and

(ii) within 60 days after the end of each of the first and third quarters of each fiscal year (and within 75 days after the end of the second quarter of each fiscal year), reports on Form 6-K, or any successor form, attaching (a) unaudited consolidated financial statements for the Company for the period then ended (and the comparable period in the prior year), in each case prepared in accordance with GAAP (as in effect on the date of such report or financial information) including either, to the extent permitted under applicable law and SEC regulations (i) a reconciliation to accounting principles generally accepted in the United States (*U.S. GAAP*) in substantially the form set out in the Form 20-F of the Company for the year ended December 31, 2004 dated on or about April 18, 2005 or (ii) a reconciliation of EBITDA to U.S. GAAP; *provided that,* in either case, such reconciliation shall be made to U.S. GAAP as in effect on the date of such report or financial information and (b) the information relating to the Company described in Item 5 of Form 20-F (i.e., Operating and Financial Review and Prospects).

Within 15 days of filing, or attempting to file, such information with the Commission, the Company shall furnish such information to the holders of the Notes.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, the above information will also be made available in Luxembourg, free of charge, through the offices of the Paying Agent in Luxembourg.

In addition, for so long as any Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company and the Guarantors will furnish to the holders of the Notes and prospective purchasers of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Future Designation of Restricted and Unrestricted Subsidiaries

The preceding covenants (including calculation of financial ratios and the determination of limitations on the incurrence of Indebtedness) may be affected by the designation by the Company of any existing or future Subsidiary of the Company as an Unrestricted Subsidiary, or by the redesignation by the Company of an Unrestricted Subsidiary as a Restricted Subsidiary.

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause a Default. For purposes of making such designation, all outstanding Investments by the Company and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be Restricted Payments at the time of such designation, in an amount equal to the fair market value of such Investments at the time of such designation. Such designation will only be permitted if such Restricted Payments would be permitted by the terms of the Indenture at such time and if such Restricted Subsidiary otherwise meets the definition of Unrestricted Subsidiary . The Company may not designate any Restricted Subsidiary to be an Unrestricted Subsidiary at any time during which the Company maintains Investment Grade Status.

The Board of Directors may also redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if such redesignation complies with the requirements of the Indenture described in the definition of Unrestricted Subsidiary . If the aggregate amount of all Restricted Payments calculated for purposes of the first paragraph of the covenant described under the caption Restricted Payments above includes an Investment in an Unrestricted Subsidiary that subsequently becomes a Restricted Subsidiary pursuant to the terms of this paragraph, then the aggregate amount of such Restricted Payments will be reduced by the lesser of (a) an amount equal to the fair market value of the Investments previously made by the Company and its Restricted Subsidiaries in such Unrestricted Subsidiary at the time it becomes a Restricted Subsidiary and (b) the amount of such Investments.

Any designation or redesignation pursuant to this covenant by the Board of Directors will be evidenced by the filing with the Trustee of a Board Resolution giving effect to such action and evidencing the valuation of any Investment relating thereto (as determined in good faith by the Board of Directors) and an Officers Certificate certifying that such action and valuation complied with the preceding requirements.

Effectiveness of Covenants and Events of Default

The covenants described under clauses (c) and (d) under Subsidiary Guarantees Merger or Consolidation , Certain Covenants Restricted Payments , Certain Covenants Incurrence of Indebtedness and Issuance of Disqualifi Stock , Certain Covenants Dividend and Other Payment Restrictions Affecting Subsidiaries , Certain Covenants Transactions with Affiliates , Certain Covenants Conduct of Business , Put Option of Holders Asset Sales , clauses (a)(1), (b) and (c) under Certain

Covenants Sale-and-Leaseback Transactions , and Certain Covenants Issuances and Sales of Capital Stock of Restricted Subsidiaries and the Events of Default described under clauses (e) and (f)(4) under Events of Default and Remedies (collectively, the *Suspended Provisions*) will no longer be in effect upon the Company attaining Investment Grade Status. If at any time the Company s credit rating is downgraded from Investment Grade Status, then the Suspended Provisions will thereafter be reinstated as if such covenants had never been suspended and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Company subsequently attains Investment Grade Status (in which event the Suspended Provisions shall again no longer be in effect for such time that the Company maintains Investment Grade Status); *provided, however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture with respect to the Suspended Provisions based on, and none of the Company or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring after the Company attains Investment Grade Status and before any reinstatement of such Suspended Provisions as provided above, or any actions taken at any time pursuant to any contractual obligation arising prior to such reinstatement, regardless of whether such actions or events would have been permitted if the applicable Suspended Provisions remained in effect during such period. There can be no assurance that the Notes will ever achieve Investment Grade Status or that any such rating, if achieved, will be maintained.

Events of Default and Remedies

The Indenture provides that each of the following constitutes an Event of Default:

(a) default for 30 days in the payment when due of interest on the Notes;

(b) default in payment when due of the principal of or premium, if any, on the Notes;

(c) failure by the Company to comply with the provisions described under the caption Put Option of Holders ;

(d) failure by the Company for 30 days after it receives written notice from the Trustee or at least 25% in principal amount of the then outstanding Notes to comply with any of its other agreements in the Indenture or the Notes;

(e) the declaration or payment of any dividend or the making of any other payment or distribution described in subclause (y) of clause (3) under the caption Certain Covenants Restricted Payments , which declaration, payment or distribution would not be permitted by the provisions described under the caption Certain Covenants Restricted Payments if it were treated as a Restricted Payment;

(f) the Company consolidates or merges (*fusion*) with or into (whether or not the Company is the surviving corporation), or sells, assigns, transfers, leases, conveys, demerges (*scission*) or otherwise disposes of all or substantially all of its properties or assets in one or more related transactions, to another Person unless:

(1) the Company is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance, demerger or other disposition shall have been made is a corporation organized or existing under the laws of the United States (or any state thereof or the District of Columbia), the Republic of France or any other member state of the European Union (as constituted on the Issue Date);

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, lease, conveyance, demerger or other disposition shall have been made assumes all the obligations of the Company under the Notes and the Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee;

(3) immediately after such transaction no Default or Event of Default exists;

(4) except in the case of a merger of the Company with or into a Wholly Owned Restricted Subsidiary of the Company, the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance, demerger or other disposition shall have been made:

(A) will have a Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction; and

(B) will, at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least 1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock ; and

(5) the Company shall deliver to the Trustee an Officers Certificate and an opinion of counsel stating that such consolidation, merger or disposition and any supplemental indenture in respect thereto comply with this provision and that all conditions precedent in the Indenture relating to such transaction or transactions have been complied with;

(g) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee exists on the date of the Indenture or is created after the date of the Indenture, which default (1) is caused by a failure to pay principal of or premium or interest on such Indebtedness prior to the expiration of any grace period provided in such Indebtedness, including any extension thereof (a *Payment Default*), or (2) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates in excess of 10,000,000 and *provided, further*, that if any such default is cured or waived or any such acceleration rescinded, or such Indebtedness is repaid, within a period of 10 days from the continuation of such default beyond the applicable grace period or the occurrence of such acceleration, as the case may be, such Event of Default and any consequential acceleration of the Notes shall be automatically rescinded, so long as such rescission does not conflict with any judgment or decree;

(h) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (not covered by insurance) aggregating in excess of 10,000,000, which judgments are not paid, discharged or stayed for a period of 60 days;

(i) failure by any Guarantor to perform any covenant set forth in its Subsidiary Guarantee, or the repudiation by any Guarantor of its obligations under its Subsidiary Guarantee or the unenforceability of any Subsidiary Guarantee for any reason other than as provided in the Indenture; and

(j) certain events of bankruptcy or insolvency with respect to the Company or any Significant Subsidiary.

If any Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company or any Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. The holders of a majority in principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of all of the holders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except non-payment of principal, interest or premium that have become due solely because of such acceleration) have been cured or waived. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then

outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to the optional redemption provisions of the Indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

The holders of a majority in principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of the principal of or interest on the Notes.

The Company will be required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company will be required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, member, partner or stockholder or other owner of Capital Stock of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Subsidiary Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws, and it is the view of the Commission that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have all of the obligations of itself and the Guarantors discharged with respect to the outstanding Notes and the Subsidiary Guarantees, respectively (*Legal Defeasance*), except for:

(a) the rights of holders of outstanding Notes to receive payments in respect of the principal of and premium, if any, and interest on such Notes when such payments are due from the trust referred to below;

(b) the Company s obligations with respect to the Notes concerning issuing temporary Notes, registration of transfer or exchange of the Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(c) the rights, powers, trusts, duties and immunities of the Trustee, and the Company s and any Guarantor s obligations in connection with them; and

(d) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and any Guarantor released with respect to certain covenants that are described in the Indenture (*Covenant Defeasance*), and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. If Covenant Defeasance occurs, certain other events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption Events of Default and Remedies will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable U.S. Government Securities, or a combination thereof, in

such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay the principal of and premium and interest on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service and the French tax authority a ruling or (B) since the date of the Indenture, there has been a change in the applicable income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal or French income tax purposes, respectively, as a result of such Legal Defeasance and will be subject to U.S. federal or French income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal or French income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal or French income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing either (A) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or (B) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 550th day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound;

(6) the Company must have delivered to the Trustee an opinion of counsel to the effect that, after the 550th day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally;

(7) the Company must deliver to the Trustee an Officers Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Notes over the other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(8) the Company must deliver to the Trustee an Officers Certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Transfer and Exchange

A holder of the Notes may transfer or exchange the Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a holder to pay any taxes and fees required by law or permitted by the Indenture. The Company will not be required to transfer or exchange any Note selected for redemption. Also, the Company will not be required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered holder of a Note will be treated as the owner of it for all purposes, and all references to holders in this Description of the Additional Notes are to registered holders unless otherwise indicated.

Amendment and Waiver

Except as provided below, the Indenture or the Notes may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for the Notes).

Without the consent of each holder affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(a) reduce the principal amount of the Notes whose holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption or purchase of the Notes by the Company;

(c) reduce the rate of or change the time for payment of interest on any Note;

(d) waive a Default or Event of Default in the payment of principal of or premium or interest on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(e) make any Note payable in money other than that stated in the Notes;

(f) make any change in the provisions of the Indenture relating to waivers of past defaults or the rights of holders of the Notes to receive payments of principal of or premium or interest on the Notes;

(g) waive a redemption or repurchase payment with respect to any Note;

(h) make any change in the ranking of the Notes relative to other Indebtedness of the Company or the Subsidiary Guarantees relative to other Indebtedness of the Guarantors, in either case in a manner adverse to the holders;

(i) release any Guarantor from any of its obligations under its Subsidiary Guarantee or the Indenture, except in accordance with the terms of the Indenture;

(j) make any change in the provisions described under the caption Additional Amounts in a manner adverse to the holders; or

(k) make any change in the preceding amendment, supplement and waiver provisions.

Notwithstanding the foregoing, without the consent of any holder of the Notes, the Company, the Guarantors and the Trustee may amend or supplement the Indenture or the Notes to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company s obligations to holders of the Notes in the case of a merger or consolidation or sale of all or substantially all of the Company s properties or assets, to make any change that would provide any additional rights or benefits to the holders of the Notes or that does not materially adversely affect the legal rights under the Indenture of any such holder, to secure the Notes pursuant to the requirements of the covenant described above under the caption Certain Covenants Liens , to add any Guarantor or to release any Guarantor from its Subsidiary Guarantee, in each case as provided in the Indenture, or to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

Neither the Company nor any of its Subsidiaries shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder of any Notes for or as an inducement to any consent, waiver, amendment or supplement of any terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or agreed to be paid to all holders of the Notes which so consent, waive or

agree to amend or supplement in the time frame set forth in solicitation documents relating to such consent, waiver or agreement.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the giving of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be irrevocably deposited with the Trustee as trust funds in trust solely for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable U.S. Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, including principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(3) the Company and each Guarantor has paid or caused to be paid all other sums payable by it under the Indenture; and

(4) the Company has delivered an Officers Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

The Trustee

The Bank of New York Trust Company, National Association (formerly JPMorgan Chase Bank, National Association) serves as trustee under the Indenture.

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company or any Guarantor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest and a Default occurs it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as Trustee or resign.

The holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default shall occur (that is not cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Governing Law

The Indenture, the Notes and the Subsidiary Guarantees will be governed by the laws of the State of New York.

Consent to Jurisdiction

The Indenture provides that any suit, action or proceeding with respect to the Indenture, the Notes or the Subsidiary Guarantees may be brought in any New York state or federal court located in the Borough of Manhattan in the City of New York (*New York Court*) and that the Company and the Guarantors will submit to the non-exclusive jurisdiction of such courts.

Enforceability of Judgments; Indemnification for Foreign Currency Judgments

A significant portion of the assets of the Company and its subsidiaries is outside the United States, so any judgment obtained in the United States against the Company or any Guarantor, including judgments relating to payments with respect to the Notes, may not be fully collectible within the United States.

The Company has been informed by its French counsel that a final judgment for a sum of money in relation to the Indenture or the Notes obtained in any New York Court would be recognized and enforceable by the French courts without re-examination or re-litigation of the matters adjudicated, through an action for *exequatur* brought before the competent French court *provided that* the court is satisfied that the requirements developed by case law for the enforcement of foreign judgments in France are met, and in particular provided that:

(a) the judgment concerned is enforceable in the State of New York;

(b) such judgment has been rendered by a court having jurisdiction over the parties both under its own rules of jurisdiction and in accordance with French rules of international conflicts of jurisdiction and the French courts did not have exclusive jurisdiction to hear the matter;

(c) the court that rendered such judgment has applied to the merits of the case the laws of the jurisdiction which would have been considered appropriate under French rules of international conflicts of laws;

(d) the judgment is not contrary to French international public policy (*ordre public international*), both pertaining to the merits and to the procedure of the case;

(e) the judgment is not tainted with fraud; and

(f) the judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there is no risk of conflict with proceedings pending before the French courts at the time enforcement of the judgment is sought.

The Indenture also provides that obligations of the Company to any holder of the Notes or the Trustee shall, notwithstanding any judgment in a currency (the *Judgment Currency*) other than United States dollars (the *Agreement Currency*), be discharged only to the extent that on the day following receipt by such holder of the Notes or the Trustee, as the case may be, of any amount in the Judgment Currency, such holder of the Notes or the Trustee may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the amount originally to be paid to such holder of the Notes or the Trustee, as the case may be, in the Agreement Currency, the Company agrees, as a separate obligation and notwithstanding such judgment, to pay to such holder of Notes or the Trustee, as the case may be, the difference, and if the amount of the Agreement Currency so purchased exceeds the amount originally to be paid to such holder of the Notes or the Trustee, as the case may be, such holder of the Notes or the Trustee, as the case may be, agrees to pay to or for the account of the Company such excess, provided that such holder of the Notes or the Trustee, as the case may be, shall not have any obligation to pay any such excess as long as a default by the Company or any Guarantor in its obligations under the Notes, the Indenture or the Subsidiary Guarantees has occurred and is continuing, in which case such excess may be applied by such holder of the Notes or the Trustee, as the case may be, to such obligations.

Additional Information

Anyone who receives this prospectus may obtain a copy of the Indenture without charge by contacting Compagnie Générale de Géophysique-Veritas, Tour Maine-Montparnasse, 33 avenue de Maine, BP 191, 75755 Paris CEDEX 15, France, Attention: Investor Relations Officer, Telephone (33) 1 64 47 45 00.

Book Entry, Delivery and Form

The Additional Notes will initially be represented by a note in global form that will represent the aggregate principal amount of the Additional Notes (the *Global Note*). When issued, the Global Note will be deposited with the Trustee and registered in the name of Cede & Co., as the nominee for The Depository Trust Company (*DTC*) nominee. Except as set forth below, record ownership of the Global Note may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee.

The Additional Notes will be issued only in registered form and in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof. The Additional Notes will be issued on the Closing Date only against payment in immediately available funds.

Investors may hold their interests in the Global Note directly through DTC if they are DTC participants (the *Participants*) or indirectly through organizations that are DTC participants (the *Indirect Participants*).

Investors may also hold their interests in the Global Note directly through Euroclear Bank S.A./ N.V., as operator of the Euroclear System or Clearstream Banking (*Euroclear*), if they are participants in these systems, or indirectly through organizations that are participants in these systems.

So long as Cede & Co., as the nominee of DTC, is the registered owner of the Global Note, Cede & Co. for all purposes (except with respect to the determination of Additional Amounts payable) will be considered the sole holder of the Global Note. Owners of beneficial interests in the Global Note will be entitled to have certificates registered in their names and to receive physical delivery of Notes only in the limited circumstances described below under the caption Depository Procedures Exchange of Global Notes for Definitive Notes .

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream Banking is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. The Company takes no responsibility for these operations and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

Upon deposit of the Global Note, DTC will credit the accounts of Participants designated by the underwriters with portions of the principal amount of the Global Note.

Payment of principal of and premium and interest on the Global Note will be made to Cede & Co., the nominee for DTC, as registered owner of the Global Note, by wire transfer of immediately available funds on the applicable payment date. Neither the Company nor the Trustee, nor any agent of either of them, will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The Company has been informed by DTC that, with respect to any payment of principal of, or premium or interest on, the Global Note, DTC s practice is to credit accounts of Participants on the applicable payment date, with payments in amounts proportionate to their respective beneficial interests in the Notes represented by the Global Note as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to owners of beneficial interests in the Notes represented by the Global Note held through such Participants will be the responsibility of such Participants, as is now the case with securities held for the accounts of customers registered in street name . In particular, payments to owners of beneficial interests in the Notes held through Euroclear and Clearstream Banking will be made in accordance with the rules and operating procedures of Euroclear and Clearstream Banking.

Transfers between Participants will be effected in the ordinary way in accordance with DTC s rules and will be settled in immediately available funds. Participants in Euroclear and Clearstream Banking will effect transfers with other participants in the ordinary way in accordance with the rules and operating procedures of Euroclear and Clearstream Banking, as applicable. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in the Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having beneficial interests in the Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Cross-market transfers between DTC Participants, on the one hand, and directly or indirectly through Euroclear or Clearstream Banking participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream Banking, as the case may be, by its respective depositary; however, these cross-market transactions will require delivery of instructions to Euroclear or Clearstream Banking, as the case may be, by the counterparty in the system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream Banking, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream Banking participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream Banking.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant purchasing an interest in the Global Note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream Banking, as the case may be) immediately following the DTC settlement date, and the credit of any transaction s interests in the Global Note settled during the processing day will be reported to the relevant Euroclear or Clearstream Banking participant on that day. Cash received in Euroclear or Clearstream Banking as a result of sales of interests in the Global Note by or through a Euroclear or Clearstream Banking participant to a DTC Participant will be received with value on the DTC settlement date, but will be available in the relevant Euroclear or Clearstream Banking cash account only as of the business day following settlement in DTC.

Neither the Company nor the Trustee, nor any agent of either of them, will have responsibility for the performance of DTC, Euroclear, Clearstream Banking or their respective participants of their respective obligations under the rules and procedures governing their operations. DTC has advised the Company that it will take any action permitted to be taken by a holder of the Notes (including, without limitation, the presentation of the Notes for exchange as described below) only at the direction of one or more Participants to whose accounts with DTC interests in the Global Note are credited, and only in respect of the Notes represented by the Global Note as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC reserves the right to exchange the Global Note for Notes in definitive form, which it will distribute to its Participants.

DTC has also advised the Company that DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and to facilitate the clearance and settlement of securities transactions between Participants through electronic book-entry changes to accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations such as the underwriters. Certain of such Participants (or their representatives), together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a Participant, either directly or indirectly.

Exchange of Global Notes for Definitive Notes

The Global Note is exchangeable for Notes in registered definitive form (*Definitive Notes*) if:

(a) DTC notifies the Company that it is unwilling or unable to continue as depositary for the Global Notes or has ceased to be a clearing agency registered under the Exchange Act and, in either case, the

Company thereupon fails to appoint a successor depositary within 90 days after the date of such notice; or

(b) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of Definitive Notes.

In all cases, Definitive Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures).

Exchange of Definitive Notes for Global Notes

If issued, Definitive Notes may not be exchanged or transferred for beneficial interests in the Global Note.

Exchange of Definitive Notes for Definitive Notes

If issued, Definitive Notes may be exchanged or transferred by presenting or surrendering such Definitive Notes at the office of the Registrar located in Dallas, Texas or Luxembourg with a written instrument of transfer in form satisfactory to such Registrar, duly executed by the holder of the Definitive Notes or by its attorney, duly authorized in writing.

Same-Day Settlement and Payment

The Notes represented by the Global Note will be eligible to trade in DTC s Same Day Funds Settlement System, and any permitted secondary market trading activity in such Note will, therefore, be required by DTC to be settled in immediately available funds. The Company expects that secondary trading in any Definitive Notes would also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant purchasing an interest in the Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream Banking participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream Banking) immediately following the settlement date of DTC.

DTC has advised the Company that cash received in Euroclear or Clearstream Banking as a result of sales of interests in the Global Note by or through a Euroclear or Clearstream Banking participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream Banking cash account only as of the business day for Euroclear or Clearstream Banking following DTC s settlement date.

Replacement, Transfer and Exchange

If any Note at any time is mutilated, destroyed, stolen or lost, such Note may be replaced at the cost of the applicant at the office of the Trustee or the office of the Registrar in Luxembourg. The applicant for a new Note must, in the case of any mutilated Note, surrender such Note to the Trustee or the Registrar in Luxembourg, as applicable, and, in the case of any lost, destroyed or stolen Note, furnish evidence satisfactory to the Trustee or the Registrar in Luxembourg, as applicable, of such loss, destruction or theft, together with such indemnity as the Trustee or the Registrar in Luxembourg, as applicable, and the Company may require.

Initially, the Trustee will act as Registrar in the continental United States, and Notes may be presented for registration of transfer and exchange at the office of the Trustee in Dallas, Texas. Dexia Banque Internationale à Luxembourg, société anonyme will act initially as Registrar in Luxembourg, and Notes may be presented for registration of transfer and exchange at its office at 69, route d Esch, 2953 Luxembourg.

A holder may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a holder to pay any transfer tax or similar governmental charge required by law. The Company and the Registrar are not required to transfer or exchange any Note selected for redemption. Also, the

Company and the Registrar are not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

Purchase

The Company, the Trustee and their respective Affiliates may at any time and from time to time purchase any Note or a beneficial interest in any Note in the open market or otherwise at any price.

Notices

Any notice to Noteholders will be mailed by first class mail or delivered by overnight air courier guaranteeing next day delivery, in each case to their respective registered addresses shown on the register kept by the Registrar. In addition, for so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, any such notice (including notices of redemption) will be published in a newspaper having general circulation in Luxembourg, which is expected to be *D Wort*, or if such newspaper ceases to be published or timely publication in it will not be practicable, in such other newspaper as the Trustee deems necessary to give fair and reasonable notice to the Noteholders. Notices may also be published on the internet site of the Luxembourg Stock Exchange at www.bourse.lu. Also for so long as the Notes are listed on the Luxembourg Stock Exchange, the Company will provide to the exchange a copy of all notices to Noteholders.

Listing

Application has been made to list the Notes on the Euro MTF market of the Luxembourg Stock Exchange.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

Acquired Indebtedness means with respect to a specified Person (a) Indebtedness of any other Person existing at the time such other Person is merged with or into or becomes a Subsidiary of such specified Person or (b) Indebtedness relating to properties or assets acquired by such specified Person. Acquired Indebtedness shall be deemed to be incurred on the date the acquired Person becomes a Restricted Subsidiary or the date of the related acquisition of properties or assets from such Person.

Affiliate of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of the Indenture, control , as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of Voting Stock, by agreement or otherwise; provided, however, that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of the Indenture, the terms controlling , controlled by and under common control with have correlative meanings.

Applicable Premium means, with respect to any Note on any redemption date, the greater of:

(a) 1.0% of the principal amount of the Note; and

(b) the excess of (1) the present value at such redemption date of (A) the redemption price of the Note at May 15, 2010 (such redemption price being set forth in the table appearing above under the caption Optional Redemption) plus (B) all required interest payments due on the Note during the period from such redemption date through May 15, 2010 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points over (2) the principal amount of the Note, if greater.

Asset Sale means:

(a) the sale, lease, conveyance or other disposition (a *disposition*) of any properties or assets (including, without limitation, by way of a sale-and-leaseback), excluding dispositions in the ordinary course of business (provided that the disposition of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole will be subject to the provisions of the Indenture described above under the caption Put Option of Holders Change of Control and the provisions described above in clause (f) under the caption Events of Default and Remedies and not to the provisions of the Asset Sales covenant);
(b) the issue or sale by the Company or any of its Restricted Subsidiaries of Equity Interests of any of the Company s Subsidiaries; and
(c) any Event of Loss,

whether, in the case of clause (a), (b) or (c), in a single transaction or a series of related transactions, provided that such transaction or series of related transactions (1) involves properties or assets having a fair market value in excess of 2,500,000 or (2) results in the payment of net proceeds (including insurance proceeds from an Event of Loss) in excess of 2,500,000. Notwithstanding the preceding provisions of this definition, the following transactions will be deemed not to be Asset Sales:

(A) a disposition of obsolete or excess equipment or other properties or assets;

(B) a disposition of properties or assets (including Equity Interests) by the Company to a Wholly Owned Restricted Subsidiary or by a Restricted Subsidiary to the Company or to a Wholly Owned Restricted Subsidiary;

(C) a disposition of cash or Cash Equivalents;

(D) a disposition of properties or assets (including Equity Interests) that constitutes a Restricted Payment that is permitted by the provisions of the Indenture described above under the caption Certain Covenants Restricted Payments ;

(E) any trade or exchange by the Company or any Restricted Subsidiary of equipment or other properties or assets for equipment or other properties or assets owned or held by another Person, *provided that* the fair market value of the properties or assets traded or exchanged by the Company or such Restricted Subsidiary (together with any cash or Cash Equivalents) is reasonably equivalent to the fair market value of the properties or assets (together with any cash or Cash Equivalents) to be received by the Company or such Restricted Subsidiary;

(F) the creation or perfection of a Lien on any properties or assets (or any income or profits therefrom) of the Company or any of its Restricted Subsidiaries that is not prohibited by the covenant described under the caption Certain Covenants Liens ;

(G) a sale-and-leaseback of the Company s office facilities in Massy, France replacing the sale-and-leaseback transaction relating to such facilities that is outstanding on the Issue Date;

(H) the surrender or waiver of contract rights or the settlement, release or surrender of contractual, non-contractual or other claims of any kind;

(I) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise of collection thereof;

(J) the factoring of accounts receivable arising in the ordinary course of business pursuant to arrangements customary in the region; and

(K) the grant in the ordinary course of business of any non-exclusive license of patents, trademarks, registrations therefor and other similar intellectual property.

Attributable Indebtedness in respect of a sale-and-leaseback transaction means, at the time of determination, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale-and-leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended). As used in the preceding sentence, the net rental payments under any lease for any such period shall mean the sum of rental and other payments required to be paid with respect to such period by the lessee thereunder, excluding any amounts required to be paid by such lessee on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges. In the case of any lease that is terminable by the lessee upon payment of penalty, such net rental payment shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

Board of Directors means the Board of Directors (Conseil d Administration) of the Company, or any authorized committee of the Board of Directors.

Capital Lease Obligation means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

Capital Stock means:

(a) in the case of a corporation, corporate stock;
(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, including preferred stock;
(c) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

Cash Equivalents means:

(a) securities issued or directly and fully guaranteed or insured by the government of the United States of America, the Republic of France or any other country whose sovereign debt has a rating of at least A3 from Moody s Investors Service, Inc. and at least A- from Standard & Poor s Ratings Services or any agency or instrumentality of any such government (*provided that* the full faith and credit of such government is pledged in support thereof), in each case having maturities of not more than 12 months from the date of acquisition;
(b) certificates of deposit, Eurodollar time deposits and French negotiable debt instruments (*titres de créances négociables*) with maturities of 12 months or less from the date of acquisition, bankers acceptances with maturities not exceeding six months and overnight bank deposits, in each case with or issued by any commercial bank organized under the laws of any country that is a member of the Organization for Economic Co-operation and Development having capital and surplus in excess of 500,000,000 and whose long-term debt securities are rated at least A3 by Moody s Investors Service, Inc. and at least A- by Standard & Poor s Ratings Services;
(c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above;
(d) commercial paper and French negotiable debt instruments (*titres de créances négociables*) having a rating of at least P-1 from Moody s Investors Service, Inc. or at least A-1 from Standard & Poor s Ratings Services and in each case maturing within 12 months after the date of acquisition;
(e) deposits available for withdrawal on demand with any commercial bank not meeting the qualifications specified in clause (b) above, *provided that* all such deposits are made in the ordinary course of business, do not remain on deposit for more than 30 consecutive days and do not exceed 25,000,000

in the aggregate at any one time, with no more than 5,000,000 being deposited in commercial banks within a single country; and

(f) money market mutual funds substantially all of the assets of which are of the type described in any of the foregoing clauses (a) to (d).

Closing Date means the date of original issuance of the Additional Notes.

Common Stock means the common or ordinary shares of the Company.

Consolidated Cash Flow means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus, to the extent deducted or excluded in calculating Consolidated Net Income for such period:

(a) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries;

(b) Consolidated Interest Expense of such Person and its Restricted Subsidiaries;

(c) depreciation and amortization (including amortization or impairment, if any, of goodwill and of other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of such Person and its Restricted Subsidiaries;

(d) other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries less any non-cash items increasing Consolidated Net Income of such Person and its Restricted Subsidiaries (other than items that will result in cash receipt);

(e) any expenses, fees, charges or other costs related to any equity offering (other than of Disqualified Stock) permitted by the indenture (whether or not successful); and

(f) without duplication, an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale,

in each case, on a consolidated basis and determined in accordance with GAAP.

Consolidated Interest Coverage Ratio means, with respect to any Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Consolidated Interest Expense of such Person for such period; provided, however, that the Consolidated Interest Coverage Ratio shall be calculated giving pro forma effect to each of the following transactions as if each such transaction had occurred at the beginning of the applicable reference period:

(a) any incurrence, assumption, guarantee, repayment, purchase or redemption by such Person or any of its Restricted Subsidiaries of any Indebtedness (other than revolving credit borrowings) subsequent to the commencement of the period for which the Consolidated Interest Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Consolidated Interest Coverage Ratio is made (the *Calculation Date*);

(b) any acquisition that has been made by such Person or any of its Restricted Subsidiaries, or approved and expected to be consummated within 30 days of the Calculation Date, including, in each case, through a merger or consolidation, and including any related financing transactions, during the reference period or subsequent to such reference period and on or prior to the Calculation Date; and

(c) any other transaction that may be given pro forma effect in accordance with Article 11 of Regulation S-X under the Securities Act as in effect from time to time;

provided further, however, that (1) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded and (2) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the referent Person or any of its Restricted Subsidiaries following the Calculation Date.

Consolidated Interest Expense means, with respect to any Person for any period, the sum, without duplication, of the following:

(a) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, and net of all payments made or received (if any) pursuant to Hedging Obligations in respect of interest rates but excluding amortization of debt issuance costs and non-cash charges other than non-cash interest expenses related to convertible bonds); and

(b) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period.

Consolidated Net Income means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP, *provided that*:

(a) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person or a Wholly Owned Restricted Subsidiary thereof;

(b) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders; and

(c) the cumulative effect of a change in accounting principles shall be excluded.

Consolidated Net Worth means, with respect to any Person as of any date, the consolidated stockholders equity of such Person and its Restricted Subsidiaries as of such date less the amount of consolidated stockholders equity attributable to Disqualified Stock or treasury stock of such Person and its Restricted Subsidiaries as of such date, in each case determined in accordance with GAAP.

Consolidated Tangible Net Worth means, at any date, the Consolidated Net Worth of the Company and its Restricted Subsidiaries as shown on their most recent consolidated balance sheet less, without duplication, all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, as determined in accordance with GAAP.

Consolidated Total Assets means, with respect to any Person as of any date, the consolidated total assets of such Person and its Restricted Subsidiaries as of such date, as determined in accordance with GAAP.

Credit Facilities means, with respect to any Person, one or more debt facilities or commercial paper facilities with banks or other institutional lenders (including with special purpose vehicles established by such banks or lenders to provide such facilities) providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or trade letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

Default means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

Disqualified Stock means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures (excluding any maturity as a result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature or are redeemed or retired in full; *provided, however,* that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof (or of any security into which it is convertible or for which it is exchangeable) have the right to require the issuer to purchase such Capital Stock (or such security into which it is convertible or for which it is exchangeable) upon the occurrence of any of the events constituting an Asset Sale or a Change of Control shall not constitute Disqualified Stock if such Capital Stock (and all such securities into which it is convertible or for which it is exchangeable) provides that the issuer thereof may not purchase or redeem any such Capital Stock (or any such security into which it is convertible or for which it is exchangeable) pursuant to such provisions prior to compliance by the Company with the provisions of the Indenture described under the caption Put Option of Holders Change of Control or Put Option of Holders Asset Sales , as th case may be.

Equity Interests means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

euro or means the single currency of participating member states of the European Economic and Monetary Union as contemplated by the Treaty Establishing the European Union.

Euro Equivalent means, with respect to any monetary amount in a currency other than euros, at or as of any time for the determination thereof, the amount of euros obtained by converting such foreign currency involved in such computation into euros at the spot rate for the purchase of euros with the applicable foreign currency as quoted by Reuters (or, if Reuters ceases to provide such spot quotations, by any other reputable service as is providing such spot quotations, as selected by the Company) at approximately 11:00 a.m. (New York City time) on the date not more than two business days prior to such determination.

Event of Loss means, with respect to any property or asset of the Company or any Restricted Subsidiary, (a) any damage to such property or asset that results in an insurance settlement with respect thereto on the basis of a total loss or a constructive or compromised total loss or (b) the confiscation, condemnation or requisition of title to such property or asset by any government or instrumentality or agency thereof.

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended.

Existing Indebtedness means Indebtedness of the Company and its Restricted Subsidiaries (other than Indebtedness under the Credit Facilities) in existence on the date of the Indenture, until such amounts are repaid, but shall not include any Indebtedness that is repaid with the proceeds of the Additional Notes.

The term *fair market value* means, with respect to any asset or Investment, the fair market value of such asset or Investment at the time of the event requiring such determination, as determined in good faith by the Company, or, with respect to any asset or Investment in excess of 15,000,000 (other than cash or Cash Equivalents), as determined by a reputable investment banking, accounting or appraisal firm that is, in the judgment of the Board of Directors, qualified to perform the task for which such firm has been engaged and independent with respect to the Company.

Foreign Restricted Subsidiary means each of CGG Asia Pacific and CGG Pan India Ltd.

GAAP means International Financial Reporting Standards, accounting principles adopted by the International Accounting Standards Board and its predecessor, as in effect from time to time.

guarantee means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

Guarantor means each of:

(a) Sercel Inc., Sercel Canada Ltd., Sercel Australia Pty Ltd, CGG Americas, Inc., CGG Canada Services Ltd., CGG Marine Resources Norge A/ S, CGGVeritas Services Inc., Veritas DGC Land Inc., Veritas Geophysical Corporation, Veritas Investments Inc., Viking Maritime Inc., Veritas Geophysical (Mexico) LLC, Veritas DGC Asia Pacific Ltd. and Alitheia Resources Inc.; and

(b) any other Subsidiary of the Company that executes a supplemental indenture providing for a Subsidiary Guarantee in accordance with the provisions of Indenture,

and their respective successors and assigns, in each case, until the Subsidiary Guarantee of such Person has been released in accordance with the provisions of the Indenture.

Hedging Obligations means, with respect to any Person, the obligations of such Person under:

(a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

(b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates; and

(c) any foreign currency futures contract, option or similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates or commodity prices,

in each case to the extent such obligations are incurred in the ordinary course of business of such Person and not for speculative purposes.

Indebtedness means, with respect to any Person, any indebtedness of such Person, without duplication, whether or not contingent, in respect of borrowed money including, without limitation, any guarantee thereof, or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or bankers acceptances or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade account payable, or representing any Hedging Obligations, if and to the extent any of the preceding indebtedness (other than letters of credit, guarantees and Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof, in the case of any Indebtedness that does not require current payments of interest, and (b) the principal amount thereof, in the case of any other Indebtedness (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder).

Investment Grade Status shall occur when the Notes receive a rating of BBB- or higher from S&P (or its equivalent under any successor rating categories of S&P) and a rating of Baa3 or higher from Moody s (or its equivalent under any successor rating categories of Moody s) or, if either such entity ceases to rate the Notes for reasons outside the normal control of the Company, the equivalent investment grade credit rating from any other nationally recognized statistical rating organization , as that term is used in Rule 15c3-1 under the Exchange Act, selected by the Company as a replacement agency.

Investments means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees by the referent Person of, and Liens on any assets of the referent Person securing, Indebtedness or other obligations of other Persons), advances or capital contributions (excluding commission, travel and similar advances to directors, officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; *provided, however*, that the following shall not constitute Investments: (1) extensions of trade credit or other advances to customers on commercially reasonable terms in accordance with normal trade practices or otherwise in the ordinary course of business, (2) Hedging Obligations and (3) endorsements of negotiable instruments and documents in the ordinary course of business. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such

Person is no longer a Restricted Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption Certain Covenants Restricted Payments .

Issue Date means April 28, 2005, the first date on which Notes were issued under the Indenture. The Indenture is dated as of the Issue Date.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction other than a precautionary financing statement respecting a lease not intended as a security agreement) or any assignment (or agreement to assign) any right to income or profits from any assets by way of security.

Merger includes a fusion, an amalgamation, a compulsory share exchange, a conversion of a corporation into another business entity and any other transaction having effects substantially similar to a merger under the General Corporation Law of the State of Delaware.

Net Income means, with respect to any Person, the net income (or loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(a) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (1) any Asset Sale (including, without limitation, dispositions pursuant to sale-and-leaseback transactions) or (2) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(b) any extraordinary or non-recurring gain (but not loss), together with any related provision for taxes on such extraordinary or non-recurring gain (but not loss).

Net Proceeds means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (without duplication) the following:

(a) the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, sales commissions, recording fees, title transfer fees, title insurance premiums, appraiser fees, other out-of-pocket expenses and costs incurred in connection with preparing such asset for sale) and any relocation expenses incurred as a result thereof;

(b) taxes paid or estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements that will result in a reduction in consolidated tax liability);

(c) amounts required to be applied to the repayment of Indebtedness (other than under a revolving credit facility) secured by a Lien on the asset or assets that were the subject of such Asset Sale; and

(d) any reserve (including any reserve against any liabilities associated with such Asset Sale and retained by the Company or the relevant Restricted Subsidiary) established in accordance with GAAP or any amount placed in escrow, in either case for adjustment in respect of the sale price of such asset or assets, until such time as such reserve is reversed or such escrow arrangement is terminated, in which case Net Proceeds shall include only the amount of the reserve so reversed or the amount returned to the Company or its Restricted Subsidiaries from such escrow arrangement, as the case may be.

Non-Recourse Debt means Indebtedness:

(a) as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or is otherwise directly or indirectly liable (as a guarantor or otherwise) or (2) constitutes the lender;
(b) no default with respect to which (including any rights the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) the holders of Indebtedness of the Company or any of its Restricted Subsidiaries (other than the Notes) to declare a default on such Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and
(c) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

Offering means the offering of the Additional Notes by the Company pursuant to this prospectus.

Pari Passu Indebtedness means, with respect to any Net Proceeds from Asset Sales, Indebtedness of the Company and its Restricted Subsidiaries the terms of which require the Company or such Restricted Subsidiary to apply such Net Proceeds to offer to purchase such Indebtedness.

Permitted Guarantees means any guarantee:
(a) guaranteeing or securing the Notes or any Guarantee;
(b) in favor of the Company or a Guarantor;
(c) guaranteeing Indebtedness incurred pursuant to clause (a) of the second paragraph of the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock ; or
(d) in existence on the date of the Indenture to the extent guaranteeing Existing Indebtedness and Permitted Refinancing Indebtedness in respect thereof incurred in compliance with clause (j) of the second paragraph of the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock .

Permitted Investments means:
(a) any Investment in the Company (including, without limitation, any acquisition of the Notes) or in a Wholly Owned Restricted Subsidiary of the Company, other than any Investment described in clause (a) of the definition of Restricted Payments ;
(b) any Investment in Cash Equivalents;
(c) any Investment by the Company or any Restricted Subsidiary of the Company in a Person if as a result of such Investment (1) such Person becomes a Restricted Subsidiary of the Company or (2) such Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its properties or assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;
(d) any Investment made as a result of the receipt of non-cash consideration from (1) an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption Put Option of Holders Asset Sales or (2) a disposition of assets that does not constitute an Asset Sale;
(e) Investments in stock, obligations or securities received in settlement of any claim or debts owing to the Company or any Restricted Subsidiary as a result of bankruptcy or insolvency proceedings or received in satisfaction of any judgment or in settlement of any claim in circumstances where the Company does not expect it would receive cash payment in a timely manner, or upon the foreclosure, perfection or enforcement of any Lien in favor of the Company or any Restricted Subsidiary, in each case as to any claim or debts owing to the Company or any Restricted Subsidiary that arose in the ordinary course of business of the Company or any such Restricted Subsidiary, *provided that* any stocks, obligations or securities received in settlement of any claim or debts that arose in the ordinary course

of business (and received other than as a result of bankruptcy or insolvency proceedings or received in satisfaction of any judgment or in settlement of any claim in circumstances where the Company does not expect it would receive cash payment in a timely manner, or upon foreclosure, perfection or enforcement of any Lien) that are, within 180 days of receipt, converted into cash or Cash Equivalents shall be treated as having been cash or Cash Equivalents at the time received;

(f) Investments in Argas Ltd. consisting of guarantees of its obligations incurred in the ordinary course of its business, *provided that* such Investments, when taken together with all other Investments made pursuant to this clause (f) that are at the time outstanding, do not exceed 50,000,000;

(g) Investments in Argas Ltd. (other than those described in clause (f) above) and any other Affiliate organized in a foreign jurisdiction that is required by the applicable laws and regulations of such foreign jurisdiction or its governmental agencies, authorities or state-owned businesses to be majority owned by the government of such foreign jurisdiction or individual or corporate citizens of such foreign jurisdiction or another foreign jurisdiction in order for such Affiliate to transact business in such foreign jurisdiction, *provided that* such Investments, when taken together with all other Investments made pursuant to this clause (g) that are at the time outstanding, do not exceed 20% of Consolidated Tangible Net Worth;

(h) Investments in any Person in exchange for, or out of the net cash proceeds of, an issue or sale by the Company of Equity Interests (other than Disqualified Stock); and

(i) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (i) that are at the time outstanding, do not exceed 25,000,000.

Permitted Liens means:

(a) Liens securing Indebtedness incurred pursuant to clause (a) of the second paragraph of the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock , and Liens securing any other Indebtedness under Credit Facilities incurred pursuant to the first paragraph of such covenant;

(b) Liens in favor of the Company and its Restricted Subsidiaries;

(c) Liens on any property or asset of a Person existing at the time such Person is merged into or consolidated with the Company or any Restricted Subsidiary of the Company, *provided that* such Liens were in existence prior to such merger or consolidation, were not created in contemplation of it and do not extend to any property or asset of the Company or any of its Restricted Subsidiaries other than those of the Person merged into or consolidated with the Company or any of its Restricted Subsidiaries;

(d) Liens on any property or asset existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company, *provided that* such Liens were in existence prior to such acquisition, were not created in contemplation of it and do not extend to any other property or asset of the Company or any of its Restricted Subsidiaries;

(e) Liens securing the performance of statutory obligations, surety or appeal bonds, bid or performance bonds, insurance obligations or other obligations of a like nature incurred in the ordinary course of business;

(f) Liens securing Hedging Obligations;

(g) Liens existing on the date of the Indenture;

(h) Liens securing Indebtedness (including Capital Lease Obligations) permitted by clause (g) of the second paragraph of the covenant described under the caption Certain Covenants Incurrence of

Indebtedness and Issuance of Disqualified Stock , *provided that* such Liens extend only to the property, plant or equipment financed by such Indebtedness;

(i) any interest or title of a lessor under an operating lease;

(j) Liens arising by reason of deposits necessary to obtain standby letters of credit in the ordinary course of business;

(k) Liens on real or personal property or assets of the Company or a Restricted Subsidiary thereof to secure Indebtedness incurred for the purpose of (1) financing all or any part of the purchase price of such property or assets incurred prior to, at the time of, or within 90 days after, the acquisition of such property or assets or (2) financing all or any part of the cost of construction or improvement of any such property or assets, *provided that* the amount of any such financing shall not exceed the amount expended in the acquisition of, or the construction of, such property or assets and such Liens shall not extend to any other property or assets of the Company or a Restricted Subsidiary (other than any associated accounts, contracts and insurance proceeds);

(l) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceeding which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired;

(m) Liens securing Indebtedness of the Company or any Restricted Subsidiary of the Company that does not exceed 10,000,000 at any one time outstanding;

(n) Liens securing Acquired Indebtedness incurred pursuant to the first paragraph of the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock , provided that such Liens (1) secured such Acquired Indebtedness at the time of and prior to the incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary of the Company and were not granted in connection with, or in anticipation of, such incurrence, and (2) do not extend to any property or asset of the Company or any of its Restricted Subsidiaries other than the property or asset that secured the Acquired Indebtedness prior to the time that it became Acquired Indebtedness of the Company or a Restricted Subsidiary of the Company; and

(o) Liens securing Permitted Refinancing Indebtedness with respect to any Indebtedness secured by Liens referred to in clauses (c), (d), (g), (h), (k) and (n) above and in this clause (o).

Permitted Refinancing Indebtedness means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries; *provided, however,* that:

(a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus premium, if any, and accrued interest on, the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of expenses incurred in connection therewith);

(b) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(c) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable, taken as a whole, to the holders of the Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(d) if the Company is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded, then such Permitted Refinancing Indebtedness is solely Indebtedness of the Company,

provided, however, that a Restricted Subsidiary that is also a Guarantor may guarantee Permitted Refinancing Indebtedness incurred by the Company, whether or not such Restricted Subsidiary was an obligor or guarantor of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; *provided further, however,* that if such Permitted Refinancing Indebtedness is subordinated to the Notes, such guarantee shall be subordinated to such Restricted Subsidiary s Subsidiary Guarantee to at least the same extent.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

Qualified Equity Offering means:

(a) any issuance and sale of Equity Interests (other than Disqualified Stock) of the Company pursuant to an underwritten offering registered under the Securities Act; or

(b) any other issuance and sale of Equity Interests (other than Disqualified Stock) of the Company so long as, at the time of consummation of such sale, the Company has a class of common equity securities (including American depositary shares) registered pursuant to Section 12(b) or Section 12(g) under the Exchange Act.

Restricted Investment means an Investment other than a Permitted Investment.

Restricted Subsidiary of a Person means any Subsidiary of such Person that is not an Unrestricted Subsidiary.

Securities Act means the U.S. Securities Act of 1933, as amended.

Sercel Inc. means Sercel Inc., a Texas corporation with its head office in Tulsa, Oklahoma, and a Restricted Subsidiary of the Company as of the Issue Date.

Sercel S.A. means:

(a) Sercel S.A., a French limited liability corporation with its head office in Carquefou, France, and a Restricted Subsidiary of the Company as of the Issue Date; and/or

(b) any company (including Sercel Holding S.A.) that holds all of the outstanding Capital Stock of either or both of Sercel S.A. and Sercel Inc. (other than directors qualifying shares and Capital Stock held by other statutorily required minority shareholders).

Significant Subsidiary means any Restricted Subsidiary of the Company that would be a significant subsidiary as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Indenture.

Stated Maturity means, with respect to any mandatory sinking fund or other installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or purchase any such interest or principal prior to the date originally scheduled for the payment thereof.

Strategic Assets means assets or rights (other than assets that would be classified as current assets in accordance with GAAP) of the kind used or usable by the Company or its Restricted Subsidiaries in the business of providing services or software products to the oil and gas industry or manufacturing equipment for use by the oil and gas industry (or any business that is reasonably complementary or related thereto as determined in good faith by the Board of Directors).

Subsidiary means, with respect to any Person:

(a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

(b) any partnership (1) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (2) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof); and

(c) any other Person whose results for financial reporting purposes are consolidated with those of such Person in accordance with GAAP.

Subsidiary Guarantee means the guarantee by each Guarantor of the Company s obligations under the Indenture and the Notes (including any Additional Notes), executed pursuant to the provisions of the Indenture.

Treasury Rate means, as of any redemption date in respect of the Notes, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to May 15, 2010; *provided, however,* that if the period from the redemption date to May 15, 2010 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Unrestricted Subsidiary means any Subsidiary of the Company that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution and any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate a Subsidiary as an Unrestricted Subsidiary only to the extent that such Subsidiary at the time of such designation:

(a) has no Indebtedness other than Non-Recourse Debt;

(b) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless such agreement, contract, arrangement or understanding does not violate the terms of the Indenture described under the caption Certain Covenants Transactions with Affiliates ; and

(c) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (1) to subscribe for additional Equity Interests or (2) to maintain or preserve such Person s financial condition or to cause such Person to achieve any specified levels of operating results.

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee the Board Resolution giving effect to such designation and an Officers Certificate certifying that such designation complied with the foregoing conditions and was permitted by the covenant described under the caption Certain Covenants Restricted Payments . If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock , the Company shall be in default of such covenant). The Board of Directors may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary, *provided that* such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if:

(1) such Indebtedness is permitted under the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock ; calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and

(2) no Default or Event of Default would be in existence following such designation.

U.S. Dollar Equivalent means, with respect to any monetary amount in a currency other than U.S. dollars, at or as of any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Reuters (or, if Reuters ceases to provide such spot quotations, by any other reputable service as is providing such spot quotations, as selected by the Company) at approximately 11:00 a.m. (New York City time) on the date not more than two business days prior to such determination.

Voting Stock of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors, managers or trustees of such Person.

Weighted Average Life to Maturity means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (1) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (2) the number of years (calculated to the nearest one twelfth) that will elapse between such date and the making of such payment, by (b) the then outstanding principal amount of such Indebtedness.

Wholly Owned Restricted Subsidiary of any Person means a Restricted Subsidiary of such Person to the extent that:

(a) all of the outstanding Capital Stock or other ownership interests of which (other than directors qualifying shares and Capital Stock held by other statutorily required minority shareholders) shall at the time be owned directly or indirectly by such Person; or

(b) such Restricted Subsidiary is organized in a foreign jurisdiction and is required by the applicable laws and regulations of such foreign jurisdiction or its governmental agencies, authorities or state-owned businesses to be partially owned by the government of such foreign jurisdiction or individual or corporate citizens of such foreign jurisdiction or another foreign jurisdiction in order for such Restricted Subsidiary to transact business in such foreign jurisdiction, *provided that* such Person, by contract or otherwise, controls the business and management of such Restricted Subsidiary.

Further, in relation to the Company, the term Wholly Owned Restricted Subsidiary includes any Foreign Restricted Subsidiary so long as the direct or indirect ownership interest of the Company in its Capital Stock is no less than at the Issue Date.

DESCRIPTION OF THE NEW NOTES

General

You can find the definitions of certain terms used in this description of the new notes under the caption Certain Definitions . In this description, the word Company refers only to Compagnie Générale de Géophysique-Veritas, S.A., and not to any of its subsidiaries.

The Notes will be issued pursuant to the Indenture dated as of the Issue Date among the Company, the Guarantors and The Bank of New York Trust Company, National Association, as trustee (the *Trustee*). The terms of the Notes will include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the *Trust Indenture Act*).

The following description is a summary of the material provisions of the Indenture. It does not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, will define your rights as holders of the Notes.

Copies of the Indenture are available for inspection during normal business hours at the office of the Company referred to under the caption Available Information , at the corporate trust office of the Trustee at 601 Travis Street, 18th Floor, Houston, Texas 77002, and at the specified office of each Paying Agent, including, for so long as the Notes are listed on the Luxembourg Stock Exchange, at the specified office of the Paying Agent in Luxembourg. Holders of the Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Indenture.

Brief Description of the Notes

The Notes will, upon issuance:

- be general senior, unsecured obligations of the Company;
- rank equally in right of payment to all existing and future senior, unsecured indebtedness of the Company, except for any liabilities preferred by law;
- rank senior in right of payment to all existing and future subordinated indebtedness of the Company;
- be guaranteed on a senior, unsecured basis by certain Subsidiaries of the Company as described below; and
- be effectively subordinated to all existing and future indebtedness of Subsidiaries of the Company that are not Guarantors.

Holders of existing and future secured indebtedness of the Company and its Subsidiaries, including loans under the existing Credit Facilities, will have claims with respect to the assets constituting collateral for such secured indebtedness that are superior to the claims of the holders of the Notes. Accordingly, the Notes and the Subsidiary Guarantees will be effectively subordinated to claims of secured creditors of the Company and the Guarantors to the extent of such collateral.

Only certain Subsidiaries of the Company will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any Subsidiary of the Company that is not a Guarantor, that Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

Assuming that the merger and the financing transactions, including the offering of the notes and the use of the proceeds thereof had occurred as at September 30, 2006, there would have been 947 million of outstanding indebtedness including accrued interest effectively senior to the Notes as at September 30, 2006, of which 926 million would have been secured and the Initial Guarantors (as defined under the caption Subsidiary Guarantees Guarantors) (excluding their Subsidiaries that are not Guarantors) would have had outstanding external total indebtedness of 1,540 million. Indebtedness of the Initial Guarantors is included in the total Indebtedness of the Company and its Subsidiaries. In addition, as at September 30, 2006, the Company and its Subsidiaries had availability under their Credit Facilities of $20 million, which if drawn would have been secured.

Each of the Initial Guarantors, other than Sercel Canada, is an obligor under the senior facilities and the French revolving facility. The Indenture will permit the Company and its Subsidiaries (including the Guarantors) to incur additional Indebtedness, including certain additional secured Indebtedness.

As of the date of the Indenture, all of the Company s Subsidiaries will be Restricted Subsidiaries. Under certain circumstances, the Company will be able to designate current or future Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to the restrictive covenants set forth in the Indenture and will not guarantee the Notes.

Notes will be issued in this offering in an aggregate principal amount of $300,000,000 (the *New Notes*). The Indenture provides the Company the flexibility of issuing additional Notes in the future in an unlimited amount; however, any issuance of such additional Notes would be subject to the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock . The New Notes and any such additional Notes are collectively referred to as the *Notes* in this Description of the New Notes .

Whenever the covenants or default provisions or definitions in the Indenture refer to an amount in U.S. dollars or euros, that amount will be deemed to refer to the U.S. Dollar Equivalent or the Euro Equivalent, respectively, of the amount of any obligation denominated in any other currency or currencies, including composite currencies.

Any other determination of the U.S. Dollar Equivalent or the Euro Equivalent for any purpose under the Indenture will be determined as of a date of determination as described in the definitions of U.S. Dollar Equivalent and Euro Equivalent under Certain Definitions and, in any case, no subsequent change in the U.S. Dollar Equivalent or the Euro Equivalent after the applicable date of determination will cause such determination to be modified.

Principal, Maturity and Interest

The New Notes will be limited in aggregate principal amount to $300,000,000 and will mature on May 15, 2017. Interest on the Notes will accrue at the rate of % per annum and will be payable semi-annually in arrears on May 15 and November 15 of each year, commencing on May 15, 2007, in the case of the New Notes, to holders of record on the immediately preceding May 1 and November 1. Interest on the New Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payment and Paying Agents

Principal of, premium, if any, and interest on the Notes will be payable in U.S. dollars at the office or agency of the Company maintained for such purpose in the continental United States and, subject to any fiscal or other laws and regulations applicable thereto, at the specified offices of any other Paying Agent appointed by the Company for such purpose, or, at the option of the Company, payment of interest may be made by check mailed to holders of the Notes at their respective addresses set forth in the register of holders; *provided, however,* that all payments with respect to Notes the holders of which have given wire transfer instructions to the Company or a Paying Agent will be required to be made by wire transfer of immediately available funds to the accounts specified by the holders thereof. The principal of the Notes will be payable only upon surrender of any Note at the Corporate Trust Office of the Trustee or at the specified offices of any other Paying Agent.

If the due date for payment of the principal in respect of any Note is not a business day at the place in which it is presented for payment, the holder thereof will not be entitled to payment of the amount due until the next succeeding business day at such place and will not be entitled to any further interest or other payment in respect of any such delay.

The Indenture provides that any money deposited with the Trustee or any Paying Agent in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, premium, if any, or interest have become due and payable will be paid to the Company, and will be discharged from such trust; and the holder of such Note will thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such money will thereupon cease.

The Corporate Trust Office of the Trustee in Dallas, Texas will initially be designated as the Company s Paying Agent for payments with respect to the Notes. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, the Company will maintain a Paying Agent in Luxembourg. Dexia Banque Internationale à Luxembourg, société anonyme will initially be designated as the Company s Paying Agent in Luxembourg and as the Company s agent where Notes may be surrendered for registration of transfer and exchange. The Company may at any time designate one or more additional Paying Agents or rescind the designation of any Paying Agent or approve a change in the office through which any Paying Agent acts, except that the Company will be required to maintain a Paying Agent in the continental United States. The Company will give notice to each holder of Notes, in the manner described under the caption Notices , of any change in Paying Agents.

Subsidiary Guarantees

General

The obligations of each Guarantor under its Subsidiary Guarantee will be general senior, unsecured obligations of such Guarantor, ranking *pari passu* in right of payment with all other senior indebtedness of such Guarantor and senior in right of payment to any subordinated indebtedness of such Guarantor. The Subsidiary Guarantees will be joint and several obligations of the Guarantors. Holders of existing and future secured indebtedness of the Guarantors, including loans under the existing Credit Facilities (including the senior facilities and the French revolving facility) will have claims with respect to the assets constituting collateral for such secured indebtedness that are superior to the claims of the holders of the Notes.

The Indenture provides that the obligations of each Guarantor under its Subsidiary Guarantee will be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under bankruptcy, fraudulent conveyance and fraudulent transfer and similar laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Subsidiary Guarantee, result in the obligations of such Guarantor under its Subsidiary Guarantee not constituting a fraudulent transfer or conveyance. In addition, the obligations of each Guarantor under its Subsidiary Guarantee shall be limited to the extent required by applicable law.

Guarantors

Only certain Subsidiaries of the Company will guarantee the Notes. On the Issue Date, the Notes will be guaranteed by CGGVeritas Services Inc., Veritas DGC Land Inc., Veritas Geophysical Corporation, Veritas Investments Inc., Viking Maritime Inc., Veritas Geophysical (Mexico) LLC, Veritas DGC Asia Pacific Ltd. and Alitheia Resources Inc. (the *Veritas Guarantors*), Sercel Inc., Sercel Canada Ltd. and Sercel Australia Pty Ltd (the *Sercel Guarantors*) and CGG Americas, Inc., CGG Canada Services Ltd. and CGG Marine Resources Norge A/ S (the *CGG Guarantors* , and together with the Veritas Guarantors and the Sercel Guarantors, the *Initial Guarantors*). For more information about the Initial Guarantors, see General Information and note 31D to the CGG consolidated annual financial statements, Note 4 to CGG s consolidated interim financial statements for the nine months ended September 30, 2006, Note 16 to the Veritas consolidated financial statements and Note 11 to Veritas consolidated interim financial statements for the three months ended October 31, 2006, all included elsewhere in this prospectus. The Company s other Subsidiaries will not initially guarantee the Notes and, in certain circumstances described below under the caption Release, the Company may elect to have the Sercel Guarantors released from their Subsidiary Guarantees. In the event of a bankruptcy, liquidation or reorganization of any Subsidiary of the Company that is not a Guarantor, that Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

The Veritas Guarantors (excluding their subsidiaries that have not guaranteed the notes) generated, before consolidation entries, \$384.1 million of revenues, \$65.5 million of operating income and \$49.5 million of net income in the year ended July 31, 2006 and held \$807.9 million of total assets before consolidation entries. They

generated, before consolidation entries, $112.5 million of revenues, $15.2 million of operating income and $20.4 million of net income in the three month-period ended October 31, 2006 and held $781.3 million of total assets before consolidation entries as at October 31, 2006.

The CGG Guarantors (excluding their subsidiaries that have not guaranteed the Notes) generated, before consolidation entries, 161.0 million of revenues, 49.8 million of operating income and 30.7 million of net income in the year ended December 31, 2005 and held 394.4 million of total assets before consolidation entries. They generated, before consolidation entries, 194.2 million of revenues, 92.8 million of operating income and 54.7 million of net income in the nine-month period ended September 30, 2006 and held 402.1 million of total assets before consolidation entries as at September 30, 2006.

The Sercel Guarantors (excluding their subsidiaries that have not guaranteed the Notes) generated, before consolidation entries, 146.5 million of revenues, 10.9 million of operating income and 6.3 million of net income in the year ended December 31, 2005 and held 205.9 million of total assets before consolidation entries as at December 31, 2005. They generated, before consolidation entries, 229.3 million of revenues, 33.6 million of operating income and 22.3 million of net income in the nine-month period ended September 30, 2006 and held 208.7 million of total assets before consolidation entries as at September 30, 2006. The revenue, operating income, net income and assets of the Sercel Guarantors are included in those of the Initial Guarantors. In the circumstances described under the caption Certain Covenants Guarantees of Certain Indebtedness by Restricted Subsidiaries the Indenture will require certain of the Company s other Subsidiaries to become Guarantors. For more information about the Initial Guarantors, see General Information .

In addition, a Restricted Subsidiary may become a Guarantor, at its option, by executing a supplemental indenture providing for a Subsidiary Guarantee in accordance with the provisions of the Indenture.

Release

The Indenture provides that, in the event of (a) a transfer, conveyance, sale or other disposition of any Capital Stock of Sercel S.A. or any Sercel Guarantor or (b) the issue by Sercel S.A. or any Sercel Guarantor of any Equity Interests, in either case to any Person other than the Company or a Restricted Subsidiary of the Company, the Company may elect to have the Sercel Guarantors released and relieved of any obligations under their Subsidiary Guarantees, *provided that* the Net Proceeds of such issuance, transfer, conveyance, sale or other disposition are applied in accordance with the covenant described below under the caption Put Option of Holders Asset Sales and the Sercel Guarantors have no other guarantees of Indebtedness of the Company or any other Guarantors (other than Permitted Guarantees) then outstanding. If a Restricted Subsidiary has become a Guarantor at its option, it may thereafter be released and relieved of its obligations under its Subsidiary Guarantee at its option, *provided that* such Guarantor has no guarantee of Indebtedness of the Company or any Guarantor (other than Permitted Guarantees) then outstanding. The Indenture further provides that, for purposes of the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock , the release of any Subsidiary Guarantee pursuant to provisions described in this paragraph shall be deemed to be an incurrence by the Restricted Subsidiary whose Subsidiary Guarantee is being released of all Indebtedness then held by such Restricted Subsidiary.

The Indenture provides that, in the event of a transfer, conveyance, sale or other disposition (including by way of merger or consolidation) of all or substantially all of the assets or all of the Capital Stock of any Guarantor, then such Guarantor will be released and relieved of any obligations under its Subsidiary Guarantee and the Indenture, provided that the Net Proceeds of such transfer, conveyance, sale or other disposition are applied in accordance with the covenant described below under the caption Put Option of Holders Asset Sales. A Guarantor will likewise be released and relieved of its obligations under its Subsidiary Guarantee upon the release of any guarantee of Indebtedness of the Company that required such Guarantor to guarantee the Notes pursuant to the covenant described below under the caption Certain Covenants Guarantees of Certain Indebtedness by Restricted Subsidiaries except a discharge or release by or as a result of direct payment under such guarantee, *provided that* the Guarantor has no other guarantee of Indebtedness of the Company or any Guarantor (other than Permitted Guarantees) then outstanding. The Indenture also provides that, if the Board of Directors designates a Guarantor to be an Unrestricted Subsidiary, then such Guarantor will be released and

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relieved of any obligations under its Subsidiary Guarantee and the Indenture, *provided that* such designation is conducted in accordance with the applicable provisions of the Indenture.

Merger or Consolidation

The Indenture provides that, for so long as a Restricted Subsidiary provides a Subsidiary Guarantee pursuant to the terms of the Indenture, such Guarantor may not consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person (other than the Company or another Guarantor), unless:

(a) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) shall execute a Subsidiary Guarantee and deliver an opinion of counsel in accordance with the terms of the Indenture;

(b) immediately after giving effect to such transaction, no Default or Event of Default exists;

(c) such Guarantor, or any Person formed by or surviving any such consolidation or merger, would have a Consolidated Net Worth (immediately after giving effect to such transaction) equal to or greater than the Consolidated Net Worth of such Guarantor immediately preceding the transaction; and

(d) the Company would be permitted by virtue of the Company s *pro forma* Consolidated Interest Coverage Ratio, immediately after giving effect to such transaction, to incur at least 1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock .

Optional Redemption

At any time prior to May 15, 2012, the Company may redeem the Notes at its option, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest to, the date of redemption.

The Notes will also be redeemable at the Company s option on or after May 15, 2012, in whole or in part, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the 12-month period beginning May 15 of the years indicated below:

Year	**Percentage**
2012	%
2013	%
2014	%
2015 and thereafter	100.00%

Further, prior to May 15, 2010, the Company may redeem on any one or more occasions Notes representing up to 35% of the sum of the aggregate principal amount of the New Notes plus any other Notes originally issued under the Indenture after the Issue Date at a redemption price of % of the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, with the net cash proceeds of one or more Qualified Equity Offerings, *provided that* (a) Notes representing at least 65% of the sum of the aggregate principal amount of the New Notes plus any other Notes originally issued under the Indenture after the Issue Date remain outstanding immediately after the occurrence of each such redemption and (b) such redemption occurs within 90 days of the date of the closing of each such Qualified Equity Offering.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption as follows:

(a) if the Notes are listed, in compliance with the requirements of the principal securities exchange on which the Notes are listed; or

(b) if the Notes are not so listed, on a *pro rata* basis, by lot or by such method as the Trustee shall deem fair and appropriate.

No Notes of $1,000 or less shall be redeemed in part.

Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address. For so long as the Notes are listed on the Luxembourg Stock Exchange and for so long as the rules of such exchange require, notices of redemption will be published once by the Trustee, not less than five business days prior to the redemption date, in a newspaper having general circulation in Luxembourg, which is expected to be *D Wort* or if such newspaper ceases to be published or timely publication in it will not be practicable, in such other newspaper as the Trustee deems necessary to give fair and reasonable notice to the holders of Notes. Notices may also be published on the internet site of the Luxembourg Stock Exchange at www.bourse.lu.

Notices of redemption may not be conditional.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder thereof upon surrender of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Indenture provides that the Company may at any time redeem, in whole but not in part, the outstanding Notes at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest thereon to the date of redemption if it or any Guarantor has become or would become obligated to pay any Additional Amounts (as defined under the caption Additional Amounts) in respect of the Notes as a result of:

(a) (1) any change in or amendment to the laws or treaties (or regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined under the caption Additional Amounts) or (2) any change in or amendment to any official position regarding the application or interpretation of such laws, treaties, regulations or rulings, which change or amendment is announced or is effective on or after the date of the Indenture; and

(b) such obligation cannot be avoided by the Company or any such Guarantor taking reasonable measures available to it.

Notwithstanding the preceding, no notice of redemption will be given earlier than 60 days prior to the earliest date on which the Company could be obligated to pay such Additional Amounts if a payment in respect of the Notes was then due. Prior to giving notice of any such redemption, the Company will deliver to the Trustee (y) an Officers Certificate stating that the obligation to pay Additional Amounts cannot be avoided by the Company or any such Guarantor taking reasonable measures available to it and (z) a written opinion of an independent legal counsel to the Company to the effect that the circumstances referred to above exist.

Additional Amounts

The Indenture provides that payments made by or on behalf of the Company or any Guarantor under or with respect to the Notes or the Subsidiary Guarantees will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, interest, assessment or other governmental charge *(Taxes)* imposed or levied by or on behalf of any jurisdiction in which the Company or any Guarantor (including any successor entities), is then organized or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction by or through which payment is made (each, a *Relevant Taxing Jurisdiction*), unless the Company or any Guarantor (or any Paying Agent) is required to withhold or deduct Taxes under the laws of the Relevant Taxing Jurisdiction or by the interpretation or administration thereof by the relevant taxing authority. If the Company or any Guarantor (or any Paying Agent) is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Notes or the

Subsidiary Guarantees, the Company or any such Guarantor (and each Paying Agent) will pay to each holder of the Notes that are outstanding on the date of the required payment, such additional amounts (*Additional Amounts*) as may be necessary so that the net amount received by such holder (including the Additional Amounts) after such withholding or deduction will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted, provided that no Additional Amounts will be payable with respect to any Note:

(a) surrendered by the holder thereof for payment of principal more than 30 days after the later of (1) the date on which such payment first became due and (2) if the full amount payable has not been received by or on behalf of the relevant holder on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the holders by the Trustee, except to the extent that the holder would have been entitled to such Additional Amounts on surrendering such Note for payment on the last day of the applicable 30-day period;

(b) if any tax, assessment or other governmental charge is imposed or withheld by reason of the failure to comply by the holder or, if different, the beneficial owner (*ayant-droit*) of the Note with a request addressed to such holder or beneficial owner to provide information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of such holder or beneficial owner which is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such tax, assessment or governmental charge;

(c) held by or on behalf of a holder who is liable for Taxes in respect of such Note by reason of having some connection with the Relevant Taxing Jurisdiction other than the mere purchase, holding or disposition of any Note, or the receipt of payments made by or on behalf of the Company or any Guarantor in respect thereof or any Subsidiary Guarantee, including, without limitation, such holder being or having been a citizen or resident thereof or being or having been present or engaged in a trade or business therein or having had a permanent establishment therein;

(d) on account of any estate, inheritance, gift, sale, transfer, personal property or other similar tax, assessment or other governmental charge;

(e) except in the case of the winding up of the Company or any Guarantor, any Note surrendered for payment in the Republic of France;

(f) any withholding or deduction imposed on a payment to an individual which is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to European Council Directive 2003/48/ EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any agreement between the European Community and any jurisdiction providing for equivalent measures;

(g) as a result of any combination of (a), (b), (c), (d), (e) or (f) or with respect to any payment made by or on behalf of the Company or any Guarantor in respect of any Note or Subsidiary Guarantee to any holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor or beneficial owner would not have been entitled to any Additional Amounts had such beneficiary or settlor or beneficial owner been the holder; or

(h) if any withholding or deduction imposed or levied on a payment to a Luxembourg resident individual is required to be made pursuant to the Luxembourg law of 23 December 2005.

The Company or any Guarantor will also make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company will furnish, within 60 days after the date the payment of any Taxes is due pursuant to applicable law, to the Trustee, copies of tax receipts (to the extent received from the relevant tax authorities in the usual course or as generally provided) evidencing that such payment has been made by the Company or any Guarantor. The Trustee will make such evidence available to the holders upon request.

At least 30 days prior to each date on which any payment under or with respect to the Notes or the Subsidiary Guarantees is due and payable, if the Company or any Guarantor becomes obligated to pay Additional Amounts with respect to such payment, the Company will deliver to each Paying Agent an Officers Certificate stating the fact that such Additional Amounts will be payable, and the amount so payable and will set forth such other information as necessary to enable such Paying Agent to pay such Additional Amounts to the holders of the Notes on the payment date. Whenever in the Indenture or this prospectus there is mentioned, in any context, (a) the payment of principal (and premium, if any), (b) purchase prices in connection with a purchase of the Notes, (c) interest or (d) any other amount payable on or with respect to any of the Notes or the Subsidiary Guarantees, such mention is deemed to include mention of the payment of Additional Amounts provided for in this section to the extent, that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Company or a Guarantor, as the case may be, will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that arise in the United States, the Republic of France or in any jurisdiction in which a Paying Agent is located from the initial issue or registration of the Notes or on the enforcement of any payments with respect to the Notes or any Subsidiary Guarantee.

The obligations of the Company or any Guarantor described in this Additional Amounts section will survive the satisfaction and discharge of the Indenture.

Mandatory Redemption

Except as set forth below under the caption Put Option of Holders , the Company will not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

Put Option of Holders

Change of Control

The Indenture provides that, upon the occurrence of a Change of Control, each holder will have the right to require the Company to purchase all or any portion (equal to $1,000 or an integral multiple thereof) of the holder s Notes, pursuant to the offer described below (the *Change of Control Offer*), at a purchase price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase (the *Change of Control Payment*).

Within 30 days following a Change of Control, the Company will give notice to each holder of Notes, in the manner described under the caption Notices , and the Trustee describing the transaction that constitutes the Change of Control and offering to purchase the Notes on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is given (the *Change of Control Payment Date*), pursuant to the procedures required by the Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws and regulations are applicable in connection with the purchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such conflict.

On or before the Change of Control Payment Date, the Company will, to the extent lawful:

(a) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(b) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(c) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers Certificate stating the aggregate principal amount of the Notes or portions thereof being purchased by the Company.

The Paying Agent will promptly deliver to each holder of the Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided, however,* that each such new Note will be in a principal amount of $1,000 or an integral multiple thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. In addition, the Company could enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that could affect the Company s capital structure or the value of the Notes, but that would not constitute a Change of Control. The occurrence of a Change of Control may result in a default under the agreement governing other senior indebtedness of the Company including the term loan facility, giving the lenders thereunder the right to require the Company to repay all outstanding obligations thereunder, possibly limiting the Company s ability to purchase the Notes upon a Change of Control. The Company s ability to purchase the Notes following a Change of Control may also be limited by the Company s then existing financial resources. Should a Change of Control occur at a time when the Company lacks sufficient funds to make the Change of Control Payments or is prohibited from purchasing the Notes under instruments governing other senior indebtedness (and the Company is unable to obtain the consent of the holders of such senior indebtedness or to prepay such senior indebtedness), an Event of Default would occur under the Indenture. See Events of Default and Remedies . See Risk Factors Risks Related to the Notes Although the occurrence of specific change of control events affecting us will permit you to require us to repurchase your notes, we may not be able to repurchase your notes .

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable regardless of whether any other provisions of the Indenture are applicable. The Company will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

A *Change of Control* will be deemed to have occurred upon the occurrence of any of the following:

(a) the sale, lease, transfer, conveyance or other disposition (other than by merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole;

(b) the adoption, by holders of Capital Stock of the Company, of a voluntary plan relating to the liquidation or dissolution of the Company;

(c) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as such term is used in Section 13(d) (3) of the Exchange Act) becomes the beneficial owner (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly through one or more intermediaries, of more than 50% of the voting power of the outstanding Voting Stock of the Company; or

(d) the first day on which more than a majority of the members of the Board of Directors are not Continuing Directors;

provided, however, that a transaction in which the Company becomes a Subsidiary of another Person (other than a Person that is an individual) shall not constitute a Change of Control if (1) the shareholders of the Company immediately prior to such transaction beneficially own (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly through one or more intermediaries, at least a majority of the

voting power of the outstanding Voting Stock of such other Person immediately following the consummation of such transaction and (2) immediately following the consummation of such transaction, no person (as such term is defined above), other than such other Person (but including the holders of the Equity Interests of such other Person), beneficially owns (as such term is defined above), directly or indirectly through one or more intermediaries, more than 50% of the voting power of the outstanding Voting Stock of the Company.

Continuing Directors means, as of any date of determination, any member of the Board of Directors who (a) was a member of the Board of Directors on the Issue Date or (b) was nominated for election to the Board of Directors with the approval of, or whose election to the Board of Directors was ratified by, at least a majority of the members of the Board of Directors who were members of the Board of Directors on the Issue Date or who were so elected to the Board of Directors thereafter.

The definition of Change of Control includes an event by which the Company sells, leases, transfers, conveys or otherwise disposes of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase such Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the properties or assets of the Company and its Subsidiaries, taken as a whole, may be uncertain.

Asset Sales

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale (excluding for this purpose an Event of Loss) unless:

(a) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (as determined in accordance with the definition of such term set out below under the caption Certain Definitions , the results of which determination shall be set forth in an Officers Certificate delivered to the Trustee) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(b) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents;

provided, however, that the amount of (1) any liabilities (as shown on the Company s or such Restricted Subsidiary s most recent balance sheet) of the Company or such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or the Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability and (2) any securities, notes or other obligations received by the Company or such Restricted Subsidiary from such transferee that are converted within 180 days by the Company or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion) shall be deemed to be cash for purposes of this provision.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale (including, without limitation, any Event of Loss), the Company or any such Restricted Subsidiary may apply such Net Proceeds to (a) permanently repay the principal of any Indebtedness of the Company ranking in right of payment at least *pari passu* with the Notes or any Indebtedness of such Restricted Subsidiary (*provided that* if such Restricted Subsidiary is a Guarantor, then such Indebtedness shall rank in right of payment at least *pari passu* with its Subsidiary Guarantee), (b) make capital expenditures in respect of Strategic Assets or (c) acquire (including by way of a purchase of assets or a majority of the Voting Stock of a Person, by merger, by consolidation or otherwise) Strategic Assets, *provided that* if the Company or such Restricted Subsidiary enters into a binding agreement to acquire such Strategic Assets within such 365-day period, but the consummation of the transactions under such agreement has not occurred within such 365-day period and such agreement has not been terminated, then such 365-day period will be extended by 90 days to permit such consummation. If such consummation does not occur, or such agreement is terminated within such 90-day extension period, then the Company may apply, or cause such Restricted Subsidiary to apply, within 90 days after the end of such initial 90-day extension period or the

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effective date of such termination, whichever is earlier, such Net Proceeds as provided in clauses (a) through (c) of this paragraph. Pending the final application of any such Net Proceeds, the Company or any such Restricted Subsidiary may temporarily reduce outstanding revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture. Any Net Proceeds from Asset Sales that are not applied or invested as provided in clauses (a) through (c) of this paragraph will be deemed to constitute Excess Proceeds.

When the aggregate amount of Excess Proceeds exceeds 10,000,000, the Company will be required to make an offer to all holders of the Notes (an *Asset Sale Offer*) to purchase the maximum principal amount of the Notes that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase, in accordance with the procedures set forth in the Indenture; *provided, however,* that, if the Company is required to apply such Excess Proceeds to purchase, or to offer to purchase, any *Pari Passu* Indebtedness, the Company shall only be required to offer to purchase the maximum principal amount of the Notes that may be purchased out of the amount of such Excess Proceeds multiplied by a fraction, the numerator of which is the aggregate principal amount of the Notes outstanding and the denominator of which is the aggregate principal amount of the Notes outstanding plus the aggregate principal amount of *Pari Passu* Indebtedness outstanding. To the extent that the aggregate principal amount of the Notes tendered pursuant to an Asset Sale Offer is less than the amount that the Company is required to purchase, the Company may use any remaining Excess Proceeds for general corporate purposes in any manner not prohibited by the Indenture. If the aggregate principal amount of the Notes surrendered by holders thereof exceeds the amount that the Company is required to purchase, the Trustee shall select the Notes to be purchased on a pro rata basis. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero.

The Company will not, and will not permit any Restricted Subsidiary to, enter into or suffer to exist any agreement (other than any agreement governing the Company s or any Restricted Subsidiary s Credit Facilities) that would place any restriction of any kind (other than pursuant to law or regulation) on the ability of the Company to make an Asset Sale Offer. The agreements governing the Company s existing Credit Facilities contain and the agreements governing the Company s future Credit Facilities may contain prohibitions of certain events, including events that would constitute a Change of Control or an Asset Sale. In addition, the exercise by the holders of Notes of their right to require the Company to repurchase the Notes upon a Change of Control or an Asset Sale could cause a default under these other agreements, even if the Change of Control or Asset Sale itself does not, due to the financial effect of such repurchases on the Company. Finally, the Company s ability to pay cash to the holders of Notes upon a repurchase may be limited by the Company s then existing financial resources. See Risk Factors Risks Related to the Notes .

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws and regulations are applicable in connection with the purchase of the Notes as a result of an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such conflict.

Certain Covenants

Restricted Payments

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(a) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any of its Restricted Subsidiaries (other than any such Equity Interests owned by the Company or any Wholly Owned Restricted Subsidiary of the Company);

(b) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Indebtedness that is subordinated in right of payment to the Notes or the Subsidiary Guarantees, except a payment of interest or principal at Stated Maturity; or

(c) make any Restricted Investment,

(all such payments and other actions set forth in clauses (a) through (c) above being collectively referred to as *Restricted Payments*), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least 1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described under the caption Incurrence of Indebtedness and Issuance of Disqualified Stock ; and

(3) such Restricted Payment, together with (x) the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Reference Date (excluding Restricted Payments permitted by clauses (b) through (e) and, to the extent deducted in computing Consolidated Net Income, (f) and (g) of the next succeeding paragraph), and (y) the aggregate amount of all dividends and other payments or distributions paid subsequent to the Reference Date on account of the Company s or any of its Restricted Subsidiaries Equity Interests (including, without limitation, any such payment in connection with any merger or consolidation involving the Company) or to the direct or indirect holders of the Company s Equity Interests in their capacity as such (other than (i) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company, (ii) dividends or distributions payable to the Company or any of its Restricted Subsidiaries or (iii) if the Restricted Subsidiary making such dividend is not a Wholly Owned Restricted Subsidiary, dividends to its shareholders on a pro rata basis), is less than the sum (without duplication) of the following:

(A) 50% of the cumulative Consolidated Net Income of the Company for the period (taken as one accounting period) from January 1, 2005 to the end of the Company s most recently ended fiscal quarter for which financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(B) 100% of the aggregate of (1) the net cash proceeds and (2) the fair market value of Strategic Assets transferred or conveyed to the Company (as valued at the time of transfer or conveyance to the Company, and as determined in the manner contemplated by the definition of the term *fair market value*), in each case received by the Company since the Reference Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issuance or sale of Disqualified Stock or debt securities of the Company that have been converted into, or exchanged or redeemed for, such Equity Interests (other than any such Equity Interests, Disqualified Stock or convertible debt securities sold to a Restricted Subsidiary of the Company and other than Disqualified Stock or convertible debt securities that have been converted into, or exchanged or redeemed for, Disqualified Stock); plus

(C) to the extent that any Restricted Investment that was made after the Reference Date is sold for cash or otherwise liquidated or repaid for cash, the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any); plus

(D) if any Unrestricted Subsidiary is redesignated as a Restricted Subsidiary, the lesser of (1) an amount equal to the fair market value of the Investments previously made by the Company and its Restricted

Subsidiaries in such Subsidiary as of the date of redesignation and (2) the amount of such Investments.

The preceding provisions will not prohibit any of the following:

(a) the payment of any dividend within 60 days after the date of declaration thereof if at said date of declaration such payment would have complied with the provisions of the Indenture;

(b) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Company or any Guarantor or any Equity Interests of the Company or any of its Restricted Subsidiaries in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of, other Equity Interests of the Company (other than any Disqualified Stock), *provided that* the amount of any such net cash proceeds that are utilized for any such redemption, purchase, retirement, defeasance or other acquisition shall be excluded from clause (3)(B) of the preceding paragraph;

(c) the defeasance, redemption, purchase, retirement or other acquisition of subordinated Indebtedness of the Company or any Guarantor with the net cash proceeds from an incurrence of, or in exchange for, Permitted Refinancing Indebtedness;

(d) the payment of any dividend or distribution by a Restricted Subsidiary of the Company to the Company or any of its Wholly Owned Restricted Subsidiaries;

(e) repurchases of Equity Interests deemed to occur upon exercise of stock options, if such Equity Interests represent a portion of the exercise price of such stock options;

(f) so long as no Default has occurred and is continuing, the repurchase or other acquisition for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company for allocation (as a free allocation or otherwise) to directors, officers and employees of the Company and its Restricted Subsidiaries not in excess of 2,500,000 in any 12-month period;

(g) so long as no Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any member of the Company s (or any of its Restricted Subsidiaries) management pursuant to any management equity subscription agreement or stock option agreement in effect as of the Issue Date; *provided that* the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed 1,000,000 in any 12-month period;

(h) loans or advances in the ordinary course of business to Affiliates or Persons with which the Company or a Subsidiary may have contractual arrangements in any jurisdiction reasonably necessary to be made in connection with conducting the business of the Company or a Subsidiary in such jurisdiction in a form that is customary to address foreign investment regulation or practice in such jurisdiction, in an aggregate amount not to exceed 2,000,000 outstanding at any one time;

(i) so long as no Default has occurred and is continuing, advances constituting Investments or loans to directors, officers and employees of the Company and its Restricted Subsidiaries in the ordinary course of business for bona fide business purposes not in excess of 1,000,000 at any one time outstanding; and

(j) other Restricted Payments not to exceed 15,000,000 in the aggregate.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any non-cash Restricted Payment shall be determined in the manner contemplated by the definition of the term fair market value , and the results of such determination shall be evidenced by an Officers Certificate delivered to the Trustee. Not later than 10 business days following the date of making any Restricted Payment (other than a Restricted Payment permitted by clauses (b) through (d) of the preceding paragraph), the Company shall deliver to the Trustee an Officers Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by the covenant Restricted Payments were computed.

Incurrence of Indebtedness and Issuance of Disqualified Stock

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, *incur* or an *incurrence*) any Indebtedness (including, without limitation, any Acquired Indebtedness) and that the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however,* that the Company or any Guarantor may incur Indebtedness or issue Disqualified Stock, and any Restricted Subsidiary may incur Acquired Indebtedness, in each case if the Consolidated Interest Coverage Ratio for the Company s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 3.0 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness or Disqualified Stock had been issued or incurred, as the case may be, at the beginning of such four-quarter period.

The preceding paragraph will not apply to the incurrence by the Company or any of its Restricted Subsidiaries of any of the following Indebtedness:

(a) Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed the greater of (x) 125,000,000, plus any fees, premiums, expenses (including costs of collection), indemnities and similar amounts payable in connection with such Indebtedness, and less any amounts derived from Asset Sales and applied to the permanent reduction of Indebtedness under Credit Facilities in accordance with the covenant described under the caption Put Option of Holders Asset Sales and (y) 10% of the Company s Consolidated Total Assets;

(b) Existing Indebtedness;

(c) Hedging Obligations;

(d) Indebtedness represented by the New Notes or the Subsidiary Guarantees;

(e) intercompany Indebtedness between or among the Company and any of its Wholly Owned Restricted Subsidiaries, *provided that* (1) if the Company or any Guarantor is the obligor on such Indebtedness, then the Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all of the Company s obligations with respect to the Notes or such Guarantor s obligations under its Subsidiary Guarantee, as the case may be, and (2) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company, or any sale or other transfer of any such Indebtedness to a Person that is neither the Company nor a Wholly Owned Restricted Subsidiary of the Company, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, as of the date of such issuance, sale or other transfer that is not permitted by this clause (e);

(f) Indebtedness in respect of bid, performance or surety bonds issued for the account of the Company or any of its Restricted Subsidiaries in the ordinary course of business, including guarantees or obligations of the Company or any of its Restricted Subsidiaries with respect to letters of credit supporting such bid, performance or surety obligations (in each case other than for an obligation for money borrowed);

(g) Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations (or any guarantee thereof or indemnity with respect thereto), in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any

Indebtedness incurred pursuant to this clause (g), not to exceed 20,000,000 at any time outstanding;

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(h) the guarantee by the Company of Indebtedness of any of its Restricted Subsidiaries or by any Restricted Subsidiary of Indebtedness of the Company or another Restricted Subsidiary, in each case, that was permitted to be incurred by another provision of this covenant; *provided that* if the Indebtedness being guaranteed is subordinated in right of payment to the Notes or a Subsidiary Guarantee then the guarantee shall be subordinated to the same extent as the Indebtedness guaranteed;

(i) intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries incurred in the ordinary course of business in connection with cash pooling or other cash management arrangements;

(j) Permitted Refinancing Indebtedness incurred in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund Indebtedness incurred pursuant to the first paragraph and clauses (b), (d), (g) and (j) of the second paragraph of this covenant;

(k) Indebtedness of Restricted Subsidiaries of the Company (other than Guarantors) in an aggregate principal amount not to exceed 5% of the Company s Consolidated Total Assets minus the sum of all Indebtedness of Restricted Subsidiaries of the Company (other than Guarantors) then outstanding; and

(l) any additional Indebtedness of the Company or any Guarantor in an aggregate principal amount not in excess of 25,000,000 at any one time outstanding and any guarantee thereof.

The Indenture also provides that the Company will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness which by its terms (or by the terms of any agreement governing such Indebtedness) is subordinated to any other Indebtedness of the Company or of such Guarantor, as the case may be, unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinate to the Notes or the Subsidiary Guarantees of such Guarantor, as the case may be, to the same extent and in the same manner as such Indebtedness is subordinated pursuant to subordination provisions that are most favorable to the holders of any other Indebtedness of the Company or of such Guarantor, as the case may be; *provided, however,* that no Indebtedness shall be deemed to be contractually subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured.

For purposes of determining compliance with this Incurrence of Indebtedness and Issuance of Disqualified Stock covenant, if an item of proposed Indebtedness meets the criteria of more than one of the categories of Indebtedness described in clauses (a) through (l) of the second paragraph, or is entitled to be incurred pursuant to the first paragraph, of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant.

Liens

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien on any property or asset now owned or hereafter acquired, or any income or profits therefrom, except Permitted Liens, to secure (a) any Indebtedness of the Company or such Restricted Subsidiary (if it is not also a Guarantor), unless prior to, or contemporaneously therewith, the Notes are equally and ratably secured, or (b) any Indebtedness of any Guarantor, unless prior to, or contemporaneously therewith, the Subsidiary Guarantee of such Guarantor is equally and ratably secured; *provided, however,* that if such Indebtedness is expressly subordinated to the Notes or any Subsidiary Guarantee, the Lien securing such Indebtedness will be subordinated and junior to the Lien securing the Notes or the Subsidiary Guarantee, as the case may be, with the same relative priority as such Indebtedness has with respect to the Notes or the Subsidiary Guarantee. The incurrence of secured Indebtedness by the Company and its Restricted Subsidiaries is subject to further limitations on the incurrence of Indebtedness as described under the caption Incurrence of Indebtedness and Issuance of Disqualified Stock .

Sale-and-Leaseback Transactions

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale-and-leaseback transaction; *provided, however,* that the Company or any Restricted Subsidiary, as applicable, may enter into a sale-and-leaseback transaction if:

(a) the Company or such Restricted Subsidiary could have (1) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such sale-and-leaseback transaction pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption Incurrence of Indebtedness and Issuance of Disqualified Stock and (2) incurred a Lien to secure such Indebtedness pursuant to the covenant described under the caption Liens ;

(b) the gross cash proceeds of such sale-and-leaseback transaction are at least equal to the fair market value (as determined in accordance with the definition of such term, the results of which determination shall be set forth in an Officers Certificate delivered to the Trustee) of the property that is the subject of such sale-and-leaseback transaction; and

(c) the transfer of assets in such sale-and-leaseback transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, the covenant described above under the caption Put Option of Holders Asset Sales , if applicable.

Issuances and Sales of Capital Stock of Restricted Subsidiaries

The Indenture provides that the Company (a) will not, and will not permit any Restricted Subsidiary of the Company to, transfer, convey, sell or otherwise dispose of any Capital Stock of any Restricted Subsidiary of the Company to any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company, and (b) will not permit any Restricted Subsidiary of the Company to issue any of its Equity Interests to any Person other than to the Company or a Wholly Owned Restricted Subsidiary of the Company, (except, in the case of both clauses (a) and (b) above, as required in the manner described in clause (b) under the definition of Wholly Owned Restricted Subsidiary , *provided that* the business and management of the Restricted Subsidiary is, by contract or otherwise, controlled by the Company), unless:

(a) the Net Proceeds from such issuance, transfer, conveyance, sale or other disposition are applied in accordance with the covenant described above under the caption Put Option of Holders Asset Sales and

(b) immediately after giving effect to such transfer, conveyance, sale or other disposition, such Restricted Subsidiary either continues to be a Restricted Subsidiary or, if such Restricted Subsidiary would no longer constitute a Restricted Subsidiary, any remaining Investment in such Restricted Subsidiary would have been permitted to be made under the covenant described above under the caption Restricted Payments if made on the date of such transfer, conveyance, sale or other disposition.

For purposes of this covenant, the creation or perfection of a Lien on any Capital Stock of a Restricted Subsidiary of the Company to secure any Indebtedness of the Company or any of its Restricted Subsidiaries will not be deemed to be a disposition of such Capital Stock, *provided that* any sale by the secured party of such Capital Stock following foreclosure of its Lien will be subject to this covenant.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to do any of the following:

(a) (1) pay dividends or make any other distributions to the Company or any of its Restricted Subsidiaries on its Capital Stock or (2) pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;
(b) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(c) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries,

except for such encumbrances or restrictions existing under or by reason of:

(1) agreements governing Credit Facilities or Existing Indebtedness, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof, *provided that* such agreements and amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are not materially less favorable to the holders of the Notes, taken as a whole, with respect to such dividend and other payment restrictions, than those contained, in the case of Credit Facilities, in agreements governing Credit Facilities or, in the case of Existing Indebtedness, in agreements governing such Existing Indebtedness, in either case as in effect on the date of the Indenture;

(2) the Indenture, the Notes and the Subsidiary Guarantees;

(3) any agreement for the sale or other disposition of Equity Interests in a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending the sale or other disposition;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, *provided that,* in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(5) by reason of customary provisions restricting the subletting or assignment of any lease or the transfer of copyrighted or patented materials;

(6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (c) above on the property so acquired;

(7) customary provisions in agreements for the sale of property or assets;

(8) customary provisions in agreements that restrict the assignment of such agreements or rights thereunder;

(9) provisions with respect to the disposition or distribution of assets or property in any joint venture agreement, assets sale agreement, stock sale agreement or other similar agreement in each case entered into in the ordinary course of business, but in each case only to the extent such encumbrance or restriction relates to the transfer of the property, or encumbers or restricts the assets, subject to such agreement;

(10) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(11) Permitted Refinancing Indebtedness, *provided that* the encumbrances and restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially less favorable to the holders of the Notes, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(12) any Liens not prohibited by the covenant described above under the caption Liens that limit the right of the debtor to dispose of the assets subject to such Liens; or

(13) applicable law.

Transactions with Affiliates

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an *Affiliate Transaction*), unless:

(a) such Affiliate Transaction is in writing and on terms that, when taken as a whole, are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person or, if there is no such comparable transaction, on terms that are fair and reasonable to the Company or such Restricted Subsidiary; and

(b) the Company delivers to the Trustee (1) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of 2,000,000, an Officers Certificate certifying that such Affiliate Transaction complies with clause (a) above and (2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of 5,000,000, a resolution of the Board of Directors set forth in an Officers Certificate certifying that such Affiliate Transaction complies with clause (a) above and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors and (3) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of 15,000,000, an opinion as to the fairness to the Company or the relevant Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm that is, in the judgment of the Board of Directors, qualified to render such opinion and is independent with respect to the Company;

provided, however, that the following shall be deemed not to be Affiliate Transactions:

(A) any employment agreement or other employee compensation plan or arrangement (including stock option plans) entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business of the Company or such Restricted Subsidiary;

(B) transactions between or among the Company and its Restricted Subsidiaries (including any Person that becomes a Restricted Subsidiary as a result of any such transaction);

(C) loans or advances to officers, directors and employees of the Company or any of its Restricted Subsidiaries made in the ordinary course of business and consistent with past practices of the Company and its Restricted Subsidiaries in an aggregate amount not to exceed 1,000,000 outstanding at any one time;

(D) indemnities of officers, directors and employees of the Company or any of its Restricted Subsidiaries permitted by provisions of the organizational documents of the Company or such Restricted Subsidiary or applicable law;

(E) the payment of reasonable and customary regular fees to directors of the Company or any of its Restricted Subsidiaries who are not employees of the Company or any Subsidiary;

(F) any agreement or arrangement in effect as of the Issue Date or any amendment thereto or replacement thereof or any transaction contemplated thereby (including pursuant to any amendment or replacement agreement) so long as any such amendment or replacement agreement, taken as a whole, is no more disadvantageous to the holders of the Notes in any material respect than the original agreement as in effect on the Issue Date; and

(G) Restricted Payments and Permitted Investments that are permitted by the provisions of the Indenture described above under the caption Restricted Payments.

Guarantees of Certain Indebtedness by Restricted Subsidiaries

The Indenture provides that the Company will not permit any Restricted Subsidiary, directly or indirectly, to guarantee any Indebtedness of the Company or any Guarantor (the *Other Company Indebtedness*) other than Permitted Guarantees unless such Restricted Subsidiary (if it is not already a Guarantor) contemporaneously executes a Subsidiary Guarantee, which Subsidiary Guarantee will be senior to such Restricted Subsidiary s guarantee of such Other Company Indebtedness if such Other Company Indebtedness so guaranteed is subordinated Indebtedness.

Conduct of Business

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in the conduct of any business other than the business being conducted on the Issue Date and such other businesses as are reasonably necessary or desirable to facilitate the conduct and operation of, or ancillary or reasonably related to, such businesses, except to the extent as would not be material to the Company and its Restricted Subsidiaries, taken as a whole.

Anti Layering

The Indenture provides that the Company will not and will not permit any Guarantor to incur, directly or indirectly, any Indebtedness that is subordinated in right of payment to any Indebtedness of the Company or the Guarantor, as the case may be, unless the Indebtedness so incurred is either *pari passu* with, or subordinated in right of payment to, the Notes or the relevant Subsidiary Guarantee, as the case may be.

Unsecured Indebtedness will not be deemed to be subordinated in right of payment to secured Indebtedness solely because it is unsecured, and Indebtedness that is not guaranteed by a particular Person is not deemed to be subordinated in right of payment to Indebtedness that is so guaranteed solely because it is not so guaranteed.

Reports

Whether or not the Company is required to do so by the rules and regulations of the Commission, the Company will file with the Commission (unless the Commission will not accept such a filing):

(i) within the time periods specified in the Commission s rules and regulations, all annual financial and other information with respect to the Company and its Subsidiaries that would be required to be contained in a filing with the Commission on Form 20-F, including a Management s Discussion and Analysis of Financial Condition and Results of Operations and a report thereon by the Company s certified independent accountants; and

(ii) within 60 days after the end of each of the first and third quarters of each fiscal year (and within 75 days after the end of the second quarter of each fiscal year), reports on Form 6-K, or any successor form, attaching (a) unaudited consolidated financial statements for the Company for the period then ended (and the comparable period in the prior year), in each case prepared in accordance with GAAP (as in effect on the date of such report or financial information) including either, to the extent permitted under applicable law and SEC regulations (i) a reconciliation to accounting principles generally accepted in the United States (*U.S. GAAP*) in substantially the form set out in the Form 20-F of the Company for the year ended December 31, 2005 dated on or about May 9, 2006 or (ii) a reconciliation of EBITDA to U.S. GAAP; *provided that,* in either case, such reconciliation shall be made to U.S. GAAP as in effect on the date of such report or financial information and (b) the information relating to the Company described in Item 5 of Form 20-F (i.e., Operating and Financial Review and Prospects).

Within 15 days of filing, or attempting to file, such information with the Commission, the Company shall furnish such information to the holders of the Notes.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, the above information will also be made available in Luxembourg, free of charge, through the offices of the Paying Agent in Luxembourg.

Future Designation of Restricted and Unrestricted Subsidiaries

The preceding covenants (including calculation of financial ratios and the determination of limitations on the incurrence of Indebtedness) may be affected by the designation by the Company of any existing or future Subsidiary of the Company as an Unrestricted Subsidiary, or by the redesignation by the Company of an Unrestricted Subsidiary as a Restricted Subsidiary.

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause a Default. For purposes of making such designation, all outstanding Investments by the Company and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be Restricted Payments at the time of such designation, in an amount equal to the fair market value of such Investments at the time of such designation. Such designation will only be permitted if such Restricted Payments would be permitted by the terms of the Indenture at such time and if such Restricted Subsidiary otherwise meets the definition of Unrestricted Subsidiary . The Company may not designate any Restricted Subsidiary to be an Unrestricted Subsidiary at any time during which the Company maintains Investment Grade Status.

The Board of Directors may also redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if such redesignation complies with the requirements of the Indenture described in the definition of Unrestricted Subsidiary. If the aggregate amount of all Restricted Payments calculated for purposes of the first paragraph of the covenant described under the caption Restricted Payments above includes an Investment in an Unrestricted Subsidiary that subsequently becomes a Restricted Subsidiary pursuant to the terms of this paragraph, then the aggregate amount of such Restricted Payments will be reduced by the lesser of (a) an amount equal to the fair market value of the Investments previously made by the Company and its Restricted Subsidiaries in such Unrestricted Subsidiary at the time it becomes a Restricted Subsidiary and (b) the amount of such Investments.

Any designation or redesignation pursuant to this covenant by the Board of Directors will be evidenced by the filing with the Trustee of a Board Resolution giving effect to such action and evidencing the valuation of any Investment relating thereto (as determined in good faith by the Board of Directors) and an Officers Certificate certifying that such action and valuation complied with the preceding requirements.

Effectiveness of Covenants and Events of Default

The covenants described under clauses (c) and (d) under Subsidiary Guarantees Merger or Consolidation , Certain Covenants Restricted Payments , Certain Covenants Incurrence of Indebtedness and Issuance of Disqualifi Stock , Certain Covenants Dividend and Other Payment Restrictions Affecting Subsidiaries , Certain Covenants Transactions with Affiliates , Certain Covenants Conduct of Business , Put Option of Holders Asset Sales , clauses (a)(1), (b) and (c) under Certain Covenants Sale-and-Leaseback Transactions , and Certain Covenants Issuances and Sales of Capital Stock of Restricted Subsidiaries and the Events of Default described under clauses (e) and (f)(4) under Events of Default and Remedies (collectively, the *Suspended Provisions*) will no longer be in effect upon the Company attaining Investment Grade Status. If at any time the Company s credit rating is downgraded from Investment Grade Status, then the Suspended Provisions will thereafter be reinstated as if such covenants had never been suspended and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Company subsequently attains Investment Grade Status (in which event the Suspended Provisions shall again no longer be in effect for such time that the Company maintains Investment Grade Status); *provided, however,* that no Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture with respect to the Suspended Provisions based on, and none of the Company or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring after the Company attains Investment Grade Status and before any reinstatement of such Suspended Provisions as provided above, or any actions taken at any time pursuant to any contractual obligation arising prior to such reinstatement, regardless of whether such actions or events would have been permitted if the applicable Suspended Provisions remained in effect during such period. There can be no assurance that the Notes will ever achieve Investment Grade Status or that any such rating, if achieved, will be maintained.

Events of Default and Remedies

The Indenture provides that each of the following constitutes an Event of Default:

(a) default for 30 days in the payment when due of interest, on the Notes;

(b) default in payment when due of the principal of or premium, if any, on the Notes;

(c) failure by the Company to comply with the provisions described under the caption Put Option of Holders ;

(d) failure by the Company for 30 days after it receives written notice from the Trustee or at least 25% in principal amount of the then outstanding Notes to comply with any of its other agreements in the Indenture or the Notes;

(e) the declaration or payment of any dividend or the making of any other payment or distribution described in subclause (y) of clause (3) under the caption Certain Covenants Restricted Payments , which declaration, payment or distribution would not be permitted by the provisions described under the caption Certain Covenants Restricted Payments if it were treated as a Restricted Payment;

(f) the Company consolidates or merges (*fusion*) with or into (whether or not the Company is the surviving corporation), or sells, assigns, transfers, leases, conveys, demerges (*scission*) or otherwise disposes of all or substantially all of its properties or assets in one or more related transactions, to another Person unless:

(1) the Company is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance, demerger or other disposition shall have been made is a corporation organized or existing under the laws of the United States (or any state thereof or the District of Columbia), the Republic of France or any other member state of the European Union (as constituted on the Issue Date);

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, lease, conveyance, demerger or other disposition shall have been made assumes all the obligations of the Company under the Notes and the Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee;

(3) immediately after such transaction no Default or Event of Default exists;

(4) except in the case of a merger of the Company with or into a Wholly Owned Restricted Subsidiary of the Company, the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance, demerger or other disposition shall have been made:

(A) will have a Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction; and

(B) will, at the time of such transaction and after giving *pro forma* effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least 1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described

above under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock ; and

(5) the Company shall deliver to the Trustee an Officers Certificate and an opinion of counsel stating that such consolidation, merger or disposition and any supplemental indenture in respect thereto comply with this provision and that all conditions precedent in the Indenture relating to such transaction or transactions have been complied with;

(g) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee exists on the date of the Indenture or is created after the date of the Indenture, which default (1) is caused by a failure to pay principal of or premium or interest on such Indebtedness prior to the expiration of any grace period provided in such Indebtedness, including any extension thereof (a *Payment Default*), or (2) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates in excess of 10,000,000 and *provided, further*, that if any such default is cured or waived or any such acceleration rescinded, or such Indebtedness is repaid, within a period of 10 days from the continuation of such default beyond the applicable grace period or the occurrence of such acceleration, as the case may be, such Event of Default and any consequential acceleration of the Notes shall be automatically rescinded, so long as such rescission does not conflict with any judgment or decree;

(h) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (not covered by insurance) aggregating in excess of 10,000,000, which judgments are not paid, discharged or stayed for a period of 60 days;

(i) failure by any Guarantor to perform any covenant set forth in its Subsidiary Guarantee, or the repudiation by any Guarantor of its obligations under its Subsidiary Guarantee or the unenforceability of any Subsidiary Guarantee for any reason other than as provided in the Indenture; and

(j) certain events of bankruptcy or insolvency with respect to the Company or any Significant Subsidiary.

If any Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company or any Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. The holders of a majority in principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of all of the holders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except non-payment of principal, interest or premium that have become due solely because of such acceleration) have been cured or waived. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to the optional redemption provisions of the Indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

The holders of a majority in principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of the principal of or interest on the Notes.

The Company will be required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company will be required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, member, partner or stockholder or other owner of Capital Stock of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Subsidiary Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws, and it is the view of the Commission that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have all of the obligations of itself and the Guarantors discharged with respect to the outstanding Notes and the Subsidiary Guarantees, respectively (*Legal Defeasance*), except for:

(a) the rights of holders of outstanding Notes to receive payments in respect of the principal of and premium, if any, and interest on such Notes when such payments are due from the trust referred to below;

(b) the Company s obligations with respect to the Notes concerning issuing temporary Notes, registration of transfer or exchange of the Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(c) the rights, powers, trusts, duties and immunities of the Trustee, and the Company s and any Guarantor s obligations in connection with them; and

(d) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and any Guarantor released with respect to certain covenants that are described in the Indenture (*Covenant Defeasance*), and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. If Covenant Defeasance occurs, certain other events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under the caption Events of Default and Remedies will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable U.S. Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay the principal of and premium and interest on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service and the French tax authority a ruling or (B) since the date of the Indenture, there has been a change in the applicable income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal or French income tax

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purposes, respectively, as a result of such Legal Defeasance and will be subject to U.S. federal or French income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal or French income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal or French income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing either (A) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or (B) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 550th day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound;

(6) the Company must have delivered to the Trustee an opinion of counsel to the effect that, after the 550th day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally;

(7) the Company must deliver to the Trustee an Officers Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Notes over the other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(8) the Company must deliver to the Trustee an Officers Certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Transfer and Exchange

A holder of the Notes may transfer or exchange the Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a holder to pay any taxes and fees required by law or permitted by the Indenture. The Company will not be required to transfer or exchange any Note selected for redemption. Also, the Company will not be required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered holder of a Note will be treated as the owner of it for all purposes, and all references to holders in this Description of the Notes are to registered holders unless otherwise indicated.

Amendment and Waiver

Except as provided below, the Indenture or the Notes may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for the Notes).

Without the consent of each holder affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

(a) reduce the principal amount of the Notes whose holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption or purchase of the Notes by the Company;

(c) reduce the rate of or change the time for payment of interest on any Note;

(d) waive a Default or Event of Default in the payment of principal of or premium or interest on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(e) make any Note payable in money other than that stated in the Notes;

(f) make any change in the provisions of the Indenture relating to waivers of past defaults or the rights of holders of the Notes to receive payments of principal of or premium or interest on the Notes;

(g) waive a redemption or repurchase payment with respect to any Note;

(h) make any change in the ranking of the Notes relative to other Indebtedness of the Company or the Subsidiary Guarantees relative to other Indebtedness of the Guarantors, in either case in a manner adverse to the holders;

(i) release any Guarantor from any of its obligations under its Subsidiary Guarantee or the Indenture, except in accordance with the terms of the Indenture;

(j) make any change in the provisions described under the caption Additional Amounts in a manner adverse to the holders; or

(k) make any change in the preceding amendment, supplement and waiver provisions.

Notwithstanding the foregoing, without the consent of any holder of the Notes, the Company, the Guarantors and the Trustee may amend or supplement the Indenture or the Notes to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company s obligations to holders of the Notes in the case of a merger or consolidation or sale of all or substantially all of the Company s properties or assets, to make any change that would provide any additional rights or benefits to the holders of the Notes or that does not materially adversely affect the legal rights under the Indenture of any such holder, to secure the Notes pursuant to the requirements of the covenant described above under the caption Certain Covenants Liens , to add any Guarantor or to release any Guarantor from its Subsidiary Guarantee, in each case as provided in the Indenture, or to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

Neither the Company nor any of its Subsidiaries shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder of any Notes for or as an inducement to any consent, waiver, amendment or supplement of any terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or agreed to be paid to all holders of the Notes which so consent, waive or agree to amend or supplement in the time frame set forth in solicitation documents relating to such consent, waiver or agreement.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the giving of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be irrevocably deposited with the Trustee as trust funds in trust solely for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable U.S. Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, including principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(3) the Company and each Guarantor has paid or caused to be paid all other sums payable by it under the Indenture; and

(4) the Company has delivered an Officers Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

The Trustee

The Bank of New York Trust Company, National Association serves as trustee under the Indenture.

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company or any Guarantor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest and a Default occurs it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as Trustee or resign.

The holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default shall occur (that is not cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Governing Law

The Indenture, the Notes and the Subsidiary Guarantees will be governed by the laws of the State of New York.

Consent to Jurisdiction

The Indenture provides that any suit, action or proceeding with respect to the Indenture, the Notes or the Subsidiary Guarantees may be brought in any New York state or federal court located in the Borough of

Manhattan in the City of New York (*New York Court*) and that the Company and the Guarantors will submit to the non-exclusive jurisdiction of such courts.

Enforceability of Judgments; Indemnification for Foreign Currency Judgments

A significant portion of the assets of the Company and its subsidiaries is outside the United States, so any judgment obtained in the United States against the Company or any Guarantor, including judgments relating to payments with respect to the Notes, may not be fully collectible within the United States.

The Company has been informed by its French counsel that a final judgment for a sum of money in relation to the Indenture or the Notes obtained in any New York Court would be recognized and enforceable by the French courts without re-examination or re-litigation of the matters adjudicated, through an action for *exequatur* brought before the competent French court *provided that* the court is satisfied that the requirements developed by case law for the enforcement of foreign judgments in France are met, and in particular provided that:

(a) the judgment concerned is enforceable in the State of New York;

(b) such judgment has been rendered by a court having jurisdiction over the parties both under its own rules of jurisdiction and in accordance with French rules of international conflicts of jurisdiction and the French courts did not have exclusive jurisdiction to hear the matter;

(c) the court that rendered such judgment has applied to the merits of the case the laws of the jurisdiction which would have been considered appropriate under French rules of international conflicts of laws;

(d) the judgment is not contrary to French international public policy (*ordre public international*), both pertaining to the merits and to the procedure of the case;

(e) the judgment is not tainted with fraud; and

(f) the judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there is no risk of conflict with proceedings pending before the French courts at the time enforcement of the judgment is sought.

The Indenture also provides that obligations of the Company to any holder of the Notes or the Trustee shall, notwithstanding any judgment in a currency (the *Judgment Currency*) other than United States dollars (the *Agreement Currency*), be discharged only to the extent that on the day following receipt by such holder of the Notes or the Trustee, as the case may be, of any amount in the Judgment Currency, such holder of the Notes or the Trustee may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the amount originally to be paid to such holder of the Notes or the Trustee, as the case may be, in the Agreement Currency, the Company agrees, as a separate obligation and notwithstanding such judgment, to pay to such holder of Notes or the Trustee, as the case may be, the difference, and if the amount of the Agreement Currency so purchased exceeds the amount originally to be paid to such holder of the Notes or the Trustee, as the case may be, such holder of the Notes or the Trustee, as the case may be, agrees to pay to or for the account of the Company such excess, provided that such holder of the Notes or the Trustee, as the case may be, shall not have any obligation to pay any such excess as long as a default by the Company or any Guarantor in its obligations under the Notes, the Indenture or the Subsidiary Guarantees has occurred and is continuing, in which case such excess may be applied by such holder of the Notes or the Trustee, as the case may be, to such obligations.

Additional Information

Anyone who receives this prospectus may obtain a copy of the Indenture without charge by contacting Compagnie Générale de Géophysique-Veritas, Tour Maine Montparnasse, 33 avenue de Maine, BP 191, 75755 Paris CEDEX 15, France, Attention: Investor Relations Officer, Telephone (33) 1 64 47 45 00.

Book Entry, Delivery and Form

The New Notes will initially be represented by a note in global form that will represent the aggregate principal amount of the New Notes (the *Global Note*). When issued, the Global Note will be deposited with the Trustee and registered in the name of Cede & Co., as the nominee for The Depository Trust Company (*DTC*) nominee. Except as set forth below, record ownership of the Global Note may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee.

The New Notes will be issued only in registered form and in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof. The New Notes will be issued on the Issue Date only against payment in immediately available funds.

Investors may hold their interests in the Global Note directly through DTC if they are DTC participants (the *Participants*) or indirectly through organizations that are DTC participants (the *Indirect Participants*).

Investors may also hold their interests in the Global Note directly through Euroclear Bank S.A./ N.V/, as operator of the Euroclear System or Clearstream Banking (*Euroclear*), if they are participants in these systems, or indirectly through organizations that are participants in these systems.

So long as Cede & Co., as the nominee of DTC, is the registered owner of the Global Note, Cede & Co. for all purposes (except with respect to the determination of Additional Amounts payable) will be considered the sole holder of the Global Note. Owners of beneficial interests in the Global Note will be entitled to have certificates registered in their names and to receive physical delivery of Notes only in the limited circumstances described below under the caption Depository Procedures Exchange of Global Notes for Definitive Notes .

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear Euroclear and Clearstream Banking is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. The Company takes no responsibility for these operations and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

Upon deposit of the Global Note, DTC will credit the accounts of Participants designated by the underwriters with portions of the principal amount of the Global Note.

Payment of principal of and premium and interest on the Global Note will be made to Cede & Co., the nominee for DTC, as registered owner of the Global Note, by wire transfer of immediately available funds on the applicable payment date. Neither the Company nor the Trustee, nor any agent of either of them, will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

The Company has been informed by DTC that, with respect to any payment of principal of, or premium or interest on, the Global Note, DTC s practice is to credit accounts of Participants on the applicable payment date, with payments in amounts proportionate to their respective beneficial interests in the Notes represented by the Global Note as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to owners of beneficial interests in the Notes represented by the Global Note held through such Participants will be the responsibility of such Participants, as is now the case with securities held for the accounts of customers registered in street name . In particular, payments to owners of beneficial interests in the Notes held through Euroclear and Clearstream Banking will be made in accordance with the rules and operating procedures of Euroclear and Clearstream Banking.

Transfers between Participants will be effected in the ordinary way in accordance with DTC s rules and will be settled in immediately available funds. Participants in Euroclear and Clearstream Banking will effect transfers with other participants in the ordinary way in accordance with the rules and operating procedures of Euroclear and Clearstream Banking, as applicable. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in the Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having beneficial interests in the Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Cross-market transfers between DTC Participants, on the one hand, and directly or indirectly through Euroclear or Clearstream Banking participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream Banking, as the case may be, by its respective depositary; however, these cross-market transactions will require delivery of instructions to Euroclear or Clearstream Banking, as the case may be, by the counterparty in the system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream Banking, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream Banking participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream Banking.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant purchasing an interest in the Global Note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream Banking, as the case may be) immediately following the DTC settlement date, and the credit of any transaction s interests in the Global Note settled during the processing day will be reported to the relevant Euroclear or Clearstream Banking participant on that day. Cash received in Euroclear or Clearstream Banking as a result of sales of interests in the Global Note by or through a Euroclear or Clearstream Banking participant to a DTC Participant will be received with value on the DTC settlement date, but will be available in the relevant Euroclear or Clearstream Banking cash account only as of the business day following settlement in DTC.

Neither the Company nor the Trustee, nor any agent of either of them, will have responsibility for the performance of DTC, Euroclear, Clearstream Banking or their respective participants of their respective obligations under the rules and procedures governing their operations. DTC has advised the Company that it will take any action permitted to be taken by a holder of the Notes (including, without limitation, the presentation of the Notes for exchange as described below) only at the direction of one or more Participants to whose accounts with DTC interests in the Global Note are credited, and only in respect of the Notes represented by the Global Note as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC reserves the right to exchange the Global Note for Notes in definitive form, which it will distribute to its Participants.

DTC has also advised the Company that DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and to facilitate the clearance and settlement of securities transactions between Participants through electronic book-entry changes to accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations such as the underwriters. Certain of such Participants (or their representatives), together with other entities, own DTC. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through, or maintain a custodial relationship with, a Participant, either directly or indirectly.

Exchange of Global Notes for Definitive Notes

The Global Note is exchangeable for Notes in registered definitive form (*Definitive Notes*) if:

(a) DTC notifies the Company that it is unwilling or unable to continue as depositary for the Global Notes or has ceased to be a clearing agency registered under the Exchange Act and, in either case, the

Company thereupon fails to appoint a successor depositary within 90 days after the date of such notice;

(b) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of Definitive Notes; or

(c) there has occurred and is continuing an Event of Default with respect to the Notes.

In all cases, Definitive Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures).

Exchange of Definitive Notes for Global Notes

If issued, Definitive Notes may not be exchanged or transferred for beneficial interests in the Global Note.

Exchange of Definitive Notes for Definitive Notes

If issued, Definitive Notes may be exchanged or transferred by presenting or surrendering such Definitive Notes at the office of the Registrar located in Dallas, Texas or Luxembourg with a written instrument of transfer in form satisfactory to such Registrar, duly executed by the holder of the Definitive Notes or by its attorney, duly authorized in writing.

Same-Day Settlement and Payment

The Notes represented by the Global Note will be eligible to trade in DTC s Same Day Funds Settlement System, and any permitted secondary market trading activity in such Note will, therefore, be required by DTC to be settled in immediately available funds. The Company expects that secondary trading in any Definitive Notes would also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant purchasing an interest in the Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream Banking participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream Banking) immediately following the settlement date of DTC.

DTC has advised the Company that cash received in Euroclear or Clearstream Banking as a result of sales of interests in the Global Note by or through a Euroclear or Clearstream Banking participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream Banking cash account only as of the business day for Euroclear or Clearstream Banking following DTC s settlement date.

Replacement, Transfer and Exchange

If any Note at any time is mutilated, destroyed, stolen or lost, such Note may be replaced at the cost of the applicant at the office of the Trustee or the office of the Registrar in Luxembourg. The applicant for a new Note must, in the case of any mutilated Note, surrender such Note to the Trustee or the Registrar in Luxembourg, as applicable, and, in the case of any lost, destroyed or stolen Note, furnish evidence satisfactory to the Trustee or the Registrar in Luxembourg, as applicable, of such loss, destruction or theft, together with such indemnity as the Trustee or the Registrar in Luxembourg, as applicable, and the Company may require.

Initially, the Trustee will act as Registrar in the continental United States, and Notes may be presented for registration of transfer and exchange at the office of the Trustee in Dallas, Texas. Dexia Banque Internationale à Luxembourg, société anonyme will act initially as Registrar in Luxembourg, and Notes may be presented for registration of transfer and exchange at its office at 69, route d Esch, 2953 Luxembourg.

A holder may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the

Company may require a holder to pay any transfer tax or similar governmental charge required by law. The Company and the Registrar are not required to transfer or exchange any Note selected for redemption. Also, the Company and the Registrar are not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

Purchase

The Company, the Trustee and their respective Affiliates may at any time and from time to time purchase any Note or a beneficial interest in any Note in the open market or otherwise at any price.

Notices

Any notice to Noteholders will be mailed by first class mail or delivered by overnight air courier guaranteeing next day delivery, in each case to their respective registered addresses shown on the register kept by the Registrar. In addition, for so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, any such notice (including notices of redemption) will be published in a newspaper having general circulation in Luxembourg, which is expected to be *D Wort*, or if such newspaper ceases to be published or timely publication in it will not be practicable, in such other newspaper as the Trustee deems necessary to give fair and reasonable notice to the Noteholders. Notices may also be published on the internet site of the Luxembourg Stock Exchange at www.bourse.lu. Also for so long as the Notes are listed on the Luxembourg Stock Exchange, the Company will provide to the exchange a copy of all notices to Noteholders.

Listing

Application has been made to list the Notes on the Euro MTF market of the Luxembourg Stock Exchange.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

Acquired Indebtedness means with respect to a specified Person (a) Indebtedness of any other Person existing at the time such other Person is merged with or into or becomes a Subsidiary of such specified Person or (b) Indebtedness relating to properties or assets acquired by such specified Person. Acquired Indebtedness shall be deemed to be incurred on the date the acquired Person becomes a Restricted Subsidiary or the date of the related acquisition of properties or assets from such Person.

Affiliate of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of the Indenture, control , as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of Voting Stock, by agreement or otherwise; *provided, however*, that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of the Indenture, the terms controlling , controlled by and under common control with have correlative meanings.

Applicable Premium means, with respect to any Note on any redemption date, the greater of:

(a) 1.0% of the principal amount of the Note; and

(b) the excess of (1) the present value at such redemption date of (A) the redemption price of the Note at May 15, 2012 (such redemption price being set forth in the table appearing above under the caption Optional Redemption) plus (B) all required interest payments due on the Note during the period from such redemption date through May 15, 2012 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points over (2) the principal amount of the Note, if greater.

Asset Sale means:

(a) the sale, lease, conveyance or other disposition (a *disposition*) of any properties or assets (including, without limitation, by way of a sale-and-leaseback), excluding dispositions in the ordinary course of business (*provided that* the disposition of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole will be subject to the provisions of the Indenture described above under the caption Put Option of Holders Change of Control and the provisions described above in clause (f) under the caption Events of Default and Remedies and not to the provisions of the Asset Sales covenant);

(b) the issue or sale by the Company or any of its Restricted Subsidiaries of Equity Interests of any of the Company s Subsidiaries; and

(c) any Event of Loss,

whether, in the case of clause (a), (b) or (c), in a single transaction or a series of related transactions, provided that such transaction or series of related transactions (1) involves properties or assets having a fair market value in excess of 2,500,000 or (2) results in the payment of net proceeds (including insurance proceeds from an Event of Loss) in excess of 2,500,000. Notwithstanding the preceding provisions of this definition, the following transactions will be deemed not to be Asset Sales:

(A) a disposition of obsolete or excess equipment or other properties or assets;

(B) a disposition of properties or assets (including Equity Interests) by the Company to a Wholly Owned Restricted Subsidiary or by a Restricted Subsidiary to the Company or to a Wholly Owned Restricted Subsidiary;

(C) a disposition of cash or Cash Equivalents;

(D) a disposition of properties or assets (including Equity Interests) that constitutes a Restricted Payment that is permitted by the provisions of the Indenture described above under the caption Certain Covenants Restricted Payments ;

(E) any trade or exchange by the Company or any Restricted Subsidiary of equipment or other properties or assets for equipment or other properties or assets owned or held by another Person, *provided that* the fair market value of the properties or assets traded or exchanged by the Company or such Restricted Subsidiary (together with any cash or Cash Equivalents) is reasonably equivalent to the fair market value of the properties or assets (together with any cash or Cash Equivalents) to be received by the Company or such Restricted Subsidiary;

(F) the creation or perfection of a Lien on any properties or assets (or any income or profits therefrom) of the Company or any of its Restricted Subsidiaries that is not prohibited by the covenant described under the caption Certain Covenants Liens ;

(G) a sale-and-leaseback of the Company s office facilities in Massy, France replacing the sale-and-leaseback transaction relating to such facilities that is outstanding on the Issue Date;

(H) the surrender or waiver of contract rights or the settlement, release or surrender of contractual, non-contractual or other claims of any kind;

(I) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise of collection thereof;

(J) the factoring of accounts receivable arising in the ordinary course of business pursuant to arrangements customary in the region; and

(K) the grant in the ordinary course of business of any non-exclusive license of patents, trademarks, registrations therefor and other similar intellectual property.

Attributable Indebtedness in respect of a sale-and-leaseback transaction means, at the time of determination, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale-and-leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended). As used in the preceding sentence, the net rental payments under any lease for any such period shall mean the sum of rental and other payments required to be paid with respect to such period by the lessee thereunder, excluding any amounts required to be paid by such lessee on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges. In the case of any lease that is terminable by the lessee upon payment of penalty, such net rental payment shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

Board of Directors means the Board of Directors (*Conseil d Administration)* of the Company, or any authorized committee of the Board of Directors.

Capital Lease Obligation means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

Capital Stock means:

(a) in the case of a corporation, corporate stock;

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, including preferred stock;

(c) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

Cash Equivalents means:

(a) securities issued or directly and fully guaranteed or insured by the government of the United States of America, the Republic of France or any other country whose sovereign debt has a rating of at least A3 from Moody s Investors Service, Inc. and at least A- from Standard & Poor s Ratings Services or any agency or instrumentality of any such government (*provided that* the full faith and credit of such government is pledged in support thereof), in each case having maturities of not more than 12 months from the date of acquisition;

(b) certificates of deposit, Eurodollar time deposits and French negotiable debt instruments (*titres de créances négociables*) with maturities of 12 months or less from the date of acquisition, bankers acceptances with maturities not exceeding six months and overnight bank deposits, in each case with or issued by any commercial bank organized under the laws of any country that is a member of the Organization for Economic Co-operation and Development having capital and surplus in excess of 500,000,000 and whose long-term debt securities are rated at least A3 by Moody s Investors Service, Inc. and at least A- by Standard & Poor s Ratings Services;

(c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (a) and (b) above entered into with any financial institution meeting the qualifications specified in clause (b) above;

(d) commercial paper and French negotiable debt instruments (*titres de créances négociables*) having a rating of at least P-1 from Moody s Investors Service, Inc. or at least A-1 from Standard & Poor s Ratings Services and in each case maturing within 12 months after the date of acquisition;

(e) deposits available for withdrawal on demand with any commercial bank not meeting the qualifications specified in clause (b) above, *provided that* all such deposits are made in the ordinary course of business, do not remain on deposit for more than 30 consecutive days and do not exceed 25,000,000 in the aggregate at any one time, with no more than 5,000,000 being deposited in commercial banks within a single country; and

(f) money market mutual funds substantially all of the assets of which are of the type described in any of the foregoing clauses (a) to (d).

Common Stock means the common or ordinary shares of the Company.

Consolidated Cash Flow means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus, to the extent deducted or excluded in calculating Consolidated Net Income for such period:

(a) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries;

(b) Consolidated Interest Expense of such Person and its Restricted Subsidiaries;

(c) depreciation and amortization (including amortization or impairment, if any, of goodwill and of other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of such Person and its Restricted Subsidiaries;

(d) other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries less any non-cash items increasing Consolidated Net Income of such Person and its Restricted Subsidiaries (other than items that will result in cash receipt);

(e) any expenses, fees, charges or other costs related to any equity offering (other than of Disqualified Stock) permitted by the indenture (whether or not successful); and

(f) without duplication, an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, in each case, on a consolidated basis and determined in accordance with GAAP.

Consolidated Interest Coverage Ratio means, with respect to any Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Consolidated Interest Expense of such Person for such period; *provided, however,* that the Consolidated Interest Coverage Ratio shall be calculated giving *pro forma* effect to each of the following transactions as if each such transaction had occurred at the beginning of the applicable reference period:

(a) any incurrence, assumption, guarantee, repayment, purchase or redemption by such Person or any of its Restricted Subsidiaries of any Indebtedness (other than revolving credit borrowings) subsequent to the commencement of the period for which the Consolidated Interest Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Consolidated Interest Coverage Ratio is made (the *Calculation Date*);

(b) any acquisition that has been made by such Person or any of its Restricted Subsidiaries, or approved and expected to be consummated within 30 days of the Calculation Date, including, in each case, through a merger or consolidation, and including any related financing transactions, during the reference period or subsequent to such reference period and on or prior to the Calculation Date; and

(c) any other transaction that may be given *pro forma* effect in accordance with Article 11 of Regulation S-X under the Securities Act as in effect from time to time;

provided further, however, that (1) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded and (2) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the referent Person or any of its Restricted Subsidiaries following the Calculation Date.

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Consolidated Interest Expense means, with respect to any Person for any period, the sum, without duplication, of the following:

(a) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers acceptance financings, and net of all payments made or received (if any) pursuant to Hedging Obligations in respect of interest rates but excluding amortization of debt issuance costs and non-cash charges other than non-cash interest expenses related to convertible bonds); and

(b) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period.

Consolidated Net Income means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP, *provided that*:

(a) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person or a Wholly Owned Restricted Subsidiary thereof;

(b) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders; and

(c) the cumulative effect of a change in accounting principles shall be excluded.

Consolidated Net Worth means, with respect to any Person as of any date, the consolidated stockholders equity of such Person and its Restricted Subsidiaries as of such date less the amount of consolidated stockholders equity attributable to Disqualified Stock or treasury stock of such Person and its Restricted Subsidiaries as of such date, in each case determined in accordance with GAAP.

Consolidated Tangible Net Worth means, at any date, the Consolidated Net Worth of the Company and its Restricted Subsidiaries as shown on their most recent consolidated balance sheet less, without duplication, all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, as determined in accordance with GAAP.

Consolidated Total Assets means, with respect to any Person as of any date, the consolidated total assets of such Person and its Restricted Subsidiaries as of such date, as determined in accordance with GAAP.

Credit Facilities means, with respect to any Person, one or more debt facilities or commercial paper facilities with banks or other institutional lenders (including with special purpose vehicles established by such banks or lenders to provide such facilities) providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or trade letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

Default means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

Disqualified Stock means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures (excluding any maturity as a result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or

prior to the date that is 91 days after the date on which the Notes mature or are redeemed or retired in full; *provided, however,* that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof (or of any security into which it is convertible or for which it is exchangeable) have the right to require the issuer to purchase such Capital Stock (or such security into which it is convertible or for which it is exchangeable) upon the occurrence of any of the events constituting an Asset Sale or a Change of Control shall not constitute Disqualified Stock if such Capital Stock (and all such securities into which it is convertible or for which it is exchangeable) provides that the issuer thereof may not purchase or redeem any such Capital Stock (or any such security into which it is convertible or for which it is exchangeable) pursuant to such provisions prior to compliance by the Company with the provisions of the Indenture described under the caption Put Option of Holders Change of Control or Put Option of Holders Asse Sales , as the case may be.

Equity Interests means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

euro or means the single currency of participating member states of the European Economic and Monetary Union as contemplated by the Treaty Establishing the European Union.

Euro Equivalent means, with respect to any monetary amount in a currency other than euros, at or as of any time for the determination thereof, the amount of euros obtained by converting such foreign currency involved in such computation into euros at the spot rate for the purchase of euros with the applicable foreign currency as quoted by Reuters (or, if Reuters ceases to provide such spot quotations, by any other reputable service as is providing such spot quotations, as selected by the Company) at approximately 11:00 a.m. (New York City time) on the date not more than two business days prior to such determination.

Event of Loss means, with respect to any property or asset of the Company or any Restricted Subsidiary, (a) any damage to such property or asset that results in an insurance settlement with respect thereto on the basis of a total loss or a constructive or compromised total loss or (b) the confiscation, condemnation or requisition of title to such property or asset by any government or instrumentality or agency thereof.

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended.

Existing Indebtedness means Indebtedness of the Company and its Restricted Subsidiaries (other than Indebtedness under the Credit Facilities) in existence on the date of the Indenture, until such amounts are repaid, but shall not include any Indebtedness that is repaid with the proceeds of the New Notes.

The term *fair market value* means, with respect to any asset or Investment, the fair market value of such asset or Investment at the time of the event requiring such determination, as determined in good faith by the Company, or, with respect to any asset or Investment in excess of 15,000,000 (other than cash or Cash Equivalents), as determined by a reputable investment banking, accounting or appraisal firm that is, in the judgment of the Board of Directors, qualified to perform the task for which such firm has been engaged and independent with respect to the Company.

Foreign Restricted Subsidiary means each of CGG Asia Pacific and CGG Pan India Ltd.

GAAP means International Financial Reporting Standards, accounting principles adopted by the International Accounting Standards Board and its predecessor, as in effect from time to time.

guarantee means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

Guarantor means each of:

(1) Sercel Inc., Sercel Canada Ltd., Sercel Australia Pty Ltd, CGG Americas, Inc., CGG Canada Services Ltd., CGG Marine Resources Norge A/ S, CGGVeritas Services Inc., Veritas DGC Land Inc., Veritas Geophysical Corporation, Veritas Investments Inc., Viking Maritime Inc., Veritas Geophysical (Mexico) LLC, Veritas DGC Asia Pacific Ltd. and Alitheia Resources Inc.; and

(2) any other Subsidiary of the Company that executes a supplemental indenture providing for a Subsidiary Guarantee in accordance with the provisions of Indenture,

and their respective successors and assigns, in each case, until the Subsidiary Guarantee of such Person has been released in accordance with the provisions of the Indenture.

Hedging Obligations means, with respect to any Person, the obligations of such Person under:

(a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

(b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates; and

(c) any foreign currency futures contract, option or similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates or commodity prices,

in each case to the extent such obligations are incurred in the ordinary course of business of such Person and not for speculative purposes.

Indebtedness means, with respect to any Person, any indebtedness of such Person, without duplication, whether or not contingent, in respect of borrowed money including, without limitation, any guarantee thereof, or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or bankers acceptances or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade account payable, or representing any Hedging Obligations, if and to the extent any of the preceding indebtedness (other than letters of credit, guarantees and Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof, in the case of any Indebtedness that does not require current payments of interest, and (b) the principal amount thereof, in the case of any other Indebtedness (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder).

Investment Grade Status shall occur when the Notes receive a rating of BBB- or higher from S&P (or its equivalent under any successor rating categories of S&P) and a rating of Baa3 or higher from Moody s (or its equivalent under any successor rating categories of Moody s) or, if either such entity ceases to rate the Notes for reasons outside the normal control of the Company, the equivalent investment grade credit rating from any other nationally recognized statistical rating organization , as that term is used in Rule 15c3-1 under the Exchange Act, selected by the Company as a replacement agency.

Investments means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees by the referent Person of, and Liens on any assets of the referent Person securing, Indebtedness or other obligations of other Persons), advances or capital contributions (excluding commission, travel and similar advances to directors, officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; *provided, however*, that the following shall not constitute Investments: (1) extensions of trade credit or other advances to customers on commercially reasonable terms in accordance with normal trade practices or otherwise in the ordinary course of business, (2) Hedging Obligations and (3) endorsements of negotiable instruments and documents in the ordinary course of business. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption Certain Covenants Restricted Payments .

Issue Date means the date on which the Notes are originally issued.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction other than a precautionary financing statement respecting a lease not intended as a security agreement) or any assignment (or agreement to assign) any right to income or profits from any assets by way of security.

Merger includes a fusion, an amalgamation, a compulsory share exchange, a conversion of a corporation into another business entity and any other transaction having effects substantially similar to a merger under the General Corporation Law of the State of Delaware.

Net Income means, with respect to any Person, the net income (or loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(a) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (1) any Asset Sale (including, without limitation, dispositions pursuant to sale-and-leaseback transactions) or (2) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(b) any extraordinary or non-recurring gain (but not loss), together with any related provision for taxes on such extraordinary or non-recurring gain (but not loss).

Net Proceeds means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (without duplication) the following:

(a) the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, sales commissions, recording fees, title transfer fees, title insurance premiums, appraiser fees, other out-of-pocket expenses and costs incurred in connection with preparing such asset for sale) and any relocation expenses incurred as a result thereof;

(b) taxes paid or estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements that will result in a reduction in consolidated tax liability);

(c) amounts required to be applied to the repayment of Indebtedness (other than under a revolving credit facility) secured by a Lien on the asset or assets that were the subject of such Asset Sale; and

(d) any reserve (including any reserve against any liabilities associated with such Asset Sale and retained by the Company or the relevant Restricted Subsidiary) established in accordance with GAAP or any amount placed in escrow, in either case for adjustment in respect of the sale price of such asset or assets, until such time as such reserve is reversed or such escrow arrangement is terminated, in which case Net Proceeds shall include only the amount of the reserve so reversed or the amount returned to the Company or its Restricted Subsidiaries from such escrow arrangement, as the case may be.

Non-Recourse Debt means Indebtedness:

(a) as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or is otherwise directly or indirectly liable (as a guarantor or otherwise) or (2) constitutes the lender;

(b) no default with respect to which (including any rights the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) the holders of Indebtedness of the Company or any of its Restricted Subsidiaries (other than the Notes) to declare a default on such Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(c) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

Offering means the offering of the Additional Notes by the Company pursuant to this prospectus.

Pari Passu Indebtedness means, with respect to any Net Proceeds from Asset Sales, Indebtedness of the Company and its Restricted Subsidiaries the terms of which require the Company or such Restricted Subsidiary to apply such Net Proceeds to offer to purchase such Indebtedness.

Permitted Guarantees means any guarantee:

(1) guaranteeing or securing the Notes or any Guarantee;

(2) in favor of the Company or a Guarantor;

(3) guaranteeing Indebtedness incurred pursuant to clause (a) of the second paragraph of the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock ; or

(4) in existence on the date of the Indenture to the extent guaranteeing Existing Indebtedness and Permitted Refinancing Indebtedness in respect thereof incurred in compliance with clause (j) of the second paragraph of the covenant described under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock .

Permitted Investments means:

(a) any Investment in the Company (including, without limitation, any acquisition of the Notes) or in a Wholly Owned Restricted Subsidiary of the Company, other than any Investment described in clause (a) of the definition of Restricted Payments ;

(b) any Investment in Cash Equivalents;

(c) any Investment by the Company or any Restricted Subsidiary of the Company in a Person if as a result of such Investment (1) such Person becomes a Restricted Subsidiary of the Company or (2) such Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its properties or assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(d) any Investment made as a result of the receipt of non-cash consideration from (1) an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption Put Option of Holders Asset Sales or (2) a disposition of assets that does not constitute an Asset Sale;

(e) Investments in stock, obligations or securities received in settlement of any claim or debts owing to the Company or any Restricted Subsidiary as a result of bankruptcy or insolvency proceedings or received in satisfaction of any judgment or in settlement of any claim in circumstances where the Company does not expect it would receive cash payment in a timely manner, or upon the foreclosure, perfection or enforcement of any Lien in favor of the Company or any Restricted Subsidiary, in each case as to any claim or debts owing to the Company or any Restricted Subsidiary that arose in the ordinary course of business of the Company or any such Restricted Subsidiary, *provided that* any stocks, obligations or securities received in settlement of any claim or debts that arose in the ordinary course of business (and received other than as a result of bankruptcy or insolvency proceedings or received in satisfaction of any judgment or in settlement of any claim in circumstances where the Company does not expect it would receive cash payment in a timely manner, or upon foreclosure, perfection or enforcement of any Lien) that are, within 180 days of receipt, converted into cash or Cash Equivalents shall be treated as having been cash or Cash Equivalents at the time received;

(f)

Investments in Argas Ltd. consisting of guarantees of its obligations incurred in the ordinary course of its business, *provided that* such Investments, when taken together with all other Investments made pursuant to this clause (f) that are at the time outstanding, do not exceed 50,000,000;

(g) Investments in Argas Ltd. (other than those described in clause (f) above) and any other Affiliate organized in a foreign jurisdiction that is required by the applicable laws and regulations of such foreign jurisdiction or its governmental agencies, authorities or state-owned businesses to be majority owned by the government of such foreign jurisdiction or individual or corporate citizens of such foreign jurisdiction or another foreign jurisdiction in order for such Affiliate to transact business in such foreign jurisdiction, *provided that* such Investments, when taken together with all other Investments made pursuant to this clause (g) that are at the time outstanding, do not exceed 20% of Consolidated Tangible Net Worth;

(h) Investments in any Person in exchange for, or out