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In 2009, the seismic market contracted around 25% with the strongest declines in the second and third quarters. The market reached a trough in the fourth quarter and began to stabilize. Through this downturn, the CGGVeritas Group increased its leadership with 2009 revenue at $3.11 billion, down 19% from a record 2008, with Sercel down 29% but still outperforming the equipment market and Services down 12% supported by the Wavefield acquisition.

With our unique portfolio, our operating margin reached 10% with Sercel at a resilient 22% and Services at 7% before restructuring charges. Free cash flow was well above targets for the year at $168 million, and our net debt to equity ratio improved to 34.5%.

In the weaker conditions of 2009, the North American market, particularly Land, was heavily impacted and more globally the lower-end market, especially in Marine, became increasingly challenging. Demand for high-resolution acquisition and imaging technologies and interest in reservoir seismic showed the most resilience.

Based on this, in Land we increased our focus on areas requiring advanced technology and specialized capabilities including transition zone environments, the Arctic and large, long-term ultra high-resolution reservoir projects in the Middle East.
In multi-client we reduced Capex and continued the development of our strategic library in Brazil, US unconventional shale gas plays and wide azimuth in the Gulf of Mexico.

In Marine, the decrease in demand quickly translated into an overcapacity situation especially in the low-end market, yet we saw increasing resilience for high-resolution and reservoir development projects. In this context we decided, in 2009, to accelerate our plans to reduce the capacity of our low-end fleet while increasing our position in the high-end market. Our fleet restructuring plan included six vessels decommissioned across the year and three additional in the first half of 2010.

These actions strengthened our high-end position by reducing the age of our vessels and increasing the average number of streamers per vessel. We also began deployment of Nautilus®, our unique streamer steering and acoustic positioning device for Sercel solid streamers.

We will continue to reinforce this high-end position going forward by upgrading our vessels with the latest technologies and taking delivery of the two industry benchmark vessels, the Oceanic Vega in the summer of 2010 and the Oceanic Sirius in the fall of 2011.

Together, the fleet restructuring and the seismic market evolution in 2009 led us to write off certain tangible and intangible assets, and goodwill was impaired by $300m.

With these efforts behind us, we enter 2010 in a strong position with a solid balance sheet and our activities and assets well positioned in the high-end market.

Looking forward, we see oil and gas fundamentals remaining strong with relatively high and stable oil prices and E&P spending estimates increasing. In this context and given the fleet rationalization efforts undertaken by the leading seismic companies, we expect our financial results to strengthen in the second half of 2010 and further in 2011, supported by the market upturn, our continued focus on operational performance and a continued advance of technology across the full breadth of our products and services.

In the challenging market of 2009 and into the future, our accomplishments and ability to reach our goals are only possible through the efforts and expertise of our employees. As I visit our locations worldwide I am continually encouraged by the passion, dedication and talent of our people and know that together we will achieve our ambitions.

Robert Brunck
Chairman of the Board and CEO
In 2009, through the market downturn, CGGVeritas achieved a 10% operating margin before restructuring and generated strong free cash flow, well above target, while reinforcing its solid balance sheet, and restructuring its offshore seismic fleet.
Net income (million euros)

EGITDA (million euros)

Operating income (million euros)

Capital expenditure (million euros)

Balance sheet financial structure (million euros)

-259 M€ Net income

34.5% Net debt to equity ratio

617 M€ Cash flow from operations
Overview of 2009

During the year 2009, CGGVeritas utilized its balanced portfolio of leading seismic services and equipment across the globe to manage through the challenging market conditions, while further strengthening its technological leadership position.

With the low gas prices of 2009, activity in North America, especially Land, was significantly reduced and concentrated around shale gas plays. In the Gulf of Mexico, our wide-azimuth multi-client surveys in Garden Banks, Green Canyon and Three Corners showed resilience with around 90% prefunding. With our Vision high-capacity vessel, we conducted a record-breaking survey in the Canadian Beaufort Sea, the industry’s first 3D acquisition in the Arctic.

In Latin America, the Group enjoyed commercial successes with the Alizé vessel beginning acquisition on a four-year multi-survey program for PEMEX covering over 75,000 km². In Brazil, we began the extension of our successful and unique multi-client survey in the Santos Basin that is well positioned on top of the recent discoveries.

Activity in our large data processing & imaging center in Houston was sustained throughout 2009, with increasing work around wide-azimuth projects and challenging subsalt imaging.

Sercel was also active throughout 2009 in the Americas with the successful deployment of Nautilus® which achieved superior results on the PEMEX contract, the supply of its latest-generation DSU3-428 land-based acquisition equipment in Latin America and the sale of its UNITE cable-free acquisition system in Mexico.

In Europe, Africa & Middle East (EAME), Sercel continued to demonstrate its leadership with deliveries of record high-channel 428 configurations in the Middle
Overview of 2009

East, and introduction of new technology such as MaxiWave® for 3D downhole seismic.

Marine acquisition activities in EAME were well spread over the whole region and included several high-resolution and time-lapse surveys. Land activity was sustained with long-term reservoir optimization projects in the Middle East, especially in Oman, Saudi Arabia, Qatar and Egypt, with an average of 10 crews operating throughout the year, including our high-resolution super-crews.

Up to 10 seismic vessels were deployed in Asia-Pacific where the Group maintains a strong presence in processing & imaging mainly through its regional hub in Singapore and large centers in Kuala Lumpur, Perth and Mumbai. Land acquisition activity remained focused in Thailand and Indonesia with particular interest in shallow water projects requiring the latest Sercel SeaRay® recording technology.

In 2009, Sercel revenues declined 29% to $858 million mainly due to the reduction of capital expenditure programs and partially offset by the continued increasing demand for higher resolution. Two recently introduced products, SeaRay® and Nautilus®, received growing acceptance from customers.

In 2009, revenues from contract Marine acquisition increased 2% to $1,078 million. The fleet availability rate was 93% and the production rate was 89%. Four mid-capacity 3D vessels, the Harmattan, Fohn, Orion and Search, and two 2D vessels, the Duke and the Discoverer 2, were decommissioned. The construction of our two large high-end X-Bow seismic vessels, configured for spreads of up to 16 long streamers, is on schedule with
one to be delivered in 2010 and the other expected in 2011 and we continued performance upgrades including Nautilus® steerable streamers for three vessels, the Symphony, Alizé and Geowave Voyager.

Revenues from marine multi-client surveys decreased 30% to $414 million, with strengthening across the year especially in the fourth quarter. We continued to develop our wide-azimuth position in the Gulf of Mexico with coverage standing at 1,547 OCS blocks, equivalent to 35,000 km².

Outside of the Gulf of Mexico, CGGVeritas continued to invest in established data library areas and acquired new projects in the North Sea, offshore Gabon and in Brazil.

Revenues from contract Land acquisition decreased 26% to $382 million in line with the market. In total, 17 crews were in operation including two on multi-client surveys. Interest for our ultra high-density high-resolution crews in the Middle East, including our industry-first 40,000-channel-count survey, continued to strengthen as these super-crews set production records and early results from the projects provided finer detail of the reservoir than previously obtainable.

Revenues from land multi-client surveys were down 34% to $102 million. CGGVeritas invested in new programs in North Louisiana, focused on shale gas production from the Haynesville area.

Contrasting with the challenging market of 2009, Processing & Imaging revenues increased slightly to $403 million. CGGVeritas has the world’s most extensive open and dedicated network of processing & imaging service centers, which have an excellent reputation among our clients. At the end of December, CGGVeritas operated 41 centers worldwide, of which 12 were dedicated to specific clients and we began deployment of our updated and fully integrated software platform, geovation, which is now being deployed.
The vision of CGGVeritas is to be the leading international partner in developing natural resources through geophysics. We are dedicated to the highest possible standards in all areas of our business. The development of our company is driven by a number of key commitments shared by all our employees.

Ethics

CGGVeritas puts Ethics at the heart of our vision, values and operations. We openly state our commitment to act according to the principles set forth in the United Nations Global Compact.

- We contribute individually and collectively to the continued improvement of the health, safety and security of our working environment.
- We respect environmental standards and strive to minimize the impact of our activities.
- We protect the Group’s assets and we fulfill our obligations concerning confidentiality.
- We avoid conflicts of interest, especially in our relationships with our clients, suppliers, competitors or partners. We keep our commitments to them and we base our relationship on fair business practices.
- We comply in all circumstances with rules controlling insider trading.
- We do not receive or give gifts or invitations, which do not conform to good business ethics and we reject any form of corruption.
- We are attentive to the quality of human relations within our workplaces and we comply with regulations which seek to combat discrimination or harassment.
- We produce financial statements that reflect the company’s situation fairly, and we communicate in a reliable, open and transparent way.
Vision & Values

The vision of CGGVeritas is to be the leading international partner in developing natural resources through geophysics.

We believe it is our duty to set the highest possible standards in all areas of our business and financial performance. The development of our group is therefore driven by a number of key commitments shared by all our employees in a number of strategic areas.

These commitments are embodied in a comprehensive set of corporate values, ethics and business practices that underpin our daily working life. They guide us in our behavior and dealings with our clients, shareholders, partners and employees, and ensure we comply with the relevant laws and regulations.

Our values can be summarized with the simple statement that our focus on performance and passion for innovation are powered by people and delivered with integrity.

The development of the CGGVeritas Group is constructed on the foundation of its vision, values and ethics. This represents a commitment by CGGVeritas to its clients, its shareholders, its employees and its partners to comply with laws and regulations and to respect the principles of its Business Code of Conduct.

Our Business Code of Conduct serves to guide our appropriate conduct. Our intent is that this Code of Conduct, together with our vision and values, will help guide each of us as we work towards delivering our products and services with integrity.

Strong values are the foundation for all good decisions and the Business Code of Conduct is our guide to appropriate conduct covering compliance with laws and regulations, prevention of conflicts of interest, respect of people and the environment, protection of group assets, financial security and transparency, internal verification and the role of internal audit, and our ethics committee.

Health, Safety and the Environment

Safety of our employees is our first priority and critical to our success. The Company recorded one fatality during 2009, a road traffic accident in the Kingdom of Saudi Arabia following a vehicle tire blow-out. Root cause analysis was conducted on this tragic event to learn and then implement measures to prevent recurrence. Additionally, root cause analyses were conducted on all high-potential events and the recommendations from the events were incorporated into company practices.

One of the measures of our safety performance is injury frequency rates. Our combined exposure hours for the year were 67.2 million hours for the Group (including 60.7 million hours for Services). The Total Recordable Case Frequency (TRCF) per million exposure hours was 3.16, a noticeable improvement over the TRCF of 3.76 recorded in 2008. Our Lost Time Injury Frequency Rate (LTIFR) per million exposure hours in 2009 was 0.37 demonstrating a continually improving trend year on year (0.50 recorded in 2008 and LTIFR of 0.56 recorded in 2007).

Transportation by vehicle continued to be the activity with the highest risk profile and a specific transport program launched in 2007 was reinforced, refined and improved in 2009 mainly in Land Acquisition activities. Continued focus on elimination of cars where possible (use of buses for example), installation of speed limiting devices, and rollover protection, ongoing...
CGGVeritas Commitments

At CGGVeritas our Corporate Social Responsibility and Sustainable Development principles are deeply integrated into our business. We have been a member of the United Nations Global Compact since 2007 and our corporate responsibilities are governed by our Chart of Ethics, Vision and Values, Business Code of Conduct and our Environmental and Sustainable Development policies in our PRISM Management System. Our dedication to these responsibilities is displayed worldwide in the quality of service we deliver and in the integrity of our day-to-day conduct in the places we live and work.

improvements in the In-Vehicle Monitoring Systems and continued driver training and education had a significant effect on the Motor Vehicle Crash Rate reducing it from 1.40 in 2008 to 0.96 in 2009.

Our management commitment program in Land Acquisition was also extremely effective in raising employee awareness and in conveying a clear and visible message about safety. The success of the program can be seen in the LTIFR for Land which in 2009 was 0.16 per million exposure hours, a significant improvement compared to 0.36 in 2008; and in the TRCF which for 2008 was 3.49 and in 2009 reduced to 2.93 per million exposure hours.

Internal and external audits were conducted across all parts of the company with remedial and corrective actions identified.

Proactive Key Performance Indicators (KPI's) continued to be captured throughout the company to gauge progress towards meeting and exceeding goals and targets for QHSE.

CGGVeritas is an active and involved participant for QHSE matters in the International Association of Geophysical Contractors (IAGC) board and subcommittees and a participant in a number of Oil and Gas Producers (OGP) workgroups. In 2009, we continued participating in a Joint Industry Program (JIP) to better understand the effects of sound on marine mammals.

We conducted an extensive carbon dioxide (CO₂) study to better understand where our activities had even a minimal impact on the emission of greenhouse gases with the ultimate goal of being able to find ways to meaningfully and sustainably minimize our emissions.

In the field of Security, we continued monitoring areas with high-risk profiles. Additionally, we formalized our Security process systematically in our management system PRISM and revised our security planning for countries with a high potential security risk threshold.

A major focus this year among Health issues was pandemic planning and business continuity planning prior to and following the H1N1 pandemic and the company standardized its approach to field medical services, including facilities, pharmacy and the level of specified medical training, based on a risk assessment approach.

Our People

Our people, their passion, creativity, dedication and commitment, especially in challenging times, form the basis for our success. In 2009, through the market downturn, including our marine capacity adjustments, we reduced our permanent headcount, primarily through voluntary packages from 7,845 to 7,500, and maintained our expertise while progressively managing our marine restructuring. This was made possible through rigorous cost controls, reassignments and increased flexibility.

In 2009 we also continued to focus on preparing for the opportunities and challenges that we will face in the years to come. To support this effort, CGGVeritas chose to be a platinum sponsor of Energise Your Future, a unique event designed to engage youth around the world in a dialogue to discuss a roadmap towards a truly sustainable future.

Development and Training

CGGVeritas University is built on the foundation of learning and development and was created to provide the absolute best in technical and leadership education both to our employees and others within the oil and gas industry.

To truly perform and achieve ambitious goals it takes motivation and the ability to work with common values. At its heart, motivation comes from people knowing that they contribute as part of the team and have the opportunity to develop.
Peak performance, whether individual or company, can only be reached through leadership at all levels and to be a leader requires constant learning. In this light, training is not a cost, but a real investment.

CGGVeritas recognizes that high-caliber personnel with the appropriate skills are critical to business success. With a track record of over 75 years as a leading supplier of geophysical services and products to the oil and gas industry worldwide, we are uniquely placed to provide leadership courses and specialist training in applied geophysics.

Our world-class training is supported by a wealth of technical knowledge and expertise in state-of-the-art centers in Massy (Paris), Houston, Villahermosa and Singapore.

From our intensive 12-month GeoRise springboard program for new hires to our advanced Graduate Diploma of Petroleum Studies with a major in Geosciences, along with our leadership model that stresses the qualities of strategic leadership, people leadership, teamwork and performance, CGGVeritas University provides the best opportunities for learning and development.

We are creating new benchmarks everyday to build the technical and leadership skills necessary to ensure CGGVeritas has the ability to deliver the best technology and service solutions with the highest performance to meet our clients’ objectives.
Stock Exchange Listing

CGGVeritas stock is listed in Compartment A (CAC Next 20) of Euronext Paris (code ISIN FR0000120164), and on the New York Stock Exchange in the form of American Depositary Shares (ADS), where one ADS represents one ordinary share. ADS are issued by the Bank of New York Mellon and have been listed under the ticker symbol ‘CGV’ since 15 January 2007.

As of 31 December 2009, CGGVeritas stock was trading at €14.93 and one ADS was worth US$21.25.

Share Capital

As of 31 December 2009, the Group’s share capital totaled €60,458,637 comprising 151,146,594 shares with a face value of €0.40.

2010 Annual Shareholders’ Meeting

The Annual Shareholders’ Meeting will take place on 5 May 2010 at 9:30 am at the Auditorium Etoile St Honoré, 21-25 Rue Balzac, Paris 75008, France.

Dividends

There are no plans to propose the payment of a dividend for the 2009 fiscal year at the Annual Shareholders’ Meeting.

Investor Relations

A copy of the 2009 annual report filed with the Autorité des Marchés Financiers (AMF) and Form 20F as filed with the Securities and Exchange Commission (SEC) and other available company documents will be sent free of charge to any investor on written application to the CGGVeritas Investor Relations Department.

Group financial information is also available on our website at www.cggveritas.com.

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CGGVeritas Investor Relations

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