MANAGEMENT REPORT

OF THE BOARD OF DIRECTORS

Fiscal year ended December 31, 2007

Compagnie Générale de Géophysique - Veritas
A French Public Limited Company with registered capital of € 54,901,516
Registered Office : Tour Montparnasse, 33, avenue du Maine, 75015 Paris, France
969 202 241 RCS PARIS

1. ANALYSIS OF THE GROUP'S CONDITION AND BUSINESS IN 2007

CGGVeritas has organized its geophysical operations into two main sectors of activity: Equipments and Services.

The Equipments sector, operated by Sercel, covers the design, manufacture and marketing of land, marine and down-hole seismic data acquisition equipment.

The Services sector covers:

- Land-based and shallow water seismic data acquisition;
- Marine seismic data acquisition;
- A broad portfolio of advanced geoscience solutions for seismic data processing, reservoir characterization and interpretation;
- The industry's most recent and technologically advanced data library in the world's key locations.

A. GEOGRAPHICAL ANALYSIS OF THE GROUP'S BUSINESS

Group, Geophysical Equipments and Services activities break down geographically into Western Hemisphere, which includes North America and Latin America (including Central America), and Eastern Hemisphere, which includes Europe, Africa, the Middle East, and Asia-Pacific.

North America

Sercel's main operational base is in Houston, Texas, where most of the world's marine seismic equipment is manufactured, including Sercel's Sentinel solid streamer systems. Sercel was also extremely active throughout 2007 in supplying its North American customers with latest-generation land-based acquisition equipment.

Geophysical Services saw high levels of exclusive and multi-client land acquisition activity, with a total of over 10 crews operating around the Arctic, the Rocky Mountain foothills in Canada and the United States.

There was also sustained activity in 2007 in the field of marine multi-client acquisition concentrated in the Gulf of Mexico, notably with the very fast penetration of the new wide-azimuth acquisition technique, in which CGGVeritas is the acknowledged market leader. Two major programs were launched during the year in the Walker Ridge and Garden Banks areas. Together, they cover a total surface area of 25,000 km^2.

Services also have a strong presence in data analysis and interpretation, through their large data processing and imaging centers in Houston and Calgary, both of which gained from the CGG and Veritas technology and expertise.

Latin America

The Group enjoys a strong position in Mexico, with its dedicated data processing and imaging operations for Pemex, and in Brazil, where it carries out Marine multi-client data acquisition. This area saw sustained activity in 2007, with two vessels, on average, involved in new key CGGVeritas data library programs throughout the year, while sales of our library data were stimulated at year-end by the discovery of the Tupi field in the Santos area.

Europe, Africa and the Middle East

Sercel's headquarters are based in Nantes and Saint-Gaudens France where all equipment manufacturing facilities experienced high production levels throughout the year.

Services activity was particularly sustained in 2007 in the field of Marine 3D acquisition. The activity was mainly concentrated in Gulf of Guinea and in the Mediterranean, where the *Géo-Challenger* carried out a multi-azimuth, 12-streamer program off the Egyptian coast. The year saw a continued strengthening of activity in the Middle East, with a contract fulfilled by the *Føhn* offshore Qatar, along with the December start-up of a survey scheduled to last over a year in the Arabic-Persian Gulf. Another vessel recorded multi-client surveys in the North Sea.

The Group carried out significant amounts of land-based acquisition work in the Middle East in 2007, notably in Oman, Saudi Arabia and Egypt, with an average of over 7 crews in operation at any one time during the year, including programs carried out by the Saudi joint venture, ARGAS.

Processing and imaging activity saw further growth with the continued development of our centers in Massy, London and Oslo, and throughout the network of our dedicated centers supporting international oil & gas companies.

Asia-Pacific

The Group deployed part of its fleet to India, Malaysia, Australia and Vietnam, for both 2D and 3D data acquisition programs. Also, one seabed survey was carried out on behalf of leading oil companies in Malaysia, at for the first time a depth of over 1,000 meters.

The Group also has a high-profile processing and imaging presence in the region, mainly through its centers in Singapore, Kuala Lumpur, Perth and Mumbai.

Land-based activity is concentrated in Thailand and Indonesia, where programs were extended in transition zones and shallow waters.

B. ANALYSIS BY BUSINESS SECTOR OF THE GROUP'S BUSINESS

SERCEL

In 2007, Sercel took on a whole new dimension, achieving 41% revenue growth of €790 million (US$1,080 million). Intra-Group sales accounted for 14% of Sercel revenue. The 2007 contribution from the Equipments sector was 29% of total Group revenue.

Across all of our equipment manufacturing plants from the US in the Western Hemisphere to our plants in France, China and Australia throughout the Eastern Hemisphere, we substantially boosted our output during the year.

Strong demand for seismic equipment kept all sites operating at very high capacity. The global market increased 35%, with very strong growth in the land-based data acquisition equipment segment. The market share of Sercel, the unchallenged global market leader for the manufacture of land-based and marine geophysical services equipment, is an estimated 60%. During the year, Sercel delivered 80% more land-based sensors, 40% more vibrators and around 800 km of solid and liquid streamers.

Throughout the year, Sercel continued to pass new technological milestones. The product range was improved and expanded. The new marine equipment designed to improve the productivity and recording quality of seismic vessels, SeaPro Nav and Nautilus multi-directional streamer controller systems were given extensive sea trials in preparation for sales in early 2008. Nautilus was unveiled at the San Antonio Society of Exploration Geophysicists convention in late 2007.

New Sercel products were successfully delivered during the year, including SeaRay, a seabed acquisition product based on the acquisition systems technology of the 428 family and Unite, a cable-free, land-based acquisition system.

SERVICES

Contract marine acquisition

Total revenue from contract marine acquisition came to €531 million (US$727 million), a rise of 25% in US dollar terms over 2006. In 2007, contract marine acquisition accounted for 31% of total Services revenue and 22% of total Group revenue.

In 2007 the global market for contract marine acquisition was estimated at almost US$2.7 billion, up 20% on 2006.

At CGGVeritas, the fleet's expansion and modernization continues. During the year, two large, high-capacity 3D vessels deploying over 10 streamers were brought into service: the *Vision* in early July, and the *Vanquish* in late November, one of them replacing the *Seisquest*, an 8-streamer vessel whose charter contract expired in May.

The fleet modernization program stepped up notably with upgrades for two 2D vessels to 3D, 4-streamer configurations, and an upgrade for the *GeoChallenger* to a 12-streamer configuration. In 2007, the Group ordered two high-capacity seismic ships from Eidesvik Offshore for delivery in 2010. These two vessels will be built to a new specification – the Ulstein AS X-Bow® design – which will, be unmatched in environmental and operational performance while improving the deployment of Sercel's solid streamers in configurations of up to 16 long streamers. Over the full year, the vessel utilization rate came to 83% and 40% of the fleet was dedicated to multi-client programs.

Contract land-based acquisition

Global demand for land contract acquisition continues to grow, as does the technological content of the activity, in order to meet the needs in sophisticated subsurface of oil and gas companies.
In dollar terms, revenue from contract land-based acquisition rose 32% compared with 2006 to €327 million (US$448 million). Contract land-based acquisition accounted for 19% of total Services revenue, and 14% of total Group revenue.

The 2007 global market for contract land-based acquisition accessible to international contractors is estimated at US$2.2 billion, up 10% from 2006.

In response to market demand for advanced acquisition and interpretation technologies, our international R&D teams continued to develop HPVA™ wide-azimuth and Seismovie™ technologies which are being marketed in select regions. The latest-generation V1™ technology, which delivers large-scale productivity gains and substantially increases the density and quality of the 3D surveys, was successfully launched in June 2007 at the EAGE congress in London. Seismovie™ 4D reservoir monitoring technology has seen further improvements, thanks to new pilots installed on various heavy crude oilfields. This technology premium gives an undeniable advantage to CGGVeritas in a market where demand for high-precision, high-density imagering is growing fast.

In 2007, CGGVeritas continued to focus on key areas where its local excellence is widely acknowledged with an average of 25 crews, including ARGAS crews in Saudi Arabia, operational worldwide. Some 22 of these were involved in contract land-based acquisition, and 3 on multi-client land-based projects. In North American markets (i.e., Canada and Alaska), where its arctic crews experience is well known, the Group continued to strengthen its positions by introducing HPVA™ technologies, a technology that has already achieved multiple successes in the Middle East. The Group also continued to deepen targeted partnerships with leading players at local levels.

Marine multi-client acquisition

The Group's positioning in the multi-client market, an area where CGGVeritas invested heavily in 2007, is a strategic priority. We introduced wide-azimuth technologies into the Gulf of Mexico, providing our clients with deeper and more accurate images. The initial results from the Walker Ridge program will be available for the March 2009 lease round. The benefits of wide-azimuth data are already discernible in the high pre-funding levels they are attracting towards these investments.

In addition to the Gulf of Mexico narrow azimuth and wide-azimuth programs, multi-client programs were conducted in Brazil and the North Sea. In 2007, CGGVeritas continued to develop its marine multi-client data library with an investment of €269 million (US$368 million). Today, CGGVeritas offers the most recent and advanced data library in the industry.

Total annual revenue from marine multi-client surveys came to €455 million (US$623 million), an increase of 17% in US dollar terms over 2006. In 2007, therefore, this sector accounted for 26% of total Services revenue and 19% of total Group revenue. After-sales of data amounted to €225 million (US$308 million).

Land multi-client acquisition

The CGGVeritas multi-client land data library is located in North America, in Canada and the United States. In 2007, CGGVeritas invested €102 million (US$140 million) in new programs which benefited from high pre-funding.

Over the full year, total revenue from multi-client library came to €134 million (US$184 million), an increase of 54%. As such, in 2007, this sector accounted for 8% of total Services revenue and 6% of total Group revenue. After-sales of land multi-client data amounted to €65 million (US$89 million).

Processing and imaging

In 2007 processing and reservoir revenue amounted to €263 million (US$360 million), representing growth of over 11% in dollar terms compared with 2006. Processing and reservoir accounted for 15% of total Services revenue and 11% of total Group revenue.

Global demand for sophisticated imaging services continues to strengthen, sustained by growing volumes of marine data. CGGVeritas is in a particularly advantageous position, due to the size of its fleet of seismic exploration vessels and, above all, because of its unrivaled team of geophysicists and researchers. Located worldwide, they can respond to the demand for advanced technology, particularly for depth imaging and wide azimuth processing. The emergence of Reverse Time Migration technology, for example, will notably expand the knowledge of complex, fractured geology such as carbonate reservoirs, or those located under basalt or salt. This is a strategic issue for our customers.

Since the early 2007 CGGVeritas merger, the global integration of our R&D teams, including the convergence of processing software has been proceeding smoothly, with the objective of a fully-operational integrated platform in 2009 that will combine the best of the two currently used platforms.

The CGGVeritas merger led to the creation of the world's most extensive network of processing and imaging open and dedicated centers, which enjoy an excellent reputation among our clients. No other company in the industry enjoys such a position. At end-December CGGVeritas operated 49 centers worldwide, of which 15 were dedicated to clients. Centers located on the premises of individual clients, including the BP, Shell, Total, and Pemex … simultaneously constitute a response to the trend towards building a close and open relationship for seismic data processing to ensure the results best take into account local knowledge and geology. In each of Houston, London and Singapore locations, CGGVeritas processing and imaging centers are being regrouped in common sites to offer our clients efficient access to top-ranking teams of specialists and unmatched raw computing power, tailored to their strategic requirements.

2. 2007 RESULTS: GROUP AND CGG Veritas (mother company)

A. Corporate financial statements of CGG Veritas SA

The operating revenues of CGG Veritas SA for the year ended December 31, 2007 are €35.1 million compared to €263.3 million in 2006.

This decrease resulted from the contribution of assets relating to all services activities carried out by CGG Veritas SA, from CGG Veritas SA to its fully owned subsidiary CGG Services (former CGG Marine) pursuant to the decision of the Shareholders' meeting of CGG Veritas SA and its subsidiary CGG Services.

The operating income amounted to € 68 million mainly because of overheads costs amounting to € 21 million, fees linked to the Veritas acquisition amounting € 38 million and actuarial costs (supplement retiring plan) of € 7 million.

Net result for 2007 is consequently a loss of €55.1 million compared to a profit of €30.6 million in 2006.

B. Consolidated results

Revenues

Our operating revenues for the year ended December 31, 2007, increased 19% to €2,374.1 million from €1,990.2 million for the year ended December 31, 2006 on a pro forma basis. Expressed in U.S. dollars, our consolidated operating revenues for the year ended December 31, 2007 increased 30% to U.S.$ 3,250.7 million from U.S.$2,499.9 million for the year ended December 31, 2006 on a pro forma basis. This increase resulted from all of our activities.

Operating Income

Operating income increased 38% to €489.1 million for the year ended December 31, 2007 compared to €354.4 million for the year ended December 31, 2006 on a pro forma basis. Expressed in U.S. dollars, operating income increased 50% to U.S$669.6 million for the year ended December 31, 2007 compared to U.S$445.2 million for the year ended December 31, 2006 on a pro forma basis. This increase was due to increases in both our Services and Equipments segment.

Operating income from our Services segment was €304.9 million for the year ended December 31, 2007 compared to €242.0 million for 2006 on a pro forma basis.

Operating income from our Equipments segment was €266.2 million for the year ended December 31, 2007 compared to €174.2 million for 2006.

Income before tax

Income before tax increased 85% from €374.8 for the year ended December 31, 2007 compared to €202.5 million for 2006 on a pro forma basis.

Net income

For the year ended December 31, 2007 we had a net income of €249.6 million compared to €116.2 million for the year ended December 31, 2006 on a pro forma basis.

For the year ended December 31, 2006 we had a shareholders' net income of €245.5 million compared to €114.6 million for the year ended December 31, 2006 on a pro forma basis.

3. COMMENTS ON THE FINANCIAL CONDITION OF THE COMPANY AND THE GROUP

Definition of EBITDAS

We define EBITDAS as earnings before interest, tax, depreciation, amortization and share-based compensation cost. Share-based compensation includes both stock options and shares issued under our free share allocation plans.

Change of estimates

Since October 1, 2007, certain multi-client surveys are amortized on the basis of 50% of revenues (previously 66.7%) due to new sale expectations for this category of surveys.

The impact of this change of estimates of the percentage of revenues to be amortized from 66.7% to 50% applied from October 1, 2007 is a lower depreciation of €3.1 million for the year ended December 31, 2007.

Liquidity and Capital Resources

Our principal capital needs are for the funding of ongoing operations, capital expenditures (particularly repairs and improvements to our seismic vessels), investments in our multi-client data library and acquisitions (such as Veritas and Exploration Resources). We have financed our capital needs with cash flow from operations, borrowings under bank facilities and offerings of notes.

Operations

For the year ended December 31, 2007, our net cash provided by operating activities, before changes in working capital, was €845.8 million compared to €405.9 million for 2006 on a historical basis.

Changes in working capital for the year ended December 31, 2007 had a negative impact of €198.5 million compared to a negative impact of €58.5 million for 2006 on a historical basis.

Investing Activities

During the year ended December 31, 2007, we incurred purchases of tangible and intangible assets of €230.5 million compared to €149.2 million for 2006. This increase is mainly related to equipping two of our vessels with Sentinel streamers and Land equipment capital expenditures.

We also invested €371.4 million in our multi-client library during the year ended December 31, 2007, primarily in Gulf of Mexico and Brazil. As of December 31, 2007, the net book value of our marine and land multi-client data library was €435.4 million compared to €71.8 million at December 31, 2006 on a historical basis.

The total cash requirements related to the acquisition of Veritas on January 12, 2007 represented an investment, net of acquired cash, of €2,449 million. We also acquired a 15% stake in Offshore Hydrocarbon Mapping for an amount of €23 million.

In 2006, the Sercel Vibtech's acquisition represented an investment net of acquired cash of €48.3 million.

Proceeds from sales of assets in 2007 amounting to €2.8 million corresponded to the gain on our 12.7% stake of Eastern Echo following the cash offer launched by Schlumberger BV on November 23, 2007. In 2006, proceeds from sales of assets amounted to €16.8 million and primarily corresponded to the sale of 49% of CGG Ardiseis.

Financing Activities

Net cash provided by financing activities for the year ended December 31, 2007 was €2,386 million compared to €46.8 million for 2006.

The total cash requirements related to the acquisition of Veritas on January 12, 2007 were financed by U.S.$700 million drawn under our bridge loan facility (which was repaid with the proceeds of our U.S.$600 million offering of Senior Notes on February 9, 2007, plus cash on hand) and U.S.$1.0 billion drawn under our Term Loan B facility with a maturity of 2014, of which U.S.$100 million was repaid early on June 29, 2007.

A total of €1,444.9 million was raised through several capital increases.

Net cash provided by financing activities for the year ended December 31, 2006 was €46.8 million, as a result of the issuance in February 2006 of an additional U.S.$165 million principal amount of our denominated 7 ½% Senior Notes due 2015 used to repay the remaining U.S.$140.3 million under the bridge loan to acquire Exploration Resources.

Net debt was €1,106.7 million at December 31, 2007, €153.8 million at December 31, 2006 and €297.2 million at December 31, 2005. The ratio of net debt to equity decreased to 46% at December 31, 2007 from 18% at December 31, 2006 and 43% at December 31, 2005.

"Net debt" is the amount of bank overdrafts, plus current portion of financial debt, plus financial debt, less cash and cash equivalents. The following table presents a reconciliation of net debt to financing items of the balance sheet at December 31, 2007, December 31, 2006 and at December 31, 2005:

	December 31,		
	2007	**2006**	**2005**
	(in million of euros)		
Bank overdrafts	17.5	6.5	9.3
Current portion of financial debt	44.7	38.1	157.9
Financial debt	1,298.8	361.0	242.4
Less cash and cash equivalents	(254.3)	(251.8)	(112.4)
Net debt	**1,106,7**	**153.8**	**297.2**

EBITDAS for the year ended December 31, 2007 was €997.3 million compared to €483.0 million and €221.4 million for the corresponding period in 2006 and 2005 respectively.

The following table presents a reconciliation of EBITDAS to “Operating income” for the periods indicated:

	December 31,		
	2007	**2006**	**2005**
	(in million of euros)		
Operating income	489.1	289.0	75.1
Depreciation and amortization	179.1	106.0	76.3
Depreciation of multi-client surveys	308.5	80.6	69.6
Expenses calculated on stock-options	20.6	7.4	0.4
EBITDAS	**997.3**	**483.0**	**221.4**

4. RISK FACTORS

4.1. Risks related to the business of CGG Veritas and its subsidiaries:

4.1.1 CGG Veritas is subject to risks related to its international operations that could harm its business and results of operations.

With operations worldwide, including in emerging markets, the business and results of operations of CGG Veritas are 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.

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

CGG Veritas cannot assure you that it will not be subject to material adverse developments with respect to its international operations or that any insurance it has coverage will be adequate to cover it for any losses arising from such risks.

Revenue generating activities in certain foreign countries may require prior United States government approval in the form of an export license and may otherwise be subject to tariffs and import/export restrictions. These laws can change over time and may result in limitations on CGG Veritas ability to compete globally. In addition, non-U.S. persons employed by its separately incorporated non-U.S. entities may 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 Veritas have typically generated revenue in these countries through the performance of data processing, reservoir consulting services and the sale of software licenses and software maintenance. CGG Veritas has current and ongoing relations with customers in these countries. CGG Veritas has appropriate procedures in place to conduct these operations in compliance with applicable U.S. laws. However, failure to comply with U.S. laws on equipment and services exports could result in material fines and penalties and/or damage to its reputation. In addition, its presence in these countries could reduce demand for its securities among certain investors.

CGG Veritas and certain of its subsidiaries and affiliated entities also conduct business in countries that experience government corruption. CGG Veritas is committed to doing business in accordance with all applicable laws and our codes of ethics[1], but there is a risk that CGG Veritas, its subsidiaries or affiliated entities or their 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 business and results of operations or financial condition of CGG Veritas.

4.1.2. CGG Veritas is subject to certain risks related to acquisitions, including the merger with Veritas DGC Inc. and these risks may materially adversely affect its revenues, expenses, operating results and financial condition.

The merger with Veritas DGC Inc. involves the integration of two companies, CGG and Veritas, that had 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 limiting the period of time during which management attention will be focused on meeting such challenges and as result diverted from day to day management.. There can be no assurance that CGG Veritas will meet these challenges and that such diversion will not negatively affect its operations. There can be no assurance that CGG Veritas will actually achieve anticipated synergies or other benefits from the merger.

In addition, in the past CGG Veritas has grown by acquisitions and it may acquire companies or assets in the future. Such acquisitions, whether completed or in the future, present various financial and management-related risks, such as integration of the acquired businesses in a cost-effective manner; implementation of a combined intended business strategy; diversion of its management's attention; outstanding or unforeseen legal, regulatory, contractual, labor or other issues arising from the acquisitions; additional capital expenditure requirements; retention of customers; combination 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 the business, financial condition and results of operations of CGG Veritas.

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

CGG Veritas invest significant amounts of money in acquiring and processing seismic data that it owns. By making such investments, it is exposed to risks that:

- It may not fully recover the costs of acquiring and processing the data through future sales. The amounts of these data sales are uncertain and depend on a variety of factors, many of which are beyond its control. In addition, the timing of these sales is unpredictable and sales can vary greatly from period to period. Technological or regulatory changes or other developments could also materially adversely affect the value of the data. Additionally, each of the individual surveys of CGG Veritas has a limited book life based on its location, so particular surveys may be subject to significant amortization even though sales of licenses associated with that survey

[1] The Group gathered its internal control policies within a program of financial security which is based on the laws and regulations in force, such as Sarbanes-Oxley, LSF (*Loi de Sécurité Financière*), FCPA. This program mobilizes all operational and financial managers through an ongoing improvement process. This program is enshrined in the Group's chart of ethics, its code of business conduct and behaviour which are circulated and integrated within the training modules for managers. For the purposes of improving the management of corruption risks, in particular, with respect to the management of consultants, and considering European and American regulations in this respect, an external consulting firm was hired to review the rules set up within the Group related to the management of commercial agents. Each agent was audited and the selection and control procedures were strengthened. A training dedicated to controlling good practices has been implemented in 2006.

are weak or non-existent, thus reducing the profits of CGG Veritas.

- The value of the multi-client data of CGG Veritas 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 it acquires multi-client data.

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

4.1.4 The results of operations of CGG Veritas may be significantly affected by currency fluctuations.

CGG Veritas derives a substantial amount of its revenues from international sales, subjecting it to risks relating to fluctuations in currency exchange rates. The revenues and expenses of CGG Veritas are denominated in currencies including the euro, the U.S. dollar, the Canadian 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 Veritas' 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, can have a significant effect upon the results of operations of CGG Veritas, which are reported in euros. The merger with Veritas DGC Inc. very significantly increased both the dollar-denominated revenues and expenses of the group, as Veritas' revenues and expenses have historically been denominated largely in U.S. dollars. Thus, for financial reporting purposes, such depreciation will negatively affect its reported results of operations since U.S. dollar-denominated earnings that are converted to euros are stated at a decreased value. Moreover and in addition to the impact of the conversion of the US dollar at a decreased value, since CGG Veritas participates in competitive bids for data acquisition contracts that are denominated in U.S. dollars, the depreciation of the U.S. dollar against the euro harms the competitive position of CGG Veritas against companies whose costs and expenses are denominated to a greater extent in U.S. dollars. While CGG Veritas attempts to reduce the risks associated with such exchange rate fluctuations through its hedging policy, CGG Veritas cannot assure that it will keep its profitability level or that fluctuations in the values of the currencies in which it operates will not materially adversely affect its future results of operations. In our present situation, the Group fixed expenses in euros amount to euro 400 million and as a consequence, any unfavorable variation of 10 cents in the exchange rate between the US dollar and the euro impacts negatively our operating income by approximately USD 40 million.

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

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

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

Technology changes rapidly in the seismic industry, and new and enhanced products are frequently introduced in the market for the products and services of CGG Veritas, particularly in its equipment manufacturing and data processing and geosciences sectors. The success of CGG Veritas depends to a significant extent upon its ability to develop and produce new and enhanced products and services on a cost-effective and timely basis in accordance with industry demands. While CGG Veritas commits substantial resources to research and development, it 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 the older products of CGG Veritas 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 the competitors of CGG Veritas.

4.1.7 The nature of the business of CGG Veritas subjects it to significant ongoing operating risks for which it may not have adequate insurance or for which it may not be able to procure adequate insurance on economical terms, if at all.

The seismic data acquisition activities of CGG Veritas, 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. CGG Veritas carries insurance against the destruction of or damage to its seismic equipment and against business interruption for its data processing activities in amounts it considers appropriate in accordance with industry practice. However, the insurance coverage of CGG Veritas may not be adequate in all circumstances or against all hazards, and it may not be able to maintain adequate insurance coverage in the future at commercially reasonable rates or on acceptable terms.

4.1.8 CGG Veritas depends on proprietary technology and are exposed to risks associated with the misappropriation or infringement of that technology.

The results of operations of CGG Veritas depend in part upon its proprietary technology. CGG Veritas relies on a combination of patents, trademarks and trade secret laws to establish and protect its proprietary technology. CGG Veritas currently holds or have applied for 140 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, CGG Veritas enters into confidentiality and license agreements with its employees, customers and potential customers and limit access to and distribution of our technology. However, actions that CGG Veritas takes to protect its proprietary rights may not be adequate to deter the misappropriation or independent third-party development of its technology. Although CGG Veritas is not 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 the ability of CGG Veritas to pursue third parties that misappropriate its proprietary technology.

4.1.9 A possible failure to attract and retain qualified employees may materially adversely affect the future business and operations of CGG Veritas.

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

CGG Veritas competes with other seismic products and services companies and, to a lesser extent, companies in the oil industry for skilled geophysical and seismic personnel, particularly in times, such as the present, when demand for seismic services is relatively high. A limited number of such skilled personnel is available, and demand from other companies may limit the ability of CGG Veritas to fill its human resources needs. If CGG Veritas is unable to hire, train and retain a sufficient number of qualified employees, this could impair its ability to manage and maintain its business and to develop and protect its know-how. Its success also depends to a significant extent upon the abilities and efforts of members of its senior management, the loss of whom could materially adversely affect its business and results of operations.

4.1.10 CGG and Veritas have had losses in the past and CGG Veritas cannot assure that it 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 U.S.$59.1 million in its fiscal year 2003. CGG Veritas cannot assure you that it will be profitable in the future.

4.2. Risks related to the Industry:

4.2.1 The volume of business of CGG Veritas depends on the level of capital expenditures by the oil and gas industry, and reductions in such expenditures may have a material adverse effect on its business.

Demand for the products and services of CGG 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 and gas;
- 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.

CGG Veritas believes that global geopolitical uncertainty 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 its operations. CGG Veritas cannot assure you as to future oil and gas prices or the resulting level of industry spending for exploration, production and development activities.

4.2.2 CGG Veritas is subject to intense competition in the markets where it carries out its operations, which could limit its ability to maintain or increase its market share or to maintain its prices at profitable levels.

Most of the contracts of CGG Veritas are obtained through a competitive bidding process, which is standard for the seismic services industry in which it operates. 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 CGG Veritas in all of its segments, it is subject to intense competition in each of its segments. It competes with large, international companies as well as smaller, local companies. In addition, it competes with major service providers and government-sponsored enterprises and affiliates. Some of its competitors operate more data acquisition crews than it does 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 CGG Veritas operates could thus have a material adverse effect on its results of operations.

4.2.3 CGG Veritas has high levels of fixed costs that are incurred regardless of its level of business activity.

CGG Veritas has high fixed costs, substantial capital expenditures generated by our data acquisition. 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.

4.2.4 The revenues derived from land and marine seismic data acquisition by CGG Veritas vary significantly during the year.

The land and marine seismic data acquisition revenues of CGG Veritas 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 time necessary to mobilize production means and/or obtain the administrative authorizations necessary to commence data acquisition contracts.

4.2.5 The business of CGG Veritas is subject to governmental regulation, which may adversely affect its future operations.

The operations of CGG Veritas are subject to a variety of federal, provincial, state, foreign and local laws and regulations, including environmental, health and safety laws. CGG Veritas needs to invest financial and managerial resources to comply with these laws and related permit requirements. Its 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, it 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 its operations by reducing the demand for its geophysical products and services.

4.3. Risks related to the indebtedness of CGG Veritas

4.3.1. The substantial debt of CGG Veritas could adversely affect its financial health and prevent it from fulfilling its obligations.

CGG Veritas has a significant amount of debt. As at December 31, 2007, its total financial net debt, total assets and shareholders' equity are €1,106.7 million, €4,647.0 million and €2,401.6 million, respectively. It cannot assure you that it will be able to generate sufficient cash to service its debt or sufficient earnings to cover fixed charges in future years.

The substantial debt of CGG Veritas could have important consequences. In particular, it could:

- increase its vulnerability to general adverse economic and industry conditions;
- require CGG Veritas to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of its cash flow to fund capital expenditures and other general corporate purposes;
- limit its flexibility in planning for, or reacting to, changes in its businesses and the industries in which it operates;
- place it at a competitive disadvantage compared to its competitors that have less debt; and
- limit, along with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds.

4.3.2. 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 U.S. $ 530 million 7 ½ % senior notes 2015 and U.S.$ 400 million 7 ¾ % senior notes 2017 (hereinafter the "Senior Notes") of CGG Veritas and the agreements governing our credit facilities (including the U.S. $1.14 billions senior facilities dated January 12, 2007 (hereinafter the "Senior Facilities") and the U.S. $ 200 million French revolving facility dated February 7, 2007 of U.S.$ 200 million (hereinafter the "French revolving facility")) contain restrictive covenants that limit CGG Veritas ability and the ability of certain of its subsidiaries to, among other things:

- incur or guarantee additional indebtedness or issue preferred shares;

- pay dividends or make other distributions;
- purchase equity interests or reimburse junior debt;
- create or incur certain liens;
- enter into transactions with affiliates;
- issue or sell capital stock of subsidiaries;
- engage in sale-and-leaseback transactions; and
- sell assets or merge or consolidate with another company.

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

4.3.3. If CGG Veritas is unable to comply with the restrictions and covenants in the indentures and debt agreements governing the Senior Notes and other current and future debt, there could be a default under the terms of these indentures and agreements, which could result in an acceleration of repayment.

If CGG Veritas is unable to comply with the restrictions and covenants in the indentures governing the Senior Notes or in current or future debt agreements, including the Senior Facilities and the French revolving facility, there could be an event of default under the terms of these indentures and agreements. The ability of CGG Veritas to comply with these restrictions and covenants, including meeting financial ratios and tests, may be affected by events beyond its control. As a consequence, CGG Veritas cannot ensure that it will comply with those restrictions and covenants and meet such financial ratios and 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, CGG Veritas assets might not be sufficient to repay in full all of its outstanding indebtedness and it may be unable to find alternative financing. Even if it could obtain alternative financing, it might not be on terms that are favorable or acceptable to CGG Veritas.

4.3.4. CGG Veritas and its subsidiaries may incur substantially more debt.

CGG Veritas and its subsidiaries may incur substantial additional debt (including secured debt) in the future. The terms of the indentures governing the Senior Notes and the existing senior indebtedness will limit, but not prohibit, CGG Veritas and its subsidiaries from doing so. As of the date of this report, CGG Veritas has drawn U.S.$ 890 million under the Senior Facilities to finance the cash component of the consideration for the merger with Veritas.

If new debt is added to the current debt levels of CGG Veritas and its subsidiaries, the related risks for it could intensify.

4.3.5. To service its indebtedness, CGG Veritas will require a significant amount of cash, and its ability to generate cash will depend on many factors beyond its control.

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

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

4.3.6. The results of CGG Veritas could be materially adversely affected by changes in interest rates.

The sources of financing of CGG Veritas include credit facilities and debt securities which are or may be subject to variable interest rates. In particular, the Senior Facilities are subject to interest based on U.S. dollar LIBOR. As a result, its interest expenses may increase significantly if short-term interest rates increase. Each 50 basis point increase in the LIBOR will increase its pro forma interest expense by approximately U.S.$5 million per year.

5. COMMENTS ON THE FINANCIAL CONDITION OF THE COMPANY AND THE GROUP

As mentioned in paragraph 4.1.4. above, as a company that derives a substantial amount of its revenues from sales internationally, we are subject to risks relating to fluctuations in currency exchange rates.

As a company that derives a substantial amount of its revenue from sales internationally, we are subject to risks relating to fluctuations in currency exchange rates. In the years ended December 31, 2007 and December 31, 2006, more than 80% of our operating revenues and 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 our 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.

We attempt to match foreign currency revenues and expenses in order to balance our net position of receivables and payables denominated in foreign currencies. For example, charter costs for our four vessels, as well as our 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 our net position of receivables and payables denominated in foreign currencies, we maintain our financing in U.S. dollars. At December 31, 2007 and 2006, our total outstanding long-term debt denominated in U.S. dollars was U.S.$1,966.1 million (€ 1,335.6 million at the December 31, 2006 exchange rate) and U.S.$ 519.7 million (€394.6 million at the December 31, 2005 exchange rate), respectively, representing 99.9% and 99.6%, respectively, of our total financial debt outstanding at such dates.

In addition, to be protected against the reduction in value of future foreign currency cash flows, we follow a policy of selling U.S. dollars forward at average contract maturity dates that we attempt 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.

At December 31, 2007 and 2006, we had U.S.$280.4 million (with a euro equivalent-value of €190.5 million) and U.S.$327.8 million (with a euro equivalent-value of €248.9 million), respectively, of notional amounts outstanding under euro/U.S. dollar forward exchange contracts and other foreign exchange currency hedging instruments.

We do not enter into forward foreign currency exchange contracts for trading purposes.

6. RESEARCH AND DEVELOPMENT

The consolidated R&D spending for CGGVeritas in 2007 exceeds $80M, which is more than 3% of the Group's revenue. The Services segment now benefits from the combination of two high end technology portfolio and two leading R&D teams. This opens new solid development avenues for the coming years.

Sercel

In 2007, Sercel, following a policy of continuous product improvement policy has developed and released on the market new versions of its Seal product for Marine as well as 428XL and Unite for Land. New marine equipment, SeaProNav and Nautilus, designed to enhance productivity and seismic vessels recording quality, have been tested at sea in order to prepare their commercialization in the beginning of next year. The sea bottom recording system SeaRay was successfully deployed with one of our customer.

Marine Acquisition

Built-up since 2005, CGGVeritas expertise on Wide Azimuth acquisition is well recognized. Despite a much higher cost, this type of acquisition is now widely used in the Gulf of Mexico especially for Data Library projects.

Efforts were also focused on enhancement in productivity, reliability and security of our operation at sea as well as Ocean Bottom systems: recording cables and nodes.

Land Acquisition

Following HPVA™ now commercially available technology, V1™ can bring considerable productivity gains in land acquisition operations. These gains enable us to massively increase acquisition density and therefore imaging quality for a reasonable cost.

In parallel, our Seismovie system continues to be improved with new pilots being installed on heavy oil reservoirs.

Processing and Imaging

Together with the integration of our Research and Development teams, the main focus is the convergence of the two software platforms previously used by CGG and Veritas. As early as 2009, CGGVeritas processing centers will use a common platform benefiting from the best features of the two existing software.

Concerning differentiating technologies, strong areas of focus for 2007 were wide azimuth data processing improvement as well as the continuous progresses in depth imaging illustrated the emergence of the newly developed Reverse Time Migration algorithm.

7. Quality & HSE

7.0 Introduction

This year was a year of transition following the combination of the two companies in January. Our activities centered on maintaining high standards of operational support and also on the completion of a number of activities associated with integration. In the last quarter of the year we conducted three separate surveys throughout the organization in order to benchmark our stakeholder's opinions, concerns and needs in the areas of Sustainable Development, Quality and Safety. We are faced with an increasingly complex world in which there are;

- More challenging work environments;
- Greater technical and operational complexity (Multi-azimuth, Wide-azimuth, Seabed, Electromagnetics);
- More demanding statutory requirements (marine mammals); and
- More pressing security concerns.

Highlights 2007

The QHSE highlights for 2007 were:

- CGGVeritas Group committed to Sustainable Development. The company officially joined the United Nations Global Compact in August;

- We designed an Integrated Management System, called PRISM, to support Sustainable Development concepts including QHSE and Security. Phase one of the system was beta tested during the year and it is ready for deployment in 2008. Subsequent phases will be developed over the next two years;

- We unified our statistical data and have posted our reactive statistical safety data on our website. We have also maintained support for operations, as evidenced by our good performance;

- We developed healthy taskforces to tackle a number of integration issues and set up a strong integration team that worked very efficiently;

- We have set up a Global Pool concept for QHSE support;

- We held a three day QHSE Global Forum in Houston for thirty QHSE professionals on the alignment of company's vision, values and mission.

7.1. Quality

The focus for Quality in 2007 was to continue to maintain ISO 9001 certification where it was already in place, and this was achieved. Additionally, initiatives were launched related to *End of Project Surveys*, *Client Satisfaction Surveys*, *Compliance Processes* and the *Simplification of Procedures*.

7.2. Health

A number of initiatives were progressed in the area of occupational health. Notable amongst them was a Vector Control program for malaria and other mosquito borne disease prevention; office based ergonomic assessments and flu prevention; risk assessment and control of hazardous substances including asbestos, Health Risk Assessments and issues around stress and fatigue in the workplace.

7.3. Safety

Safety performance as measured by reactive frequency rates improved this year. Our combined exposure hours for the year were 71.2 million hours. The Total Recordable Case Frequency (TRCF) per million exposure hours on a twelve month rolling basis is 3.07. Our Lost Time Injury Frequency Rate (LTIF) per million exposure hours is 0.41.

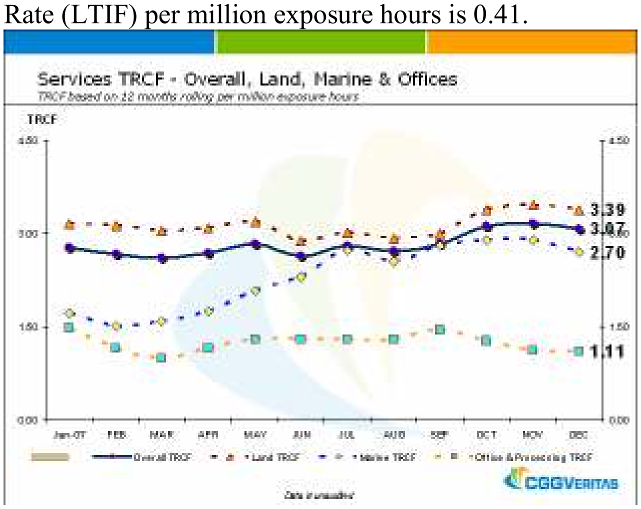


Figure 01: TRCF

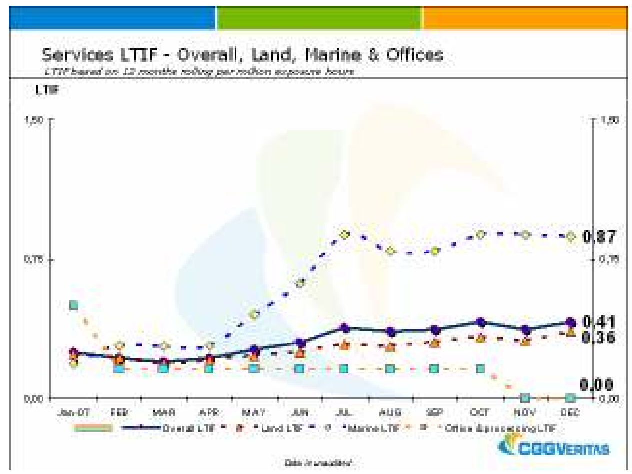


Figure 02: LTIF

The company recorded two fatalities during 2007; in Tunisia where an employee was poisoned by Carbon Monoxide generated from an enclosed gas heater while showering; in the United States where an employee died after an All Terrain Vehicle (ATV) rolled over and crushed him. Extensive and in depth root cause analyses were conducted on these tragic events with the intent of learning and implementing measures to prevent recurrence.

Transportation by road continued to be the activity with the highest risk profile and a shock program was launched in the land acquisition product line to raise awareness and also to ensure that internal standards and procedures were being followed. Additionally, a campaign to fit In Vehicle Monitoring Systems (IVMS) to all vehicles was initiated. This program will carry over into 2008.

In the area of road transport, CGGVeritas in Crawley UK, were recognized for achieving excellence by *Roadsafe* under the Prince Michael International Road Safety Awards (PMIRSA) at a ceremony held in November.

Extensive internal, external and cross auditing was conducted across all parts of the company with remedial and corrective actions identified. Proactive Key Performance Indicators (KPI's) were captured throughout the company to gauge progress towards meeting and exceeding goals and targets for QHSE.

CGG Veritas is an active and involved participant in the International Association of Geophysical Contractors (IAGC) board and subcommittees and a participant in a number of Oil and Gas Producers (OGP) workgroups.

7.4. Environment

The focus on the environment continues to grow. In 2007 the issues relative to the effect of sound on marine mammals were prominent and allowed increasing dialog and discussion with regulators; participation in a Joint Industry Program (JIP) to better understand these effects; participation in the IAGC Passive Acoustic Monitoring (PAM) project.

Detailed environmental reporting through the Nouvelles Régulations Economiques (NRE) and participation in the Carbon Disclosure Project were maintained in 2007.

7.5. Security

Security issues continue to become more prevalent and 2007 proved to be no exception to this trend. During the year continuous monitoring of areas with a high risk profile were maintained and preventive measures taken. For instance in Nigeria, we moved our employees from Port Harcourt to Lagos, to be safe from unrest in Niger delta. In some areas of Yemen, the security risk profile also deteriorated and a decision was taken not to recommence operations there.

7.6. Sustainable Development

Sustainable Development (SD) seeks to provide the best outcomes for the human and natural environments - both now and into the future. For us Sustainable Development represents the capacity to endure by:

- renewing assets and creating and delivering better services and products that meet the evolving need of society;
- attracting successive generations of employees;
- contributing to a sustainable environment; and
- retaining the trust and support of our customers, stakeholders involved in our activities.

Sustainable Development represents a way of operating which balances the three elements of;

- social progress;
- environmental protection; and
- economic development.

As a company we have publicly committed to the ten principles which support the United Nations Global Compact (UNGC). These principles are drawn from:

- the Universal Declaration of Human Rights;
- the International Labor Organization's Declaration on Fundamental Principles and Rights at Work;
- the Rio Declaration on Environment and Development
- the United Nations Convention Against Corruption.

We have committed to undertake actions to support the principals and also to publicly report actions in these areas and measure the extent of our actions through the applicable Global Reporting Initiatives (GRI) or similar.

8. FINANCIAL TRANSACTIONS CARRIED OUT BY THE GROUP DURING FISCAL YEAR 2007

- **Merger Agreement with Veritas DGC Inc.**

On September 4, 2006, Veritas DGC Inc. (hereinafter "Veritas"), the Company (named "CGG" at the time), Volnay Acquisition Co. I (hereinafter "Volnay I") and Volnay Acquisition Co. II (hereinafter "Volnay II"), both wholly owned subsidiary of CGG formed for the purpose of the transaction, entered into a Merger Agreement , under which CGG agreed to acquire all of the issued and outstanding shares of common stock of Veritas.

On January 12, 2007, pursuant to the terms of the merger agreement, Volnay I merged with and into Veritas with Veritas continuing as the surviving corporation, and immediately thereafter, Veritas merged with and into Volnay II with Volnay II continuing as the surviving corporation as a wholly owned subsidiary of CGG. Upon effectiveness of the merger, CGG changed its name to CGG Veritas and Volnay II changed its name to CGGVeritas Services Inc. (which is now named " CGGVeritas Services Holding (US) Inc.)

The stockholders of Veritas received, in the aggregate, consideration comprised of U.S.$1.5 billion in cash and 46.1 million ADSs of CGG Veritas, with each ADS representing one-fifth of an ordinary share. 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, according to the election for cash or stock expressed beforehand by each shareholder, U.S.$85.50 in cash or 2.0097 CGG Veritas ADS.

In connection with the merger, CGG Veritas issued 9,215,845 ordinary shares that were deposited with The Bank of New York Trust as ADS depository, which issued 46,079,225 ADSs to be paid as merger consideration to former holders of Veritas common stock.

On February 1, 2007, CGG Veritas issued 108,723 ordinary shares that were deposited with The Bank of New York as ADS depository, which issued 543,614 ADSs to a holder of $6.5 million in principal amount of Veritas' convertible senior notes due 2024 that delivered a conversion notice on January 19, 2007.

On March 1, 2007, CGG Veritas issued 301,079 ordinary shares that were deposited with The Bank of New York as ADS depository, which issued 1,505,393 ADSs to a holder of $18 million in principal amount of Veritas' convertible senior notes due 2024 that delivered a conversion notice on February 23, 2007.

We remind you that the transaction is described in the prospectus approved by the French market authority on December 7, 2006 and the prospectus F4 registered with the US Stock Exchange Commission on November 30, 2006.

- **U.S $ 1,140 billion Credit Facility dated January 12, 2007 as amended on January 26, 2007**

On January 12, 2007, CGGVeritas Services Holding (US) Inc. (formerly "Veritas DGC Inc.") ("Veritas"), and CGG Veritas entered into a senior secured credit agreement with Credit Suisse pursuant to which credit agreement CGGVeritas Services Holding (US) Inc. borrowed a U.S.$1.0 billion senior secured "term loan B" and obtained a U.S.$115 million senior secured U.S. revolving facility. Aggregate commitments under the U.S. revolving facility were increased to U.S.$140 million on January 26, 2007. This agreement will mature on January 12, 2012.

The U.S.$ 1.0 billion amount was borrowed under the "term loan B" and were used to (i) finance a portion of the cash component of the Veritas merger consideration, (ii) repay, as the case may be, certain existing debt of CGG Veritas and CGGVeritas Services Holding (US) Inc., and (iii) pay the fees and expenses incurred in connection with respect to (i) and (ii).

Proceeds of loans under the U.S. revolving facility of U.S.$ 140 million may be used for the general corporate purposes of CGGVeritas Services Holding (US) Inc..

The obligations of CGGVeritas Services Holding (US) Inc. under the senior facilities are guaranteed by CGG Veritas and certain subsidiaries including the former Veritas group subsidiaries. Shares of CGGVeritas Services Holding (US) Inc. and of certain of its first-tier subsidiaries are pledged as well as those of other first-tier subsidiaries of CGG Veritas. In addition, certain guarantors have provided 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 subsidiaries (most notably CGGVeritas Services Holding (US) Inc. and certain U.S. and Canadian subsidiaries), the collateral may comprise substantially all of their respective assets.

The interest rate applicable to the term loan facility is LIBOR + 200 bps. The interest rate applicable to the U.S. revolving facility of U.S.$ 140 million is LIBOR + 225 bps.

Pursuant to this agreement, the group is required to adhere to certain financial covenants including maximum ratio of total net debt to EBITDAS, and minimum ratio of EBITDAS less capital expenditures to total interest costs. Besides, the group is subject to affirmative and negative covenants that affect its ability, among other things, to borrow money, incur liens, dispose of assets and acquisitions and pay dividends or redeem shares.

- **<u>Revolving credit agreement of U.S. $ 200 millions dated February 7, 2007</u>**

On February 7, 2007, CGG Veritas entered into a US $200 million revolving credit agreement with a syndicate of banks with Natixis as facility agent in order to replace our previous U.S.$ 60 million revolving facility dated March 12, 2004 and cancelled on January 10, 2007. The proceeds of loans under this revolving facility will be used for general corporate purposes of CGG Veritas. This agreement will mature on January 12, 2012. The interest rate applicable to this agreement is LIBOR + 200 bps. The obligations of CGG Veritas pursuant to this agreement are secured by the same securities than those granted by CGG Veritas and its main subsidiaries under the senior facilities agreement of January 12, 2007.

The obligations of CGG Veritas and its subsidiaries as well as the securities granted pursuant to this agreement will rank pari passu with respect to payment rights with the obligations of CGGVeritas Services Holding (US) Inc. pursuant to the securities granted pursuant to the senior facilities agreement described hereinabove.

- **<u>Issue of an additional U.S.$ 200 million of CGG 7 ½% Senior Notes Due 2015</u>**

On February 9, 2007, CGG Veritas issued an additional U.S.$ 200 million of its 7 ½% Senior Notes due 2015 initially issued in April 2005 and January 2006. These notes are guaranteed by certain subsidiaries including certain former subsidiaries of the Veritas group which have, since January 12, 2007 been appointed as guarantors of the aggregate amount of CGG Veritas 7 ½% Senior Notes Due 2015. These notes were registered with the Security and Exchange Commission under the US Securities Act of 1933 and are listed in Luxemburg on the EUROMTF, a non-regulated market.

- **Issue of a U.S. $ 400 million Senior Notes due 2017 (7 ¾ Senior Notes due 2017)**

On February 9, 2007, the Company issued U.S.$ 400 million of 7 ¾ Senior Notes due 2017. These notes are guaranteed by certain subsidiaries including certain former subsidiaries of Veritas. These notes were registered with the Security and Exchange Commission under the US Securities Act of 1933 and are listed in Luxemburg on the EUROMTF, a non-regulated market.

The proceeds of these offerings were used to reimburse the U.S. $ 700 millions drawn under the bridge loan dated November 22, 2006.

- **Geomar**

Geomar is the subsidiary owned 49% by CGG Veritas and 51% by Louis Dreyfus Armateurs (“LDA”) that has owned the seismic vessel “Alizé” since March 29, 2007. On April 1, 2007, Geomar entered into a new charter agreement with LDA and LDA entered into a new charter agreement with CGG Services. Additionally, on April 10, 2007, CGG Services acquired a call right and LDA a put on the 51% stake of Geomar held by LDA. In light of the risks and benefits related to these new agreements for CGG Veritas, Geomar has been fully consolidated in CGG Veritas’ financial statements since April 1, 2007. Prior to that date, Geomar was accounted for under the equity method.

- **Cybernetix**

On June 27, 2007, Sercel Holding acquired 121,125 Cybernetix shares and since holds 352,125 Cybernetix shares representing voting rights for 32.01% of share capital and 26.57% of voting rights in this company. As of November 5, 2007, Sercel Holding increased its shareholding interest in Cybernetix for an additional amount of € 0.8 million and now owns 416,147 shares of the company, i.e. 32.2% of the share capital. As of June 30, 2007, Cybernetix is consolidated under equity method in CGG Veritas Group’s financial statements.

- **Agreements with Eidesvik for the supply of two seismic vessel to be newly built**

CGGVeritas and Eidesvik Offshore entered into an agreement on July 2, 2007 for the supply of two large seismic vessels to be newly built with a total contract value of US$ 420 million. These two vessels are key components of CGG Vertias’strategy of progressive fleet renewal and modernization. They will be of an extremely advanced specification based on the the most recent X-Bow™ of Ulstein Design AS. These vessels will be delivered in 2010 under 12-year time charter agreements.

- **Offshore Hydrocarbon Mapping plc (“OHM”)**

On July 17, 2007, the Group entered into a strategic operating alliance with OHM under which both companies agreed to jointly develop the business of Controlled Source Electromagnetic imaging ("CSEM") and capitalize on seismic and CSEM integration opportunities. Pursuant to the terms of the Alliance, CGG Veritas acquired 6,395,571 ordinary shares for a cash consideration of £15,349,370. On October 19, 2007 CGG Veritas acquired 80,695 additional shares for a cash consideration of £193,668.

- **Eastern Echo Plc (“Eastern Echo”)**

On November 12, 2007, the Group acquired 30,900,000 shares of Eastern Echo, a company registered in Cyprus and listed in Oslo (Norway), for a cash consideration of NOK 430.8 million (approximately US $ 80.7 million). On November 23, 2007, further the tender offer launched by Schlumberger BV on

November 16, the Group decided to tender all of its shares of Eastern Echo to Schlumberger BV, set at a price of NOK 15 per share.

9. PROSPECTS AND FORESEEABLE DEVELOPMENTS :

Geophysics market environment

Following several difficult years due to a sustained period of under-investment in the Exploration-Production sector, the geophysics market has been experiencing significant growth over the last three years built, in our view, on some solid foundations.

In 2004, both oil and gas market operators and major consumer countries became increasingly aware of the growing imbalance between hydrocarbon supply and demand. This was reflected in a very significant and continuous increase in energy prices, coupled with a widely held conviction that there would be a need to produce oil and gas in a sustained manner over the long term in order to meet global demand. In the case in point, the diagnosis is that the rates at which oil reserves are being replenished fall short of being able to replace, year on year, the quantities of sub-surface hydrocarbons extracted and consumed or to compensate for the natural depletion of reserves in the ground.

Hence, in the coming years, oil and gas prices are likely to remain high due to consumption-production pressure. The environment so created will encourage oil companies to explore new sources and develop reservoirs already in production in a streamlined and optimized manner over the long term. The need to discover new reserves and to seek to recover the quantities of oil and gas in place as carefully as possible is likely to lead to several years of high levels of investment in Exploration/Production and, by extension, to favorable long-term prospects for the geophysics market in 2008 and beyond.

This is a trend that has become firmly established since 2005. Exploration / Production investments have been showing annual growth in double digits and, according to International Energy Agency forecasts, will have to continue to increase by at least 10% per year in order to sustain annual consumption growth of 1.7%. At the same time, in terms of the geophysics market, there was a marked increase in demand of almost 20% in 2007 compared with 2006, and almost 40% in 2006 compared with 2005.

Outlook for CGGVeritas in 2008

Total backlog (Services and Equipments) amounted to US$ 1,780 million (US$ 1,340 million for Services and US$ 435 million for Equipments, excluding the Group's internal sales) on February 1, 2008.

In 2008, growth in the offshore data acquisition market is set to continue in terms of both volume and price. Multi-client data demand is also likely to remain high and, in the case in point, the Company's multi-client library, enhanced with wide-azimuth images, under the salt in the Gulf of Mexico, is well positioned for future sales, especially in the Gulf of Mexico and Brazil.

Today, the Group is the front runner amongst Offshore contractors and hence perfectly placed to take full advantage of the favorable market conditions.

- In terms of land data acquisition, demand is also showing strong growth, which should enable CGGVeritas to carry out highly technological studies under conditions that generate greater profits. The market is still characterized by increasing numbers of local players and the significant international presence of Chinese contractors. The environment remains favorable to further focus on regional development in both North America and the Middle-East via a policy of selected partnerships, as illustrated by the ARDISEIS joint-venture.

- The outlook for data processing in 2008 is likely to be even more favorable, with volumes rising due to an increased demand for seismic data. In the case of CGGVeritas, higher fleet capacity (which should lead to a higher volume of processing), a strong global presence, through open and dedicated centers, and an established reputation amongst clients are all factors that augur well for the healthy development of this business.

Furthering a commercial strategy based on improved customer service

CGGVeritas believes that closer relationship with customers, via a clearer understanding of their problems and requirements, is a way of making sure that it stands out from its competitors. It also gives it an edge when it comes to identifying commercial opportunities, ensuring a good fit of the services proposed, and for upstream management of product and technology development in line with customer demand.

The Group believes that its strategy is allowing it to make the most of a context in which the oil industry is tending to increase the share of external services. The quality of the services provided, along with sound management of health, safety and environmental factors, are pivotal when it comes to establishing a lasting relationship between client and service provider. The Group will continue to focus its strategy on improving and broadening the range of services to its customers.

CGGVeritas' customers increasingly seek integrated solutions to enable more accurate assessment of known reserves and improvement of oil and gas recovery rates in producing fields. CGGVeritas will further develop solutions based on a cross-functional approach, making it possible to integrate all the cutting-edge technologies developed in each area of expertise and adapt or upgrade them to meet the clients' issues.

This is the case with on-site permanent seismic facility projects, for example, which call on a range of skills, involving all the Group's areas of expertise.

2008 outlook and technological developments at CGGVeritas

The Group believes that, to stand out from the crowd in the future, it will be necessary to rely on advanced seismic data acquisition technologies, coupled with a constantly extended range of processing services, aimed both at improving the quality of seismic imaging and further reducing lead-times.

Consequently, CGGVeritas' strategy is to further consolidate its position as market leader in the following sectors:

- top-of-the-range innovative acquisition services and systems;
- data processing and reservoir services;
- production of land, offshore and submarine data acquisition equipment.

To this end, the Group plans to implement the following projects:

Furthering research programs based on improved imaging

On a technological level, the Group believes that by continuously improving the equipment and seismic data processing software developed by its teams, it will continue to be one of the leading suppliers of top-of-the-range seismic studies on land and offshore. Its research and development work will continue to focus on improving imaging in complex zones for exploration and on production seismics as a technology to characterize and monitor reservoirs. Lithological prediction (identification of rocky layers surrounding an oil and gas accumulation) and applications linked to description of reservoirs and their content, in particular 3D prestack depth imaging, sub-salt depth imaging ("Wide Azimuth"), multicomponents and 4D studies will continue to be developed.

Developing and improving land and offshore acquisition techniques

The Group believes that the growth in demand for geophysics services will continue to be linked to new technologies. The Group predicts that high-definition 3D studies, 3D multi-azimuth, 4D (adding time as the fourth dimension) studies and multi-component studies (3C or 4C) will play a key role in Exploration / Production, especially in the offshore sector.

Developing new generations of equipment and maintaining sustained R&D efforts at Sercel

The market for seismic equipment is expected to continue to grow significantly in 2008. For the land segment, the demand for seismic traces is likely to further increase, either from new teams setting up operations or as a result of renewals or extensions of existing operations. As for the offshore segment, this is set to grow significantly, due both to growth in the global fleet and the need to meet the requirements for streamer renewal, following years of under-investment in the industry. Sercel, today the uncontested leader in the manufacture of land and offshore geophysics equipment, is likely to take full advantage of such a favorable market environment. To consolidate its leading position and maintain a high level of innovation and expertise in all its technological sectors, Sercel will maintain its R&D investments in 2008, which are therefore likely to increase more than its turnover.

The quest for innovating new technologies going beyond seismics

Innovative solutions combining seismic and electromagnetic technologies:

The electromagnetic measures (EM) potentially offer a method for the detection of hydrocarbons, complementary to traditional seismic techniques. EM is firmly established in academic, geophysical circles but their commercial use is still in its infancy. Combination of different types of information is the key for extracting the greatest possible value from geophysical data. Recent studies have demonstrated the potential of combining two seismic and electromagnetic technologies, thus providing complementary information and, in particular, enabling quantitative measurement of the properties of rocks and fluids, such as permeability and hydrocarbon saturation. According to CGGVeritas, the combination of seismic data and electromagnetic measurements will be of significant assistance to oil companies when it comes to managing their reservoirs and improving recovery rates. Via a strategic partnership with Offshore Hydrocarbon Mapping plc ("OHM"), CGGVeritas is likely to rapidly penetrate and further develop its market, while at the same time significantly improving the Exploration-Production performance of clients thanks to the reinforced combination of seismic and electromagnetic imaging.

Innovative solutions for Sercel in emerging markets

Sercel is continuing to pave the way for the future, by constantly improving its existing products but at the same time launching new products available every year – such as Nautilus and SeaProNav in 2008 – and further conducting a proactive policy for developing future products, such as new-generation ocean bottom cables (OBCs) and sensors.

10. SIGNIFICANT EVENTS BETWEEN 2007 CLOSING DATE AND THE DATE OF THIS REPORT

On September 29, 2006, CGG Veritas, its subsidiary CGG Marine and five directors and officers of these entities were named as defendants before the *Tribunal de Grande Instance* of Evry in a lawsuit brought by one of the main labor unions representing CGG Veritas employees for violation of French labor laws. Procedural hearings were initially scheduled for December 2006 but were delayed several times until February 12, 2008. In the meantime a settlement was found with the trade union which had initiated the claim. The resulting settlement agreement was signed on January 17, 2008, by all trade unions represented in the group. The claim was subsequently withdrawn by the trade union and the prosecutor and the court accepted to close the case. This claim and the subsequent settlement agreement had no impact on the Company financial position or profitability.

11. CONSEQUENCES OF THE COMPANY'S BUSINESS ON LABOUR AND ENVIRONMENT:

Since January 1, 2007, the structure of the CGGVeritas Group includes CGG Veritas SA (the mother company), having its registered office at Tour Maine Montparnasse, 33 avenue du Maine, 75015 Paris, France, Sercel and the companies belonging to the Services segment of the Group.

As a consequence, the personnel appointed at CGG Veritas SA is employed by CGG Veritas SA, which belongs to the social and economic unit ("Unité Economique et Sociale" hereinafter referred to as the "UES") set up with its subsidiary CGG Services SA.

11.1 Consequences of the Company's business on labor:

11.1.1. Employment

As of December 31, 2007, the CGGVeritas Group had 8,123 employees of more than 50 different nationalities in more than 70 locations worldwide.

The CGGVeritas Group employed, 1,672 employees in France including 1,644 employed on a permanent basis and 28 on a temporary basis. Among these 1,672 employees, 61 were expatriates. CGG Veritas SA employed 38 permanent employees, 855 permanent employees and 14 on a temporary basis for CGG Services, 751 permanent employees and 14 employees on a temporary basis for Sercel.

This workforce is divided, in France, among the following categories:

	Employees as of December 31, 2007
Executives and engineers	52 %
Technicians	23 %
Workers/employees	25 %

In 2007 1,212 new employees joined the CGGVeritas Group worldwide and 440 left.

In France, 190 new employees were recruited, including 14 hired by CGG Veritas SA, 64 hired by CGG Services and 112 hired by Sercel on a permanent basis. Temporary assignments have been strictly used to compensate absences over a certain duration and temporary workload. At the end of 2007, the number of persons who left the CGGVeritas Group amounted to 97 in France, including 2 in CGG Veritas, 45 in CGG Services and 50 in Sercel.

In order to fulfil the needs for recruitment, the Group takes part to numerous events and keeps close connections with schools and universities that can provide the requested potentials. Within the framework of the merger, all processes and means dedicated to recruitment were revised. As of the end of January 2007 a joint process was implemented in order to coordinate the efforts of recruitment internationally. In addition a thorough revamp of the visual aids, the documentation and the portals giving access to the website was completed.

An internship and VIE/CIFRE contracts dynamic policy is also part of such voluntarist approach. In this scope 16 interns carried out internship periods exceeding 4 months.

11.1.2. Work Conditions

In France, CGG Veritas is governed by a specific collective bargaining agreement agreed upon with the workers' representatives. This agreement is common to the mother company and CGG Services within the UES. Sercel, which is excluded from the agreement, is governed by the collective bargaining agreement of the steel industry.

Duration of workdays is governed by an agreement to reduce working hours signed on August 27, 1999, implemented on a yearly-basis, by an agreement dated February 17, 2000. A specific account ("compte épargne temps") was simultaneously put in place in order to allow employees to save into such account the vacation days to which they are entitled as a result of the implementation of the reduction of working hours and/or as part of their legal annual paid vacation days. Similar processes related to the reform of working hours were implemented in Sercel on its French sites.

32 persons work part-time from 19:37 hours to 33:72 hours per week.

In 2007 absenteeism amounted to:

- CGG Veritas SA and CGG Services combined: 3.83% (excluding maternity leaves), including 2.96% for absences over 100 days
- Sercel: 2.77% (excluding maternity leaves), including 0.92% for absences over 100 days.

11.1.3 Gender equality

As of December 31, 2007, in France, the CGGVeritas Group employed 23% of women and 77% of men out of 1,672 employees.

In France, it is divided as follows:

- CGG Veritas : 16 women out of 38 employees
- CGG Services: 186 women out of 869 employees
- Sercel: 183 women out of 765 employees

11.1.4. Remuneration

The CGGVeritas Group, in line with its principles, intends to promote a global salary policy linked to the evolution of its results.

Salaries Revision in 2007

Salaries negotiations with workers' representatives in 2007, in the scope of the UES, led to the signature of an agreement on February 19, 2007 between CGG Veritas and two trade unions. This agreement led to salary increases amounting to 3.5% of the concerned gross salary mass including 2.5% granted on a general basis and 1% granted on an individual basis with a retroactive effect as of January 1, 2007.

In addition to these general and individual increases, three specific mechanisms were implemented in 2007:

- an increase in salaries for Marine prospectors, which varies depending on years of service;
- an increase in salaries within the framework of the gender equality mechanism, which applies to all women employees (executives excluded) with a minimum of 5 years of service;
- a revaluation of regimes governing duty calls and interventions.

In conformity with this agreement an exceptional bonus accounting for one-fourteenth of the annual salary with a maximum threshold of € 2,500 was paid to all employees of CGG Veritas SA et CGG Services SA.

In Sercel some salaries negotiations led to an agreement signed by two trade unions according to which salaries in France would be revised by 3.9% on a global basis.

Eventually, for the third consecutive year, a bonus linked to the performance was paid to all employees of the Services segment.

A new profit-sharing agreement for a three-year period as well as a derogatory incentive agreement were signed on June 30, 2007 between workers' representatives and the companies of the UES. This agreement allowed the companies to generate a provision with respect to profit-sharing in 2007.

In 2007 the agreements in force in Sercel continued to generate payments in respect of profit-sharing and incentive.

The additional company's savings plan (PEE) and collective retirement savings plan (PERCO) implemented in 2006 within the UES CGG Veritas and CGG Services (mother-company and Services) and in 2005 within Sercel were normally enforced in 2007.

Within CGG Veritas SA and CGG Services 504 employees subscribed to the PEE and 522 to the PERCO. In Sercel 595 employees subscribed to the PEE and 450 employees subscribed to the PERCO.

11.1.5. Professional relationships

In order to encourage information and dialogue, the UES has put in place, in France, representatives committees with which various formal meetings are held (Employees' representatives committee, workers' representatives, CHSCT, various commissions), some of which having resulted in the signature of certain agreements. A significant revision of the collective bargaining agreement was initiated in March 2006. The new collective bargaining agreement was signed on December 21, 2007. The provisions relating to severance indemnities, methods of remuneration, and death and disability were revised.

11.1.6. Training

Training policy, considering individual development and employee professionalization/qualification, is a significant and structuring pillar of the new Group. CGGVeritas University was reorganized in line with the Group orientations in order to better correspond to the new geographic permimeter of the Group and immediately meet the demands arising from the operational units. CGGVeritas University was thus strengthened in Houston and a new center CGGVeritas University was set up in Asia-Pacific, in Singapore. The premises of the CGGVeritas University center in France were expanded so as to meet the growing activity from Europe.

Over the past few months CGGVeritas University carried on its integration policy for new hires through the Georise program aimed at providing training with respect to the company's techniques and assisting new talents at the beginning of their carreer. In the meantime, CGGVeritas University implemented new programs in order to integrate the teams and techniques in 2007.

As a consequence the programs offered by CGGVeritas University evolved at several levels. A training module dedicated to sharing values within the new Group was created and implemented through a two-day seminar which fosters team gathering. The General Management is always present at the end of these seminars. The modules for managers were strengthened so as to better integrate culture diversity. Besides, priority was given to voluntarist programs with particular emphasis on financial security and QHSE training.

Assisting and professionalizing experts, as well as managers, is core to our training policy and a structured offer in this field will be implemented during 2008.

The concept of "Learning for Development" has been formalized and developed on the basis of a reaffirmed and shared vision. This idea meets the need and the desire to be trained and to train employees on an ongoing basis not only with respect to technologies but also to the environment. To this end the Group gathered the actions undertaken in-house for several years in the area of training and learning.

A total of 15,168 training days were offered within CGGVeritas University in 2007, including 2,767 training days dedicated to management programs, 11,463 training days dedicated to technical programs and 938 training days dedicated to specific health, security and environment programs.

In France, represented 5,695 training days including 3,829 within the Services segment and CGG Veritas and 1,866 within Sercel.

11.1.7. Health and Safety

Knowing risks is a key factor on work premises. All teams and premises are subject to rules issued by the Company and subject to frequent controls. 142 audits have thus being carried out in 2007 resulting in specific action plans. A member of the Executive Committee is more particularly in charge of all issues related to health & safety. He is assisted by several managers within each product line and works closely with a doctor more specifically in charge of medical and health issues (professional illnesses, epidemiology, anticipation of health risks abroad...)

In France, member companies of the UES organized 4 ordinary meetings of the Hygiene, Safety and Work Conditions Committee ("CHSCT") in 2007 and 1 extraordinary meeting dedicated to the review of the 2006 HSE annual report.

Anti-smoking Group policy continued in 2007 through ongoing efforts to help voluntary employees stop smoking. Additionally prevention campaigns against pandemics, particularly against avian flu, were brought to the attention of the employees.

11.1.8. Sustainable development - PRISM

In all countries where they work, CGG Veritas and its subsidiaries make sure they comply with local regulation, protect the ecological environment by not polluting as a result of their facilities and help local development by putting its infrastructures at the disposal of the communities at the end of their operations, when they are so requested.

In all times, for all sites, located out of France, the CGGVeritas Group has recruited local staff. Thus, CGG Services employs, within its land crews, local employees, recruited for the duration of operation, in accordance with local regulation. CGG trains these employees, especially on hygiene and security matters, in accordance with its own internal standards, even though they might be more stringent than local regulations.

Similarly, Sercel, having permanent locations in France, the United States, Canada, Australia, United Kingdom, Singapore and China, does not usually expatriate its French employees and employs mostly local work force. In this scope, Sercel has a strong policy of industrial know-how sharing among each of these sites and their staff.

All these initiatives are part of the PRISM program on sustainable development of the new CGGVeritas Group.

11.1.9. <u>Sub-contracting</u>

Within the CGGVeritas Group, Sercel most particularly uses sub-contractors. Indeed, its main manufacturing sites, in France, Australia and in the United States, sub-contract part of their manufacturing business to local manufacturers chosen according to various objective standards and most particularly their quality and strong financial condition. Sercel general policy is to prevent such sub-contractors to sub-contract all or part of the business they have been entrusted with, without Sercel's agreement thus permitting some control. In addition, Sercel has developed contractual practices in France for example, where provisions have been included in standard contracts to ensure compliance with law N° 91-1383 reinforcing protection against illicit employment.

For its services business, CGGVeritas Group policy is not to use subcontractors to perform part or all of its core business unless in exceptional cases when no internal resources are available. Subcontractors are solely used to provide the CGGVeritas Group with the means necessary to the performance of its activities (transportation by helicopter, radio-positioning, barges for its shallow water activities…).

11.2. <u>Consequences of the Company's business on environment:</u>

CGGVeritas, as a global participant in the oilfield services industry, recognizes that concern for the environment and the quality of life is an integral and fundamental part of the way in which we conduct our business. Our public commitment defined within our environmental policy, means that we are committed to reduce our environmental footprint and to strive to continually improve our environmental performance.

CGGVeritas is committed to participating in sustainable development initiatives by helping to protect the environment and to complying fully with all applicable environmental regulations in the countries in which we operate throughout the world.

CGG Veritas sites in France and Europe, in the Services activity, are mostly administrative buildings and do not generate any specific environmental risks. CGG Veritas stores in dedicated premises calibration sources having a weak level of radioactivity for borehole measurements. The radioactivity level is regularly measured and is not dangerous for the employees.

Sites of Sercel, located in Nantes and Saint-Gaudens, are included in the category of "classified sites" subject to authorization or notification requirements since they have to implement some electronic and mechanical manufacturing processes. Saint-Gaudens is subject to authorization and Nantes to notification requirements. They are consequently subject to regular controls by administrative agencies having jurisdiction over air or water pollution risks. As of today, Sercel has never been notified as being non-compliant. The environment impact study for Sercel's site in Saint Gaudens when updating its current authorization status confirmed that the site's activity did not present any major risks for the environment. Surfacing and painting workshops as implemented in Saint Gaudens are equipped in accordance with applicable regulation to avoid noxious effects of the products used and fire risks.

Manufacturing or repair sites located abroad (USA, Canada, Singapore, England, Australia, China, Russia) see that time frame set forth by local regulations are complied with. Thus, when Mark Products business was acquired, in September 2000, from Shaw Cor, the due diligence processes prior to acquisition revealed that underground of the Fallstone site in Houston (Texas) was suffering from a minor pollution due to the discharge of chemical products. Consequently, Sercel agreed with Shaw Cor that the latter would keep the ownership of this land and restore the land at its own expenses. The purification processes were carried out under the control of the Texas Commission on Environmental Quality which has issued a compliance certificate on April 16, 2007 attesting that the purification process has been satisfactorily carried out. As a result of the issuance of such compliance certificate, title to the Fallstone site was transferred to Sercel.

Our seismic data acquisition operations are segmented into two distinct activities:

Marine Acquisition

During 2007 our maritime fleet operated in diverse waters such as the Gulf of Mexico, the Santos Basin in Brazil, the North Sea, the Mediterranean, the Gulf of Guinea, the north west shelf of Australia, the Bay of Bengal and the Andaman sea. Additionally we operated throughout Asia including the Sulu, Celebes and Timor seas, offshore Philippines, Malaysia and Borneo.

Our seabed activities took place in Malaysia.

Land and Shallow water acquisition

Our Land activities were focused in Canada and North America, Alaska, Venezuela, Thailand, Papua New Guinea, Saudi Arabia, Oman, Egypt, Tunisia, Libya, Gabon and Spain.

Our shallow water and transition zone data acquisition activities were carried out in the Caspian Sea, Tunisia and Indonesia.

Our main international activities have a limited impact on the environment and do not create significant environmental hazards or risks. We continuously monitor and accurately report environmental impacts, however slight, of our activities.

11.2.1. <u>Water, raw materials and energy consumption</u>:

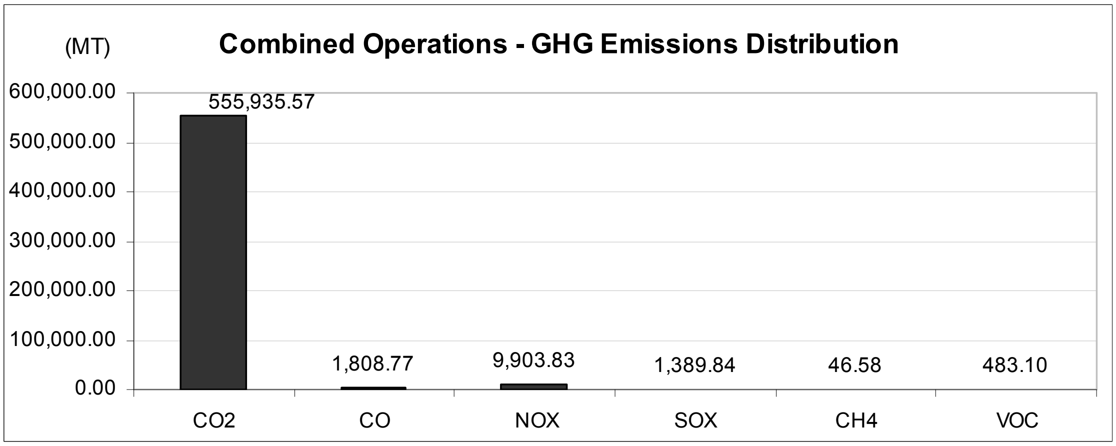
Greenhouse Gas Emissions

CGGVeritas reporting of the quantity of CO_2e[2] emissions will encompass our onshore and offshore operations combined. Emissions are reported in metric ton (M/T). The quantities submitted are direct emissions on a global scale.

The 2007 the total quantity of CO_2e emissions represented 555,689.76 M/T. Marine operations accounted for 87.35% of the total emissions while land operations represented 12.65%. 95% of land emissions are generated by diesel powered engines.

[2] **Carbon dioxide equivalent**, **CO_2e**, is an internationally accepted measure that expresses the amount of global warming of greenhouse gases (GHGs) in terms of the amount of carbon dioxide (CO_2) that would have the same global warming potential. Examples of such GHGs are methane, perfluorocarbons and nitrous oxide.

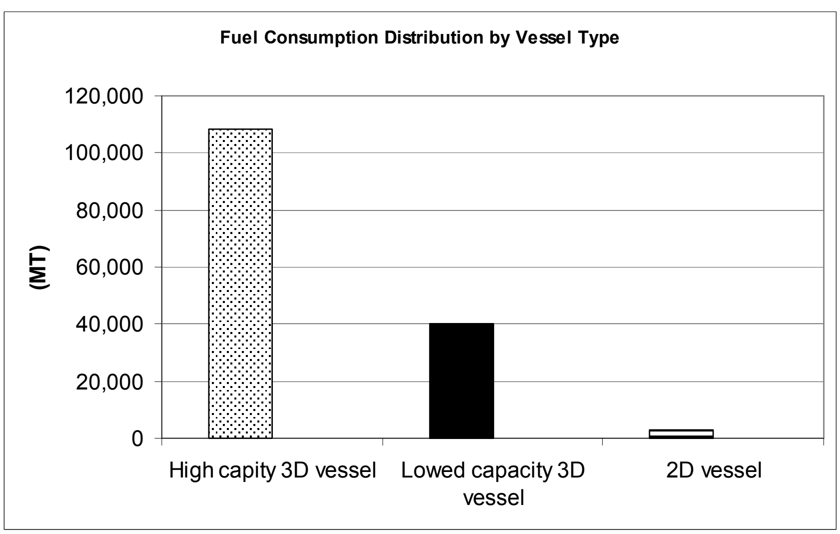
GHG direct emissions of Marine and Land acquisition combined



Total Combined GHG emissions			Year 2007
Total GHG emissions:			**569,567.56 M/T**
CHG	Qty (M/T)	GHG	Qty (M/T)
CO_2	555,689.76	**SO_X**	1,389.22
CO	1,808.15	**CH_4**	46.36
NO_X	9,858.62	**VOC**	482.91

GHG emissions sources from combined operations

Marine – Emission source	Qty (M/T)	**Land – Emission source**	Qty (M/T)
Vessels using MDO fuel	146,931.30	Diesel powered engines	21,084.39
Vessels using HFO fuel	4,529.25	Gasoline powered engines	964.37
Incinerators	479.84	Incinerators	0.91



Marine acquisition - GHG emissions

Marine operations				Period	Year 2007
CHG - (M/T)	Total Quantity	Vessels	Emission factor	Incinerators	Emission factor
CO_2	**485,378.16**	484,673.76	3.2	704.40	1.468
CO	**1,213.45**	1,211.68	0.008	1.76	0.00367
NO_X	**9,065.73**	8,936.17	0.059	129.56	0.27
SO_X	**1,213.45**	1,211.68	0.008	1.76	0.00367
CH_4	**41.50**	40.89	0.00027	0.61	0.001268
VOC	**364.03**	363.51	0.0024	0.53	0.0011
Total	**497,276.31**	**496,437.70**		**838.61**	

Land acquisition - GHG emissions

Land operations				Period	Year 2007
CHG	Total Qty (MT)	Transportation	Emission factor	Incinerators	Emission factor
CO_2	**70,557.41**	70,556.07	3.2	1.34	1.468
CO	**595.32**	595.32	0.027	0.00	0.00367
NO_X	**838.10**	837.85	0.038	0.25	0.27
SO_X	**176.39**	176.39	0.008	0.00	0.00367
CH_4	**5.07**	5.07	0.00023	0.00	0.001268
VOC	**119.06**	119.06	0.0054	0.00	0.0011
Total	**72,291.36**	**72,289.76**		**1.59**	

Water consumption

Water consumption for the land crews operating in isolated locations (desert, jungle…) amounts to 203,607 m^3. Data relating to crews operating in urban areas are not included.

For the offshore operations, water consumptions tracking falls under the responsibility of vessel maritime crews are not consolidated at this stage.

Management of black and grey waters

Black and grey waters generated by the land crews in isolated locations are treated on site, either directly (11%) or though a specialised sub-contractor (89%).

Management of used waters	**Qty (m^3)**
onsite treatment - Dispersion	**10,129**
offsite treatment (facilities)	**79,067**

Vessels are equipped with permanent water treatment units. Data relating to the quantity of water discharged managed by vessel maritime crews are not consolidated.

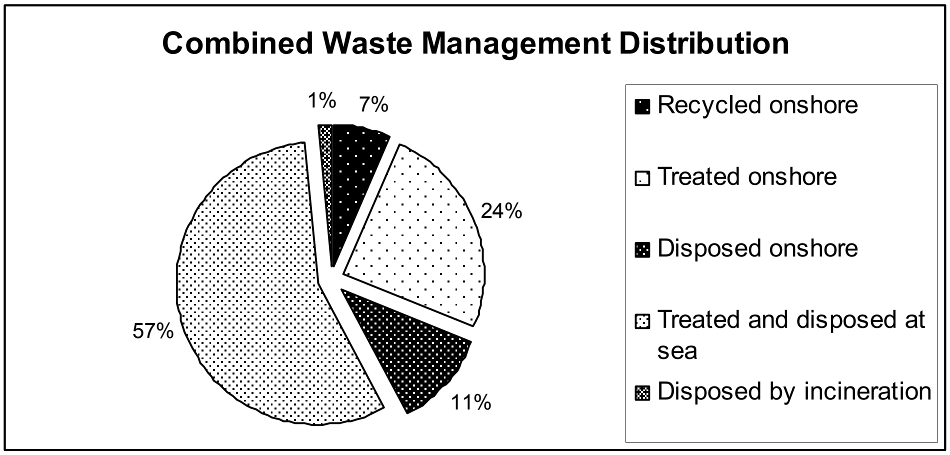
Waste Management

Product use and disposal

Everywhere we operate, on our vessels and land crews, we have implemented a waste management system. It prioritizes the management of waste according to the following hierarchy: waste reductions, reuse, recycle, treat or dispose to certified facilities and dispose by incineration. It must be noted that our operations, especially in land, often take place in remote location and in areas where certified facilities for waste treatment or disposal are not available.

Waste management distribution

Overall operations Waste Management Distribution			Year 2007
			M/T
Recycled onshore	2,328.32	Disposed (at sea / buried)	19,523.49
Treated onshore	8,480.01	Disposed by incineration	480.75
Disposed onshore	3,869.11		



Incidents and Spills

Land acquisition

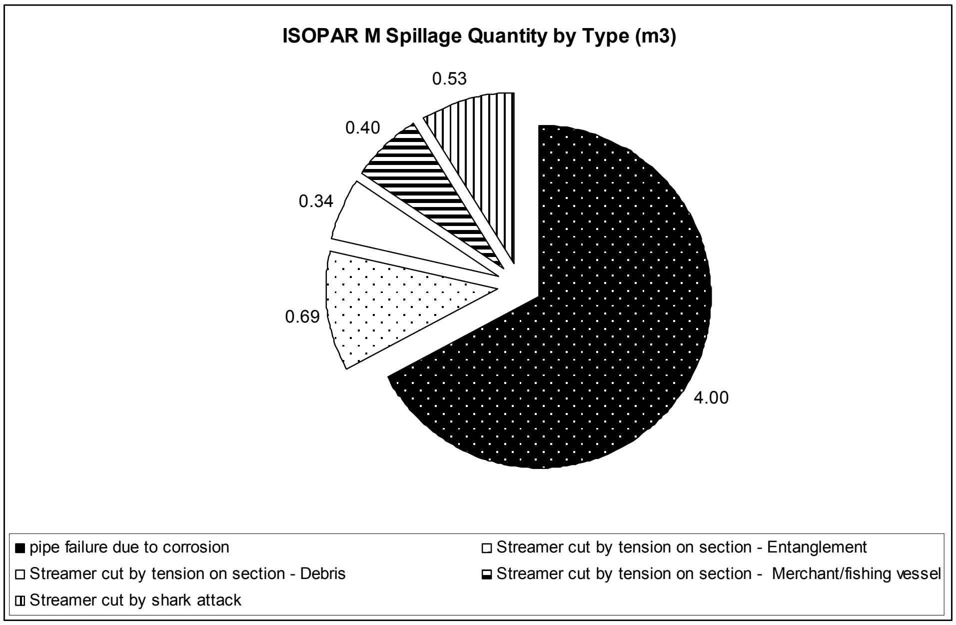
On land, all our environmental incidents were negligible, resulting in a low environmental impact with temporary effect on the natural environment. Most of our incidents occurred during fuel handling activities. As part of our standard practices, 100% of our spillage was completely cleaned up and contaminated ground was sent to proper facilities for treatment and disposal.

Land Acquisition Spill Distribution (m3)		Total:	1.12 (m3)
Diesel fuel	0.5	Engine oil	0.13
Aviation fuel	0.05	Hydraulic oil	0.39
Antifreeze	0.05		

Marine acquisition

In marine, our environmental incidents were also negligible except for one incident. Our accidental spills occurred during bunkering activities (tank overflow), hydraulic pressure hose failure, and hydrocarbon fluid streamers damaged by entanglement, floating debris, third party vessels and shark attacks. One incident due to pipe corrosion resulted in a short-term minor environmental impact (4 cubic meters of ISOPAR M). Tests conducted by TECAM – TECNOLOGIA AMBIENTAL LTDA laboratory in 1999 on the ISOPAR M biodegradability in marine water environment indicated quick product degradation completed in approximately 8 days of exposure.

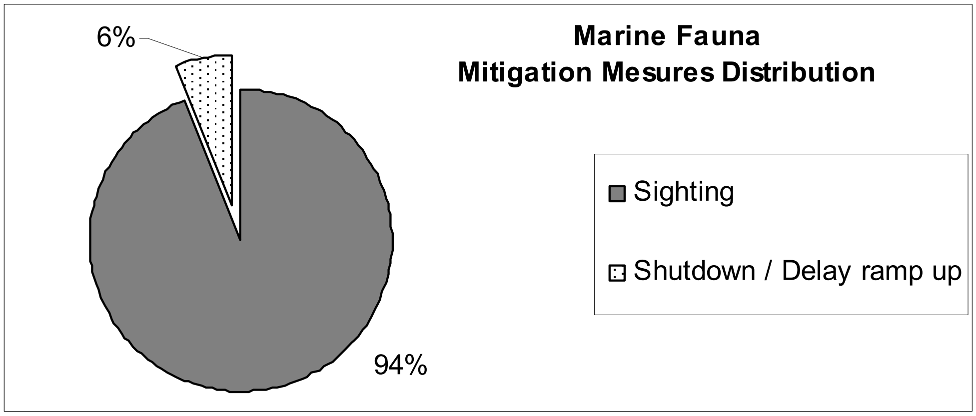
Marine Acquisition Spill Distribution (m3)			Total:	8.59 (m3)
Marine Diesel Oil (MDO)	1.40	Grey Water		0.02
Hydraulic oil	0.44	ISOPAR M		6.16
Engine oil	0.57			



11.2.2. Measures taken to limit impacts on natural environment, protected animal and plant species :

Biodiversity loss due to competing land use or marine ecosystems disturbance is a global environmental challenge our society is facing today. We recognize the importance of protecting biodiversity, especially when operating in sensitive environments. This year, CGGVeritas joined the International Petroleum Industry Environmental Conservation Association Biodiversity Working Group (IPIECA - BDWG) to collectively engage with our clients in developing tools to better assess and manage biodiversity in our operations. In marine acquisition for example, monitoring protected species is part of our daily duties. Onboard dedicated marine fauna observers insure compliance with applicable regulations stipulated by the country or specific region our vessels operate. In 2007, 1,348 marine mammal and sea turtle sightings were recorded during our seismic survey acquisitions around the world. These sightings generated 84 delayed energy source ramp-up and shutdowns as part of required mitigation measures. These measures allow sufficient time for the animals to leave the immediate vicinity of our operation. It must be noted that ramp-up procedures also called soft-start are used as a standard practice to warn marine mammals and sea turtles of our presence before seismic surveying can begin.

Marine fauna mitigation measures summary			Year 2007
Total of sightings:			1,348
Delay ram-up and shutdown	84	Operational downtime	107 hours 5 minutes



Scientific research continues to improve our understanding of climate change and how it responds to human activities. One major emerging environmental challenge faced by society is the reduction of greenhouse gas (GHG) emissions. As a good corporate citizen, CGGVeritas continually looks for innovative ways to minimize emissions through better operating practices and technological innovations.

Operating Best Practices

Onshore, we are committed, when ever possible, to use diesel technology over gasoline to deliver better fuel economy and less GHG emissions. Today, 95% of our vehicles fleet uses diesel engines. In house on site mechanics ensure proper engine maintenance. Each driver is accountable for his or her vehicle and must conduct a documented daily vehicle inspection.

Offshore, our fleet is composed of twelve high capacity 3D, six lower capacity 3D and two 2D acquisition vessels. Together with our fleet managers, the company has implemented a control process to ensure full compliance of our fleet with MARPOL Annex VI of the international convention on the prevention of pollution from ships which regulates NO_X, SO and CO_2 for new vessels built or modified beginning in 2000.

Our vessels exclusively use marine diesel oil (MDO) with the exception of one 3D vessel with consume a combination of marine diesel oil (MDO) and heavy fuel oil (HFO). The significant advantage of using MDO over HFO is the higher heat value of diesel oil means lower fuel consumption. The typical heat value for MDO is about 42 MJ/kg and for HFO it is about 40 MJ/kg, a difference that in theory represents a reduction in fuel consumption of 5%. Furthermore, diesel oil properties with a lower viscosity and less particle content signifies less friction in the engine's moving parts, which in turn leads to reduced fuel consumption. In addition, our ship-owners warranty that their ships comply with the MARPOL conventions.

Reporting Aspect

Using our integrated Environmental Management system, CGGVeritas assesses its emissions in accordance with the International Oil and Gas Producers (OGP) guidelines and the United Kingdom Offshore Operators Association (UKOOA) Guidelines. In addition, we report on our emissions data for the Carbon Disclosure Project (CDP). Finally, the methodology used for reporting meets the reporting criteria set by the GHG protocol.

Emergency Preparedness and Response

In line with our integrated QHSE Management System, all of our operational sites have Emergency Response Plans (ERP) in place to deal with a wide range of possible emergency scenarios, such as; oil spill, fire and helicopter emergency landing. These plans are tested periodically in drills to ensure their effectiveness throughout the duration of each project. For example, on average every three days a pollution drill is conducted on one of our twenty vessels.

Emergency Preparedness			**Year 2007**
Marine Acquisition		**Land acquisition**	
Pollution drills	**122**	Pollution drills	**39**
Fire drills	**445**	Fire drills	**221**

Technological initiatives

Currently 60% of our marine fleet is equipped with solid streamer technology while the remaining vessels use fluid filled streamers containing ISOPAR M. This is the highest percentage within industry in line CGGVeritas efforts to improve environmental performance. We plan to increase our solid streamer fleet capacity. All high capacity 3D vessels (12) should be equipped with solid streamers by 2009.

11.2.3. Steps taken for an evaluation and certification of the group regarding environment:

No steps have currently been taken for the certification of our group regarding environment, however our operations are compliant with ISO 14001 standards.

11.2.4. Measures taken to ensure, if necessary, compliance of the company's activities with applicable laws and regulations

The majority of our operations are subject to an impact assessment carried out by our customers in accordance with local regulation before our work starts. Experts representing local authorities visit our sites when we are operating. Finally, when operations are over, our sites are restored.

As stated in our environmental policy, we undertake the following:

- Conduct project specific environmental risk assessments, consistent with IS0 14000 standards, to identify actual and potential environmental impacts and assess their significance;
- Where significant impacts potentially exist, develop, implement and maintain, in conjunction with appropriate authorities, a project specific environmental management plan;
- Develop emergency response plans for potential environmental incidents to mitigate environmental impact;
- Measure environmental performance throughout the life cycle of each project.

11.2.5. Committed expenses in order to prevent the consequences of the company's activities on environment

Technological Innovations

After an investment of US$420M, in 2010 CGGVeritas plans to introduce two new vessels based on the Ulstein X-Bow® design which will have the lowest possible impact on the environment of any seismic vessel in existence. The new vessels will have a “**CLEAN**” designation from DET NORSKE

VERITAS (DNV) and will comply with requirements for controlling and limiting operational emissions as well as reducing fuel consumption.

11.2.6. Dedicated HSE organization to manage environment, training and information of the employees on environment, means dedicated to the reduction of risks for the environment as well as the organization put in place in order to face pollution accidents having an impact beyond the company's locations

The Group has a dedicated HSE organization with a centralized pool and dedicated HSE resources for business lines and product lines. A full-time Environment manager is dedicated to the implementation and development of the CGGVeritas Environment Policy.

Such policy which is largely circulated emphasizes the necessity to recognize and manage the environmental risk, to be complaint with laws and regulations and to train all parties involved in the environment stakes.

Sound and marine life research initiatives

CGGVeritas is an active participant of the International Association of Oil and Gas Producers Joint Industry Program (OGP JIP) **- E&P Sound and Marine Life Program**. *"The overarching objective of the joint industry program is to identify specific, operationally focused questions that relate to the effects of sound generated by the offshore E&P industry on marine life and to pursue a research program that will test scientific hypotheses and produce the data needed to address these questions". (OGP JIP website)*

The program objective consists of four parts:

1. Afford a more comprehensive understanding of the potential environmental risk(s) from oil and gas operations,
2. Inform and update public decision makers, and regulatory development processes that affect our operations globally,
3. Determine the basis for mitigation measures that are protective of marine life, cost effective, and credible with outside stakeholders, and
4. Feed into planning for efficient and environmentally protective E & P project development.

Experts from CGGVeritas contributed in the following research projects:

Marine Energy Source Characterization

The objective of this research is to better define the output from marine energy sources and how the sound produced by these energy sources propagates. Research output will include models that will be used to assess exposure for specific species. These models have the potential to enhance project risk assessment.

Passive Acoustic Monitoring – Detection, Classification and Localization

Passive Acoustic Monitoring (PAM) offers the potential of being able to detect, determine the species group and estimate the location of vocalizing marine mammals. Increasingly such devices are required when conducting a marine seismic survey. Data is collected and analyzed in real-time to monitor an exclusion zone (a pre-determined area around the energy source that requires an energy source shutdown or power-down each time a protected species enter this area). It is also an important monitoring tool, which is increasingly used for research purposes, such as long term monitoring of animal distribution and abundance.

However, current PAM technology requires further development in order to improve its effectiveness and reliability as a monitoring tool. A research program is being undertaken to further develop methods of detection, classification and localization (DCL) that will allow, from a moving vessel, real-time detection, identification and localization of vocalizing marine mammals.

Marine Mammals Observers Data Analysis

A frequent monitoring method employed during marine seismic surveys is the use of Marine Mammal Observers (MMOs). MMOs document sightings of marine mammals and other marine life in the vicinity of our operations and alert the vessel operators to the presence of mammals of interest. The focus of this research project is the analysis of data collected by MMOs, along with other operational data. These data may provide additional insight related to marine mammal distribution abundance, movement and habitat utilization activity (baseline or life-history data) and their reaction to anthropogenic activities.

Behavioral Reactions of Marine Life and Biological Significance

Research in this area is designed to understand behavioral responses of marine life to seismic sound sources, and how these relate to biological significance. Results from these studies have the potential to improve project risk assessment.

11.2.7. Provision for environmental risks - indemnification paid in 2006 as a consequence of a court decision on environmental matters

Neither CGGVeritas nor its subsidiaries have created some specific provision for environmental risks and are subject to judicial or administrative procedure in this respect. No indemnification had to be paid in 2007 by CGGVeritas pursuant to a court decision on environmental matters.

11.2.8. Objectives assigned by the company to its foreign subsidiaries with respect to the items listed above.

The items listed above apply to all our subsidiaries worldwide and to our subcontractors, the HSE objectives being applied though all our business and product lines, independently from legal entities.

12. BOARD OF DIRECTORS AND GENERAL MANAGEMENT

12.1. Board of Directors

12.1.1 Members of the Board of Directors on the date of drafting of this report

Name	Age	Positions	Initially appointed	Term expires
Robert BRUNCK(2) (4)	58	Chairman and Chief Executive Officer	May 20, 1999 (director since September 9, 1998)	2008 General Meeting(*)
Yves LESAGE(1) (4)	70	Honorary Chairman and Director	September 29, 1988	2009 General Meeting
Olivier APPERT (2) (3)	58	Director	May 15, 2003	2008 General Meeting(*)
Loren CARROLL (1) ***(independent director)***	64	Director	January 12, 2007	2013 General Meeting
Rémi DORVAL (1)(3) ***(independent director)***	57	Director	March 8, 2005	2010 General Meeting
Jean DUNAND(1) ***(independent director)***	68	Director	September 8, 1999	2013 General Meeting
Christian MARBACH(2)	70	Director	June 21, 1995	2013 General Meeting
Thierry PILENKO (4)	50	Director	January 12, 2007	2013 General Meeting
Robert F. SEMMENS(2) (3) ***(independent director)***	50	Director	December 13, 1999	2011 General Meeting
Daniel VALOT(1) ***(independent director)***	63	Director	March 14, 2001	2012 General Meeting
Terence YOUNG (4) ***(independent director)***	61	Director	January 12, 2007	2013 General Meeting
David WORK (3) ***(independent director)***	62	Director	January 12, 2007	2013 General Meeting

(1) member of the Audit Committee
(2) member of the Strategic Committee
(3) member of the Appointment & Remuneration Committee
(4) member of the Technology Committee
(*) the renewal of this office will be submitted to the approval of general meeting of shareholders of April 29, 2008

The conditions of preparation and organization of the meeting of the Board of Directors are detailed in the report of the Chairman appended to the present annual management report.

12.1.2. Other positions held by the directors on December 31, 2007

Mr Robert Brunck (number of securities owned: 20,078)
Chairman and Chief Executive Officer

Positions within the Group:

- Chaiman of the Supervisory Board of Sercel Holding
- Chairman of the Board of Directors of CGG Americas Inc.

Positions held in other companies*:*

- Director of Thalès
- Director of the French Institute for Petroleum (IFP)
- Chairman of the Association pour la Recherche et le développement des Méthodes et Processus industriels (Armines)
- Director of the “Ecole Nationale Supérieure de Géologie”(ENSG)
- Director of the "Bureau de Recherches Géologiques et Minières" (BRGM)
- Director of the "Conservatoire National des Arts et Métiers" (CNAM)
- Director of the "Groupement des Entreprises Parapétrolières et Paragazières" (GEP)

Mr Yves Lesage (number of securities owned: 1,222)
Director and Honorary Chairman

Positions within the group: None
Positions held in other companies: *None*

Mr Olivier Appert (number of securities owned: 136)
Director

Positions within the Group: None

Positions held in other companies*:*

- Chairman and Chief Executive Officer of the French Institute for Petroleum (IFP)
- Director of Technip
- Director of the "Institut de Physique du Globe de Paris" (IPGP)

Mr Rémi Dorval (number of securities owned: 107)
Director

Positions within the Group: None

Positions held in other companies*:*

- Director of Soletanche S.A.
- Vice Chairman and Chief Executive Officer of Soletanche Bachy Entreprise
- Director, Vice Chairman and President of Soletanche Bachy France
- Chairman of Forasol
- Director, Chairman and Chief Executive Officer of Sol Data
- Director of Solmarine
- Director of SHPI
- Director of Sol-Expert International
- Director of Sepicos Perfosol
- Representative of Soletanche Bachy France in the economic group SB Mat
- Director of Soletanche Bachy GmbH
- Director of Bachy Soletanche Holdings
- Chairman of SB 2007
- Director of SBUSA
- Director of Soldata Iberia
- Director of Nicholson

Mr Jean Dunand (number of securities owned: 750)
Director

Positions within the Group: None
Positions held in other companies: None

Mr Christian Marbach (number of securities owned: 130)
Director

Positions within the Group: None

Positions held in other companies:

- Member of the Supervisory Board of Lagardère
- Supervisor of Sofinnova

Mr Robert F. Semmens (number of securities owned: 1,406 ordinary shares and 1,406 ADS)
Director

Positions within the Group: Member of the Supervisory Board of Sercel Holding

Positions held in other companies:

- Director of MicroPharma Limited
- Member of the Advisory Board of Mao Networks, Inc

Mr Daniel Valot (number of securities owned: 388)
Director

Positions within the Group: None

Positions held in other companies:

- Director of SCOR
- Director of Petrocanada

Mr Loren Carroll (number of securities owned: 500 ADS)

Positions within the Group: None

Positions held in other companies:

- Director of Smith International Inc.
- Director of Fleetwood Enterprises Inc.
- Director of Forest Oil Corporation
- Director of KBR Inc.

Mr Thierry Pilenko (number of securities owned: 1,790 ADS)

Positions within the Group: None

Positions held in other companies:

- Chairman and Chief Executive Officer of Technip
- Permanent Representative of Technip at the Board of Directors of Technip France
- Chairman of Technip Italy
- Director of Hercules Offshore Inc.

Mr David Work (number of securities owned: 500 ADS)

Positions within the Group: None

***Positions held in other companies**:*
- Director of Edge Petroleum Corporation
- Chairman and Director of Crysta Tech Inc.

Mr Terence Young (number of securities owned: 500 ADS)

Positions within the Group: None
Positions in other companies: None

12.2 General Management

12.2.1 President ("Directeurs Généraux Délégués")

Nom	Age	Position	Date of appointment	Term expires
Thierry LE ROUX	54	Group President, Chief Operating Officer	September 7, 2005	2008 General Meeting

Christophe PETTENATI-AUZIERE, President, Geophysical Services since September 5, 2007 left his position on December 6, 2007.

12.2.2 Other positions held by the President on December 31, 2007

Mr Thierry LE ROUX (number of securities owned: 318)

***Positions within the Group**:*

- 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
- Vice-Chairman and member of the Supervisory Board of Sercel Holding
- Director of CGG Americas Inc.
- Chairman of the Board of Sercel England
- Director of Sercel Singapore Private Ltd.
- Director of CGGVeritas Services Holding (U.S.) Inc.
- Chairman of the Board of CGG Services SA

***Positions held in other companies**:*
- Director of INT. Inc.
- Director of Cybernetix SA
- Chairman of the Supervisory Board of Tronic's Microsystems S.A.

12.3. Allocation of the Directors' compensation

In February 2008, the company paid an aggregate amount of €580,000 to the members of its Board for fiscal year 2007. This amount is divided into a fixed and variable component on the basis of two-thirds function, one-third presence as follows:

The fixed component is calculated on the basis of one share for each Director. The members of the Audit Committee receive 1¼ additional shares whilst the members of the Strategic Committee, the Nominations and Remuneration Committee and the Technology Committee receive one additional share each.

The variable component is calculated on the basis of one share for each meeting of the Board and the Committees Directors attended with a coefficient of 1.5 for Committee Chairs. In the event of certain committees meeting at the same time, Directors serving on more than one committee would only be considered to have attended one meeting. In such a case, the members of the Audit Committee who also served on another committee would be paid for attending the meeting of the Audit Committee.

Each Director residing outside Europe receives an additional amount of € 20,000.

The table below sets forth the amount paid for fiscal year 2007 to each CGG Veritas director by the company and/or by its subsidiaries.

Name	**Amount paid to CGG Veritas directors by the company or one of its subsidiaries for fiscal year 2007**
Robert BRUNCK (*)	€50,038.81
Olivier APPERT	€48,889.39
Loren CARROLL	€55,728.75
Rémi DORVAL	€52,519.56
Jean DUNAND	€43,016.40
Yves LESAGE	€51,753.28
Christian MARBACH	€33,639.09
Thierry PILENKO(**)	€28,659.47 USD 70,000 (**)
Robert F. SEMMENS	€75,831.80 paid by CGG Veritas as a director €15,000 paid by Sercel Holding as a member of the Supervisory Board
Daniel VALOT	€36,876.95
David WORK	€50,958.32
Terence YOUNG	€50,958.32
Gérard FRIES (***)	€564.93
John MACWILLIAMS (***)	€564.93

(*) R. 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.
(**) Amount paid pursuant to a consulting agreement which came into effect on January 15, 2007 between the Company and Mr. Thierry PILENKO and was terminated on March 27, 2007.
(***) These two directors resigned as from January 9, 2007.

13. COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND THE PRESIDENTS

13.1 Compensation:

The aggregate compensation of Mr. Robert BRUNCK, Chairman and Chief Executive Officer, Mr. LE ROUX, Chief Operating Officer and Mr. PETTENATI-AUZIERE, President Geophysical Services, includes a fixed element and a bonus. The bonus for a given fiscal year is determined and paid during the first semester of the following fiscal year.

For fiscal year 2007, the variable part of Messrs BRUNCK and LE ROUX is based on the achievement of personal objectives (representing one third of the bonus) and financial objectives (representing two thirds of the bonus). The financial objectives include the net earnings per share (weighted 25%), Group EBIT (weighted 25%), Group operational cash flow (i.e. EBITDA less CAPEX) (weighted 35%) and the growth in the Group's year-to-year revenues (weighted 15%).

For fiscal year 2007, the variable part of Mr. PETTENATI-AUZIERE is based on the achievement of personal objectives (representing half of the bonus) and financial objectives (representing half of the bonus). The financial objectives include the net earnings per share (weighted 25%), Services EBIT (weighted 25%), Services operational cash flow (i.e. EBITDA less CAPEX) (weighted 35%) and the growth in the Services' year-to-year revenues (weighted 15%).

The gross fixed and variable compensations paid by the company and its subsidiaries to Mr. Robert BRUNCK, Chairman and Chief Executive Officer, for fiscal years 2005, 2006 and 2007 are set forth below :

Fiscal year	Fixed element(1)	Bonus	Directors' fees
2007	€ 526,860	€ 930,057	€ 50,038.81
2006	€ 392,144	€ 610,000	€ 43,277.05
2005	€ 384,205	€ 333,000	€ 39,216.55

(1) including benefits in kind

The gross fixed and variable compensations paid by the company and its subsidiaries to Mr. LE ROUX, Chief Operating Officer, in fiscal years 2005, 2006 and 2007 are set forth below:

Fiscal year	Fixed element(1)	Bonus
2007	€ 400,018	€ 572,343
2006	€ 310,780	€ 350,800
2005	€ 288,100	€ 159,500

(1) including benefits in kind

The gross fixed and variable compensations paid by the company and its subsidiaries to Mr. PETTENATI-AUZIERE, President Geophysical Services, in fiscal years 2005, 2006 and 2007 are set forth below:

Fiscal year	Fixed element(1)	Bonus
2007	€ 313,696	€ 176,700
2006	€ 302,030	€ 267,800
2005	€ 280,700	€ 140,700

(1) including benefits in kind

13.2. Stock-options and performance shares:

Pursuant article L.225-102-1 of the Commercial Code, the stock-options and performance shares allocated to Mr. Robert BRUNCK, Chairman and Chief Executive Officer, Mr. LE ROUX, Chief Operating Officer and Mr. PETTENATI-AUZIERE, President Geophysical Services, under the plans implemented by the Company are set forth below:

<u>For Robert BRUNCK</u>:

Plans	Stock-options	Performance shares (*)
Plan dated March 23, 2007	40,000	4,000
Plan dated May 11, 2006	30,000	2,500
2005	N/A	

(*) subject to performance conditions described in paragraph 20

<u>For Thierry LE ROUX</u>:

Plans	Stock-options	Performance shares (*)
Plan dated March 23, 2007	25,000	2,500
Plan dated May 11, 2006	17,500	1,750
2005	N/A	

(*) subject to performance conditions described in paragraph 20

<u>For Christophe PETTENATI-AUZIERE:</u>

Plans	Stock-options	Performance shares (*)
Plan dated March 23, 2007	17,500	1,750
Plan dated May 11, 2006	17,500	1,750
2005	N/A	

(*) subject to performance conditions described in paragraph 20

Pursuant to article L.225-197-1 of the French Commercial Code, it is specified that, for the stock-options and performance shares plans implemented on March 23, 2007, the Board of Directors set at 10% of each individual allocation (i) the number of shares resulting from the exercise of stock-options and (ii) the number of performance shares thus attributed which he will have to keep under the registered form until the end of his term.

13.3 Protection letters:

13.3.1. On March 8, 2006, the Board of Directors authorized the Company to enter into an amendment to the employment contracts of Messrs BRUNCK, LE ROUX and PETTENATI-AUZIERE according to which:

i. in case of dismissal or change of control, a special severance indemnity representing 250% of their reference annual compensation (gross fixed salary including, if applicable, salaries paid by foreign subsidiaries over the prior 12 months and the average bonuses paid during the prior 3 years) would be paid; and

ii. should they decide, in case of a change of control, to continue working for the Company, they would receive a loyalty bonus representing 150% of their reference annual compensation as defined above after the expiry of a 18-month period after change of control.

The above mentioned provisions were implemented when Mr. PETTENATI-AUZIERE left his position within the Group in December 2007. Mr. PETTENATI-AUZIERE received an aggregate gross amount of € 1,133,106 as special severance indemnity. The balance of the sums to which he is entitled as a result of the termination of his employment contract including in particular his bonus for fiscal year 2007, i.e. a global amount of € 338 189,83, will be paid on March 17, 2008. In addition, he will be able to keep the stock-options that he was allocated pursuant to the various stock-options plans currently in force within the Group (see paragraph 16 below) but he will lose his right to receive the performance shares allocated to him pursuant to 2006 and 2007 performance shares' plans.

13.3.2. Pursuant to section L. 225-42-1 of the commerce code as modified by the law n°2007-1223 dated August 21, 2007, the board of directors approved on February 27, 2008, an amendment to the provisions approved on March 8, 2006 for Messrs BRUNCK et LE ROUX. These new provisions were approved in accordance with the procedure applicable to regulated agreements and provided for by section L.225-38 and seq. of the Commerce code.

Pursuant to section L. 225-42-1 of the commerce code, payment of the special severance indemnity mentioned hereinabove as well as the ability to exercise by anticipation all stock-options whether vested or not that have been allocated to them pursuant to the stock-options plans that are currently in force are from now on subject to a performance condition assessed in comparison with the performance of the Company, on the basis of the fulfillment of at least one of the three following objectives:

- a share price performance objective relative to the share price considering the SBF 120 index;
- a share price performance objective relative to the ADS price considering the PHLX Oil Service Sector^{SM} (OSX^{SM});
- a financial indicator objective of EBIT expressed in USD and related to the target for the annual variable part of the compensation of Messrs. Brunck and Le Roux.

Finally, in order to take into account the evolution of practices with respect thereof in comparable companies, the amount of the special severance indemnity has been reduced form 250% to 200% of the annual reference compensation defined hereinabove.

This special severance indemnity is a ceiling and is a flat-rate payment paid in lieu of all sums irrespective to which Messrs BRUNCK and LE ROUX may be entitled as a consequence of the severance including the severance payment due to you by law and under collective bargaining agreements, compensation in lieu of notice and pay in lieu of vacation.

These new provisions will be subject to the approval of the general meeting to be held on April 29, 2008.

13.4. Supplemental Pension and Retirement Plan

A supplemental pension and retirement plan for the members of the Executive Committee and the Management Board of Sercel Holding (hereinafter referred to as the "Beneficiaries") was implemented in December 2004. The Chairman and Chief Executive Officer and the Chief Operating Officer[3] benefit from this plan. The aggregate present benefit value resulting thereof as of December 31, 2007 amounts to € 10,200,133 of which € 593,102 has been recorded as an expense for fiscal year 2007. On those amounts, the portions relating to the Chairman and Chief Executive Officer, the Chief Operating Officer and the second President[3] are respectively € 7,808,882 and € 405,587.

[3] The second President who left his position on December 6, 2007 also benefited from this plan.

14. IDENTITY OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES AND/OR VOTING RIGHTS OF THE COMPANY – CHANGES IN THE SHARE CAPITAL DURING 2007

14.1 Changes in the share capital during fiscal year 2007

Transaction	Nominal value	Number of options created	Amount of the share premium	Amount of the capital variation	Successive amounts of the share capital
Exercize of stock options as of December 31, 2007	€ 2	24,321	€ 956,036.05	€ 48,642	€ 54,901,516
Exercize of stock options as of September 30, 2007	€ 2	40,243	€ 1,938,835.11	€ 80,486	€ 54,852,874
Exercize of stock options as of June 30, 2007	€ 2	137,224	€ 4,297,958.70	€ 274,448	€ 54,780,792
Exercize of stock options as of March 31, 2007	€ 2	29,637	1,474,361.70	€ 59,274	€ 54,506,344
Share capital increase as of February 27, 2007	€ 2	301,079	€ 48,889,208	€ 602,158	€ 54,447,070
Share capital increase as of January 26, 2007	€ 2	108,723	€ 16,449,789,90	€ 217,446	€ 53,844,912
Share capital increase as of January 18, 2007	€ 2	8,275	€ 1,234,630	€ 16,550	€ 53,627,466
Share capital increase as of January 10, and January 11, 2007	€ 2	9,207,570	€ 1,351,671,276	€ 18,415,140	€ 53,610,916

14.2 Breakdown of the share capital – Identity of shareholders holding more than 5% of the shares or voting rights

	December 31, 2007		December 31, 2006		December 31, 2005	
	% of shares	% of voting rights	% of shares	% of voting rights	% of shares	% of voting rights
Institut Français du Pétrole	4.77	9.10	7.73	14.32	8.21	15.13
Fidelity International Limited	3.30 [3]	3.15	10.36 [1]	9.59	10.31	9.50
Morgan Stanley	2.72 [2]	2.59	5.16 [2]	4.48	-	-
FCPE "CGG Actionnariat"	0.06	0.12	0.14	0.26	0.20	0.38
Stock Treasury	0,16	0	0	0	0.24	0
Floating	88.93	88.09	76.61	71.35	81.04	74.99
Total	100%	100 %	100 %	100 %	100 %	100 %
Number of outstanding shares and voting rights	**27, 450,758**	**28,758,426**	**17, 597, 888**	**19, 008,295**	**17, 081, 680**	**18,546, 418**

(1) see notice relating to crossing of thresholds of December 11, 2006
(2) see notice relating to crossing of thresholds of January 9, 2007
(3) see schedule 13-G dated March 12, 2007

15. EMPLOYEES SHAREHOLDING

Pursuant to article L.225-102 of the French Commercial Code, we inform you that on December 31, 2007 the number of shares held by the employees of the Group, through the Group Employee Savings Plan instituted during fiscal 1997, amounted to 16,550 shares corresponding to 0.06 % of the share capital and 0.12% of the voting rights.

16. STOCK OPTIONS

In accordance with section L. 225-184 of the Commercial Code, the plans currently in force are described in a separate special report of the Board of Directors.

For information purposes, the table below summarizes the evolution, during fiscal year 2007, of the stock-options plans put in place by virtue of the authorizations granted by the General Meetings of May 20, 1999, May 17, 2000, May 15, 2002, May 15, 2003 and May 11, 2006 respectively:

	Plan 2000	Plan 2001	Plan 2002	Plan 2003	Plan 2006	Plan 2007
Subscription price (in euro)	45,83 (1)	65,39 (1)	39,92 (1)	14,53 (1)	131,26	151,98
Expiration date	**17/01/2008**	**13/03/2009**	**14/05/2010**	**14/05/2011**	**10/05/2014**	**23/03/2015**
Number of beneficiaries	129	144	172	176	171	145
Number of options initially granted	231 000	256 000	138 100	169 900	202 500	261 750
Outstanding options as of January 1st, 2007	39 625	147 297	97 214	164 711	201 950	-
Options exercised during fiscal year 2007	32 394	71 898	43 197	83 936	0	0
Outstanding options as of December 31st, 2007 (2)	7 231	74 800	53 310	80 246	195 163	250 450

(1) Taking into account the adjustment to both the subscription price and the number of shares under option, in compliance with article L.225-181 of the French Commercial Code, further to the increase in capital with preferential subscription rights carried out by the Company in December 2005.

(2) Taking into account the options that have become null and void as a result of beneficiaries' termination of employment in the Group or the non-exercise of options before the expiration of the relevant plan.

17. SHARE RE-PURCHASE PLAN

The Ordinary General Meeting held on May 10, 2007, authorized the Board of Directors to carry out transactions on the company shares for a eighteen-month period following the date of such meeting with the following objectives:

- to support liquidity of our shares through a liquidity contract entered into with an investment service provider in compliance with the Code of Practice of the *Association Française des Entreprises d'Investissement*,

- to deliver shares in the scope of securities giving access, immediately or in the future, to shares by redemption, conversion, exchange, presentation of a warrant or by any other means,

- to deliver, immediately or in the future, shares in exchange in the scope of external growth, in accordance with the conditions to be defined by the French Market Authority,

- to allocate shares to employees and officers of the company or affiliated companies within the meaning of article L.225-180 of the Commercial Code, especially in the scope of options to purchase shares of the company,

- to allocate free shares to employees or executive officers pursuant to articles L. 225-197-1 and seq. of the Commercial Code,

- cancel the shares through a capital reduction, subject to a decision of, or an authorization, by the extraordinary general meeting.

In accordance with such objectives, the treasury shares so acquired may be either retained, cancelled, sold or transferred. The shares may be acquired on one or several occasions, by any means, including by agreement or stock market purchase, by purchasing blocks of shares or by an offer to buy, and at any moment, including during a take-over bid. The maximum amount of share capital that can be purchased or transferred as block of shares can reach the whole amount of this program.

The maximum purchase price per share approved by the General Meeting is € 250.

The maximum number of shares that the Company may hold shall not exceed 10% of the capital as of December 31, 2006, including the shares already held. Notwithstanding the above, pursuant to article L.225-209, paragraph 6 of the Commercial Code, the number of shares to be acquired in order to be kept and delivered in the future in payment or exchange in the scope of a merger, demerger or contribution in kind shall not exceed 5% of the share capital.

This authorization canceled and replaced the authorization granted to the Board of Directors by the General Meeting held on May 11, 2006.

The Company implemented the share repurchase plan authorized by its shareholders in May 2007 with the sole aim to support the liquidity of the shares through a liquidity contract entered into with an investment service provider in compliance with the Code of Practice of the *Association Française des Entreprises d'Investissement*.

On July 6, 2007 the Company terminated the liquidity contract entered into with Rothschild & Cie Banque since November 1, 2005 and concluded a new liquidity contract with Crédit Agricole Cheuvreux starting from July 9, 2007. This liquidity contract is tacitly renewable and compliant with the Code of Practice of the *Association Française des Entreprises d'Investissement.*

Upon implementation of this contract, the Company allocated € 22,000,000 to the liquidity account.

During fiscal year 2007, Rothschild & Cie Banque and Crédit Agricole Cheuvreux have:

- purchased, in 2007, 1,492,282 CGG Veritas shares at an average weighed price of € 168; and
- sold, in 2007, 1,449,513 CGG Veritas shares at an average weighed price of € 168.33.

As of December 31, 2007, the Company held 42,769 shares in relation to this contract, i.e. 0.15% of the share capital. The net book value of these shares amounts to € 8,373,227.01.

As of December 31, 2007, the Company did not hold any shares directly outside the scope of this liquidity contract.

18. TRANSACTIONS CARRIED OUT BY EXECUTIVES OR THEIR CLOSE RELATIVES ON THE COMPANY' SHARES

Pursuant to article L.621-18-2 of the *Code monétaire et financier* and article 223-26 of the General Regulation of the French Market Authority, you find in Annex B the summary of the transactions carried out pursuant to the above mentioned article L. 621-18-2.

19. ITEMS LIKELY TO HAVE AN INFLUENCE IN THE EVENT OF A TAKE-OVER BID

Pursuant to article L.225-100-3 of the Commercial Code, we inform you hereafter of the items likely to have an influence in the event of a take-over bid.

Notice of crossing of a statutory threshold:

We remind you that pursuant to article 7.2 of the by-laws of the Company, any shareholder holding directly or indirectly a portion amounting to 1 percent of the stock capital or of the voting rights or a multiple of this percentage, within the meaning of article L. 233-7 of the Commercial Code, shall give notice to the Company of the number of shares or voting rights he holds, within five trading days from the date on which one of these thresholds was exceeded.

In the event of failure to comply with this notification requirement, and upon request of one or several shareholders holding at least 1 percent of the capital, such request being recorded in the minutes of the general meeting, those shares in excess of the fraction that should have been declared shall be deprived of their voting rights from the date of said general meeting and for any other subsequent general meeting to be held until the expiry of a 2-year period following the date on which the required notification of the passing of the threshold will have been regularized.

Similarly, any shareholder whose shareholding is reduced below one of these thresholds shall give notice thereof to the Company within the same 5-day period.

Agreements entered into by the Company and modified or terminated in the event of change of control over the Company:

The indentures governing the Senior Notes described in paragraph 8 and the credit facility agreements described in the same paragraph 8 entitle the lenders to ask for the early redemption of the loans in the event of a change of control, pursuant to the terms specified in each agreement.

Agreements providing for severance payments to employees who resign or who are dismissed without cause or employees whose employment is terminated in the event of a take-over bid:

In addition to the agreements referred to in paragraphs 13.1 and 13.2 with respect to the Company's executive officers ("*mandataires sociaux*"), we inform you that certain executives of the Group benefit from a protection letter providing for the payment of a severance payment in the event of dismissal or change of control. The amount of such severance payment depends upon the positions and classifications of each concerned persons.

20. PROPOSED RESOLUTIONS TO THE GENERAL MEETING OF SHAREHOLDERS OF APRIL 29, 2008

Approval of statutory accounts

The Statutory Auditors will submit their report on the Company's financial statements presented for your approval.

Loss for fiscal 2007 amounted to € 55,104,307 for CGG Veritas.

We propose to allocate this loss to the carry forward account, which will amount to € (2,477,214) after allocation.

We also propose not to pay any dividend and we wish to remind you that no dividends were distributed in the course of the previous three years.

Consolidated financial statements

The Statutory Auditors will submit their report on the CGGVeritas Group's consolidated financial statements that we request you to approve which show a net income of € 249.6 million.

Renewal of term of office of two Directors

We propose to renew the terms of office of Messrs. Robert Brunck, Chairman and Chief Executive Officer, and Olivier Appert. Provided the 23rd resolution aiming at reducing the directors' term of office from six to four years is approved, the term of office would be renewed for a four-year period, i.e. until the date of the general meeting to be held to approve the financial statements for fiscal year 2012.

Directors' compensation

We propose to renew the amount allocated to the directors' aggregate compensation for fiscal year 2008 which was set at € 580,000 for fiscal year 2007.

Share re-purchase plan

We request that you renew your authorization to the Board of Directors to purchase Company shares in accordance with the provisions of articles L.225-209 et seq. of the French Commercial Code.

The objectives of this authorization would be the following:

- to support liquidity of our shares through a liquidity contract entered into with an investment service provider in compliance with the Code of Practice of the *Association Française des Entreprises d'Investissement*,

- to deliver shares in the scope of securities giving access, immediately or in the future, to shares by redemption, conversion, exchange, presentation of a warrant or by any other means,

- to deliver, immediately or in the future, shares in exchange in the scope of external growth in, accordance with the conditions to be defined by the *Autorité des Marchés Financiers*,

- to allocate shares to employees and officers of the company or affiliated companies within the meaning of article L.225-180 of the Commercial Code, especially in the scope of options to purchase shares of the company,

- to deliver shares for no consideration to executive officers and employees pursuant to articles L.225-197-1 and seq. of the Commercial Code,

- cancel the shares through a capital reduction, subject to a decision of, or an authorization, by the extraordinary general meeting.

In accordance with such objectives, the treasury shares so acquired may be either retained, cancelled, sold or transferred.

The re-purchase plan will be carried out under the following conditions:

- maximum purchase price : € 300
- maximum number of shares : 10 % of the capital, i.e., for information only as of December 31, 2007, 2,702,306 shares, as the Company held 42,769 of its own shares on this date)

However, the number of shares to be acquired by the Company in order to be kept and delivered in the future in payment or exchange in the scope of a merger, demerger or contribution in kind shall not exceed 5% of the share capital.

- period for carrying out the operation : 18 months

In accordance with the above conditions, the total amount payable by the Company would be limited to € 810,691,800. We wish to specify that the purchase of shares under this plan would be financed by the Company using its own financial resources.

We wish to remind you that pursuant to Article 241-2 of the General Regulation of the French Market Authority the Company will release an outline of the program prior to its implementation.

This authorization, granted for eighteen months, will cancel, for the remainder of its period of validity, and replace the twelfth resolution of the Combined Ordinary and Extraordinary Shareholders Meeting of May 10, 2007 relative to the previous share repurchase plan. It would not be possible to use this authorization during a take-over bid.

Agreements referred to in article L.225-38 of the French Commercial Code

Another resolution is proposed for your approval of the report of the Statutory Auditors, which will be read to you, with respect to agreements falling within the scope of article L.225-38 of the French Commercial Code. Most of these agreements are connected to the guarantees that have been issued by certain companies of the group to secure the obligations of CGG Veritas SA under the various financing agreements that are currently in force.

Protection letters of Mssrs. Brunck et Le Roux

Pursuant to section L. 225-42-1 of the commercial code as modified by the law n°2007-1223 dated August 21, 2007, we request you to authorize an amendment to the provisions approved on March 8, 2006 for Messrs BRUNCK and LE ROUX.

These new provisions were approved by the board of directors on February 27, 2008, in accordance with the procedure applicable to regulated agreements and provided for by section L.225-38 and seq. of the Commerce code.

Pursuant to section L. 225-42-1 of the commercial code, payment of the special severance indemnity mentioned hereinabove as well as the ability to exercise by anticipation all stock-options whether vested or not that have been allocated to them pursuant to the stock-options plans that are currently in force are from now on subject to a performance condition assessed in comparison with the performance of the Company (see paragraph 13.3.2 above).

Delegation of competence to the Board of Directors to increase the capital

At the Combined Ordinary and Extraordinary General Meeting of Shareholders held on May 10, 2007 the Board of Directors was granted full powers to issue shares, other securities or warrants giving immediate or deferred access to a share of the capital, with preferential subscription rights, with the proviso that the maximum nominal amount of capital increases likely to ensue from these two authorizations may not exceed € 54 million and the maximum nominal amount of the securities representing debt securities that may be issued was set at € 400 million.

In order to enable your Company to turn to the financial markets whenever necessary to support its future expansion and/or external growth opportunities, we propose to reiterate this delegation of competence to the Board of Directors for a twenty-six month period from the date of the present

Meeting, with the authority to delegate such competence to the Chief Executive Officer, to issue, on one or several occasions, in France and abroad, shares, other securities giving access, immediately or in the future, to a portion of our share capital, being specified that the securities so created may take the form of subordinated securities with a determined duration or not, or the simultaneous implementation of both processes.

These issues may be carried out with preferential subscription rights (eleventh resolution) or without preferential subscription rights (twelfth resolution).

The waiver of the preferential subscription right is requested in order to allow a wider offering and to increase the success potential thereof. **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.**

Finally, the issue price of shares so issued shall equal at least the weighted average share market price over the three last trading days preceding its determination, with a possible maximum 5% reduction (Article L. 225-136 al. 1 and article R. 225-119 of the Commercial Code) ; the issue price of the other securities giving access to the capital will be such that the sum received immediately by the Company, increased, if applicable, by the sum it is likely to receive subsequently, will, for each equity security issued, be at least equal to the issue price defined above.

The maximum nominal amount of capital increase likely to be implemented with preferential subscription rights, is identical to the amount granted for 2007, i.e. € 54 million.

The maximum nominal amount of capital increase likely to be implemented without subscription rights, may not exceed € 8 million such amount being allocated to the limit of € 54 million applicable to capital increases with preferential subscription rights.

Besides, the maximum nominal amount of debt securities, giving access, immediately or in the future, to a portion of our share capital, that may be issued, may not exceed € 600,000,000 or its equivalent in any other currency or monetary unit established by reference to several currencies as determined the eleventh resolution and € 80 million as determined in the twelfth resolution.

Because the definitive terms applicable to these issues cannot be set until the last moment, since they depend, inter alia, on the situation of the financial market and the level of the share price, we request that you give the Board the widest powers necessary to determine the financial conditions of these operations, within the limits indicated above.

The delegation authorizing the Board of Directors to increase the share capital with preferential subscription rights cancels, for the remainder of their period of validity, and replaces the previous authorization given to the Board of Directors by the General Meeting held on May 10, 2007. It would not be possible to use both authorizations during a take-over bid.

Determination of the issue price by the Board of Directors in case of increase in capital without preferential right, within an annual limit of 10% of the share capital. (13th resolution)

We request you to authorize the Board to determine the issue price in accordance with the conditions set forth hereunder, within an annual limit of 10% of the share capital of the company at the time of the considered increase. Such price shall be determined on the basis of the weighted average closing market price of the share on Euronext Paris SA during the last twenty trading days preceding the date of determination of the price.

The amount of such capital increase shall be included into the maximum amount set forth by the twelfth resolution and the maximum aggregate amount set forth by the eleventh resolution.

This authorization would cancel, for the remainder of its period of validity, and replace the authorization given by the General Meeting held on May 10, 2007 in the sixteenth resolution.

Authorization to increase the number of shares issued pursuant to the eleventh and twelfth resolutions (14th resolution)

In accordance with the provisions of Article L. 225-135-1 and article R. 225-118 of the Commercial Code, we request your approval, for each issue carried out pursuant to the eleventh and twelfth resolutions, to authorize the Board of Directors to increase the number of shares provided for in the initial issue within 30 days as from the end of the subscription period, within a limit of 15% of the initial issue and at the same issue price.

This authorization would cancel, for the remainder of its period of validity, and replace the authorization given by the General Meeting held on May 11, 2006 in the twelfth resolution. It would not be possible to use this authorization during a take-over bid.

Delegation to the Board of directors in order to increase the share capital by incorporation of reserves, profits or premiums (15th resolution)

Pursuant to article L.225-130 of the Commercial Code, we request you to authorize the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums. The amount of such increase in capital shall not exceed € 10 million. Such cap shall be included into the aggregate cap of €54 million set out in the eleventh resolution. This delegation shall have a twenty-six month period.

This authorization would cancel, for the remainder of its period of validity, and replace the authorization given by the General Meeting held on May 10, 2007 in the eighteenth resolution. It would not be possible to use this authorization during a take-over bid.

Authorization to increase the capital up to 10% in order to compensate for contributions in kind (16th resolution)

We submit for your approval the authorization given to the Board of Directors to proceed on one or several occasions with capital increases in consideration for contributions in kind made to the company and consisting of equity securities or securities giving access to the capital. The aggregate nominal amount of ordinary shares likely to be issued in compliance with the delegation may not exceed 10% of the share capital and shall be included into the aggregate cap of €8 million provided for by the 12th resolution. This authorization would have a twenty-six month duration.

This authorization would cancel, for the remainder of its period of validity, and replace the authorization given by the General Meeting held on May 10, 2007 in the nineteenth resolution. It would not be possible to use this authorization during a take-over bid.

Renewal of the authorization to increase the capital, reserving subscription to members of employee savings plans (17th resolution)

In accordance with the provisions of Article 225-129-2 and seq. and L.225-138-1 of the Commercial Code and in order to favor the access of all Group personnel to a reasonable proportion of the capital and thus associate them to a greater extent in the Group's expansion and performance, we submit for your approval the renewal of a resolution giving full powers to the Board of Directors, with the authority to delegate such powers to the Chief Executive Officer, to proceed, on one or several occasions with capital increases to which the subscription will be reserved to employees of the Company and those of its subsidiaries which are members of an employee savings plan.

The nominal amount of capital increases ensuing from this authorization, by issue of shares or other securities giving access to capital of the Company, may not exceed € 2,500,000, not considering adjustments likely to be required by law, i.e. approximately 4.5% of the present share capital, such limit being allocated to the aggregate limit of € 54,000,000 provided for in the eleventh resolution. This authorization entails a waiver on the part of the shareholders of their preferential subscription rights in favor of members of an employee savings plan. We also request you to give full powers to the Board, with the authority to delegate such powers to the Chief Executive Officer to, inter alia, determine the conditions of the operation and define the subscription periods, determine the subscription price[4], of the shares or of the other securities giving access to the capital of the Company, in accordance with applicable legal provisions the terms of payment of the subscription price and, if applicable, the conditions of a Company contribution to the plan. Under this resolution the Board shall have to deliberate on the opportunity to perform a capital increase reserved to employees when the Board decides to increase the capital under the general authorizations granted by this shareholders' meeting.

This authorization would have a twenty-six month duration and would cancel, for the remainder of its period of validity, and replace the previous authorization granted by the General Meeting of Shareholders held on May 10, 2007 in the twenty-first resolution. It would not be possible to use this authorization during a take-over bid.

Renewal of the authorization to grant stock options (18th resolution)

With the aim of associating managerial staff more closely in the Group’s performance, we request that you renew your authorization to the Board to grant, on one or several occasions options entitling the holder to subscribe to new shares to be issued as a capital increase or to purchase shares owned by the Company. The total number of options granted and not yet exercised may not give rise to the subscription or purchase of a number of shares representing more than 5% of the share capital on the day on which the options are granted. In accordance with Article L. 225-177 of the Commercial Code, the subscription price shall not represent less than 80% of the average of the market prices during the twenty trading days preceding the day on which the option is granted; no option shall be granted less than twenty trading days after a coupon have been clipped, giving right to a dividend or to a capital increase. **Pursuant to the terms of the resolution submitted for your approval, the Board of Directors will not be entitled to grant a discount as provided under the above mentioned article.** At last, the validity of the options will range from six to eight years from the date of their allocation.

This authorization would have a thirty-eight month duration and cancel, for the remainder of its period of validity, and replace the previous authorization granted by the General Meeting held on May 10, 2007, in the twenty-third resolution. It would not be possible to use this authorization during a take-over bid.

Authorization given to the Board of Directors to grant performance shares of the Company (for no consideration) to employees and executive officers of the Company and its Group (19th resolution)

We request you to authorize the Board of Directors to issue, pursuant to articles L.225-197-1 and seq. of the Commercial Code, performance shares for no consideration to the benefit of a perimeter limited to executive officers. Pursuant to the law, this allocation of shares would become effective upon the expiry of an acquisition period of at least two years and the beneficiaries would be committed to hold such shares for a period of at least 2 years from the end of the acquisition period. The allocation of

[4] At the date of the present report and in accordance with Article L. 443-5 of the Labor Code, the subscription price shall not be less than the average of the market prices during the twenty trading days preceding the day on which the opening date of subscription was fixed. In addition, the subscription price shall not represent less than 20% of this average, or 30% when the freeze period provided for in the plan regulations in compliance with Article L. 443-6 is over or equal to ten years.

shares would also be subject to (i) a presence condition within the Group on the final allocation date and (ii) **performance conditions** based on objectives of net earning per share and operating income set by the Board of Directors.

The number of shares so allocated would not exceed 1% of the outstanding share capital of the company on the date on which the allocation decision is taken by the Board.

For information purposes, the terms of the plans dated May 11, 2006 and March 23, 2007 are described below:

	Plan of May 11, 2006	**Plan of March 23, 2007**
Number of performance shares	53,200	81,750
Number of beneficiaries	171	251
Allocation Date	May 11, 2006	March 23, 2007
Final Allocation Date	May 11, 2008	March 23, 2009
Expiration of the retention period	May 11, 2010	March 23, 2011
Performance conditions	• Net earning per share	• Net earning per share • Operating income
Validation of achievement of performance conditions	Board of Directors	Board of Directors

This authorization would have a thirty-eight month duration and cancel, for the remainder of its period of validity, and replace the previous authorization granted by the General Meeting held on May 11, 2006, in the nineteenth resolution.

Authorization and delegation of powers to decrease the capital by cancellation of the shares purchased by virtue of the authorization given to the Company to repurchase its own shares (20th resolution)

We submit for your approval the authorization given to the Board of Directors, to decrease the capital, on one or several occasions, within the proportions and at the time the Board will deem appropriate, by canceling any amount of treasury shares within the limits authorized by law, in accordance with the provisions of Articles L. 225-209 and seq. of the Commercial Code.

The maximum number of shares that can be cancelled, during a twenty-four month period, may not exceed 10% of the shares that constitute the share capital. Such a limit applies to a portion of the capital that will be adjusted to take into account operations affecting the capital subsequently to the present general meeting.

Such authorization would have a twenty-six-month duration.

This authorization would cancel, for the remainder of its period of validity, and replace the authorization given by the General Meeting held on May 10, 2007 in the twenty-fifth resolution.

Five-for-one stock split (21st resolution)

We propose the shareholders to approve the five-for-one stock split, from € 2 to € 0.40, the nominal value of the amount of the share capital itself remaining unchanged.

This split would allow the Company to widen the retail investor base of its stock and would also bring its share price closer to its peers. In addition, it would allow the Company to align the ADS on the share, our existing deposit agreement stating five ADS equal to one share. Stock-splits are now very widely used by listed companies and usually contribute to a better liquidity. They are often seen as a signal to the market that share price is expected to continue its appreciation in the future.

The number of shares that may be obtained by the beneficiaries of stock options under the plans authorized by the general meetings of May 17, 2000, May 15, 2002, May 15, 2003, May 11, 2006, May 10, 2007 shall be multiplied by five while the unit prices for the subscription of or the purchase of shares under the options in force shall be divided by five.

The number of shares that may be obtained from the beneficiaries of bonus shares pursuant to the authorization given by the Combined General Meeting dated May 11, 2006 shall be multiplied by five.

Consequently, article 6-1 of the Company's by-laws related to the par value and the number of shares making up the capital shall be amended accordingly.

Delegation of competence in order to issue securities giving right to the allocation of debt securities (22nd resolution)

We submit for your approval the delegation of competence to 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 €600 million or its equivalent in foreign currencies or unit of account, such amount being allocated to the level of € 600 million relating to debt securities provided for in the eleventh resolution.

This authorization would cancel, for the remainder of its period of validity, and replace the authorization given by the General Meeting held on May 10, 2007 in the twenty-second resolution. It would not be possible to use this authorization during a take-over bid.

Amendment of article 8-4 of the by-laws (23rd resolution)

The Board of Directors asks the shareholders to amend the Company's by-laws relating to the directors' term of office. In order to be compliant with the best corporate governance practices, we propose the shareholders to approve the reduction of the directors' term of office from six to four years. This reduction would apply to the terms of Mssrs. Brunck and Appert which expire at the present meeting. The current terms would expire at the end of the six-year period initially set up and would be reduced to four years when renewed.

Amendment of article 14-6 of the by-laws (24th resolution)

We propose to amend the Company's by-laws so as to introduce:

(i) the option of using an electronic voting form, if the Board of Directors so decides when the General Meeting is called, and

(ii) the possibility to take voting forms into consideration up to one day prior to the General Meeting, contrary to three days as currently provided under the Company's by-laws.

So as to be in harmony with the provisions of the *décret* n°2006-1566 of December 11, 2006 related to the electronic signature for proxy and postal voting forms, the Board of Directors additionally asks the shareholders to amend the Company's by-laws.

The purpose of this amendment is to implement electronic signature through a secured identification process, by using an identification code and a password for instance.

After hearing the reports of the Statutory Auditors, we will submit for your approval the resolutions, which will be read to you.

The Board of Directors

Annex A

SUMMARY OF THE DELEGATIONS TO INCREASE THE SHARE CAPITAL GRANTED TO THE BOARD OF DIRECTORS BY THE GENERAL MEETING CURRENTLY IN FORCE

Authorization	Maximum authorized amount	Authorization date	Duration	Implementation during 2007
Delegation of authority to the Board of Directors to increase the 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 (14th resolution)	€ 54 million	May 10, 2007	26 months as from May 10, 2007	None
Delegation of authority to the Board of directors in order to increase the share capital by incorporation of reserves, profits or premiums	€ 10 million within the limit of the aggregate ceiling set forth by the 14th resolution above	May 10, 2007	26 months as from May 10, 2007	None
Authorization given to the Board of Directors to increase the capital up to 10% in order to compensate for contributions in kind	10% of the existing share capital within the limit of the aggregate ceiling set forth by the 14th resolution above	May 10, 2007	26 months as from May 10, 2007	None
Delegation of authority to the Board of directors to issue securities giving right to debt securities	€ 400 million	May 10, 2007	26 months as from May 10, 2007	None
Authorization to increase the capital, reserving the subscription of the shares to be issued to members of a Company Savings Plan ("Plan d'Epargne Entreprise")	€ 2,5 million within the limit of the aggregate ceiling set forth by the 14th resolution above	May 10, 2007	26 months as from May 10, 2007	None
Authorization to grant stock options to employees and executive officers of the group	The total number of options granted and not yet exercised may not represent more than 5% of the share capital	May 10, 2007	38 months as from May 10, 2007	None
Authorization to grant performance shares to employees and executive officers of the group	The total number of performance shares granted may not represent more than 1% of the share capital	May 11, 2006	38 months as from May 11, 2006	None

Annex B

TRANSACTIONS CARRIED OUT ON THE COMPANY'S SHARES BY EXECUTIVES AND THEIR CLOSE RELATIVES IN 2007

Name	Type of transaction	Date	Unit price	Amount of the transaction
Robert Brunck Chairman and Chief Executive Officer	Subscription to shares Transfer of shares Subscription to shares Subscription to shares Subscription to shares Transfer of shares	May 31, 2007 May 31, 2007 June 14, 2007 June 18, 2007 September 11, 2007 September 11, 2007	€ 65.39 € 165.30 € 14.53 € 14.53 € 65.39 € 197.43	€ 1,438,580 € 3,636,600 € 87,180 € 17,436 € 653,900 € 1,974,300
Gérard Chambovet Senior Executive Vice President	Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares	June 4, 2007 June 4, 2007 June 5, 2007 June 5, 2007 June 18, 2007 June 18, 2007 June 21, 2007 June 21, 2007 August 31, 2007 August 31, 2007 September 17, 2007 September 17, 2007	€ 45.83 € 167.09 € 45.83 € 168.12 € 45.83 € 179.79 € 45.83 € 177.98 € 45.83 € 186.64 € 45.83 € 207.09	€ 91,660 € 334,180 € 91,660 € 336,240 € 91,660 € 359,580 € 91,660 € 355,960 € 183,320 € 746,560 € 198,535.56 € 897,113.88
Thierry Le Roux Group President, Chief Operating Officer	Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares Transfer of shares	February, 5 2007 February 5, 2007 May 23, 2007 May 23, 2007 May 31, 2007 May 31, 2007 June 1, 2007 June 1, 2007 November 30, 2007	€ 39.92 € 154.41 € 39.92 € 166.30 € 14.53 € 164.09 € 14.53 € 166.76 € 204.14	€ 269,499.92 € 1, 042,421.91 € 78,243.20 € 325,948 € 58,120 € 656,360 € 71,022.64 € 815,122.88 € 612,430.50
Stéphane-Paul Frydman Chief Financial Officer	Subscription to shares Transfer of shares Transfer of shares (operations completed for and on behalf of his 5 children)	May 16, 2007 May 23, 2007 May 23, 2007 May 23, 2007 May 23, 2007 May 23, 2007 May 23, 2007	€ 14.53 € 166 € 166.19 € 166.30 € 166.36 € 166.36 € 166.38	€ 55,373.83 € 137,946 € 99,049.24 € 99,114.80 € 99,150.56 € 99,150.56 € 99,162.48
Christophe Pettenati-Auzière President Geophysical Services	Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares	January 15, 2007 January 15, 2007 May 29, 2007 May 29, 2007 May 29, 2007 May 29, 2007 June 18, 2007 June 18, 2007	€ 65.39 € 155.22 € 39.92 € 165.58 € 14.53 € 165.13 € 14.53 € 179.70	€ 867,463.74 € 2,059,179.16 € 65,149.44 € 270,226.56 € 28,217.26 € 320, 682.46 € 43, 590 € 539,100

Pascal Rouiller Chief Executive Officer of Sercel	Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares Subscription to shares Transfer of shares	May 23, 2007 May 23, 2007 May 23, 2007 May 23, 2007 May 25, 2007 May 25, 2007 June 13, 2007 June 13, 2007	€ 39.92 € 165.70 € 14.53 € 166.36 € 14.53 € 161.25 € 14.53 € 166.74	€ 34,730.40 € 144,159 € 29,060 € 332,720 € 29,060 € 322,500 € 20,981.31 € 240,772.56
Luc Benoit-Cattin President of Eastern Hemisphere, Geophysical Services	Subscription to shares Subscription to shares Transfer of shares Transfer of shares Transfer of shares Transfer of shares	May 16, 2007 May 16, 2007 May 16, 2007 May 30, 2007 May 30, 2007 May 30, 2007	€ 14.53 € 14.53 € 162.52 € 166.36 € 163 € 163.60	€ 26,880.50 € 44,316.50 € 495,686 € 100,629.76 € 100,408 € 100,777.60
Timothy Wells President of Western Hemisphere, Geophysical Services	Transfer of ADS Transfer of ADS	January 30, 2007 January 30, 2007	$ 38,48 $ 38,747686	$ 99,663.20 $ 114,352.03
Loren Carroll Director	Subscription to ADS	March 9, 2007	$ 39.12	$ 19,560
Thierry Pilenko Director	Transfer of ADS	April 5, 2007	$ 42.01	$ 909,600.52
David Work Director	Subscription to ADS	February 6, 2007	$ 39.84	$ 19,920
Terence Young Director	Subscription to ADS	January 26, 2007	$ 38.95 $ 38.97	$ 3,895 $ 15,588
Olivier Appert Director	Subscription to shares	August 21, 2007	€ 170.67	€ 1,706.70
Daniel Valot Director	Subscription to shares	August 22, 2007	€ 174.13	€ 49,975.31