

**REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED FOR THE
SHAREHOLDERS' APPROVAL AT THE COMBINED GENERAL MEETING OF MAY 4, 2011**

Twenty-seven resolutions are submitted for approval at the Shareholders' Combined General Meeting of May 4, 2011.

The Board of Directors requests the shareholders to approve **12 resolutions at the Ordinary General Meeting** and **14 resolutions at the Extraordinary General Meeting**.

Resolutions falling under the authority of the Ordinary General Meeting
(Resolutions n°1 to 12)

✓ **Approval of the 2010 financial statements of the mother company CGG Veritas SA**

The purpose of the **1st resolution** is to approve the financial statements of CGG Veritas SA for the fiscal year ended December 31, 2010. The annual financial statements for the fiscal year ended 2010 together with their appendixes and the annual management report¹ were approved by the Board of Directors on February 24, 2011 pursuant to article L. 232-1 of the French Commercial Code.

The CGGVeritas Group consists of a mother company, CGG Veritas SA and its operational subsidiaries. Apart from determining the Group strategy and policies, the scope of activity of the mother company is mostly focused on the operational and financial organization at the Group level and the holding the operational subsidiaries and controlling them (a pure holding company role).

The operating profit for fiscal year 2010 amounts to € 225,424,525.84.

✓ **Allocation of results of the mother company CGG Veritas SA**

The purpose of the **2nd resolution** is to allocate the 2010 profit of CGG Veritas SA indicated in the **1st resolution**. We propose to allocate this profit of € 225,424,525.84 to the carry forward account, which will amount to € (98 069 813.87) after such allocation.

✓ **Approval of the consolidated financial statements of the CGGVeritas Group**

The purpose of the **3rd resolution** is to approve the CGGVeritas Group's consolidated financial statements which show a net loss of € 44 million. The consolidated financial statements for the fiscal year ended 2010 together with their appendixes and the annual management report were approved by the Board of Directors on February 24, 2011 pursuant to article L. 232-1 of the French Commercial Code.

¹ Online on the Company's website at www.cggveritas.com and available at the registered office of the Company on request

✓ **Renewal of director's term of office**

The purpose of the **4th resolution** is to renew the term of office of Mr. Robert SEMMENS. His term of office would be renewed for a four-year period. The credential of Mr. Robert SEMMENS is detailed hereafter. The list of all other positions he holds is available in the management report, paragraph 13.1.2.

Mr. Robert SEMMENS was born on October 29, 1957.

Mr. Robert SEMMENS is a private investor and an adjunct professor of finance at Leonard N. Stern School of Business, New York University. In 1993, he was co-founder and General Partner of "The Beacon Group LLC", an investment and consultancy company based in New York where he was in charge of two investment funds in the global energy sector (private investments), for a total amount of one billion six hundred million (1 600 000 000) US dollars. Until that, Mr. Robert SEMMENS was Vice-President of Goldman Sachs & Co. (USA). He is currently Director of the companies MicroPharma Ltd (Canada), Sense Networks Inc. (USA) and Bronco Holdings LLC (USA).

Mr. Robert SEMMENS is currently member of the Strategic Committee and Chairman of the Appointment and Remuneration Committee of the Company. As of the General Meeting to be held on May 4, 2011, the Appointment and Remuneration Committee will be chaired by Mr. Rémi Dorval (independent Director).

✓ **Appointment of three new directors**

The purpose of the **5th, 6th and 7th resolutions** is to appoint Mrs. Hilde MYRBERG, Mrs. Gilberte LOMBARD and Mr. Jean-Georges MALCOR (who is currently Chief Executive Officer of CGG Veritas SA) as Directors. Their term of office would be of four years. Their credential and list of positions held in other companies are detailed hereafter.

Mrs. Hilde MYRBERG was born on September 27, 1957.

Since January 1, 2011, Ms. Hilde Myrberg has been Senior Vice President of Corporate Governance & Compliance at Orkla ASA, a Norwegian company listed on the Oslo stock exchange and operating in the branded consumer goods, aluminium solutions, materials, renewable energy and financial investment sectors. She also serves as Secretary of the Board. From 2006 to 2011, she had been Executive Vice President at Orkla ASA head of corporate functions, including HR, Communication, Legal and Internal Audit. She had served as Head of the Markets Sector at Hydro Oil & Energy until 2006. This position included all activities from platform to market Oil & Gas and the power and renewable energy business.

In addition, since 2009, she has been a Director of Renewable Energy Corporation ASA and a member of the board and vice-chairman of Petori AS since 2006. From 2006 to 2011, she served as board member of Borregaard AS, Sapa AB, Orkla Brands AS (Orkla subsidiaries). Finally from 2005 to 2007, she was a board member of Kongsberg Automotive ASA.

Ms. Myrberg holds a Degree in Law from the University of Oslo and a MBA from INSEAD. She also followed a course in French Civilization at the University of Paris La Sorbonne.

Mrs. Hilde MYRBERG does not maintain any relationship with the Company, its Group or management which could impair their freedom of judgment.

Mrs. Gilberte LOMBARD was born on July 10, 1944.

Mrs. Gilberte LOMBARD has just retired from HSBC France (February 2011). She has been Secretary of the Board of Directors of HSBC France since 1990 and has held various financial positions within the organization (formerly *Credit Commercial de France*) where she has spent her entire career.

After achieving a master in Economical Sciences and the INSEAD Advanced Management Program, she started her career as financial analyst before joining the M&A department of *Credit Commercial de France*.

After the privatization of *Credit Commercial de France* (1987), from 1987 to 2000, she was the Investor relations officer, in charge of the relation with financial analysts and institutional investors, and coordinated the information policy vis a vis the shareholders of the bank: major shareholders as well as individual shareholders.

After *Credit Commercial de France* had been taken over by HSBC (2000), she was appointed as head of the financial transactions (*Directeur des Opérations Financières*) in charge of structuring and implementing sales, acquisitions, mergers for HSBC and managing HSBC industrial and financial portfolio. She was also appointed as Secretary of the Board in 1990 and, in this position, managed, in particular, the relations with the major shareholders of the bank. In addition to her assignment as Secretary of the Board of HSBC France, she also initiated for the Board the implementation of corporate governance rules complying with both the internal rules of the HSBC group and the AFEP-MEDEF code.

As part of her assignments, she was appointed as member of the board and the audit committee of several companies of the HSBC group in France.

Besides, she also serves as member of the supervisory board of Zodiac Aerospace: and as member of the board of Robertet (a company developing flavour and perfume additives and ingredients), positions that she had kept after her retirement from HSBC. These two companies are listed on Euronext Paris. She is soon to be appointed as chairman of the audit committee of Zodiac Aerospace. She also chairs the appointment and remuneration committee of Robertet and is also a member of the audit committee.

Mrs Lombard is *Chevalier de la Legion d'Honneur*.

Mrs. Gilberte LOMBARD does not maintain any relationship with the Company, its Group or management which could impair their freedom of judgment.

These two directors **would replace Messrs. LESAGE and FARESTVEIT** who will resign from their director position on the day of the shareholders' meeting to be held on May 4, 2011.

Mr. Jean-Georges MALCOR was born on September 4, 1956.

Mr. Jean-Georges MALCOR is a graduate of Ecole Centrale de Paris. He also holds a Master of Sciences degree from Stanford University, and a Doctorat from Ecole des Mines. He began his career at the Thales group as an acoustic engineer in the Underwater Activities division where he was particularly in charge of hydrophone and geophone design and towed streamer programs. He then moved to the Sydney-based Thomson Sintra Pacific Australia, becoming Managing Director of the company in 1990. Back in France, he became Director of Marketing and Communications (1991), then Director, Foreign Operations of Thomson Sintra Activités Sous-Marines (1993). In 1996, he was appointed Managing Director of Thomson Marconi Sonar Australia, which was, in addition to its military activities, the lead developing company for the solid geophysical streamer.

In 1999, Mr. Jean-Georges MALCOR became the first Managing Director of the newly formed joint venture Australian Defense Industry. During this time he operated the Sydney based Woolloomooloo Shipyard (the largest dry dock in the southern hemisphere). In 2002, he became Senior Vice President, International Operations of Thales International. From 2004 to 2009, he was Senior Vice President in charge of the Naval Division, supervising all naval activities in Thales including ship design, building and maintenance.

In January 2009, he became Senior Vice President, in charge of the Aerospace Division. In June 2009, he moved to the position of Senior Vice President, Continental Europe, Turkey, Russia, Asia, Africa, Middle East, and Latin America.

Mr. Jean-Georges MALCOR joined the CGGVeritas Group in January 2010 as President and became Chief Executive Officer on June 30, 2010. He is also Chairman and Chief Executive Officer of CGGVeritas Services SA, and Chairman of the Supervisory Board of Sercel Holding, two fully-owned companies of the CGGVeritas Group.

If these directors' appointments are approved by this shareholders' meeting, the board of directors will consist of 14 members out of which 9 are independent:

Robert Brunck, Chairman of the Board
Jean-Georges Malcor, Chief Executive Officer,
Olivier Appert,
Loren Carroll (*indépendant director*),
Rémi Dorval (*indépendant director*),
Jean Dunand (*indépendant director*),
Gilberte Lombard (*indépendant director*),
Hylde Myrberg (*indépendant director*),
Denis Ranque,
Kathleen Sendall (*indépendant director*),
Robert Semmens,
Daniel Valot (*indépendant director*),
David Work (*indépendant director*),
Terence Young (*indépendant director*).

✓ Directors' compensation

The purpose of the **8th resolution** is to approve the amount of Directors' fees for fiscal year 2011. We propose to set this amount at €730,000, including €120,000 as a special allocation to directors that are residing out of France.

This fees' increase compared to the previous €640,000 which had not been revised in 2009 and 2010 is justified by various reasons:

- the increase in the number of foreign Directors, who benefit from specific fee to cover their travel time;
- the organization, at the end of 2010, of a new board committee entitled "HSE/Sustainable development" which will be fully effective in 2011;
- the increase of the number of meetings of the Board of directors and its committees.

As an example, in 2010, the Board of Directors met 12 times and its Committees met 31 times whereas, in 2009, the Board of Directors had met 8 times and its committees 26 times.. Moreover, since 2009, our Directors meet once a year for a two-day seminar in order to review in details certain topics that are key for the Group.

Besides, over the past years, and further to the acquisition of Veritas and Wavefield, we have internationalized the composition of our Board of Directors, so that we will have from now on, amongst 14 Directors, 6 foreign Directors, 4 of them being American, 1 being Canadian and 1 being Norwegian. In the international context in which our Group operates, we need to be in a position to attract Directors who qualify as independent pursuant to corporate governance best practices, and to ensure a diversified representation within our Board of Directors, in terms of skills and nationalities. In this perspective, we must ensure that the remuneration conditions of our directors take distance into account.

We remind you that directors' fees are allocated on the basis of:

- a basic amount divided into a fixed and variable component on the basis of two-thirds of the basic amount for function and one-third for attendance at meetings.

With the new envelop, the basic amount would be set at €580,000 for all directors with €386,666 for the fixed part and €193,333 for the variable part linked to attendance at meetings.

- An additional allocation to foreign directors and members of the audit committee:

€20,000 to each director residing outside of France, which corresponds to an aggregate amount of €120,000;

€10,000 for the chairman of the audit committee;

€5,000 to each member of the audit committee (other than the Chairman) which represents an aggregate amount of €20,000.

The gross amount of directors' fees paid to each of our directors in 2010 and 2009 is indicated in paragraph 13.3. of the management report.

Please note that if Mr. MALCOR is appointed as director of the Company pursuant to the 7th resolution, he will not receive any directors' fees for this director position.

✓ **Share buy-back program**

The purpose of the 9th resolution is to authorize the Board of Directors to purchase a maximum number of shares up to 10% of the total number of shares comprising the outstanding share capital (i.e. for information purposes 14,350,610 shares to be purchased on the date of the last registered capital on December 31, 2010, taking into account the 800,000 shares already held by the Company on that date). This authorization would cancel and supersede the authorization previously given by the Combined General Meeting of May 5, 2010, and would be granted for an 18-month period. The maximum purchase price is set at €40 and is identical to the purchase price of the authorization granted on May 5, 2010. It will not be possible to use this authorization during a take-over bid.

The objectives of the share buy-back program are detailed in the resolution submitted for your approval. The use made by the company, since January 1, 2010, of the authorizations previously granted by our shareholders is described in paragraph 18 of the management report. These authorizations were mainly implemented through the use of a liquidity contract with a financial institution.

✓ **Related party agreements**

The 10th resolution deals with the financial agreements falling into the scope of the article L. 225-38 of the French Commercial Code on related party agreements, entered into between January 1, 2010 and February 24, 2011. The purpose of this resolution is to approve these new agreements and the statutory auditors' special report² related to them. These agreements which include financial guarantees given by the parent company of the group on behalf of certain of its subsidiaries and an amendment to the existing credit facilities of the group, are listed below:

1. Amendment to the credit facility agreement date January 12, 2007, as amended on December 12, 2008 and May 21, 2009 by and between CGGVeritas SA, CGGVeritas Services Holding (US) Inc., the Agent and the subsidiaries of the group acting as guarantors under this agreement

Directors that the group entities had in common on the date on which the agreement was authorized by the Board of Directors were R. BRUNCK, L. CARROLL, R. DORVAL and D. VALOT:

2. Transfer of the lease agreement initially entered into by and between CGGVeritas Services SA and Finamur and Genefim in order to finance the construction of the new headquarters of CGGVeritas Services SA in Massy:

Senior Executive Officer that CGGVeritas SA and CGGVeritas Services SA had in common on the date on which the agreement was authorized by the Board of Directors is J-G. MALCOR

² Online on the Company's website at www.cggveritas.com and available at the registered office of the Company on request

3. Transfer of the Brazil multi-clients library from CGGVeritas Services SA to CGGVeritas SA (this transaction has not been implemented in 2010):

Senior Executive Officer that CGGVeritas SA and CGGVeritas Services SA had in common on the date on which the agreement was authorized by the Board of Directors is J-G. MALCOR

4. A Commercial Surety General Indemnity Agreement by and between , Berkeley Surety Group LLC, and Sercel Inc., Sercel Holding, CGGVeritas Services Holding US Inc. and CGGVeritas SA for the issue of a bond in the scope of the a current litigation with ION

Senior Executive Officer that CGGVeritas SA and Sercel Holding had in common on the date on which the agreement was authorized by the Board of Directors is J-G. MALCOR

The **11th resolution** deals with the agreements related to the executive officers' ("mandataires sociaux") compensation, falling into the scope of the article L. 225-38 of the French Commercial Code and concluded between January 1, 2010 and February 24, 2011. The purpose of this resolution is to approve these new agreements and the statutory auditors' special report¹ related to them. These agreements are the following:

1. Agreement entered into by and between the Company and Mr. MALCOR for the termination of his employment agreement:

Pursuant to the corporate governance code applicable to French listed companies, the company terminated the employment agreement of Mr. MALCOR when he was appointed as Chief Executive Officer of the company.

2. Supplemental Pension and Retirement Plan:

Upon the appointment of Mr. MALCOR as Chief Executive Officer of the Company, the Board of Directors resolved that he would benefit from the Supplemental Pension and Retirement Plan with a double cap implemented within the group on January 1, 2005. Mr. MALCOR will benefit from this plan which currently applies to the members of the Executive Committee, under the same conditions than for the other beneficiaries. This plan is described in paragraph 14.8 of the management report.

3. Group general benefits plan with Swill Life:

Mr. Robert BRUNCK and Mr. Jean-Georges MALCOR benefit from the Group's general benefits plan applicable to all employees.

4. Individual benefit plan:

Upon the appointment of Mr. MALCOR as Chief Executive Officer of the Company, the Board of Directors authorized the Company to enter into a supplementary individual benefits plan benefiting to Mr. Jean-Georges MALCOR with SPHERIA Vie. In this respect, the Company paid to SPHERIA Vie an amount of €43,000 in one-go in January 2011. This plan will be executed in 2011 and will take effect in September 2011, for a period ending on December 31, 2014.

5. Individual Insurance policy covering loss of employment:

Upon the appointment of Mr. MALCOR as Chief Executive Officer of the Company, the Board of Directors authorized, the Company to subscribe with GSC Gan, as from July 1, 2010, an individual insurance policy covering loss of employment, in favor of Mr. Jean-Georges MALCOR. The annual subscription fee payable by the Company amounts to € 10,000. This insurance provides for the payment of a maximum of 21% of his 2010 compensation (corresponding to €155,549.00), for a duration of 12 months and after the expiry of a twelve-month waiting period.

6. Non-compete agreement

Upon the appointment of Mr. MALCOR as Chief Executive Officer of the Company, the Board of Directors authorized the signature of a non-compete agreement between the Company and Mr. Jean-Georges MALCOR.

This non-compete agreement applies to any geophysical data acquisition, processing or interpretation services or the provision of equipment or products designed for the acquisition, processing or interpretation of geophysical data. Mr. Jean-Georges MALCOR has agreed that he will not contribute to projects or activities in the same field as those in which he was involved at CGGVeritas for period of eighteen months starting on the date on which he leaves the Group.

In consideration for this undertaking, Mr. Jean-Georges MALCOR will be entitled to receive compensation corresponding to 100% of his annual reference compensation as defined in the protection letters described upon leaving the Group.

The **12th resolution** deals more particularly with the agreement entered into by and between the Company and Mr. Jean-Georges MALCOR with to the payment of a severance indemnity in case of forced departure relating to a change of control or a change of strategy. Please note that the employment agreement of Mr. MALCOR was terminated when he was appointed as Chief Executive Officer of the Company.

Pursuant to section L.225-42-1 of the commercial code, the Board of Directors, in its meeting held on February 24, 2011, approved the amendments made to the protection letter governing the terms and conditions of the payment to Mr. Jean-Georges MALCOR of a severance indemnity in case of forced departure relating to a change of control or a change of strategy. The terms and conditions of this letters had been initially determined by the Board of Directors on June 30, 2010. The Board of Directors decided that the performance conditions would be revised and would be set as described below.

The severance indemnity shall equal to the difference between:

1. a gross amount of 200% of the gross fixed compensation paid by the Company to Mr. Jean-Georges MALCOR during the twelve-month period preceding his departure date, to which is added the annual average of the variable compensation paid by the Company to Mr. Jean-Georges MALCOR:

- (a) over the thirty-six-month period preceding his departure date, or
- (b) over the full years of presence in the Company starting as from January 1, 2010, in case he leaves the Group less than thirty-six months after he joined the Company,

(the gross fixed compensation and the average variable compensation referred to above are hereinafter defined as “**the Reference Annual Compensation**”),

and

2. any sum to which Mr. Jean-Georges MALCOR may be entitled as a result of such termination, including any sums to be paid further to the application of his non-competition clause

The aggregate amount that could be paid to Mr. MALCOR should his CEOship be terminated (including the severance indemnity and the indemnity to be paid pursuant to his non-competition clause) **shall not exceed 200% of the Reference Annual Compensation.**

Pursuant to article L.225-42-1 of the Commercial Code, the payment of the special termination indemnity referred to hereinabove shall remain subject to the achievement of the following performance conditions, related to the Company’s performance:

- The average, over the sixty trading days preceding the departure date, of the ratio between the CGGVeritas ADS price over the PHLX Oil Service SectorSM (OSXSM) index shall equal at least two-third of the same average ratio over the same sixty-day period (i) four years before the date on which Mr. MALCOR leaves the group or (ii) as of January 1, 2010 in case Mr. Jean-Georges MALCOR leaves the Group before reaching a four-year seniority;
- The average, over the sixty trading days preceding the departure date, of the ratio between the CGGVeritas share price over SBF 120 index shall equal at least two-third of the same average ratio over the same sixty-day period (i) four years before the date on which Mr. MALCOR leaves the group or (ii) as of January 1, 2010 in case Mr. Jean-Georges MALCOR leaves the Group before reaching a four-year seniority;
- The average margin rate of the Group EBITDAS (i) over the four years preceding the date on which Mr. MALCOR leaves the group or (ii) over a period starting as from January 1, 2010 in case Mr. Jean-Georges MALCOR leaves the Group before reaching a four-year seniority, shall be at least 25%.

Payment of the full amount of the special termination indemnity is subject to the fulfillment of two conditions out of three. In case only one condition is fulfilled, then Mr. Jean-Georges MALCOR will be entitled to receive only 50% of the said special termination indemnity.

Please note that since the term of office of Mr. MALCOR as Chief Executive Officer of the company will expire at the end of the shareholders' meeting to be convened to approve the 2011 financial statements,

pursuant to section L.225-42-1 of the commercial code, the provisions of the protection letter will have to be ratified again by the next annual shareholders' meeting.

**Resolutions falling under the authority of the Extraordinary General Meeting
(resolutions n°13 to 27)**

✓ **Financial delegations and authorizations**

The purpose of the resolutions 13 to 17 and of the 26th resolution is to implement the delegations which would enable the Board of Directors to have full powers, as the case may be, to rapidly raise the financial resources which could be necessary to face potential needs for the Group's development and/or for external growth opportunities.

These authorizations would enable the Board of Directors to proceed with share capital increases with or without subscription rights based on the opportunities offered by the financial markets in the best interests of the Company and its shareholders.

- Share capital increase with or without preemptive right

The purpose of the **13th resolution** is to grant a global delegation to the Board of Directors to issue shares or any other securities giving access to the capital with preferential subscription right maintained and increase CGG Veritas' capital within the limit of a nominal amount of capital increase of € 30,000,000, i.e. **50% of the share capital** as at the date of the present meeting. It will not be possible to use this authorization during a take-over bid.

The purpose of the **14th resolution** is to grant a global delegation to the Board of Directors to issue shares or any other securities giving access to the capital with preferential subscription right waived through a public offer and to increase CGG Veritas' capital within the limit of a nominal amount of capital increase of €9,000,000, i.e. **15% of the share capital** as at the date of the present meeting. It will not be possible to use this authorization during a take-over bid.

Attention of the shareholders is drawn to the fact that the potential drawbacks which would arise from a share capital increase without preferential right are set off by the possibility for the Board of Directors to grant the shareholders a priority subscription period.

The price of the shares issued in these conditions will be at least equal to the volume-weighted average quoted price of the share on Euronext Paris SA over the three trading days preceding the setting of the issue price minus a maximum discount of 5% (article L.225-136 1° and article R. 225-119 of the French Commercial Code). The issue price of other securities giving access to share capital, will be such that the sum received immediately by the Company, increased, if relevant, by the sum it is likely to receive subsequently, is, for each equity security issued as a result of the issue of these securities, at least equal to the issue price defined here above.

It is specified that the aggregate amount of shares and/or securities that may be issued, granting their holders an immediate or deferred access to a portion of the share capital of the Company, shall not €1,200,000,000 or its equivalent in any other currency or monetary unit determined by reference to

several foreign currencies on the date of issue pursuant to the **13th resolution** shall not exceed €360,000,000 pursuant to the **14th resolution**.

The purpose of the **15th resolution** is to grant a delegation to the Board of Directors to increase the share capital without preferential subscription right by private placement only, within the limit of 15% of the share capital. This amount would be included into the global amount as determined by the 13th and 14th resolutions related to the increase of share capital without preferential subscription right. It will not be possible to use this authorization during a take-over bid.

In case the preferential subscription right is waived, we submit for your approval the authorization granted to the Board of Directors to set the issue price, within the limit of 10% of the capital as at the date of the decision of the share capital increase per year. Such price shall not be inferior to the volume-weighted average quoted price of the share on Euronext Paris SA over the trading day preceding the setting of the issue price minus a maximum discount of 5% (**16th resolution**).

In addition, we propose the shareholders to authorize the Board of Directors, in the event of a capital increase with preferential rights maintained or waived, to increase the number of shares to be issued to meet the surplus demand within 30 days as from the end of the subscription period. The additional share capital increase shall not exceed 15% of the initial issue and shall be completed at the same issue price (**17th resolution**). This authorization, subject to your approval, is proposed for sound management and stock price stabilization purposes. It will not be possible to use this authorization during a take-over bid.

- Share capital increase by incorporation of reserves, profits or share premiums

We submit for your approval the authorization given to the Board of Directors to increase the share capital by incorporation of reserves, profits or share premiums within the limit of a nominal amount of €10,000,000, i.e. approximately **16,5% of the share capital** as at the date of the present General Meeting (**18th resolution**). It will not be possible to use this authorization during a take-over bid.

- Share capital increase in consideration of contributions in kind

The purpose of the **19th resolution** is to authorize the Board of Directors to increase the share capital up to 10% in consideration of contributions in kind made to the Company and consisting of equity securities or securities giving access to the capital. Ordinary shares or securities giving access to the Company's capital would be issued without preferential subscription right which we ask you to waive. Notwithstanding the legal threshold of 10% of the capital, the capital increased in application of the present delegation shall not exceed the ceiling set forth in the **14th resolution** submitted for your approval at the present meeting, i.e. €9,000,000. It will not be possible to use this authorization during a take-over bid.

- Issue of securities giving rights to the allocation of debt securities

The purpose of the **26th resolution** is to authorize the Board of Directors to decide the issue of securities giving right to debt securities, inter alia, bonds with warrants giving right to subscribe to bonds or warrants giving right to subscribe to bonds. The amount of debt securities likely to be issued in the scope of this delegation shall not exceed €1,200,000,000 or its equivalent in foreign currencies or unit of account, such amount being allocated to the level of €1,200,000,000 relating to debt securities provided for in the **13th resolution**. It will not be possible to use this authorization during a take-over bid.

All these delegations and authorizations, submitted for your approval, would be granted for a 26-month period from the date of the present General Meeting. They would cancel and supersede all the delegations and authorizations previously granted to the same effect.

The use of the financial delegations and authorizations currently in force during fiscal year 2010 is summarized in a table appended hereto.

✓ **Stock-options, performance shares and employee shareholding**

Employee savings plan:

The purpose of the **20th resolution** is to renew the authorization previously granted to the Board of Directors, for **26 months**, to increase the share capital by issuing shares which subscription will be reserved to employees which are members of an employee savings plan (*Plan d'Epargne d'Entreprise "PEE"*), up to a maximum nominal amount of capital increase of €2,500,000, i.e. **4% of the share capital**. It will not be possible to use this authorization during a take-over bid.

As of December 31, 2010, the employees held under the PEE 0.05% of the share capital and 0.10% of the voting rights.

The Group remuneration policy includes for some employees a medium-term and/or long-term component (performance shares and/or stock-options) combined with the aim of motivating the most talented employees, who are key to the achievement of strategic objectives for the Group, and sharing the success of the Group.

These programs also aim at developing a feeling of ownership for a significant number of employees while reconciling their interests with the interests of the Company's shareholders by making them more aware of changes in the stock price, both up and down.

Allocation of stock-options and performance shares:

In the **21st to 24th resolutions**, we propose the shareholders to authorize the Board of Directors to allocate stock-options and performance shares. None of these authorizations may be used during a take-over bid process.

Stock-options and performance shares are allocated on an annual basis, usually in March, after the publication of the financial statements of the preceding fiscal year and out of the periods mentioned in article L. 225-177 of the French Commercial Code. The terms and conditions of these allocations are determined by the Board of Directors (which has a majority of independent directors) upon proposal of the Appointment-remuneration Committee (the Chairman of the committee as well as a majority of its members are independent directors).

Allocation of stock-options to employees of the group (other than the Chief Executive Officer and the members of the Executive Committee) (21st resolution)

Duration of the authorization: 26 months

Limits: 0.81% of the share-capital on the date of which the stock-options are granted without exceeding 0.5% over 12 months;

Terms and conditions of the allocation:

- No discount on the exercise price;
- No possible amendments to the initial terms and conditions of the allocation;
- Validity period of the options: 6 to 8 years
- Options partially vested after two-years and fully vested after four years
- Rights to the options are lost in case of resignation or dismissal for gross or serious misconduct
- Minimum number of beneficiaries: 250

Allocation of stock-options to the Chief Executive Officer and the 12 members of the Executive Committee (22nd -resolution)

- Duration of the authorization: 26 months
- Cap: 1.2% of the share-capital on the date of which the stock-options are granted without exceeding 0.75% over 12 months;
- Specific cap imposed upon the allocation to the Chief Executive Officer: these allocations shall not exceed 13.2% of the allocations implemented pursuant the 21st and 22nd resolutions.

Performance conditions:

Stock-options allocated to the Chief Executive Officer and the 12 members of the Executive Committee shall be subject to the following performance conditions:

- The average, over the sixty trading days preceding the date of allocation, of the ratio between the CGGVeritas ADS price over the PHLX Oil Service SectorSM (OSXSM) index shall equal at least two-third of the same average ratio over the same period of sixty trading days three years before the vesting date;
- The average, over the sixty trading days preceding the date of allocation, of the ratio between the CGGVeritas share price over SBF 120 index shall equal at least two-third of the same average ratio over the same period of sixty trading days three years before the vesting date;
- Over the vesting period, the market price of the CGGVeritas share shall have increased by 8% on an annual basis;
- The Group results in average over a period of 3 years preceding the vesting date shall reach at least 90% of the average EBITDAS annual targets as determined by the Board of Directors.

These performance conditions are included in the resolution.

Demanding nature of the performance conditions:

The Board of Directors has determined to reinforce the demanding nature of these conditions by providing that they would apply on a cumulative basis. Thus, the fulfillment of each of these conditions entitles the beneficiary to receive 25% of the global allocation.

In order to illustrate the demanding nature of the endogenous objectives set board of directors, it should be noted that for the plan implemented on March 16, 2009 and March 22, 2010, the EBIT and EBITDAS targets related to the stock-options allocation of Mr. Robert BRUNCK, sole executive officer benefiting from these plans, have been fulfilled up to 60% and 79%.

Thus, the 60% achievement was below the two-third threshold set forth by the 2009 plan and the 75% achievement of the 2010 plan although above the two-third threshold, would have been below the 90% threshold set by the 22nd resolution.

The other exogenous criteria of the 2009 and 2010 plans relating to the share market price have been satisfied.

Other allocation conditions:

The other conditions are identical to those of the allocation to employees, i.e. :

- No discount on the exercise price;
- No possible amendments to the initial terms and conditions of the allocation;
- Validity period of the options: 6 to 8 years
- Options partially vested after two-years and fully vested after four years
- Rights to the options are lost in case of resignation or dismissal for gross or serious misconduct.

Key information related the stock option plans in force as at March 31, 2011 as well as the number of beneficiaries concerned by these allocations are detailed in the table below. The description of allocations of stock-options in favor of executive officers (*mandataires sociaux*) is detailed in the paragraph 14.2.1 of the management report. Upon the date of this report, the exercise price for the plans implemented in 2006, 2007 and 2008 exceeds CGGVeritas share market price.

	<u>2003 Plan</u>	<u>2006 Plan</u>	<u>2007 Plan</u>	<u>2008 Plan</u>	<u>2009 Plan</u>	<u>2010 Plans</u>			<u>2011 plan</u>	<u>Total</u>
Date of the Board of Directors' meeting	05/15/2003	05/11/2006	03/23/2007	03/14/2008	03/16/2009	01/06/2010	03/22/2010	10/21/2010	03/24/2011	
Number of beneficiaries	176	171	145	130	149	1	339	3	366	
Total number of shares ⁽¹⁾ that can be subscribed,	924,910	1,012,500	1,308,750	1,188,500	1,327,000	220,000	1,548,150	120,000	1,164,363	8,814,173
Out of which the number can be exercised by:										
<i>Executive Officers :</i>										
<i>Robert Brunck</i>	119,765	150,000	200,000	200,000	200,000	0	200,000	0	66,667	1,136,432
<i>Jean-Georges Malcor</i>	—	—	—	—	—	220,000	162,500	0	133,333	515,833
Start date of options exercise	05/16/2006	05/12/2007	03/24/2008	03/15/2009	03/17/2010	01/07/2010	03/23/2011	10/22/2011	03/25/2012	
Expiration date	05/15/2010	05/15/2011	03/23/2015	03/14/2016	03/16/2017	01/06/2018	03/22/2018	10/21/2018	03/24/2019	
Subscription price (in €) ⁽¹⁾⁽²⁾	2.91	26.26	30.4	32.57	8.82	14.71	19.44	16.887	25.48	
Exercise rules (when the plan provides for several batches of options)	- Options accrue rights by fourth every year during the first four years; - three year freeze period; - prohibition to sell or transfer shares before May 16, 2007.	- Options accrue rights by fourth every year during the first four years; - prohibition to sell or transfer shares before May 12, 2010.	- Options accrue rights by third every year during the first three years; - prohibition to sell or transfer his shares before March 24, 2011 for French tax residents.	- Options accrue rights by third every year during the first three years; - prohibition to sell or transfer his shares before March 15, 2012 for French tax residents.	- Options accrue rights by third every year during the first three years; - prohibition to sell or transfer his shares before March 17, 2013 for French tax residents.	- Options accrue rights by half immediately and by fourth every year during the two following years; - prohibition to sell or transfer his shares before January 7, 2014.	- Options accrue rights by third every year during the first three years; - prohibition to sell or transfer his shares before March 23, 2014 for French tax residents.	- Options accrue rights by third every year during the first three years; - prohibition to sell or transfer his shares before October 21, 2014 for French tax residents.	- Options accrue rights by third every year during the first three years; - prohibition to sell or transfer his shares before March 24, 2011 for French tax residents.	
Number of shares subscribed as at March 31, 2011 ⁽³⁾	312,998	2,500	2,000	0	228,087	0	26,496	0	0	572,081
Cumulated number of stock-options which were cancelled or lapsed ⁽³⁾	5,584	15,861	73,800	87,160	67,669	0	21,900	0	0	271,974
Remaining stock-options as at March 31, 2011 ⁽¹⁾	64,220	951,845	1,179,750	1,101,340	1,027,579	220,000	1,499,754	120,000	1,164,363	7,328,101
Out of which the remaining number is held by:										
<i>Executive officers</i>										
<i>Robert Brunck</i>	0	150,000	200,000	200,000	200,000	—	200,000	—	66,667	
<i>Jean-Georges Malcor</i>	—	—	—	—	—	220,000	162,500	0	133,333	

⁽¹⁾ Considering the adjustments done, both on the subscription price and on the number of shares underlying further to the capital increase of December 2005 and to the five-for-one stock split effective as of June 3, 2008.

⁽²⁾ The subscription price corresponds to the average of the opening share prices of the share on the last twenty trading days prior to the meeting of the Board of Directors granting the options.

⁽³⁾ Without taking into account the various adjustments that have occurred after the implementation of the plans.

Allocation of performance shares to certain employees of the group (excluding the Chief Executive of the Group and the members of the Executive Committee) (**23rd resolution**)

- Validity of the authorization : 26 months
- Cap: 0.53% of the share-capital on the allocation date without exceeding 0,3% of the share-capital over 12 months
- Minimum number of beneficiaries: 250

Allocation of performance shares to the Chief Executive of the Group and the 12 other members of the Executive Committee) (**24th resolution**)

- Validity of the authorization : 26 months
- Limit: 0.14% of the share-capital on the allocation date without exceeding 0,08% of the share-capital over 12 months.
- Specific cap imposed upon the allocation to the CEO : these allocations shall not exceed 5.45% of the allocations implemented pursuant the 23rd and 24th resolutions

Pursuant to the **23rd and 24th resolutions**, the allocation of the shares shall be final:

- either after the expiry of an acquisition period which shall be of a minimum of two (2) years, and provided that, subsequently, the beneficiaries hold such shares for a period which shall not be less than two (2) years starting from the end of the acquisition period ; or
- after the expiry of four (4) years for all or part of the shares allocated, in which case the requirement to hold the shares for a minimum period of two (2) years after the end of the acquisition period shall no longer apply.

Conditions of allocation – performance conditions:

The allocation shall be subject to (i) a presence condition within the Group as at the date of final allocation and (ii) performance conditions set by the Board of Directors and relating to the achievement of an EBI target and an EBITDAS target set by the Board of Directors and assessed over a two-year (2) period.

Provided 100% or more of the performance conditions are fulfilled, each beneficiary shall be entitled to receive 100% of the allocation.

Demanding nature of the performance conditions:

The Board of Directors decided to reinforce the demanding nature of the performance conditions by increasing the threshold of the performance conditions to 75%. This threshold was previously set at two-third in the 2008 and 2009 plans which, as indicated below, have very partially vested.

Thus, should the performance conditions not be fulfilled up to 100% or more and within a lower limit of 75%, the number shares to be finally allocated shall be prorata calculated on a decreasing linear scale going from 100% to 50%.

Should one of the performance conditions not be fulfilled up to 75%, the portion of the shares linked to this condition shall not be allocated. In case both conditions are not fulfilled up to 75%, no share shall be allocated.

Performance shares allocations to the Chairman and the Chief Executive Officer are described in paragraph 14. 2.2. of the management report.

For information, the conditions of the plans dated March 16, 2009, March 22, 2010 and March 24, 2011 are reminded in the table below:

	<u>March 16, 2009</u> <u>Plan</u>	<u>March 22, 2010</u> <u>Plan</u>	<u>March 24, 2011</u> <u>Plan</u>
Number of shares^(*)	516,250	509,925	488,586
Number of beneficiaries	293	332	365
Date of the shareholders' meeting having authorized the allocation	April 29, 2008	April 29, 2008	April 29, 2008
Allocation date	March 16, 2009	March 22, 2010	March 24, 2011
Number of shares finally allocated	37,000 ^(*)	N/A	N/A
Final allocation date	March 16, 2011	March 22, 2012	March 24, 2013
Retention period	March 16, 2013	March 22, 2014	March 24, 2015
Performance conditions	Net earning per share Operating income	EBIT EBITDAS	OPINC EBITDAS
Validation of achievement of performance conditions	Board of Directors	Board of Directors	Board of Directors

^(*)The Board of Directors held on February 24, 2011 confirmed that the performance conditions for the plan implemented on March 16, 2009 were only partially met. Therefore, only a maximum number of 37,000 shares will be allocated by the General Meeting to be held in order to approve the 2010 financial statements.

Note that for the plans implemented on March 14, 2008³ and March 16, 2009, respectively, out of the two performance criteria to which the allocation was subject, the net result per share was achieved only up to 21% for the 2008 plan and 25% for the 2009 plan, compared to the two-third threshold provided for by those two plans. No allocation of share was triggered under this criterion.

The EBIT target was only achieved by the Equipment segment up to 76.5% for the 2008 plan and 100% for the 2009 plan. For the two other segments, Services and Group, the level of achievement was reached up

³ Only 20,138 shares were allocated on May 5, 2010 under this plan for an initial allocation of 459,250 shares.

to 19% and 36.7%, respectively and 38% and 53% for the 2010 plan, compared to a two-third threshold. Only 4.38% and 7.17% vested for the 2008 and 2009 plans, respectively.

✓ **Capital reduction**

In the **25th resolution**, we propose the shareholders to authorize the Board of Directors, for **18 months**, to reduce the share capital through the cancellation of shares owned by the Company in connection with its share buy-back program described in details in the **9th resolution**.

The modification of the Company's share capital and of the Company's by-laws accordingly by reason of the cancellation of shares may be authorized only by the Extraordinary General Meeting. This authorization, which purpose is to delegate to the Board of Directors the power to reduce the share capital, would cancel and supersede the authorization previously given by the Combined General Meeting of May 5 2010.

✓ **Powers**

The **27th resolution** is a standard resolution granting necessary powers to proceed with publication and formalities required by French law after the meeting.

The tables summarizing the financial delegations and authorizations proposed to the shareholders during the General Meeting of May 4, 2011 and the use of those during the 2010 fiscal year are introduced below.

**SUMMARY OF THE FINANCIAL DELEGATIONS AND AUTHORIZATIONS SUBMITTED FOR SHAREHOLDERS' APPROVAL
AT THE COMBINED GENERAL MEETING OF MAY 4, 2011 AND THE USE OF THOSE IN FORCE DURING 2010 FISCAL YEAR**

Share capital increases

	Authorizations in force during 2010 fiscal year				Authorizations submitted for shareholders' approval at the Combined General Meeting of May 4, 2011		
	Resolution number - GM	Period	Maximum authorized amount	Use of the authorization of December 31, 2010	Resolution number	Period	Maximum amount
Increase of share capital through the issue of shares, or any other securities giving access to the share capital, with preferential subscription rights in favor of holders of existing shares	11 th - 2009	26 months	€ 30 million ⁽¹⁾	None	13 th (2)	26 months	€ 30 million ⁽¹⁾
	10 th - 2010 ⁽²⁾	26 months	€ 30 million ⁽¹⁾	None			
Increase of share capital through the issue of shares, or other securities, without preferential subscription rights in favor of the holders of existing shares through a public offer	12 th - 2009	26 months	€ 9 million ⁽³⁾	None	14 th (2)	26 months	€ 9 million ⁽³⁾
	11 th - 2010 ⁽²⁾	26 months	€ 9 million ⁽³⁾	None			
Increase of share capital through the issue of shares, or other securities, without preferential subscription rights in favor of the holders of existing shares made by private placement	12 th - 2010	26 months	€ 9 million ^{(3) (*)}	None	15 th (2)	26 months	€ 9 million ⁽³⁾
Increase of the number of shares issued pursuant to the three resolutions listed above	14 th - 2009	26 months	15% of the initial issue	None	17 th (2)	26 months	15% of the initial issue
	14 th - 2010 ⁽²⁾	26 months	15% of the initial issue	None			

	Authorizations in force during 2010 fiscal year				Authorizations submitted for shareholders' approval at the Combined General Meeting of May 4, 2011		
	Resolution number - GM	Period	Maximum authorized amount	Use of the authorization of December 31, 2010	Resolution number	Period	Maximum amount
Increase of share capital by incorporation of reserves, profits or premiums	15 th - 2009	26 months	€ 10 million ⁽³⁾	None	18 th (2)	26 months	€ 10 million ⁽³⁾
	15 th - 2010 ⁽²⁾	26 months	€ 10 million ⁽³⁾	None			
Increase of capital in order to compensate for contributions in kind	16 th - 2009	26 months	10% of the share capital as of the date of the Board of Directors' decision	None	19 th (2)	26 months	10% of the share capital as of the date of the Board of Directors' decision
	16 th - 2010 ⁽²⁾	26 months	10% of the share capital as of the date of the Board of Directors' decision	None			
Issuance of securities giving right to debt securities	19 th - 2009	26 months	€ 600 million	None	26 th (2)	26 months	€ 1,2 billion
	22 nd - 2010 ⁽²⁾	26 months	€ 1,2 billion	None			
Increase of capital, reserving the subscription of the shares to be issued to members of a Company Savings Plan ("Plan d'Épargne Entreprise")	17 th - 2009	26 months	€ 2.5 million ⁽³⁾	None	20 th (2)	26 months	€ 2.5 million ⁽³⁾
	17 th - 2010 ⁽²⁾	26 months	€ 2.5 million ⁽³⁾	None			

⁽¹⁾ Aggregate ceiling for share capital increases, any operations considered, to the exception of stock-options and performance shares allocations

⁽²⁾ Cancels and replaces, for the non used portion, the resolutions voted in this respect during the previous General Meetings

⁽³⁾ Within the limit of the aggregate ceiling of € 30 million

^(*) On January 27, 2011, issuance of bonds convertible into and/or exchangeable for new or existing shares for a minimum global amount of € 359,999,992. The maturity date of the loan is January 1, 2016.

Stock-options, performance shares and free shares

	Authorizations in force during 2010 fiscal year				Authorizations submitted for shareholders' approval at the Combined General Meeting of May 4, 2011		
	Resolution number - GM	Period	Maximum authorized amount	Number of options/ performance shares granted as of December 31, 2010	Resolution number	Period	Maximum amount
Stock-options	18 th - 2008	38 months	5% of the share capital as of the date the Board of Directors' decision. No discount.	Allocation of 1,327,000 options on March 16, 2009 + Allocation of : . 220,000 options on January 6, 2010 . 1,548,150 options on March 22, 2010 . 120,000 options on October 21, 2010	<i>Stock-options granted to the employees (excluding the Chief Executive Officer and the members of the Executive Committee):</i> 21 st (2)	26 months	0,81% of the share capital as of the date the Board of Directors' decision. No discount.
					<i>Stock-options granted to the Chief Executive Officer and the members of the Executive Committee:</i> 22 nd (2)		
Performance shares	19 th - 2008	38 months	1% of the share capital as of the date the Board of Directors' decision.	Allocation of 516,250 performance shares on March 16, 2009 + Allocation of 509,925 performance shares on March 22, 2010	<i>Performance shares granted to the employees (excluding the Chief Executive Officer and the members of the Executive Committee):</i> 23 rd (2)	26 months	0,53% of the share capital as of the date the Board of Directors' decision.
					<i>Performance shares granted to the Chief Executive Officer and the members of the Executive Committee:</i> 24 th (2)		
Free shares	20 th - 2010	38 months	0,5% of the share capital as of the date the Board of Directors' decision.	None	N/A	N/A	N/A

(2) Cancels and replaces, for the non used portion, the resolutions voted in this respect during the previous General Meetings