



CGG

A French *société anonyme* with a board of directors
with a registered capital of €17,706,519

Registered office: Tour Maine Montparnasse, 33 Avenue du Maine – 75015 Paris
969 202 241 R.C.S. Paris

SECURITIES NOTE

Made available to the public in connection with:

- the issuance and admission to trading on the regulated Euronext market in Paris (“Euronext Paris”) of up to 24,375,000 share subscription warrants (the “Warrants #1”) granted for free by CGG (the “Company” and, together with all of its consolidated subsidiaries, the “Group”) to all shareholders on the basis of one (1) Warrant #1 for one (1) existing share, which may result in the issuance of up to 32,500,000 new shares at the subscription price of three euros and twelve cents (€3.12) per new share;
- the issuance and admission to trading on Euronext Paris of up to 37,524,400 new shares (the “Creditor Shares 1”) issued as part of an increase in share capital with removal of the shareholders’ preferential subscription rights, in favor of (i) the holders of bonds convertible and/or exchangeable for new or existing shares, bearing interest at the rate of 1.75% and maturing on January 1, 2020, issued by the Company on June 26, 2015 (the “Convertible Bonds 2020”) and (ii) the holders of bonds convertible into and/or exchangeable for new or existing shares, bearing interest at the rate of 1.25% and maturing on January 1, 2019, issued by the Company on November 20, 2012 (the “Convertible Bonds 2019”) (the Convertible Bonds 2020 and the Convertible Bonds 2019 being hereinafter referred to collectively as the “Convertible Bonds”), that will be subscribed at their face value by way of set-off with the subscription price of ten euros and twenty-six cents (€10.26) per new share;
- the issuance and admission to trading on Euronext Paris of up to 496,794,900 new shares (the “Creditor Shares 2”) issued as part of a capital increase with removal of the shareholders’ preferential subscription rights, in favor of (i) the holders of high yield notes, bearing interest at the rate of 5.875% and maturing in 2020, issued by the Company on April 23, 2014 (the “Senior Notes 2020”), (ii) the holders of high yield notes, bearing interest at the rate of 6.5% and maturing in 2021, issued by the Company on May 31, 2011, January 20, 2017 and March 13, 2017 (the “Senior Notes 2021”) and (iii) the holders of high yield notes, bearing interest at the rate of 6.875% and maturing in 2022, issued by the Company on May 1, 2014 (the “Senior Notes 2022”) (the Senior Notes 2020, Senior Notes 2021 and Senior Notes 2022 being hereinafter referred to collectively as the “Senior Notes”), that will be subscribed at their face value by way of set-off with the subscription price of three euros and twelve cents (€3.12) per new share;
- the admission to trading on Euronext Paris of up to 123,817,300 new shares, with a subscription price of one euro cent (€0.01) per new share, resulting from the exercise of up to 123,817,300 share subscription warrants (the “Warrants #3”), granted for free by the Company to the subscribers of new second lien notes governed by New York State law (the “New Second Lien Notes”)
- the admission to trading on Euronext Paris of up to 7,738,600 new shares, with a subscription price of one euro cent (€0.01) per new share, resulting from the exercise of up to 7,738,600 share subscription warrants (the “Coordination Warrants”) granted for free by the Company to the members of the ad hoc committee of Senior Notes holders
- the admission to trading on Euronext Paris of up to 11,607,900 new shares, with a subscription price of one euro cent (€0.01) per new share, resulting from the exercise of up to 11,607,900 share subscription warrants (the “Backstop Warrants”) granted for free by the Company to the persons committed to backstop the subscription of the New Second Lien Notes and the Warrants #3, in accordance with the provisions of the private placement agreement dated June 26, 2017
- the admission to trading on Euronext Paris of the new shares to be issued upon exercise of the Warrants #1.

The completion of the foregoing transactions remains subject to:

- the approval by the Company’s extraordinary general meeting of shareholders which is scheduled to convene on October 31, 2017 of the resolutions required to implement the draft safeguard plan, in particular those relating to the share capital reduction by reducing the unit par value of the Company’s shares to one euro cent (€0.01);
- the abovementioned share capital reduction being effectively carried out;
- the sanctioning of the draft safeguard plan approved by both the committee of banks and assimilated creditors, and the sole general meeting of bondholders on July 28, 2017, by the Commercial Court of Paris; according to the current contemplated provisional timetable, the court should examine the request for the sanctioning of the draft safeguard plan on November 6, 2017;
- confirmation by the relevant US Court of the “Chapter 11” plan and the recognition of the ruling sanctioning the draft safeguard plan within the framework of the “Chapter 15” proceedings the enforcement of which is not stayed;
- the obtaining of the AMF *visa* on the prospectus relating to the Rights Issue with PSR, which share capital increase is tentatively scheduled to take place in December 2017, with settlement and delivery scheduled for January 2018;
- the satisfaction of all conditions precedent provided for in the implementation documents of the restructuring, which includes notably the indenture of the new first lien notes, the indenture of the New Second Lien Notes and the new interest second lien notes, or the terms and conditions of the various warrants.

The settlement and delivery of all the issuances of Warrants #1, Warrants #3, Creditor Shares 1, Creditor Shares 2, Coordination Warrants, and Backstop Warrants will occur concomitantly with the settlement and delivery of the issue, with shareholders’ preferential subscription rights, of new shares with warrants, subject to satisfaction of all the above-mentioned conditions precedent.

The issuances provided for under the draft safeguard plan and the Chapter 11 plan shall be regarded as a whole; if one of them could not be implemented, none of them would be implemented.

All of the foregoing nominal values and amounts have been calculated under the assumption of the completion of the share capital reduction by means of the diminution of the par value of the Company’s shares to one euro cent (€0.01) submitted for approval to the Company’s general meeting of shareholders scheduled to convene on October 31, 2017.



Visa of the French Financial Markets Authority

In accordance with articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code and its own General Regulations, including articles 211-1 to 216-1, the Financial Markets Authority has granted *visa* no. 17-551 to this Prospectus on October 13, 2017. This prospectus was prepared by the issuer, under the responsibility of its signatories.

In accordance with article L. 621-8-1-I of the French Monetary and Financial Code, the *visa* was granted after the AMF had ascertained that “*the document is complete and comprehensible, and the information it contains is consistent.*” It does not imply either an approval of the appropriateness of the transaction or the authentic nature of the accounting and financial documents submitted.

The prospectus (“**Prospectus**”) comprises:

- the CGG registration document (*document de référence*), filed with the Financial Markets Authority (“**AMF**”) on May 1, 2017 under number D.17-0486 (the “**Registration Document**”);
- the update of the Company’s Registration Document filed with the AMF on October 13, 2017 under number D.17-0486-A01 (the “**Registration Document Update**”);
- this securities note (the “**Securities Note**”); and
- a summary of the Prospectus (included in the Securities Note).

Copies of the Prospectus can be obtained free of charge from the registered office of CGG, Tour Maine Montparnasse, 33 Avenue du Maine – 75015 Paris, the Company’s website (www.cgg.com) and the AMF website (www.amf-france.org).

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GENERAL REMARKS

The Registration Document Update includes a detailed description of the restructuring and how it will take place, as well as of the Group's debt before and after the implementation of restructuring transactions described in this Securities Note.

This Securities Note contains indications regarding the Group's objectives as well as forward-looking statements. These indications and statements are sometimes identified by the use of future or conditional verbs such as "believe", "expect to", "may", "estimate", "intend to", "envisage", "anticipate", "should" and other similar terms. The reader's attention is called to the fact that the realization of these objectives and forward-looking statements depends on circumstances or facts expected to occur in the future. These forward-looking statements and information on objectives may be affected by known and unknown risks, uncertainties and other factors that could cause the Group's future results, performance and achievements to be materially different from the stated or suggested objectives. These factors can include changes in economic and business conditions or regulations, as well as the risk factors described in Part 3 of the Registration Document and the Registration Document Update.

Investors are invited to carefully consider the risk factors described in Part 3 of the Registration Document and the Registration Document Update, as well as those set forth in section 2 of this Securities Note, before making investment decisions. The materialization of some or all of these risks may adversely affect the business, financial position and results of the Group, as well as its ability to achieve its objectives and the value of the Company's shares.

DEFINITIONS

For the purpose of this Securities Note, the capitalized terms below shall have the following meaning:

“ABSA”	has the meaning ascribed to it in section 3.4.
“Affiliates”	means, in relation to an entity with or without legal personality, any entity controlling, controlled by, or under common control with, directly or indirectly, such other entity, it being specified that for the purpose of the present definition, “control” means control as defined by article L. 233-3 of the French Commercial Code, the terms “controlling” and “controlled” being defined by reference to the “control” notion defined herein.
“Amending Prospectus Directive”	has the meaning ascribed to it in section 5.2.1.
“Backstop Warrants Exercise Ratio”	has the meaning ascribed to it in section 4.2.6.4.
“Backstop Warrants Issue Date”	means the date on which the Backstop Warrants are scheduled to be issued, i.e. January 17, 2018, according to the indicative timetable.
“Backstop Warrants Maturity Date”	has the meaning ascribed to it in section 4.2.6.4.
“Backstop Warrants”	has the meaning ascribed to it in section 3.4.
“BALO”	has the meaning ascribed to it in section 4.2.8.
“Business Day”	means a weekday (other than a Saturday or Sunday) on which banks are open for general business in London, Luxembourg, Paris and New York.
“Calculation Agent”	has the meaning ascribed to it in section 4.2.16.
“Centralizing Agent”	has the meaning ascribed to it in section 4.2.16.
“CGF”	has the meaning ascribed to it in section 2.2.
“Convertible Bonds”	has the meaning ascribed to it in section 3.4.
“Convertible Bonds 2019”	has the meaning ascribed to it in section 3.4.
“Convertible Bonds 2020”	has the meaning ascribed to it in section 3.4.
“Convertible Bonds Claim”	has the meaning ascribed to it in section 3.4.
“Coordination Warrants Exercise Ratio”	has the meaning ascribed to it in section 4.2.7.3.
“Coordination Warrants Issue Date”	means the date on which the Coordination Warrants are scheduled to be issued, i.e. January 17, 2018, according to the indicative timetable.
“Coordination Warrants Maturity Date”	has the meaning ascribed to it in section 4.2.7.3.
“Coordination Warrants”	has the meaning ascribed to it in section 3.4.
“CRDS”	has the meaning ascribed to it in section 4.8.1.1.

“Creditor Shares 1”	has the meaning ascribed to it in section 3.4.
“Creditor Shares 2”	has the meaning ascribed to it in section 3.4.
“CSG”	has the meaning ascribed to it in section 4.8.1.1.
“Diluted Number of Shares”	has the meaning ascribed to it without distinction in sections 4.2.6.2.
“DNCA Entities”	has the meaning ascribed to it in section 3.4.
“European FTT”	has the meaning ascribed to it in section 2.2.
“Exercise Date”	has the meaning ascribed to it in section 4.2.7.
“Exercise Period of Backstop Warrants”	has the meaning ascribed to it in section 4.2.7.4.
“Exercise Period of Coordination Warrants”	has the meaning ascribed to it in section 4.2.7.3.
“Exercise Period of Warrants #1”	has the meaning ascribed to it in section 4.2.7.1.
“Exercise Period of Warrants #3”	has the meaning ascribed to it in section 4.2.7.2.
“Expert”	means an internationally renowned independent expert selected by the Company.
“Financial Restructuring Plan”	has the meaning ascribed to it in section 3.4.
“French FTT”	has the meaning ascribed to it in section 2.2.
“French RCF”	has the meaning ascribed to it in section 3.4.
“Historical Shareholders”	means all shareholders of CGG proving a registration of their shares at the date determined to benefit from the detachment of the preferential subscription rights to the Rights Issue with PSR.
“Holdings”	has the meaning ascribed to it in section 4.2.6.3.
“Initial Repayment”	has the meaning ascribed to it in section 3.4.
“Issuances Steps”	means, collectively, the issue of Warrants #1, the Rights Issue with PSR, the issue of Creditor Shares 1, Creditor Shares 2, New Second Lien Notes, Warrants #3, Coordination Warrants and Backstop Warrants.
“Member States”	has the meaning ascribed to it in section 5.2.1.
“NCCT”	has the meaning ascribed to it in section 4.9.1.1.
“New Second Lien Notes”	has the meaning ascribed to it in section 3.4
“Order”	has the meaning ascribed to it in section 5.2.1.
“Participating Member States”	has the meaning ascribed to it in section 2.2.
“Private Placement Agreement”	means the agreement entered into on June 26, 2017 between the Company and the subscribers of New Second Lien Notes.
“Prospectus Directive”	has the meaning ascribed to it in section 5.2.1.

“QIB”	has the meaning ascribed to it in section 5.2.1.
“Qualified Persons”	has the meaning ascribed to it in section 5.2.1.
“Record Date”	has the meaning ascribed to it in section 4.2.11.
“Reference Date”	means the date corresponding to the last day of the Rights Issue with PSR subscription period.
“Representative of the Masse of Holders of a Class of Warrants”	has the meaning ascribed to it in section 4.2.14.
“Restructuring Effective Date”	means the date on which all of the conditions relating to the effective nature of the completion of the restructuring plan under the US proceeding of Chapter 11 of the Federal Bankruptcy Code and the safeguard (<i>sauvegarde</i>) or judicial reorganization proceedings (<i>redressement judiciaire</i>) plan (as applicable) have been satisfied or waived, including the completion of all steps required to finalize the restructuring, such as the issuance of debt securities and other securities contemplated therein, irrespective of the fact that the time limits for challenges have not expired, such date being acknowledged by the Board of directors or, upon delegation, by the CEO of the Company.
“Rights Issue with PSR”	has the meaning ascribed to it in section 3.4.
“Secured Loans”	has the meaning ascribed to it in section 3.4.
“Securities”	has the meaning ascribed to it in section 5.2.1.
“Senior Notes”	has the meaning ascribed to it in section 3.4.
“Senior Notes 2020”	has the meaning ascribed to it in section 3.4.
“Senior Notes 2021”	has the meaning ascribed to it in section 3.4.
“Senior Notes 2022”	has the meaning ascribed to it in section 3.4.
“Senior Notes Claim”	has the meaning ascribed to it in section 3.4.
“TLB 2019”	has the meaning ascribed to it in section 3.4.
“Trading Day”	means any day on which Euronext Paris provides for shares to be listed on its market, other than a day on which trading ceases prior to the usual closing time.
“US RCF”	has the meaning ascribed to it in section 3.4.
“Warrant Holder”	means a holder of Warrants #1, and/or Warrants #3, and/or Coordination Warrants and/or Backstop Warrants.
“Warrants”	means the Warrants #1, the Warrants #3, the Coordination Warrants and the Backstop Warrants.
“Warrants #1 Exercise Ratio”	has the meaning ascribed to it in section 4.2.7.1.
“Warrants #1 Issue Date”	means the date on which the Warrants #1 are scheduled to be issued, i.e. January 17, 2018, according to the indicative timetable.
“Warrants #1 Maturity Date”	has the meaning ascribed to it in section 4.2.7.1.

“Warrants #1 Record Date”	has the meaning ascribed to it in section 4.2.7.1.
“Warrants #1”	has the meaning ascribed to it in section 3.4.
“Warrants #2”	has the meaning ascribed to it in section 3.4.
“Warrants #3 Exercise Ratio”	has the meaning ascribed to it in section 4.2.7.2.
“Warrants #3 Issue Date”	means the date on which the Warrants #3 are scheduled to be issued, i.e. January 17, 2018, according to the indicative timetable.
“Warrants #3 Maturity Date”	has the meaning ascribed to it in section 4.2.7.2.
“Warrants #3”	has the meaning ascribed to it in section 3.4.

PROSPECTUS SUMMARY

AMF Visa no. 17-551 dated October 13, 2017

The summary consists of a series of key items of information, referred to as “Elements”, divided into five sections A through E and numbered A.1 through E.7.

This summary contains all Elements which must be included in the summary of a prospectus relating to this class of securities and this type of issuer. As all Elements need not be provided, the numbering of the Elements in this summary is not continuous.

It is possible that no relevant information can be provided concerning a given Element that must be included in this summary because of the class of securities and type of issuer concerned. In that case, the summary includes a brief description of the Element concerned, with the indication “not applicable”.

Section A – Introduction and disclaimer		
A.1	Note for readers	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the securities under the public offering or for whose admission to trading on a regulated market is requested should be based on consideration of the prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, the key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Consent of the issuer	Not applicable.

Section B – Issuer		
B.1	Issuing company’s name and business name	<p>Company name: CGG (the “Company” and, together with all of its consolidated subsidiaries, the “Group”).</p> <p>Business name: CGG</p>
B.2	Registered office/ Legal form/ Governing law/ Country of origin	<ul style="list-style-type: none"> - Registered office: Tour Maine Montparnasse, 33 Avenue du Maine, 75015 Paris. - Legal form: <i>Société anonyme</i> with a board of directors. - Governing law: French law. - Country of origin: France.
B.3	Description of the issuer’s operations and principal lines of business	<p>CGG is a world leader in geophysical services and equipment.</p> <p>The Group offers an extensive line of services, equipment sold under the Sercel trademark, and technological solutions for a broad, worldwide customer base, primarily in oil and gas exploration and production.</p> <p>The Group is structured along the following eight product lines:</p>

		<ul style="list-style-type: none"> • Equipment (including the Sercel entities or brands, such as Metrolog, GRC and De Regt); • Marine Acquisition; • Land Acquisition (including land electromagnetics and general geophysics); • Multi-physics; • Multi-clients and New business models; • Subsurface imaging; • GeoSoftware (which covers the business and software development activities of Jason and Hampson-Russell); • GeoConsulting (which covers the consulting business of Jason and Hampson-Russell as well as the consulting and geology activities of Robertson along with the Data Management Services). <p>These lines of business are categorized into four segments for the purpose of the Group’s financial reporting: Equipment, Contractual Data Acquisition, Geology, Geophysics and Reservoir (“GGR”) and Non-operated Resources.</p>
<p>B.4a</p>	<p>Main recent trends with effects on the issuer and its lines of business</p>	<p>1.1. <u>Group’s debt structure</u></p> <p>As of September 30, 2017, the Group’s financial indebtedness was, notably, as follows:</p> <p>(i) a secured financial debt, composed of:</p> <ol style="list-style-type: none"> i. “Multicurrency Revolving Facility Agreement”, a revolving credit facility agreement, entered into on July 31, 2013 by the Company for an initial amount in principal of \$325,000,000, reduced to approximately \$300,000,000, fully drawn to date (the “French RCF”); ii. "Credit Agreement", a revolving credit facility agreement, entered into on July 15, 2013 for an initial amount of \$165,000,000, fully drawn to date (the "US RCF"); and iii. "Term Loan Credit Agreement", a bullet loan agreement, entered into on November 19, 2015 by CGG Holding (U.S.) Inc. for an initial amount of \$342,122,500 (the "TLB 2019"); <p>(together, the “Secured Loans”);</p> <p>The Secured Loans benefit from a number of security interests granted by the Company and certain of its subsidiaries (including pledges of securities accounts on the main subsidiaries) and guarantees granted by certain Group companies.</p> <p>(ii) two issues of convertible bonds, namely:</p> <ol style="list-style-type: none"> i. an issue of convertible bonds (<i>obligations à option de conversion et/ou d’échange en actions nouvelles ou existantes</i>) on November 20, 2012 for a total initial amount of €360,000,000, reduced to approximately €34,900,000 (following an exchange transaction with convertible bonds (<i>obligations à option de conversion et/ou d’échange en actions nouvelles ou existantes</i>) which mature in 2020) due on January 1, 2019 (the “2019 Convertible Bonds”); ii. an issue of convertible bonds (<i>obligations à option de conversion et/ou d’échange en actions nouvelles ou existantes</i>) on June 26, 2015 for a total initial amount of €325,100,000, due on January 1, 2020 (the “2020 Convertible Bonds”, and together with the 2019 Convertible Bonds, the “Convertible Bonds”); <p>The Convertible Bonds do not benefit from security interests of guarantees.</p>

- (iii) several high-yield “senior” note issues under US law, namely:
- i. an issue of notes dated April 23, 2014 maturing on May 15, 2020 for a total amount of €400,000,000 bearing interest at a rate of 5.875% (the “**Senior Notes 2020**”)
 - ii. an issue of notes dated May 31, 2011, January 20, 2017 and March 13, 2017, maturing on June 1, 2021 for a total initial amount of \$720,704,000 bearing interest at a rate of 6.5% (the “**Senior Notes 2021**”); and
 - iii. an issue of notes dated May 1, 2014 maturing on January 15, 2022 for a total initial amount of \$500,000,000 bearing interest at a rate of 6.875% (the “**Senior Notes 2022**” and together with the Senior Notes 2020 and the Senior Notes 2021, the “**Senior Notes**”).

The Senior Notes benefit from guarantees granted by certain Group companies but do not benefit from any security interest.

- (iv) a leasing contract to finance the operational head office of its subsidiaries CGG Services SAS in Massy, by the end of October 1st, 2022.

Therefore, as of September 30, 2017, the financial debt amounted to \$2,905,296,358. The summarized financial indebtedness of the Group is as follows:

Financial debt as of September 30, 2017	Total amount in principal, excluding accrued interests	Accrued interests	IFRS retreatments	Total
Secured Loans				
French RCF (EUR)	124,600,000			124,600,000
French RCF (USD)	160,000,000	42,528	-1,257,343	158,785,185
US RCF (USD)	161,933,711	420,376	-621,942	161,732,144
TLB 2019 (USD)	337,845,969	71,607	-957,297	336,960,280
<i>Total Secured Loans (in USD¹)</i>	806,882,440	534,511	-2,836,582	804,580,369
Senior Notes				
Senior Notes 2020 (EUR)	400,000,000	20,880,811	-391,393	420,489,418
Senior Notes 2021 (USD)	675,625,000	36,419,977	-1,520,312	710,524,665
Senior Notes 2022 (USD)	419,636,000	20,642,007	-343,466	439,934,541
<i>Total Senior Notes (in USD¹)</i>	1,567,501,000	81,713,869	-2,325,857	1,646,889,012
Convertible Bonds				
Convertible Bonds 2019 (EUR)	34,933,352	110,071	-1,826,089	33,217,334
Convertible Bonds 2020 (EUR)	325,165,550	4,310,671	-31,702,005	297,774,216
<i>Total Convertible Bonds (in EUR)</i>	360,098,902	4,420,742	-33,528,094	330,991,550
Other debts				
Leasing (USD)			58,585,746	58,585,746
Other (USD)	4,472,607			4,472,607
<i>Total Other Debts (in USD¹)</i>	4,472,607	-	58,585,746	63,058,353
Total financial debt as of September 30, 2017 (in USD¹)	2,803,988,810	87,467,508	13,840,040	2,905,296,358

(1) On the basis of an exchange rate of 1 EUR = 1.1806 USD.

As of September 29, 2017:

- (i) the Senior Notes 2020 were traded at a price reflecting a discount of 54.5% of their nominal value;

		<p>(ii) the Senior Notes 2021 were traded at a price reflecting a discount of 55.5% of their nominal value;</p> <p>(iii) the Senior Notes 2022 were traded at a price reflecting a discount of 54.8% of their nominal value;</p> <p>(iv) the Convertible Bonds 2019 were traded at a price reflecting a discount of 31.2% of their nominal value;</p> <p>(v) the Convertible Bonds 2020 were traded at a price reflecting a discount of 86.4% of their nominal value.</p> <p><u>Discussions with the stakeholders</u></p> <p>Following the February 27, 2017 appointment by the President of the Paris Commercial Court of Maître Bourbouloux as <i>mandataire ad hoc</i>, discussions took place with the Group’s principal creditors aimed at reducing the Group’s debt. CGG, some of its principal creditors, and DNCA (in its capacity as long-term institutional shareholder and holder of the Company’s Senior Notes and Convertible Bonds) reached an agreement in principle on a financial restructuring plan on June 1, 2017 and, legally binding agreements (lock-up or restructuring support agreements) were signed on June 13, 2017 which confirmed the agreement in principle, whereby the parties thereto have committed to undertake any action reasonably required to implement and carry out the restructuring.</p> <p>To the Company’s knowledge, as of October 4, 2017, no member of the ad hoc Senior Notes holders committee or of the <i>ad hoc</i> Secured Lenders committee held more than 1 % of the Company’s capital. At this date, DNCA who held (i) approximately 5.5 % of the total principal amount of the Senior Notes, (ii) approximately 20.7 % of the total principal amount of the Convertible Bonds, and (iii) approximately 7.9 % of the share capital of the Company.</p> <p>The draft safeguard plan was approved on July 28, 2017 by a unanimous vote of the committee of banks and financial institutions, and by a majority of 93.5% of votes cast at the general meeting of bondholders, including by DNCA. The “Chapter 11” plan concerning the various classes of creditors subject to “Chapter 11” proceedings was confirmed by the relevant US court on October 10, 2017 (the order should be entered in the next few days). The works council of the Company, also consulted with respect to the draft safeguard plan, rendered a favorable opinion at its meeting held on October 2, 2017.</p> <p>In order to implement the draft of the restructuring plan, the required resolutions will first have to be approved by the Company’s general meeting of shareholders, which is scheduled to convene on October 31, 2017. The plan will then have to be sanctioned by a judgment of the Paris Commercial Court, scheduled for November 13, 2017, according to the indicative timetable, following a hearing on November 6, 2017. The judgment by the Paris Commercial Court on the safeguard plan will then have to be recognized in the United States under a Chapter 15 proceeding, which is tentatively expected to take place on November 20, 2017.</p> <p>A Chapter 11 plan concerning some of the Group’s foreign subsidiaries, which are debtors or guarantors of the Group’s debt has been prepared. The subsidiaries involved in the Chapter 11 plan are CGG Holding BV, CGG Marine BV, CGG Holding I (UK) Ltd, CGG Holding II (UK) Ltd, CGG Holding (US) Inc., CGG Services (US) Inc., Alitheia Resources Inc., Viking Maritime Inc., CGG Land (US) Inc., Sercel Inc., Sercel-GRC Corp, CGG Marine Resources Norge AS, CGG Canada Services Ltd and Sercel Canada Ltd.</p> <p>As part of these judicial proceedings, the holders of claims under the Secured Loans, the Senior Notes and the Convertible Bonds whose principal aggregate amount, inclusive of the Convertible Bonds, is approximately equal to \$2.8 billion) may not demand any early repayment, which provides protection to the Group to carry out its operational activities while leaving to stakeholders only a limited timeframe to approve a financial restructuring</p>
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		<p>plan.</p> <p>Should one of the conditions set out in subsection C.1 of the Prospectus Summary fail to be satisfied, the financial restructuring plan may not be implemented. In this case, or if the implementation timetable is not met, according to the Company cash flow forecasts, the Group liquidity would decrease below the required level to continue the operations no later than the first quarter of 2018, hence jeopardizing the ability of the Group to continue as a going concern. In addition, in such cases, the Group could be placed under judicial reorganization proceedings (<i>redressement judiciaire</i>) in the short term, and be wound up in the medium term, as the case may be in the context of liquidation proceedings in various jurisdictions. Should such proceedings be carried out, they could place the shareholders and the holders of American Depositary Shares in a situation where they would lose their entire investment in the Group, and the creditors, or some of them, with fewer recourses to recover their claims</p> <p>For the purpose of the Prospectus Summary, (i) “Restructuring Effective Date” means the date on which all of the conditions relating to the effective nature of the completion of the restructuring plan under the US proceeding of Chapter 11 of the Federal Bankruptcy Code and the safeguard (<i>sauvegarde</i>) or judicial reorganization proceedings (<i>redressement judiciaire</i>) plan (as applicable) have been satisfied or waived, including the completion of all steps required to finalize the restructuring, such as the issuance of debt securities and other securities contemplated therein, irrespective of the fact that the time limits for challenges have not expired, such date being acknowledged by the Board of directors or, upon delegation, by the CEO of the Company, and (ii) “Reference Date” means the date corresponding to the last day of the exercise period for the Rights Issue with PSR.</p> <p><u>Summary of the main characteristics of the draft safeguard plan</u></p> <p>The main characteristics of the draft safeguard plan are the following :</p> <ul style="list-style-type: none"> • The substantial reduction of the Company's gross financial indebtedness level by way of equitization of the claims under the Senior Notes and Convertible Bonds <p><i>Equitization of the Senior Notes</i></p> <ul style="list-style-type: none"> ○ The claims under the Senior Notes (principal plus accrued interest other than interest referred to below) would be equitized at their face value at a subscription price of €3.12 per new share (the “Creditors Shares 2”) (except for the amount potentially used to backstop the capital increase with preferential subscription right as described below); ○ Accrued and unpaid interests under the Senior Notes for an amount of \$86 million would be paid in new high-yield second lien notes or would be paid in cash over a ten-year period subject to certain terms. <p><i>Equitization of the Convertible Bonds</i></p> <ul style="list-style-type: none"> ○ The claims under the Convertible Bonds (principal plus accrued interest other than interest referred to below) would be equitized at their face value at a subscription price of €0.26 per new share (the “Creditors Shares 1”); ○ Accrued and unpaid interests for an amount of approximately €4.46 million would be paid in cash. <ul style="list-style-type: none"> • A new money injection up to approximately \$500 million <p>The size of such new money injections was discussed and agreed between the parties on the basis of negative sensitivities vis-à-vis the outlook for 2018 and 2019, based in particular on a less favorable assumption regarding the price per oil barrel, i.e. a</p>
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		<p>simple stability compared to the current level of USD 50-55 per barrel, and a lower increase of exploration expenses.</p> <p><i>Share capital increase with preferential subscription right for approximately €112</i></p> <ul style="list-style-type: none"> ○ A share capital increase with preferential subscription right would be implemented in an amount of up to approximately €12 million (the “Rights Issue with PSR”) by way of an issue of new shares with share warrants attached (the “Warrants #2” and “ABSA”), at a subscription price of €1.56 per ABSA; three Warrants#2 would give the right to subscribe to two new shares at a price of €4.02 per new share, for a 5-year exercise period. This capital increase would be backstopped by DNCA Invest and the entities managed by DNCA Finance (the “DNCA Entities”), up to an amount of €71.39 million (compensated by a fee equal to 10 % of the amount backstopped), then by the holders of Senior Notes for the remaining portion unsubscribed by the shareholders, by way of set-off. <p><i>Issuance of new high yield notes for an amount up to \$375 million</i></p> <ul style="list-style-type: none"> ○ An issuance of new high-yield second-lien notes would be implemented for an amount of \$375 million, such issuance being subscribed in accordance with a private placement agreement dated June 26, 2017; the subscribers would benefit from an allocation of share warrants giving right to subscribe, with a six-month exercise period and for one euro cent (€0.01) per new share, to 16% of the capital on a partially diluted basis after the restructuring transactions (the “Warrants #3”). The new notes would be governed by New York state law, benefit from second-ranking security interests, and bear interest at a rate including a variable component indexed on the LIBOR for the tranche denominated in US dollars and EURIBOR for the tranche denominated in euros (with a floor at 1%) plus 400 bps per annum and PIK of 850 bps per annum (the “New Second Lien Notes”); the subscribers would benefit from a backstop commitment fee equal to 7 % of the total amount subscribed; ○ This issuance of new notes would be backstopped by the members of the ad hoc committee of the holders of Senior Notes (or their transferees) who will receive in this respect a backstop commitment fee equal to 3 % of the total amount of the issuance, and share warrants giving the right to subscribe, with a six-month exercise period and for one euro cent (€0.01) per new share, to 1.5% of the capital on a partially diluted basis after the restructuring transactions (the “Backstop Warrants”); ○ The funds raised in cash from (i) the Rights Issue with PSR and (ii) the issue of the New Second Lien Notes and Warrants #3 (net of backstop and commitment fees and other costs, expenses or fees related to the Rights Issue with PSR and the issue of the New Second Lien Notes and Warrants #3) will be used as indicated in paragraph E.2a below. <ul style="list-style-type: none"> ● The free allocation of share warrants to the shareholders enabling them to benefit from the sector recovery ○ Share warrants would be allocated for free for each existing share (the “Warrants #1”). Three of such warrants would give right to subscribe, with a four-year exercise period, for four new shares of the Company at a subscription price of €3.12 per new share. ● The free allocation of share warrants to the members the ad hoc committee of the holders of Senior Notes <p>Share warrants would be allocated for free to the members of the ad hoc committee of the holders of Senior Notes (the “Coordination Warrants”). Such warrants would give the right to subscribe, with a six-month exercise period and for one euro cent (€0.01) per new share, to 1% of the capital on a partially diluted basis after the restructuring transactions.</p>
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- **The extension of the maturity of the Secured Loans**

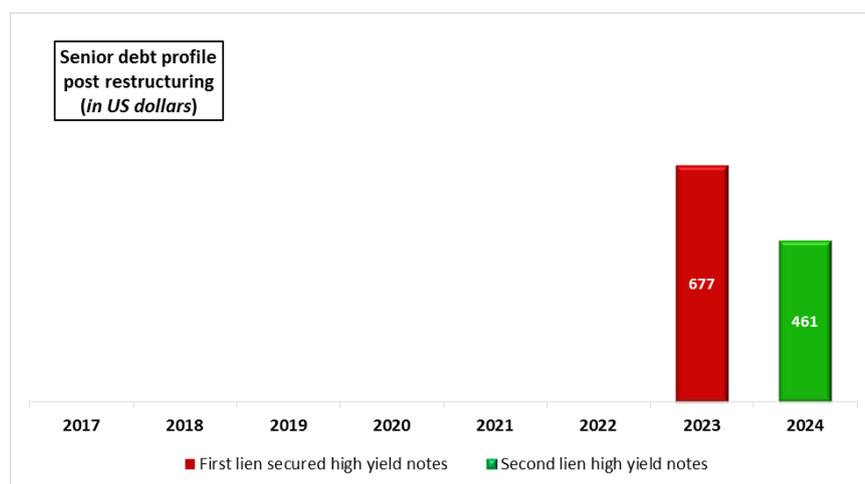
- The Secured Loans would be subject, under certain conditions, partially repaid by anticipation up to \$150 million (the “**Initial Repayment**”) by means of injection of new liquidity as described above.
- The US RCF, the French RCF and the TLB 2019 would be “exchanged” for new high-yield first lien notes, with a five-year maturity (2023), except in the event of early total repayment of the Secured Loans.
- Such new high-yield first lien notes would be governed by the New York State law and issued by CGG Holding (U.S.) Inc., and would bear interest at a rate with a floating LIBOR component (subject to a floor of 100 basis points) plus 650 basis point, in cash per year and, with respect to capitalized interest (payment-in-kind, or PIK), a component determined on the Restructuring Effective Date based on the amounts still outstanding on that date after taking into account the Initial Repayment, such bonds being issued (i) for the creditors of the US RCF and of the TLB 2019, and (ii) upon instruction from the Company, to the creditors under the French RCF as payment of part of the debt owed by CGG Holdings (U.S.) to the Company;

The issuances of Warrants #1, ABSA, Warrants #3, Coordination Warrants and Backstop Warrants are below referred to as the “**Issuances Steps**”.

The “Chapter 11” plan follows the characteristics of the draft safeguard plan described below for the creditors concerned, that is to say the creditors under the Secured Loans and the Senior Notes (the “Chapter 11” plan and the draft safeguard plan are together referred to as the “**Financial Restructuring Plan**”).

Financial debt and liquidity after completion of the transactions provided for in the Financial Restructuring Plan

Following the transactions provided for in the Financial Restructuring Plan, the Group would benefit from a balance sheet with a level of gross financial debt reduced from approximately \$2.9 billion to approximately \$1.2 billion. The maturities of the new notes would be as follows:



The net debt / EBITDA ratio (leverage ratio) would be, immediately after completion of the transactions contemplated in the draft safeguard plan, close to 2.1x, while it would have reached almost 8.5x in the absence of any financial restructuring.

The impacts of the Financial Restructuring Plan on the Group’s liquidity are as follows:

- the implementation of the Financial Restructuring Plan is reflected, if cumulated, over the period of 2017-2019 by net savings of financial costs in cash (after interests payments, and

		<p>principal repayments) of approximately \$225 million, after considering the costs related to the restructuring (fees of attorneys, banks, advisers, experts..) and given the tax advantages related to the safeguard proceedings;</p> <ul style="list-style-type: none">- the Group would have an increase of its cash flows close to \$300 million immediately after the implementation of the restructuring, corresponding to the residual products (i) of the Rights Issue with PSR and (ii) of the issuance of the New Second Lien Notes, after payment of the various compensations of placement and backstop and partial repayment of the Secured Loans;- the Group would have a capacity to raise new secured debt in the future, <i>pari passu</i> with the new first lien notes up to an amount of \$200 million, the lenders having accepted to share their securities and guarantees up to a maximum amount of \$900 million. After the restructuring, the amount of new first lien notes would reach \$677 million. <p><i>Number of securities issued</i></p> <p>The Company will notify the market of the precise date of the launch of the Rights Issue with PSR, for which a prospectus will be submitted to the AMF for its approval (<i>visa</i>), and of the date of settlement and delivery of the different issuances. The settlement and delivery of all the issuances of Warrants #1, Warrants #3, Creditor Shares 1, Creditor Shares 2, Coordination Warrants, and Backstop Warrants will occur concomitantly with the settlement and delivery of the issue, with shareholders' preferential subscription rights, of new shares with warrants, subject to satisfaction of all the above-mentioned conditions precedent. The issuances provided for under the draft safeguard plan and the Chapter 11 plan shall be regarded as a whole; if one of them could not be implemented, none of them would be implemented.</p> <p>The Company will notify the market of the final number of shares to be issued under issues reserved for creditors, after the centralization period of the Rights Issue with PSR.</p> <p><u><i>Governance</i></u></p> <p>Subject to the vote of the Company's general meeting of shareholders, the structure and composition of the Company's Board of Directors after the restructuring will be determined in consultation with DNCA and the members of the ad hoc committee of Senior Notes holders who will have become and remained shareholders of the Company.</p> <p>The structure and composition of the board of directors will have to comply with the AFEP-MEDEF Code and will be put in place promptly and in any event no later than three months after the Restructuring Effective Date.</p> <p><u><i>Challenge of the draft safeguard plan by certain Convertible Bonds holders</i></u></p> <p>On August 4, 2017, certain holders of Convertible Bonds (Keren Finance, Delta Alternative Management, Schelcher Prince Gestion, Financière de l'Europe, Ellipsis Asset Management and HMG Finance) filed an appeal against the draft safeguard plan adopted by the committee of banks and assimilated creditors, and the sole general meeting of bondholders on July 28, 2017, which will be examined during the hearing on the draft safeguard plan, scheduled for November 6, 2017.</p> <p>Without disputing the results of the general meeting of bondholders' vote, these holders of Convertible Bonds challenge the treatment of their claims under the draft safeguard plan, arguing that the differences in treatment between the Convertible Bond holders and the Senior Notes holders is not justified by the differences in their situations and would be, in any event, disproportionate.</p> <p>The Company considers that the holders of Convertible Bonds are not in the same situation as the Senior Notes holders, in particular regarding the guarantees given to the latter, so that the differentiated treatment provided for in the draft safeguard plan is compliant with legal provisions.</p>
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		<p>Should this claim be declared well founded by the Court, the Court may not adopt the draft safeguard plan in so far as it does not have the power to modify its terms.</p> <p>If the action was declared groundless and the draft safeguard plan is sanctioned by the Court, the Convertible Bonds holders might appeal this judgment, which will, nevertheless, remain fully enforceable on a provisional basis (the implementation of the safeguard plan would not be suspended), except in the event of (i) an appeal from the public Prosecutor’s office (<i>Parquet</i>) or (ii) the suspension of the provisory enforcement pronounced by the first president of the Paris Court of Appeal, by a summary proceedings (<i>en référé</i>) at the request of the claimants, pursuant to article R. 661-1 of the French Commercial Code, and provided that the grounds relied on in support of the appeal appear serious.</p> <p>If such a request were granted, the implementation of the Financial Restructuring Plan would be delayed or jeopardized. Although the Company believes that the occurrence of this risk of suspension of the provisional enforceability of the judgment sanctioning the plan prior to the implementation of the Financial Restructuring Plan is unlikely, it cannot be completely ruled out. Furthermore, following the implementation of the Financial Restructuring Plan, the draft safeguard plan could be canceled with retroactive effect if the Court of Appeal accepted the claimants’ requests. Such a cancellation could theoretically have the effect of invalidating the financial restructuring of the CGG group.</p>																																													
B.5	Group to which the issuer belongs	<p>The Company is the parent entity of the Group, which included 79 consolidated subsidiaries (73 in foreign countries and 6 in France) as of September 30, 2017.</p>																																													
B.6	Issuer’s principal shareholders and control	<p>As of September 30, 2017, based on the information available to the Company, its share capital and voting rights were divided as follows:</p> <table border="1" data-bbox="544 1025 1541 1361"> <thead> <tr> <th></th> <th>Shares</th> <th>% capital</th> <th>Voting rights</th> <th>% of voting rights</th> </tr> </thead> <tbody> <tr> <td>Bpifrance Participations</td> <td>2,069,686</td> <td>9.35</td> <td>2,458,954</td> <td>10.90</td> </tr> <tr> <td>IFP Energies Nouvelles</td> <td>107,833</td> <td>0.49</td> <td>107,833</td> <td>0.48</td> </tr> <tr> <td>Concert IFP Energies Nouvelles – Bpifrance Participations(a)</td> <td>2,177,519</td> <td>9.84</td> <td>2,566,787</td> <td>11.38</td> </tr> <tr> <td>DNCA Finance(b)</td> <td>1,756,314</td> <td>7.94</td> <td>1,756,314</td> <td>7.78</td> </tr> <tr> <td>CGG Actionnariat</td> <td>273</td> <td>0.0012</td> <td>546</td> <td>0.0024</td> </tr> <tr> <td>Other shareholders</td> <td>18,174,046</td> <td>82.11</td> <td>18,213,706</td> <td>80.73</td> </tr> <tr> <td>Treasury shares</td> <td>24,997</td> <td>0.11</td> <td>24,997</td> <td>0.11</td> </tr> <tr> <td>Number of shares outstanding and voting rights</td> <td>22,133,149</td> <td>100</td> <td>22,562,350</td> <td>100</td> </tr> </tbody> </table> <p>(a) Calculated on the basis of the number of shares and voting rights held by Bpifrance Participations and IFP Energies Nouvelles as indicated in its declaration concerning the crossing of threshold addressed to the AMF on June 27, 2017 and on the basis of the total number of shares and voting rights of the Company as of September 30, 2017.</p> <p>(b) Calculated on the basis of the number of shares held by DNCA Finance as indicated in its declaration concerning the crossing of threshold addressed to the Company on February 21, 2017 and on the basis of the total number of shares and voting rights of the Company as of September 30, 2017.</p> <p>The shareholders table above is not presented on the diluted basis after dilution resulting from the completion of the stock options, insofar as they are not in the money as of September 30, 2017.</p> <p>Bpifrance Participations and IFP Energies Nouvelles entered into a shareholders agreement on March 8, 2012 pertaining to their equity interest in CGG, with the aim of implementing a common policy on certain issues concerning the Company.</p> <p>Following several declarations of thresholds crossing between July 21, 2017 and August 31, 2017, AMS Energie declared holding less than 1% of the share capital and the voting rights of the Company and holding no more than 160,550 shares of the Company.</p> <p>In the period from September 30, 2017 and the date of approval (<i>visa</i>) of the Prospectus, the Company was notified of the following changes in the ownership of its shares:</p> <ul style="list-style-type: none"> - Decrease below the 2% threshold by Dimensional Fund Advisors LP. 		Shares	% capital	Voting rights	% of voting rights	Bpifrance Participations	2,069,686	9.35	2,458,954	10.90	IFP Energies Nouvelles	107,833	0.49	107,833	0.48	Concert IFP Energies Nouvelles – Bpifrance Participations(a)	2,177,519	9.84	2,566,787	11.38	DNCA Finance(b)	1,756,314	7.94	1,756,314	7.78	CGG Actionnariat	273	0.0012	546	0.0024	Other shareholders	18,174,046	82.11	18,213,706	80.73	Treasury shares	24,997	0.11	24,997	0.11	Number of shares outstanding and voting rights	22,133,149	100	22,562,350	100
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Number of shares outstanding and voting rights	22,133,149	100	22,562,350	100																																											

		<p>At the AMF request, the Company, at its earliest convenience, will inform the market, by way of a press release, of statutory thresholds crossings that would have been notified to it from the visa date until the extraordinary general meeting of the shareholders of the Company, due to convene on October 31, 2017.</p> <p>All shares fully paid up and held in registered form by the same shareholder for at least two years are entitled to double voting rights compared to other shares, based on the portion of the share capital they represent (article L. 225-123 of the French Commercial Code and article 14.6 of the Company's articles of association).</p>																																												
<p>B.7</p>	<p>Selected key historical financial information</p>	<p><u>Half-year data</u></p> <p>The selected financial information below relates to the half-year periods ended June 30, 2017, June 30, 2016 and June 30, 2015. The information for June 30, 2017, June 30, 2016 and June 30, 2015 is derived from the half-year consolidated financial statements for the period ended June 30, 2017 and June 30, 2016.</p> <p>Consolidated income statement:</p> <table border="1" data-bbox="544 775 1541 1106"> <thead> <tr> <th><i>(In US\$ millions)</i></th> <th>First half of 2015</th> <th>First half of 2016</th> <th>First half of 2017</th> </tr> </thead> <tbody> <tr> <td>Operating Revenue</td> <td>1,042.1</td> <td>603.2</td> <td>599.2</td> </tr> <tr> <td>Gross margin</td> <td>(28.9)</td> <td>(110.9)</td> <td>(195.1)</td> </tr> <tr> <td>Net income</td> <td>(115.4)</td> <td>(208.9)</td> <td>(314.8)</td> </tr> <tr> <td><i>Minority interests' net income</i></td> <td>1.6</td> <td>(2.0)</td> <td>(1.5)</td> </tr> <tr> <td><i>Shareholders' net income</i></td> <td>(117.0)</td> <td>(206.9)</td> <td>(313.3)</td> </tr> <tr> <td><i>Earnings per share (base)¹</i></td> <td>(19.25)</td> <td>(10.64)</td> <td>(14.15)</td> </tr> </tbody> </table> <p>Other alternative performance indicators (NRC: non-recurring charges)</p> <table border="1" data-bbox="544 1167 1541 1368"> <thead> <tr> <th><i>(In US\$ millions)</i></th> <th>First half of 2015</th> <th>First half of 2016</th> <th>First half of 2017</th> </tr> </thead> <tbody> <tr> <td>EBITDAS¹ before NRC</td> <td>257.0</td> <td>130.9</td> <td>148.7</td> </tr> <tr> <td>EBITDAS after NRC</td> <td>234.4</td> <td>123.7</td> <td>24.3</td> </tr> <tr> <td>Operating income before NRC</td> <td>(6.0)</td> <td>(104.0)</td> <td>(71.0)</td> </tr> </tbody> </table> <p>(1) EBITDAS is defined as earnings before interest, tax, income from equity affiliates, depreciation, amortization net of amortization expense capitalized to Multi-client, and share-based compensation cost. Share-based compensation includes both stock options and allocation of free shares issued under performance conditions. EBITDAS is presented as additional information because it is one measure used by certain investors to determine operating cash flow and historical ability to meet debt service and capital expenditure requirements. However, other companies may present EBITDAS differently. EBITDAS is not a measure of financial performance under IFRS and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of the Group's operating performance or any other measures of performance derived in accordance with IFRS.</p> <p>Furthermore, on the first half of 2017, the Cash Flow from operations was \$87 million before NRC, compared to \$372 million for the first half of 2016. The Cash Flow from operations was \$(13) million after cash NRC.</p> <p>On the first half of 2017, the Global Capex was \$146 million, down 28% year-on-year:</p> <ul style="list-style-type: none"> - Industrial capex was \$23 million, up 3% year-on-year; - Research & development capex was \$15 million, down 19% year-on-year; - Multi-client cash capex was \$108 million, down 33% year-on-year; 	<i>(In US\$ millions)</i>	First half of 2015	First half of 2016	First half of 2017	Operating Revenue	1,042.1	603.2	599.2	Gross margin	(28.9)	(110.9)	(195.1)	Net income	(115.4)	(208.9)	(314.8)	<i>Minority interests' net income</i>	1.6	(2.0)	(1.5)	<i>Shareholders' net income</i>	(117.0)	(206.9)	(313.3)	<i>Earnings per share (base)¹</i>	(19.25)	(10.64)	(14.15)	<i>(In US\$ millions)</i>	First half of 2015	First half of 2016	First half of 2017	EBITDAS¹ before NRC	257.0	130.9	148.7	EBITDAS after NRC	234.4	123.7	24.3	Operating income before NRC	(6.0)	(104.0)	(71.0)
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Eventually, on the first half of 2017, after the payment of interest expenses and Capex and before NRC, Free Cash Flow was \$(98) million compared to \$97 million for the first half of 2016. After cash NRC, Free Cash Flow was \$(198) million.;

Consolidated balance sheet:

<i>(In US\$ millions)</i>	First half of 2015	First half of 2016	First half of 2017
Cash and short-term investment securities	223.6	451.2	314.8
Working capital needs¹	565.9	280.9	433.2
Net property, plant and equipment	1,112.3	768.4	350.1
Multi-client studies	1,013.9	990.1	832.9
Goodwill	2,037.8	1,228.9	1,229.6
Total assets	6,616.8	5,080.3	4,339.4
Debt²	2,720.8	2,601.6	2,811.8
Shareholders' equity – attributable to the parent company shareholders	2,641.0	1,468.8	741.2

(1) Takes into account the receivables accounts and related accounts, stocks and work in progress, tax assets, other current assets and assets held-for-sale, minus payable accounts and related accounts, staff cost liabilities, corporate income taxes to be paid, customer deposits, deferred income, current portion of provisions and other current liabilities.

(2) Takes into account long term financial debt (including finance leases), short-term financial debt (including short-term portion of the finance leases), short-term bank borrowings and accrued interest.

Annual data

The selected financial information below relates to the financial years ended December 31, 2016, 2015 and 2014, and is derived from the consolidated financial statements for financial year ended December 31, 2016.

Consolidated income statement:

<i>(In US\$ millions)</i>	Financial year closed on December 31		
	2014	2015	2016
Operating Revenue	3,095.4	2,100.9	1,195.5
Gross margin	(697.5)	(1,157.6)	(396.5)
Net income	(1,149.6)	(1,446.2)	(576.6)
<i>Minority interests' net income</i>	7.8	4.0	(3.2)
<i>Shareholders' net income</i>	(1,154.4)	(1,450.2)	(573.4)
<i>Earnings per share (base)¹</i>	(189.95)	(238.50)	(27.57)

Other alternative performance indicators (NRC: non-recurring charges)

<i>(In US\$ millions)</i>	Financial year closed on December 31		
	2014	2015	2016
EBITDAS¹ before NRC	993.7	660.6	327.9
EBITDAS after NRC	775.7	452.8	273.6
Operating income before NRC	241.9	60.9	(213.0)

		<p>Consolidated balance sheet:</p> <table border="1"> <thead> <tr> <th rowspan="2"><i>(In US\$ millions)</i></th> <th colspan="3">Financial year closed on December 31</th> </tr> <tr> <th>2014</th> <th>2015</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Cash and short-term investment securities</td> <td>359.1</td> <td>385.3</td> <td>538.8</td> </tr> <tr> <td>Working capital needs¹</td> <td>539.4</td> <td>428.5</td> <td>334.6</td> </tr> <tr> <td>Net property, plant and equipment</td> <td>1,238.2</td> <td>885.2</td> <td>708.6</td> </tr> <tr> <td>Multi-client studies</td> <td>947.4</td> <td>927.1</td> <td>847.9</td> </tr> <tr> <td>Goodwill</td> <td>2,041.7</td> <td>1,228.7</td> <td>1,223.3</td> </tr> <tr> <td>Total assets</td> <td>7,061.0</td> <td>5,513.0</td> <td>4,861.5</td> </tr> <tr> <td>Debt²</td> <td>2,778.9</td> <td>2,884.8</td> <td>2,850.4</td> </tr> <tr> <td>Shareholders' equity – attributable to the parent company shareholders</td> <td>2,693.0</td> <td>1,312.2</td> <td>1,120.7</td> </tr> </tbody> </table> <p>(1) Takes into account the receivables accounts and related accounts, stocks and work in progress, tax assets, other current assets and assets held-for-sale, minus payable accounts and related accounts, staff cost liabilities, corporate income taxes to be paid, customer deposits, deferred income, current portion of provisions and other current liabilities.</p> <p>(2) Takes into account long term financial debt (including finance leases), short-term financial debt (including short-term portion of the finance leases), short-term bank borrowings and accrued interest.</p>	<i>(In US\$ millions)</i>	Financial year closed on December 31			2014	2015	2016	Cash and short-term investment securities	359.1	385.3	538.8	Working capital needs¹	539.4	428.5	334.6	Net property, plant and equipment	1,238.2	885.2	708.6	Multi-client studies	947.4	927.1	847.9	Goodwill	2,041.7	1,228.7	1,223.3	Total assets	7,061.0	5,513.0	4,861.5	Debt²	2,778.9	2,884.8	2,850.4	Shareholders' equity – attributable to the parent company shareholders	2,693.0	1,312.2	1,120.7
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B.8	Pro forma financial information	Not applicable.																																							
B.9	Projected or estimated income	<p>These forward-looking statements are given for the year 2017.</p> <p>They are based on the consolidated financial statements for the fiscal year ended December 31, 2016 and on the consolidated financial statements as of June 30, 2017 and are established in accordance with IFRS and accounting methods applied by the Group.</p> <p>They are part of a context in which (i) the Group's management remains heavily dependent on the evolution in the oil and oil-related market, which is particularly difficult to anticipate, and (ii) the Group has set up a draft safeguard plan for CGG and a "Chapter 11" plan for 14 of the Group's foreign subsidiaries, in order to restructure its financial debt. Subject to the required approvals from the shareholders, the Commercial Court of Paris and the US Courts, the financial restructuring should be effective early 2018.</p> <p>CGG disclosed its outlook for the fiscal year 2017 on March 3, 2017 and confirmed them when it published its results for the first quarter on May 12, 2017 and its results for the second quarter on July 28, 2017. This outlook consists of a view of its EBITDAS excluding restructuring costs related to the Transformation Plan similar to that of 2016 for a less favorable cash generation.</p>																																							
B.10	Concerns and observations on the historical financial information	<p><u>Concerning the first half of 2017</u></p> <p>The statutory auditors' report on the first-half of 2017 consolidated financial statements contains the following observations:</p> <p><i>“Without calling into question the opinion expressed above, we draw your attention to the following:</i></p> <ul style="list-style-type: none"> - <i>Note 1.3 "Continuity of operations" in the appendix to the condensed half-year consolidated financial statements, which states that on June 14, 2017, a safeguard procedure was initiated for CGG SA, the parent company of the CGG Group, and a Chapter 11 procedure was initiated in the United States with respect to 14 of its subsidiaries guaranteeing the secured debt and / or high yield bonds; that the</i> 																																							

		<p><i>Group liquidity as of June 30, 2017 does not allow to fully fund all the current operations until at least June 30, 2018; and that the Group's ability to ensure its continuity of operations depends essentially on the effective and timely implementation of the financial restructuring plan. These factors indicate the existence of significant uncertainties that could call into question the continuity of operations.</i></p> <ul style="list-style-type: none"> - <i>Note 1 "Accounting Principles" in the appendix to the condensed half-year consolidated financial statements, which states that the consolidated financial statements for the year 2016 are still not approved by the shareholders' meeting which will be held later in the year."</i> <p><u>Concerning the fiscal year ended December 31, 2016</u></p> <p>The statutory auditors' report on the 2016 consolidated financial statements contains the following observations:</p> <p><i>"Without disputing the opinion expressed above, we would like to draw your attention on the following:</i></p> <ul style="list-style-type: none"> - <i>note 1.3 "Continuity of operations" to the consolidated financial statements, which states that the Group is confronted in its business with material uncertainties which may raise questions as to its ability to maintain the continuity of operations;</i> <p><i>After analysis of the situation and of the operation and cash flow forecasts for the year 2017, the 2016 financial statements have been adopted by the board of directors on a going concern basis.</i></p> <ul style="list-style-type: none"> - <i>notes 1.3 "Continuity of operations" and 13 "Indebtedness" to the consolidated financial statements, which states that in the event of the Group's failure to comply in the future with certain financial covenants ratios and with the corresponding restrictions affecting the funds available under the revolving credit facilities, the term loan B and the Nordic Loan, the acceleration of almost all of the debts should be anticipated, and CGG SA would then be unable to meet its accelerated repayment obligations with its available cash, or to rapidly raise the required additional funds;</i> <p><i>As regards this situation, CGG SA requested and obtained the disapplication of the financial covenants before the quarterly terms of December 31, 2016 and March 31, 2017. To this end, the secured lenders of CGG Group unconditionally and irrevocably accepted not to test the financial leverage ratio and the interest coverage ratio at both these dates.</i></p> <p><i>Note 13 indicates that such agreements with the lenders are permanent amendments of the loan agreements and are neither temporary or conditional waivers to test the ratios, nor a grace period. Considering the progress of the negotiations of the financial restructuring of the company and the timeline of the options contemplated, it appears that reclassifying the financial debt as a current liability is the most appropriate accounting treatment according to IAS 1 for the financial statements authorized for issue by the Board of Directors of April 27, 2017. This pure accounting reclassification does not question the going concern assumption, comforted by the main actions plans successfully implemented as of April 27, 2017 and does not make immediately payable (CGG never breached its financial covenants) the US\$2,682.0 million of finance debt classified as current liability nor does it reduce their maturity below 12 months.</i></p> <ul style="list-style-type: none"> - <i>note 1.1 "Critical accounting policies" to the consolidated financial statements, which describes how depreciation and amortization rules were adapted subsequent to the amendment of IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortization" and the impact in the consolidated financial statements for the fiscal year."</i>
B.11	Net working	As of the date of this Prospectus, the Group does not have sufficient consolidated net

	<p>capital</p>	<p>working capital to meet its needs to comply with its obligations over the next twelve months.</p> <p>As of September 30, 2017, the Group has liquidity of \$334 million. According to the forecasted cash flows of the Group, in the event that :</p> <p>(i) the Company would remain under the safeguard proceedings in France and its 14 subsidiaries under “Chapter 11” in the United States,</p> <p>(ii) such situation would not have commercial consequences,</p> <p>(iii) no liquidity injection would be completed,</p> <p>and given, notably, operational and financial costs of restructuring close to \$90 million, the amount of the deficiency of the working capital for the next 12 months, compared to the level required to enable the good implementation of the operations, would be between \$25 and \$50 million. Furthermore, the Group considers that if the Financial Restructuring Plan were not implemented as described in paragraph B.4a, it would be exposed to adverse commercial consequences, with clients demonstrating their strong reluctance to commit (on projects of pre-financing of multi-clients projects for example), consequences that could lead to increase the deficiency of the working capital within 12 months by an amount in the range of \$100-150 million.</p> <p>However, if the various financial restructuring transactions described in this summary are completed (including the Rights Issue with PSR with respect to which a prospectus will be submitted to the AMF for approval (<i>visa</i>)), the Company certifies that, from its point of view, its net working capital would be sufficient to meet its obligations for the twelve months following the date of the Prospectus.</p>
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Section C – Securities

<p>C.1</p>	<p>Nature, class and ID number</p>	<p>The Prospectus covers:</p> <ul style="list-style-type: none"> - the issuance and admission to trading on Euronext Paris of up to 24,375,000 Warrants #1 granted for free by the Company to all shareholders, on the basis of one (1) Warrant #1 for one (1) existing share, which may result in the issuance of up to 32,500,000 new shares for a subscription price of three euros and twelve cents (€3.12) per new share; - the issuance and admission to trading on Euronext Paris of up to 37,524,400 Creditor Shares 1 issued as part of an increase in share capital with removal of the shareholders’ preferential subscription rights, in favor of the holders of Convertible Bonds, that will be subscribed by way of set-off at their face value, at the subscription price of ten euros and twenty six cents (€10.26) per new share; - the issuance and admission to trading on Euronext Paris of up to 496,794,900 Creditor Shares 2 issued as part of an increase in share capital with removal of the shareholders’ preferential subscription rights, in favor of the holders of Senior Notes, that will be subscribed by way of set-off at their face value, at the subscription price of three euros and twelve cents (€3.12) per new share; <p>the admission to trading on Euronext Paris of up to 123,817,300 new shares with a subscription price of one euro cent (€0.01) per new share resulting from the exercise of 123,817,300 Warrants #3 granted for free by the Company to the subscribers of New Second Lien Notes;</p> <ul style="list-style-type: none"> - the admission to trading on Euronext Paris of up to 7,738,600 new shares resulting from the exercise of up to 7,738,600 Coordination Warrants, with a subscription price of one euro cent (€0.01) per new share, granted for free by the Company to the members of the ad hoc committee of Senior Notes holders; - the admission to trading on Euronext Paris of up to 11,607,900 new shares resulting from the exercise of up to 11,607,900 Backstop Warrants, with a subscription price of one euro cent (€0.01) per new share, granted for free by the Company to persons
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		<p>committed to backstop the subscription of the New Second Lien Notes and the Warrants #3, in accordance with the provisions of the Private Placement Agreement dated June 26, 2017;</p> <ul style="list-style-type: none"> - the admission to trading on Euronext Paris of the new shares to be issued upon exercise of the Warrants #1. <p>All the foregoing nominal values and amounts have been calculated under the assumption of the completion of the share capital reduction by means of the diminution of the par value of the Company's shares to one euro cent (€0.01) submitted for approval to the Company's general meeting of shareholders scheduled to convene on October 31, 2017, and subject to the adjustments applicable to the warrants in the event of operations on capital.</p> <p>The implementation of the Issuances Steps is subject to the following conditions:</p> <ul style="list-style-type: none"> - the approval by the Company's extraordinary general meeting of shareholders which is scheduled to convene on October 31, 2017 of the resolutions required to implement the draft safeguard plan, in particular those relating to the share capital reduction by reducing the unit par value of the Company's shares to one euro cent (€0.01); - the abovementioned share capital reduction being effectively carried out; - the sanctioning of the draft safeguard plan approved by both the committee of banks and assimilated creditors, and the sole general meeting of bondholders on July 28, 2017, by the Commercial Court of Paris; according to the current contemplated provisional timetable, the court should examine the request for the sanctioning of the draft safeguard plan on November 6, 2017; - confirmation by the relevant US Court of the "Chapter 11" plan and the recognition of the ruling sanctioning the draft safeguard plan within the framework of the "Chapter 15" proceedings the enforcement of which is not stayed; - the obtaining of the AMF <i>visa</i> on the prospectus relating to the Rights Issue with PSR, which share capital increase is tentatively scheduled to take place in December 2017, with settlement and delivery scheduled for January 2018; - the satisfaction of all conditions precedent provided for in the implementation documents of the restructuring, which includes notably the indenture of the new first lien notes, the indenture of the New Second Lien Notes and the new interest second lien notes, or the terms and conditions of the various warrants. <p>it being specified that the Restructuring Effective Date shall occur at the latest on February 28, 2017.</p> <p>ISIN Code of the Creditor Shares 1 and Creditor Shares 2: FR0013181864</p>
C.2	Currency of the issue	Euro.

<p>C.3</p>	<p>Number and nominal value of the securities issued</p>	<p>On the date of the Prospectus' <i>visa</i>, the Company's share capital amounted to €17,706,519, fully paid up, divided into 22,133,149 ordinary shares with a nominal value of €0.80 each. The share capital reduction through diminution of share par value to one euro cent (€0.01) will be submitted for approval to the Company's general meeting of shareholders scheduled to convene on October 31 2017.</p> <p>It should be noted that:</p> <ul style="list-style-type: none"> (i) the nominal value of the issue of Creditor Shares 2 and the number of Creditor Shares 2 to be issued, will be determined on the basis of (a) the total aggregate amount of principal and accrued unpaid interest outstanding on the Senior Notes as of the Reference Date, and (b) the portion of the Rights Issue with PSR which the holders of Senior Notes actually subscribe for by way of set-off against their claim under the Senior Notes, as part of their backstop commitment; (ii) the nominal value of the issue of Creditor Shares 1 and the number of Creditor Shares 1 to be issued will be determined based on the aggregate of principal and accrued unpaid interest on the Convertible Bonds as of the Reference Date; (iii) the number of Warrants #3 to be issued and the number of new shares for which they may be exercised, the number of Coordination Warrants to be issued and the number of new shares for which they may be exercised and the number of Backstop Warrants to be issued and the number of new shares for which they may be exercised, will be determined based on the number of Creditor Shares 1 and Creditor Shares 2 issued, and of the Rights Issue with PSR. <p>A press release will be issued by the Company as soon as possible after the centralization period of the Rights Issue with PSR, with the detailed final information on the number of securities issued.</p> <p>The total number of Creditor Shares 1 allocated to each holder of Convertible Bonds shall be determined on the basis of their total claims against the Company relating to the Convertible Bonds on the Reference Date, compared to the total aggregate amount (principal and accrued and unpaid interests) outstanding on the Convertible Bonds as of the same date (after taking into account in the calculation the cash payment for €4.46 million, as described in paragraph B.4a of the summary), rounded down to the nearest whole number of Creditor Shares 1. Only whole numbers of Creditor Shares 1 will be delivered to the holders of Convertible Bonds.</p> <p>The total number of Creditor Shares 2 allocated to each holder of Senior Notes shall be determined on the basis of their total claims against the Company relating to the Senior Notes on the Reference Date, compared to the total aggregate amount (principal and accrued and unpaid interests) outstanding on the Senior Notes as of the same date (after taking into account in the calculation the payment of \$86 million, as described in paragraph B.4a of the summary, and as the case may be, any amount used by the holders of Senior Notes to backstop the Rights Issue with PSR), rounded down to the nearest whole number of Creditor Shares 2. Only whole numbers of Creditor Shares 2 will be delivered to the holders of Senior Notes.</p> <p>The total number of Warrants #3 to be granted to subscribers of New Second Lien Notes will be determined in such a manner as to entitle them to subscribe for an aggregate number of new shares not in excess of 16% of share capital after the issue of Creditor Shares 1 and Creditor Shares 2, the Rights Issue with PSR, the exercise of the Coordination Warrants, the Backstop Warrants, and the Warrants #3, but before the exercise of the Warrants #1 and the Warrants #2 (the "Diluted Number of Shares"), for a subscription price of 0.01 euro.</p> <p>The total number of Coordination Warrants to be granted to the members of the ad hoc committee of Senior Notes holders will be determined in such a manner as to entitle them to subscribe for an aggregate number of new shares not in excess of 1% of the Diluted Number of Shares, for a subscription price of 0.01 euro.</p> <p>The total number of Backstop Warrants to be granted to the persons committed to backstop the subscriptions of the New Second Lien Notes and Warrants #3, in accordance with the private placement agreement dated June 26, 2017, will be determined in such a manner as to entitle them to subscribe for an aggregate number of new shares not in excess of 1.5% of the Diluted Number of Shares, for a subscription price of 0.01 euro.</p>
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<u>Portion of the Rights Issue with PSR subscribed by the existing shareholders (in %)</u>	<u>Number of Creditor Shares 1</u>	<u>Number of Creditor Shares 2</u>	<u>Number of Warrants #3</u>	<u>Number of Coordination Warrants</u>	<u>Number of Backstop Warrants</u>																					
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<p>C.4</p>	<p>Rights attached to the issued securities and shares</p>	<p>a) Rights attached to the Creditor Shares 1 and Creditor Shares 2</p> <p>Under current French law and the Company’s articles of association, the principal rights attached to the Creditor Shares 1 and Creditor Shares 2 are as follows:</p> <ul style="list-style-type: none"> • right to dividends; • voting right; • preferential subscription right to subscribe for securities of the same class; • right to liquidation dividends in the event of the Company’s windup. <p>All shares fully paid up and held in registered form by the same shareholder for at least two years are entitled to double voting rights in relation to other shares, based on the portion of the share capital they represent (article L. 225-123 of the French Commercial Code and article 14.6 of the Company’s articles of association).</p> <p>Form: the Creditor Shares 1 and Creditor Shares 2 may be held in either registered or bearer form, at the subscribers’ option.</p> <p>Eligibility (<i>jouissance</i>) and listing of the Creditor Shares 1 and Creditor Shares 2: the Creditor Shares 1 and Creditor Shares 2 will entitle their holders to all rights attached to them from their date of issue and to all distributions decided by the Company after that date.</p> <p>According to the tentative schedule, the Creditor Shares 1 and Creditor Shares 2 will be admitted for trading on Euronext Paris from their issue date, i.e. on January 17, 2018.</p> <p>b) Rights attached to the Warrants #1</p>																								

	<p>Subject to the right of the Company’s Board of Directors to suspend the exercise of the Warrants #1 in the event of an increase in share capital, merger (<i>absorption</i> or <i>fusion</i>), spin-off (<i>scission</i>) or issuance of new shares or securities conferring rights to receive shares, or other financial transactions conferring preferential subscription rights or reserving a priority subscription period for the benefit of shareholders of the Company, the holders of Warrants #1 will be entitled to acquire new Company shares by exercising their Warrants #1 at any time during a period of four (4) years from the Restructuring Effective Date.</p> <p>Three (3) Warrants #1 will entitle their holder to subscribe for four (4) new shares (the “Warrants #1 Exercise Ratio”), for a subscription price of €3.12 per new share (the holders having to exercise their Warrants #1 by multiples of three)</p> <p>The Warrants #1 Exercise Ratio may be adjusted following transactions implemented by the Company after the issue date of the Warrants #1, in accordance with applicable French laws and regulations and in compliance with contractual provisions, to protect the rights of holders of Warrants #1.</p> <p>The Warrants #1 Exercise Ratio will not be adjusted because of the Rights Issue with PSR and the issuance of the securities referred to in this Securities Note, as these various issues are already factored into the Warrants #1 Exercise Ratio.</p> <p>In accordance with article L. 228-103 of the French Commercial Code, the holders of Warrants #1 shall be grouped into a body (<i>masse</i>), which shall benefit from legal personality and which shall be subject to the same provisions as those provided for in articles L. 228-47 to L. 228-64, L. 228-66 and L. 228-90 of the French Commercial Code.</p> <p>The meeting of the holders of Warrants #1 is competent to authorize any amendment of the terms and conditions of the Warrants #1 and to make any decision relating to the subscription or allocation of the Warrants #1.</p> <p>The representative of the <i>masse</i> of holders of Warrants #1 will be:</p> <p>Aether Financial Services 36 rue de Monceau 75008 Paris</p> <p>Pursuant to applicable French law at the date hereof, the meeting of the Holders of Warrants #1 can validly deliberate if the Holders of Warrants #1, present or represented, hold at least 25% of the voting rights of the Warrants #1 on first convening and 20% of the voting rights of the Warrants #1 on second convening. Decisions of the holders are made with a two-third majority of the votes of the Holders of Warrants #1 present or represented during the meeting (articles L. 225-96 and L. 228-103 of the French Commercial Code). One Warrant #1 gives right to one vote at the general meetings of holders of Warrants #1.</p> <p>Application will be submitted for the Warrants #1 to be admitted to trading on the Euronext Paris market.</p> <p>The new shares issued upon exercise of Warrants #1 will be ordinary shares of the Company of the same class as the Company’s existing shares. They will entitle their holders to all rights attached to them from their date of issue and to all distributions decided by the Company after that date, and applications will be submitted periodically to have them admitted to trading on Euronext Paris under the same quotation line as existing shares (ISIN code: FR0013181864), as well as on the New York Stock Exchange (in the form of American Depositary Shares; NYSE: CGG).</p> <p>c) Rights attached to the Warrants #3, Coordination Warrants and Backstop Warrants</p> <p>Subject to the right of the Company’s Board of Directors to suspend the exercise of the Warrants #3, Coordination Warrants and Backstop Warrants in the event of an increase in share capital, merger (<i>absorption</i> or <i>fusion</i>), spin-off (<i>scission</i>) or issuance of new shares or securities conferring rights to receive shares, or other financial transactions conferring preferential subscription rights or reserving a priority subscription period for the benefit of shareholders of the Company (in which case the respective exercise period of the Warrants #3, Coordination Warrants and Backstop Warrants will be extended accordingly), the holders of Warrants #3, Coordination Warrants and Backstop Warrants will be entitled to</p>
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		<p>acquire new Company shares by exercising their warrants at any time during a period of six (6) months from the Restructuring Effective Date.</p> <p>One (1) Warrant #3, one (1) Coordination Warrant or one (1) Backstop Warrant will respectively entitle their holder to subscribe for one (1) new share (the “Creditor Warrants Exercise Ratio”) for a subscription price of 0.01 euro per new share.</p> <p>The Creditor Warrants Exercise Ratio may be adjusted following transactions implemented by the Company after the issue date of the Warrants #3, Coordination Warrants and Backstop Warrants, in accordance with applicable French laws and regulations, and in compliance with contractual provisions, for the purpose of protecting the rights of holders of Warrants #3, Coordination Warrants and Backstop Warrants.</p> <p>The Creditor Warrants Exercise Ratio will not be adjusted because of the Rights Issue with PSR and the issuance of the securities referred to in this Securities Note, as these various issues are already factored into the Creditor Warrants Exercise Ratio.</p> <p>In accordance with article L. 228-103 of the French Commercial Code, the holders of Warrants #3, Coordination Warrants and Backstop Warrants shall be grouped into a body (<i>masse</i>), which shall benefit from legal personality and which shall be subject to the same provisions as those of articles L. 228-47 to L. 228-64, L. 228-66 and L. 228-90 of the French Commercial Code.</p> <p>The general meetings of holders of each class of warrants are competent to authorize any amendment of the terms and conditions of the warrant class concerned, and to make any decision relating to the subscription or allocation of the warrant class concerned.</p> <p>The representative of the <i>masse</i> of holders of Warrants #3 will be:</p> <p>Aether Financial Services 36 rue de Monceau 75008 Paris</p> <p>The representative of the <i>masse</i> of holders of Coordination Warrants will be:</p> <p>Aether Financial Services 36 rue de Monceau 75008 Paris</p> <p>The representative of the <i>masse</i> of holders of Backstop Warrants will be:</p> <p>Aether Financial Services 36 rue de Monceau 75008 Paris</p> <p>Pursuant to applicable French law at the date hereof, the meeting of holders of a given class of warrants can validly deliberate if the of holders of such given class of warrants, present or represented, hold at least 25% of the voting rights of the given class of warrants on first convening and 20% of the voting rights of the given class of warrants on second convening. Decisions of the <i>masse</i> are made with a two-third majority of the votes of the holders of a given class of warrants, present or represented, during the <i>masse</i> meeting (articles L. 225-96 and L. 228-103 of the French Commercial Code). One warrant of a given class gives right to one vote at the the meeting of holders of that class.</p> <p>The new shares issued upon exercise of Warrants #3, Coordination Warrants and Backstop Warrants will be ordinary shares of the Company, of the same class as the Company’s existing shares. They will entitle their holders to all rights attached to them from their date of issue and to all distributions decided by the Company after that date, and applications will be submitted periodically to have them admitted to trading on Euronext Paris under the same quotation line as existing shares (ISIN code: FR0013181864), as well as on the New York Stock Exchange (in the form of American Depositary Shares; NYSE: CGG).</p>
C.5	Restrictions on free trading	Not applicable.
C.6	Applications for	Applications will be made for the Creditor Shares 1, Creditor Shares 2 and the Warrants #1

	admission to trading of the Creditor Shares 1 and Creditor Shares 2	<p>to be admitted to trading on Euronext Paris, as soon as they are issued, on the same quotation line as the Company's existing shares (ISIN code FR0013181864), and on the New York Stock Exchange (in the form of American Depositary Shares; NYSE: CGG).</p> <p>No application will be made for the Warrants #3, Coordination Warrants and Backstop Warrants to be admitted to trading on the regulated Euronext Paris market. However, application will be made for them to be accepted for clearance through Euroclear France, which will clear the trades of Warrants #3, Coordination Warrants and Backstop Warrants among custodians. Application will also be made for the warrants to be accepted for clearance through Euroclear Bank S.A./N.V., and Clearstream Banking SA (Luxembourg).</p> <p>The ISIN code of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants will be communicated at a later stage.</p>
C.7	Dividend policy	<p>The Company has not paid out any dividends for the past six years.</p> <p>As the Group prioritizes the reduction of its debt and the growth of the Group, the Company does not consider proposing a dividend distribution at the next general meeting of shareholders.</p>
C.8	Restrictions on the exercise of the Warrants	<p>The Company's Board of Directors may suspend the exercise of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants in the event of an increase in share capital, merger (<i>absorption</i> or <i>fusion</i>), spin-off (<i>scission</i>) or issuance of new shares or securities conferring rights to receive shares, or other financial transactions conferring preferential subscription rights or reserving a priority subscription period for the benefit of shareholders of the Company.</p> <p>If the right to exercise the Warrants #3, Coordination Warrants and Backstop Warrants is suspended, the respective exercise period of those warrants will be extended accordingly.</p>
C.11	Applications for admission to trading of the Warrants #1	<p>According to the indicative timetable, application will be made for the Warrants #1 to be admitted to trading on the regulated Euronext Paris market from the date of their issuance (i.e., according to the indicative timetable, January 17, 2018), under an ISIN code which will be communicated at a later stage.</p>
C.15	Influence of the underlying instrument on the value of the investment	<p>The respective value of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants depends primarily on: (i) the specific characteristics of these classes of warrants, i.e. their exercise price, exercise ratio and exercise period, and (ii) the nature of the underlying instrument and market conditions, such as the quoted price of underlying shares and their volatility.</p>
C.16	Expiration date of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants	<p>a) Warrants #1</p> <p>The Warrants #1 will expire on the last day of the fourth year following the Restructuring Effective Date.</p> <p>The Warrants #1 will lapse and accordingly lose all value at the close of trading on Euronext Paris (5.30 p.m. Paris time) on the date corresponding to the fourth anniversary of the Restructuring Effective Date (or on the next Business Day if that day is not a Business Day) or earlier in the event of (i) the Company's liquidation or (ii) the redemption of all Warrants #1, as set forth in section 4.2.13 of this Securities Note.</p> <p>b) Warrants #3, Coordination Warrants and Backstop Warrants</p> <p>The Warrants #3, Coordination Warrants et Backstop Warrants will expire on the last day of the sixth month following the Restructuring Effective Date, subject to the cases of extension of the exercise period referred to in paragraph C.8.</p> <p>The Warrants #3, Coordination Warrants and Backstop Warrants will lapse and accordingly lose all value at the close of trading on Euronext Paris (5.30 p.m. Paris time) on the last day of the sixth month following the Restructuring Effective Date (or on the next Business Day if that day is not a business day) or earlier in the event of (i) the Company's liquidation or (ii) the redemption of all Warrants #3 or Coordination Warrants or Backstop Warrants, subject to the cases of extension of the exercise period referred to in paragraph C.8.</p>
C.17	Settlement	<p>The settlement and delivery of the Warrants #1 will be managed by BNP Paribas Securities</p>

	procedure for the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants	<p>Services.</p> <p>The settlement and delivery of the Warrants #3, Coordination Warrants and Backstop Warrants will be managed by Lucid Issuer Services Limited.</p>
C.18	Terms and conditions relating to the proceeds from Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants	<p>The subscriptions of Creditor Shares 1 and Creditor Shares 2 will be by way of set-off against due and payable claims relating to the Convertible Bonds and Senior Notes, respectively, so that their issuance will not generate any proceeds for the Company.</p> <p>The Warrants #1, Coordination Warrants and Backstop Warrants will be granted for free, so that their issuance will not generate any proceeds for the Company.</p> <p>The Warrants #3 issued for free concomitantly with the New Second Lien Notes and in favor of the subscribers of the New Second Lien Notes will generate, together with the New Second Lien Notes, (but without taking into account the proceeds resulting from the exercise of this Warrants #3), proceeds of \$375,000,000 (including a tranche in euros not in excess of the euro-equivalent of \$100,000,000).</p> <p>The cost of (i) the issuance of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants and (ii) the completion of the Rights Issue with PSR (financial intermediaries' fees and legal and administrative expenses) is estimated at approximately €20 million.</p>
C.19	Issue price of the Creditor Shares 1 and Creditor Shares 2 / exercise price of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants	<p>Issue price of the Creditor Shares 1</p> <p>Ten euros and twenty-six cents (€10.26) per new share.</p> <p>Issue price of the Creditor Shares 2</p> <p>Three euros and twelve cents (€3.12) per new share.</p> <p>Exercise price of the Warrants #1</p> <p>Three Warrants #1 will give right to subscribe to four new shares, at a subscription price of three euros and twelve cents (€3.12) per new share.</p> <p>Exercise price of the Warrants #3</p> <p>One Warrant #3 will give right to subscribe to one new share, at a subscription price of one euro cent (€0.01) per new share.</p> <p>Exercise price of the Coordination Warrants</p> <p>One Coordination Warrant will give right to subscribe to one new share, at a subscription price of one euro cent (€0.01) per new share.</p> <p>Exercise price of the Backstop Warrants</p> <p>One Backstop Warrant will give right to subscribe to one new share, at a subscription price of one euro cent (€0.01) per new share.</p>
C.20	Information on the underlying instruments	See C.22 below.
C.22	Information concerning the underlying shares	<p>The exercise of all Warrants #1 is expected to result in the creation of a maximum number of 32,500,000 new Company shares.</p> <p>The exercise of all Warrants #3 is expected to result in the creation of a maximum number of 123,817,000 new Company shares.</p> <p>The exercise of all Coordination Warrants is expected to result in the creation of a maximum number of 7,738,600 new Company shares.</p> <p>The exercise of all Backstop Warrants is expected to result in the creation of a maximum number of 11,607,900 new Company shares.</p>

		<p>Nature, class and code number of the new Company shares to be created upon exercise of the Warrants.</p> <p>The new Company shares to be created upon exercise of the Warrants will be ordinary shares of the same class as the existing Company shares. They will entitle their holders to all rights attached to them from their date of issue and to all distributions decided by the Company after that date.</p> <p>Applications will periodically be made for the new Company shares resulting from the exercise of the Warrants to be admitted to trading on Euronext Paris, on the same quotation line as existing Company shares and under the same ISIN code FR0013181864, as well as on the New York Stock Exchange (in the form of American Depositary Shares; NYSE: CGG).</p> <p>Currency in which the new Company shares resulting from the exercise of Warrants will be issued</p> <p>The new Company shares resulting from the exercise of the Warrants will be issued in euros.</p> <p>Right attached to the new Company shares resulting from the exercise of the Warrants</p> <p>Under current French law and in accordance with the Company’s articles of association, the principal rights attached to the new Company shares resulting from the exercise of the Warrants are as follows:</p> <ul style="list-style-type: none"> • right to dividends – right to a share of the issuer’s profit; • voting right; • preferential subscription right to subscribe for securities of the same class; • right to liquidation dividends in the event of the Company’s windup. <p>Restriction on the free trading of new Company shares resulting from the exercise of the Warrants</p> <p>No clause in the articles of association places restrictions on the trading of new Company shares resulting from the exercise of the Warrants.</p>
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Section D – Risks		
D.1	Principal risks specific to the Company or its business	<p>Investors are invited to consider the risk factors which are specific to the Group and its business, and which include the following principal risks:</p> <p>Risks associated with the Company’s financial restructuring</p> <p>The principal risks associated with the Group’s financial restructuring are set out below:</p> <ul style="list-style-type: none"> – in the absence of implementation of the restructuring operations, the cash level of the Group would be insufficient as early as the first quarter of 2018, which could compromise its ability to operate as a going concern, and the Group may be placed under judicial reorganization proceedings (<i>redressement judiciaire</i>) in the short term, and wound up in the medium term, as the case may be in the context of judicial liquidation proceedings in various jurisdictions; – risk stemming from the absence of implementation of the share capital reduction submitted to the Company’s general meeting of shareholders scheduled to convene on October 31, 2017; – should the Company’s general meeting of shareholders not approve the resolutions required to implement the draft safeguard plan on October 31, 2017, the signatories of the lock-up and restructuring support agreements could be released from their commitments; – risks stemming from the dilutive impact of the Company’s financial restructuring measures on the equity interests of the current shareholders and holders of American

		<p>Depository Shares;</p> <ul style="list-style-type: none"> – risks related to the potential rejection by the competent court in the US of the Chapter 11 plan and the request for recognition of the judgment sanctioning the safeguard plan under the Chapter 11 proceeding, as well as rejection by the Paris Commercial Court of the draft safeguard plan; – risks stemming from a potential appeal against the judgment sanctioning the Company’s safeguard plan; – risks stemming from a potential appeal suspending the confirmation by the competent court in the US of the Chapter 11 plan or the recognition by the competent court in the US of the judgment sanctioning the safeguard plan, under the Chapter 15 proceeding; – risk related to the effect of insolvency procedures; – risk stemming from the fact that the Group’s revenues and the liquidity available until the Restructuring Effective Date may be insufficient to fund the operational needs of the Group. <ul style="list-style-type: none"> • risks associated with the business of the Company and its subsidiaries, including risks: <ul style="list-style-type: none"> – stemming from current economic uncertainty and the volatility of oil and natural gas prices which could have a significant adverse effect on the Group; – inherent to international operations; – relating to acquisitions; – stemming from the transfer to a third-party of the Group’s shallow water activities and seabed seismic acquisition activities using ocean bottom nodes (OBN) and cables; – stemming from the potentially accelerated impairment of goodwill; – stemming from the Group’s large investment in the acquisition and processing of seismic data for multi-client studies, without knowing for certain whether it will be able to sell this data, when and at what price; – stemming from currency fluctuations that can materially affect the Group’s results of operations; – stemming from the fact that the Group’s working capital needs are difficult to forecast and may vary significantly, which could result in additional financing requirements that the Group may not be able to meet on satisfactory terms, or at all; – stemming from the potential impact of fluctuations in the fuel costs on the Group’s results of operations; – stemming from the fact that the Group’s results of operations may be affected by the weight of intra-group production; – stemming from the fact that technological changes and new products and services are frequently introduced in the market, and the Group’s technology could be rendered obsolete by these introductions, or the Group may not be able to develop and produce new and enhanced products on a cost-effective and timely basis; – stemming from the fact that the Group depends on proprietary technology and is exposed to risks associated with the misappropriation or infringement of that technology; – stemming from the fact that the Group’s failure to attract and retain qualified employees may adversely affect its future business and operations; – stemming from the Group’s ability to generate profits, which cannot be guaranteed in the future as the Group has at times reported losses in the past;
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		<ul style="list-style-type: none"> – stemming from commercial risk and counter-party risk; • industry-related risks including the risks: <ul style="list-style-type: none"> – stemming from the fact that the volume of the Group’s business 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; – stemming from the fact that the Group’s backlog includes contracts that can be unilaterally delayed or terminated at the client’s option; – stemming from the fact that the Group is subject to intense competition in the markets where we carry out its operations, which could limit its ability to maintain or increase our market share or maintain our prices at profitable levels; – stemming from the fact that the Group has taken significant measures to adapt its fleet to changes in the seismic market, and depending on the seismic market in the future, it may make further adjustments that could impose exceptional charges; – stemming from the high levels of fixed costs that are incurred regardless of the Group’s level of business activity, including in relation to bareboat charter; – stemming from the fact that the Group’s revenue derived from marine seismic data acquisition vary significantly during the year; – stemming from the fact that the Group’s business and that of its customers are subject to governmental regulations, which may adversely affect its operations or demand for its products in the future; – stemming from the environment; • risks relating to the Group’s debt including the risks: <ul style="list-style-type: none"> – stemming from the Group’s debt agreements which contain restrictive covenants that may limit its ability to respond to changes in market conditions or pursue business opportunities; – stemming from the fact that if the Group is unable to comply with the restrictions and covenants in the indentures governing our Senior Notes, the agreements governing its credit facilities and other current and future debt agreements, there could be a default under the terms of these indentures and agreements, which could result in an acceleration of repayment; – stemming from the fact that the Group and its subsidiaries may incur additional debt; – stemming from the fact, in order to service and/or refinance its indebtedness and make capital expenditures, the Group requires a significant amount of cash or will have to implement a debt restructuring plan, and its ability to generate cash or implement such plan will depend on many factors beyond our control; – stemming from the fact that, in order to comply with its undertakings relating to its debt and/or to refinance that debt, and to realize investments, the Group will need a significant amount of cash or will have to implement a restructuring plan, and its ability to generate such cash or to carry out such plan will depend on several factors that are beyond its control; – stemming from liquidity risks; – stemming from the fact that, following the Restructuring Effective Date, the Group will have a new debt structure and its ability to service its debt will notably depend on factors that are beyond its control; – stemming from interest-rate risks; – stemming from its exposure to exchange-rate risks; • other risks of a financial nature including currency risks and risks relating to shares and financial instruments; • insurance-related risks;
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		<ul style="list-style-type: none"> • risks stemming from outsourcing.
<p>D.3</p>	<p>Principal risks specific to the offered securities</p>	<p>Risks associated with the Creditor Shares 1 and Creditor Shares 2</p> <p>The principal risks associated with the Creditor Shares 1 and Creditor Shares 2 are set out below:</p> <ul style="list-style-type: none"> – the Company’s shareholders will experience a significant dilution caused by the issuance of the Creditor Shares 1 and Creditor Shares 2; – the volatility and liquidity of the Company’s shares could fluctuate significantly; – given the significant number of issued shares in the context of the Issuance Steps, sales of a significant number of shares of the Company could take place quickly after the Restructuring Effective Date, or such sales could be anticipated by the market, which could have a negative impact on the market price of the shares; – the Company’s shares could become subject to the French tax on financial transactions, and the European tax on financial transaction, if adopted, could apply to the Company’s shares. <p>Risks associated with the Warrants</p> <p>The principal risk factors associated with the Warrants are set out below:</p> <ul style="list-style-type: none"> – the market for the Warrants #1 could provide little liquidity and be highly volatile; – the liquidity of the market for Warrants #3, Coordination Warrants and Backstop Warrants could be limited; – in case of a drop in the price of the Company’s shares, the Warrants could decline in value; – the price of the Company shares could fluctuate and fall below the subscription price of the new shares issued upon exercise of the various classes of Warrants, and if that decline were to occur after the Warrants had been exercised by their owners, these owners would incur losses if they immediately sold those shares; – shareholders who did not exercise their Warrants or who sold them could be diluted if other Warrant holders decided to exercise them; – sales of Warrants could occur on the market and could have an adverse impact on the value of the respective Warrants; – the terms and conditions of each class of Warrants may be modified and those modifications would be binding on all of their respective holders; – the holders of Warrants have only limited protection against the dilution of their interests; – the holders of Warrants #1 will be responsible for handling the fractional entitlements in case of exercise of the Warrants #1.

Section E – Offering

<p>E.1</p>	<p>Net proceeds from the issue of Warrants #1, Creditor Shares 1, Creditor Shares 2 and Warrants #3, Coordination Warrants and Backstop Warrants / Estimated total cost of the offering</p>	<p>The subscription for the Creditor Shares 1 and Creditor Shares 2 will be by way of set-off against due and payable claims, under the Convertible Bonds and Senior Notes, respectively, so that their issuance will not generate any proceeds for the Company. These transactions will be used to reduce the Company’s gross residual debt of (i) €362 million from the Convertible Bonds and (ii) €1,391 million from the Senior Notes, with the assumption of a Reference Date on December 20, 2017, according to the indicative timetable.</p> <p>The Warrants #1, Coordination Warrants and Backstop Warrants will be granted for free, so that their issuance will not generate any proceeds for the Company.</p> <p>The Warrants #3 do not generate any proceeds for the Company since they are issued for free but are issued with the New Second Lien Notes that will allow to generate, proceeds of \$375,000,000 (including a tranche in euros not in excess of the euro-equivalent of \$100,000,000).</p> <p>The cost of (i) the issuance of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants and (ii) the completion of the Rights Issue with PSR (financial intermediaries’ fees and legal and administrative expenses) is estimated at approximately €20 million.</p>
<p>E.2a</p>	<p>Reasons for the offering / planned use of the proceeds and estimated net proceeds from the issuance of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants</p>	<p>Reasons for the offering</p> <p>The purpose of the offering is to carry out the proposed financial restructuring of the Company, as set out in B.4 above.</p> <p>Use of the proceeds from the issues</p> <p>The subscriptions of Creditor Shares 1 and Creditor Shares 2 will be by way of set-off against due and payable claims under the Convertible Bonds and Senior Notes, respectively, so that their issuance will not generate any proceeds for the Company. These transactions will be used to reduce the Company’s gross residual debt of (i) €362 million from the Convertible Bonds and (ii) €1,391 million from the Senior Notes, with the hypothesis of a Reference Date on December 20, 2017, according to the indicative timetable.</p> <p>The funds raised in cash from (i) the Rights Issue with PSR and (ii) the issue of the New Second Lien Notes and Warrants #3 (net of backstop and commitment fees and other costs, expenses or fees related to the Rights Issue with PSR and the issue of the New Second Lien Notes and Warrants #3) will be used as follows:</p> <ul style="list-style-type: none"> - first, up to \$250 million, to provide for the Group’s financial and operating needs (including (i) the payment of accrued and unpaid interests under the Convertible Bonds at the Reference Date which has not been equitized in the context of the Creditor Shares 1 issuance (i.e. an amount of approximately €4.46 million), (ii) the payment of restructuring-related fees and expenses other than the backstop fees and expenses and all other fees relating to the Rights Issue with PSR and the issue of the New Second Lien Notes and Warrants #3); - secondly, to make the Initial Repayment, on a pro rata basis, to the secured lenders, the amount of such repayment being limited to a maximum of \$150 million in aggregate; - the balance would be kept by the Company to cover (x) its financial needs (including the payment of restructuring-related fees and expenses other than, <i>inter alia</i>, subscription and backstop fees and expenses) and (y) any delay in the Group’s redeployment.
<p>E.2b</p>	<p>Reasons for the offering of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3,</p>	<p>See E.2a above.</p>

	<p>Coordination Warrants and Backstop Warrants</p>	
<p>E.3</p>	<p>Terms and conditions of the offering</p>	<p>a) Warrants #1 Offering period: not applicable. Terms: up to 24,375,000 Warrants #1 granted for free by the Company to all of its historical shareholders (i.e. those shareholders with a proof of registration of their shares at the date determined to benefit from the detachment of the preferential subscription rights to the Rights Issue with PSR), on the basis of one (1) Warrant #1 for one (1) existing share, with three (3) Warrants #1 giving the right to subscribe for (4) new shares at the subscription price of three euros and twelve cents (€3.12) per new share.</p> <p>b) Creditor Shares 1 Offering period: not applicable. Terms: issue with removal of the shareholders’ preferential subscription rights, in favor of the holders of Convertible Bonds, in the amount of a portion of their claims relating to the Convertible Bonds, in compliance with article L. 225-138 of the French Commercial Code. Subscription price of the Creditor Shares 1: ten euros and twenty-six cents (€10.26)</p> <p>c) Creditor Shares 2 Offering period: not applicable. Terms: issue with removal of the shareholders’ preferential subscription rights, in favor of holders of Senior Notes, in the amount of a portion of their claims under the Senior Notes, in compliance with article L. 225-138 of the French Commercial Code. Subscription price of the Creditor Shares 2: three euros and twelve cents (€3.12)</p> <p>d) Warrants #3 Offering period: not applicable. Terms: up to 123,817,300 Warrants #3 issued by the Company at the same time as the New Second Lien Notes, and granted to the subscribers of New Second Lien Notes <i>pro rata</i> their subscriptions to New Second Lien Notes, with one (1) Warrant #3 entitling them to subscribe for one (1) new share, for the subscription price of one euro cent (€0.01) per new share. The Warrants #3 issued by the company will be exercisable for an aggregate number of new shares not in excess of 16% of the Diluted Number of Shares. The exact number may only be determined once the Reference Date and the result of the Rights Issue with PSR are definitively known.</p> <p>e) Coordination Warrants Offering period: not applicable. Terms: up to 7,738,600 Coordination Warrants to be granted to the members of the ad hoc committee of Senior Notes holders (as said committee existed in its composition on June 14, 2017), with one (1) Coordination Warrant entitling them to subscribe for one (1) new share, for the subscription price of one euro cent (€0.01) per new share. The Coordination Warrants will be exercisable for an aggregate number of new shares not in excess of 1% of the Diluted Number of Shares. The exact number may only be determined once the Reference Date and the result of the Rights Issue with PSR are definitively known.</p> <p>f) Backstop Warrants Offering period: not applicable. Terms: up to 11,607,900 Backstop Warrants granted for free by the Company to persons committed to backstop the subscription of the New Second Lien Notes and the Warrants #3, in accordance with the provisions of the Private Placement Agreement of June 26, 2017, with one (1) Backstop Warrant entitling them to subscribe for one (1) new share, for the subscription price of one euro cent (€0.01) per new share. The Backstop Warrants will be exercisable for an aggregate number of new shares not in excess of 1.5% of the Diluted Number of Shares. The exact number may only be determined once the Reference Date and the result of the Rights Issue with PSR are definitively known.</p>

		<p>Conditions to which the issuance of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants are subject</p> <p>The implementation of the financial restructuring transactions remains subject to the conditions referred to in paragraph C.1 above:</p> <p>The settlement and delivery of all the issuances of Warrants #1, Warrants #3, Creditor Shares 1, Creditor Shares 2, Coordination Warrants, and Backstop Warrants will occur concomitantly with the settlement and delivery of the issue, with shareholders' preferential subscription rights, of new shares with warrants, subject to satisfaction of all the above-mentioned conditions precedent.</p> <p>The issuances provided for under the draft safeguard plan and the Chapter 11 plan shall be regarded as a whole; if one of them could not be implemented, none of them would be implemented.</p> <p>Independent expert assessment</p> <p>The Company's Board of Directors has appointed Ledouble SAS to act as an independent expert in accordance with applicable law for the purpose of assessing the fairness of the restructuring transactions to the Company's shareholders.</p> <p>The expert's conclusions are set forth below.</p> <p><i>“Following our work on valuing CGG shares and reviewing the financial terms and conditions of the Transaction, based on the assumption that the CGG Group continues as a going concern in its current structure, we believe the salient points for the Shareholders are as follows:</i></p> <ul style="list-style-type: none"> > <i>The Transaction, which will equitize more than €1.8 billion of debt, meets an immediate need to reduce the Group's indebtedness, which is essential if it is to continue as a going concern.</i> > <i>The Group's continuation as a going concern is contingent on:</i> <ul style="list-style-type: none"> ▪ <i>A recovery in business and an improvement in margins, in accordance with Management's Business Plan forecasts; and</i> ▪ <i>At least a partial refinancing in the future to meet payments falling due with respect to the non-equitized Secured Debt and the unsubordinated second lien New Second Lien Notes to be issued.</i> > <i>As regards the value range resulting from our valuation and the subordination of Shareholders ranking them after the Creditors, it appears that the Shareholders would have potentially lose their entire investment without a financial restructuring which is essential to the continuity of the Group's operations.</i> > <i>The subscription prices of €3.12 and €10.26 for the Reserved Capital Increases for the Creditors, respectively the Senior Noteholders and the CB holders, show a premium over our multi-criteria valuation of CGG.</i> > <i>The \$375 million issue of high-yield New Second Lien Notes governed by the laws of New York State will be accompanied by the allotment of three classes of Warrants with an exercise price of €0.01, exercise of which will increase the dilution of CGG Shareholders. All of the impacts of these New Second Lien Notes are included in our analysis of the Shareholders' position.</i> > <i>Based on the CGG valuation range, our analysis of the Shareholders' interest, pre- and post-Restructuring, shows that:</i> <ul style="list-style-type: none"> ▪ <i>The Shareholders will not lose value based on the valuations of CGG that include a Business Plan execution risk, which lead to negative pre-Restructuring equity values;</i> ▪ <i>A valuation based on share price as of May 11, 2017 could result in a loss of up to 60% for the Shareholders due to the high share price relative to CGG's intrinsic value.</i> > <i>The Rights Issue with PSR, at a subscription price of €1.56, shows a discount to the multi-criteria valuation of CGG based on Management's Business Plan; the discount disappears if we assume a delay in achieving the Business Plan forecasts. Shareholders not wishing to subscribe to the offering will be able to sell their Rights.</i>
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		<p>➤ <i>Shareholders will receive Warrants that, albeit out of the money at present and therefore excluded from our analysis, have a long exercise period.</i></p> <p><i>In view of the current situation and the intrinsic value of the Group, we are of the opinion that the Transaction taken as a whole is fair to CGG Shareholders.”</i></p> <p>The independent expert’s opinion is reproduced in its entirety in Schedule 1 to this Securities Note.</p> <p>Suspension of the right of holders of Convertible Bonds to convert them into shares</p> <p>As part of the Company’s financial restructuring, the holders of Convertible Bonds are expected to subscribe for the Creditor Shares 1 by way of set-off against their claims against CGG relating to the Convertible Bonds.</p> <p>The right of holders of Convertible Bonds to convert them into shares will be suspended, according to the indicative timetable, from November 28, 2017 (at 12 a.m. Paris time), to no later than February 28, 2018 (at 11.59 p.m. Paris time) as prescribed by law and regulations and in accordance with the terms and conditions of the Convertible Bonds, with the understanding that, on that date, if the financial restructuring is completed, there will no longer be any Convertible Bonds outstanding (as the claims of their holders will have been set off by the subscription for the Creditor Shares 1).</p> <p>Suspension of the right to exercise stock options currently in their exercise period</p> <p>The right to exercise stock options resulting from CGG option plans and currently in their exercise period will be suspended, based on the indicative timetable, from November 28, 2017 (at 12 a.m. Paris time) to no later than February 28, (11.59 p.m. Paris time) as prescribed by law and regulations and in accordance with the provisions of option plan rules.</p> <p>Placing and underwriting</p> <p>Not applicable.</p> <p>Guarantee</p> <p>Not applicable.</p> <p>Subscription commitments and intentions</p> <p>The issuance of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants is subject to the approval of the necessary resolutions by the combined general meeting of shareholders scheduled to convene on October 31, 2017.</p> <p>Under the draft safeguard plan:</p> <p>(i) the DNCA Entities committed to backstop in cash the Rights Issue with PSR up to an amount of €71.39 million (share premium included);</p> <p>(ii) the Senior Notes holders also committed to backstop the portion of the unsubscribed Rights Issue with PSR (if needed after implementing the commitment to subscribe from the DNCA Entities), it being specified that this backstop commitment would be implemented by set-off with part of their claims on the Company under the Senior Notes;</p> <p>(iii) some eligible Senior Notes holders have committed to subscribe to the New Second Lien Notes Issuance, giving access to the Warrants #3, pursuant to the provisions of a private placement agreement as of June 26, 2017;</p> <p>(iv) the New Second Lien Notes Issuance is furthermore backstopped by the members of the ad hoc committee of Senior Notes holders (or their transferees under certain conditions), in accordance with the terms of a private placement agreement as of June 26, 2017.</p> <p>Restrictions applicable to the offering</p> <p>The distribution of this Prospectus, the sale or offering of (i) the Company’s shares (including the Creditor Shares 1 and Creditor Shares 2), (ii) the Warrants #1, (iii) the Warrants #3, (iv) the Coordination Warrants and (v) the Backstop Warrants as well as the subscription of the new shares issued pursuant to the exercise of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants may be subject to specific regulations in certain countries, including the United States of America.</p>
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E.4	Interests which may significantly influence the offering	<p>In the context of the transactions required by the draft safeguard plan:</p> <p>i. the Rights Issue with PSR is backstopped in cash, up to the amount of approximately €71.39 million (including share premium), by the DNCA Entities. The backstop commitment in cash will be compensated by a fee equal to 10% of the amount committed, namely an amount of approximately €7.14 million for the DNCA Entities);</p> <p>ii. the unsubscribed portion of the Rights Issue with PSR (if needed after the implementation of the subscription commitment of the DNCA Entities) is subject to a backstop commitment by the Senior Notes holders that would be executed by set-off with part of their claims on the Company under the Senior Notes at their face value. No commission is paid as part of the backstop commitment for the Rights Issue with PSR of the Senior Notes holders by set-off of their claims;</p> <p>iii. some eligible Senior Notes holders have committed to subscribe to the New Second Lien Notes Issuance, pursuant to the provisions of a private placement agreement as of June 26, 2017. The subscription commitment in cash will be compensated by a fee equal to 7% of the amount committed (payable during the achievement of the issuance and under the condition of such achievement, in cash or by set-off (at the discretion of the company) with the subscription price of the New Second Lien Notes);</p> <p>iv. the New Second Lien Notes Issuance is furthermore backstopped by the members of the ad hoc committee of Senior Notes holders (or their transferees under certain conditions) who will receive as such:</p> <p>a. a backstop commission of 3% of the total amount of the New Second Lien Notes Issuance (payable during the after completion of the issuance and subject to such completion, in cash or by set-off (at the discretion of the company) with the subscription price of the New Second Lien Notes); and</p> <p>b. the Backstop Warrants. The Backstop Warrants can be exercised at a subscription price of 0.01 euro per new share.</p> <p>v. The draft safeguard plan provides for the issuance and the free allocation of the Coordination Warrants by the Company. The Coordination Warrants can be exercised at a subscription price of 0.01 euro per new share.</p>
E.5	Person or entity offering to sell their securities / Lock-up agreement	<p>Person or entity offering to sell their securities:</p> <p>Not applicable</p> <p>Lock-up agreement: not applicable.</p>
E.6	Amount and percentage of dilution	<p>Dilution</p> <p>Assuming (i) the Reference Date is December 20, 2017, (ii) the total amount of the financial debt in principal and accrued but unpaid interest as of the Reference Date is equal</p>

		<p>to €366,024,528 under the Convertible Bonds and €1,467,924,425 under the Senior Notes, (iii) the Company holds 24,997 shares as treasury shares, and (iv) the total amount of the Rights Issue with PSR (share premium included) is approximately equal to 112.2 million euros, the persons holding shares of the Company prior to the implementation of the restructuring (on the basis of a share capital composed of 22,133,149 shares) would hold, following all the issuances contemplated in the draft safeguard plan and taking into account the exercise of all the Warrants #3, Backstop Warrants and Coordination Warrants:</p> <p>(i) 3.2% of the capital, before the exercise of the Warrants #1 and Warrants #2, and</p> <p>(ii) 6.7% of the capital, taking into account the exercise of all Warrants #1 (and considering they were exercised by existing shareholders) and Warrants #2,</p> <p>if the Rights Issue with PSR is subscribed only by the DNCA Entities and the Senior Notes holders as part of their backstop commitment, no share being subscribed by the persons holding shares of the Company before the implementation of the restructuring transactions.</p> <p>In the event the Rights Issue with PSR is fully subscribed in cash by the persons holding shares of the Company prior to the implementation of the restructuring (on the basis of a share capital composed of 22,133,149 shares), such persons would hold, following all the issuances contemplated in the draft safeguard plan and taking into account the exercise of all the Warrants #3, Backstop Warrants and Coordination Warrants:</p> <p>(i) 13.3% of the share capital of the Company, before the exercise of the Warrants #1 and Warrants #2, and</p> <p>(ii) 21.9% of the share capital of the Company, taking into account the exercise of all Warrants #1 and Warrants #2 (and considering they were exercised by the aforementioned shareholders).</p> <p>The tables below show the effect of these financial restructuring transactions on the relative amount of equity per share and the percentage of equity interest in the Company held by the shareholders and the different stakeholders, on the basis of the assumptions set forth on the first paragraph above.</p> <p>Theoretical impact of the restructuring on the relative amount of shareholders' equity</p> <p>As an indication, the theoretical impact on the relative amount of the consolidated shareholders' equity, Group share, per share of the issues of the Creditor Shares 1, the Creditor Shares 2 and the new shares to be issued upon exercise of the Warrants #1, the Warrants #2, the Warrants #3, the Coordination Warrants and the Backstop Warrants is presented hereafter (<i>calculated on the basis of consolidated shareholders' equity, Group share, on June 30, 2017 and 22,133,149 Company shares outstanding on June 30, 2017 including treasury shares</i>). The identity of the subscribers, by subscription by cash to the Rights Issue with PSR (existing shareholders, or DNCA Entities due to their subscription commitment) has no impact on the results presented below :</p> <table border="1" data-bbox="564 1688 1544 2029"> <thead> <tr> <th data-bbox="564 1688 1257 1783"></th> <th colspan="2" data-bbox="1257 1688 1544 1783">Amount of equity per share (in US dollars⁽¹⁾)</th> </tr> <tr> <th data-bbox="564 1783 1257 1877"><i>Assumption 1: 0% of the Rights Issue with PSR subscribed by the holders of Senior Notes as part of their backstop commitment</i></th> <th data-bbox="1257 1783 1401 1877">Non-diluted basis</th> <th data-bbox="1401 1783 1544 1877">Diluted basis⁽²⁾</th> </tr> </thead> <tbody> <tr> <td data-bbox="564 1877 1257 2029">Before the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised</td> <td data-bbox="1257 1877 1401 2029">35.08</td> <td data-bbox="1401 1877 1544 2029">39.77</td> </tr> </tbody> </table>		Amount of equity per share (in US dollars ⁽¹⁾)		<i>Assumption 1: 0% of the Rights Issue with PSR subscribed by the holders of Senior Notes as part of their backstop commitment</i>	Non-diluted basis	Diluted basis ⁽²⁾	Before the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised	35.08	39.77
	Amount of equity per share (in US dollars ⁽¹⁾)										
<i>Assumption 1: 0% of the Rights Issue with PSR subscribed by the holders of Senior Notes as part of their backstop commitment</i>	Non-diluted basis	Diluted basis ⁽²⁾									
Before the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised	35.08	39.77									

	<p>After the issue of 683,629,882 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.</p>	4.00	4.17
	<p>After the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.</p>	4.01	4.17
	<p>⁽¹⁾ Reuters euro / US dollar exchange rate on June 14, 2017 at 12.00 noon (Paris time) of 1.1206 US dollar for one euro used to translate the amount of this capital increase into US dollars.</p> <p>⁽²⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.</p>		
		Amount of equity per share (in US dollars⁽¹⁾)	
	<i>Assumption 2: 36.38% of the Rights Issue with PSR subscribed by the holders of Senior Notes as part of their backstop commitment</i>	Non-diluted basis	Diluted basis⁽²⁾
	Before the issue of 745,007,541 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised	35.08	39.77
	After the issue of 667,574,851 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.	4.09	4.26
	After the issue of 745,007,541 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.	4.09	4.25
	<p>⁽¹⁾ Reuters euro / US dollar exchange rate on June 14, 2017 at 12.00 noon (Paris time) of 1.1206 US dollar for one euro used to translate the amount of this capital increase into US dollars.</p> <p>⁽²⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.</p>		
	Theoretical impact of the restructuring on the positions of the shareholders		
	<p>As an indication, the theoretical impact of the issues of the Creditor Shares 1, the Creditor Shares 2 and the new shares to be issued upon exercise of the Warrants #1, the Warrants #2, the Warrants #3, the Coordination Warrants and the Backstop Warrants on the equity interest of a shareholder with 1% of the Company's shares outstanding prior to these issues, depending on the percentage of the Rights Issue with PSR subscribed by the persons holding the shares of the Company before the implementation of the restructuring transactions, is presented hereafter:</p>		
		Shareholders' interest (in%)	
	<i>Assumption 1: 100% of the Rights Issue with PSR subscribed by the existing shareholders</i>	Non-diluted basis	Diluted basis⁽¹⁾

	<p>Before the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised</p>	1.00	0.980
	<p>After the issue of 683,629,882 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.</p>	0.133	0.131
	<p>After the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.</p>	0.219	0.216
	⁽¹⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.		
		Shareholder's interest (in%)	
	<i>Assumption 2: 50% of the Rights Issue with PSR subscribed by the existing shareholders</i>	Non-diluted basis	Diluted basis⁽²⁾
	<p>Before the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised</p>	1.00	0.980
	<p>After the issue of 683,629,882 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.</p>	0.082	0.081
	<p>After the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.</p>	0.142	0.141
	⁽¹⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.		
		Shareholder's interest (in%)	
	<i>Assumption 3: 0% of the Rights Issue with PSR subscribed by the existing shareholders</i>	Non-diluted basis	Diluted basis⁽²⁾
	<p>Before the issue of 761,007,541 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised</p>	1.00	0.980
	<p>After the issue of 667,574,851 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.</p>	0.032	0.032
	<p>After the issue of 745,007,541 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.</p>	0.067	0.067
	⁽¹⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.		

Tables of shareholders' interest after financial restructuring:

The tables hereunder reflect the holding of capital of the different categories of stakeholders after the implementation of the share transactions planned by the Financial Restructuring Plan, depending on the percentage of the Rights Issue with PSR subscribed by the existing shareholders.

Assumption 1: prior to the exercise of the Warrants #1 and the Warrants #2

<u>Portion of the Rights Issue with PSR subscribed by the existing shareholders (in %)(1)</u>	<u>Portion held by the existing shareholders</u>	<u>Portion held by DNCA as part of its backstop commitment</u>	<u>Portion held by the Senior Notes holders</u>	<u>Portion held by the holders of Convertible Bonds</u>
100%	13.3%	-	81.7%	5.0%
50%	8.2%	5.1%	81.7%	5.0%
0%	3.2%	6.6%	85.1%	5.1%

⁽¹⁾ excluding any backstop commitment by DNCA.

Assumption 2: after issuance of the new shares resulting from exercise of the Warrants #1 and the Warrants #2

<u>Portion of the Rights Issue with PSR subscribed by the existing shareholders (in %)(1)</u>	<u>Portion held by the existing shareholders</u>	<u>Portion held by DNCA as part of its backstop commitment</u>	<u>Portion held by the Senior Notes holders</u>	<u>Portion held by the holders of Convertible Bonds</u>
100%	21.9%	-	73.6%	4.5%
50%	14.2%	7.7%	73.6%	4.5%
0%	6.7%	9.9%	78.8%	4.6%

⁽¹⁾ excluding any backstop commitment by DNCA.

E.7

Estimate of the expenses charged by the issuer to the investors

Not applicable.

1. PERSONS RESPONSIBLE

1.1. Persons responsible for the Prospectus

Jean-Georges Malcor, *Directeur Général* (Chief Executive Officer)

Stéphane-Paul Frydman, *Directeur Financier* (Chief Financial Officer)

1.2. Statement by the persons responsible for the Prospectus

“We hereby certify after having taken all reasonable measures to that effect that the information contained in this Prospectus is, to the best of our knowledge, consistent with the facts and free of omissions which could affect its scope.

We have received an audit letter from the statutory auditors, in which they state that they have verified the information pertaining to the financial position and financial statements included in this Prospectus and that they have read the entire Prospectus.”

October 13, 2017

Jean-Georges Malcor
Directeur Général

Stéphane-Paul Frydman
Directeur Financier

1.3. Person responsible for investor relations

Stéphane-Paul Frydman
Directeur Financier
CGG
Tour Maine Montparnasse
33 Avenue du Maine
75015 Paris

1.4. Investor contact

Catherine Leveau
CGG
Tour Maine Montparnasse
33 Avenue du Maine
75015 Paris
Tel.: +33 1 64 47 34 89
Email: invreparis@cgg.com

2. RISK FACTORS

The risk factors relating to the Company and its sector and the risks relating to the financial restructuring of the Company are described in Part 3 of the Registration Document and Registration Document Update, which form part of this Prospectus. The shareholders' attention is called to the fact that the list of risks in the Registration Document and the Registration Document Update is not exhaustive, and that there may exist other risks, which have not yet been identified or are not considered to be material by the Company as of the date of approval of the Prospectus. In addition to these risk factors, before deciding to invest, shareholders are invited to consider the following risk factors associated with the issued securities.

2.1. Risk factors associated with the Creditor Shares 1 and Creditor Shares 2

The Company's shareholders will experience a significant dilution caused by the issuance of the Creditor Shares 1 and Creditor Shares 2

Assuming an aggregate debt outstanding in principal and accrued unpaid interest on the Reference Date (assuming that the Reference Date will be December 20, 2017, based on the indicative timetable) of (i) €366,024,528 relating to the Convertible Bonds and (ii) €1,467,924,425 relating to the Senior Notes, if cash subscriptions under the Rights Issue with PSR amount to €12,215,060.36, the issues of Creditor Shares 1 and Creditor Shares 2 entails the issuance of up to 481.130.991 new shares, amounting to approximately 68.2 % of the diluted capital after the Rights Issue with PSR, the issue of Creditor Shares 1, the issue of Creditor Shares 2, and the exercise of the Backstop Warrants, Coordination Warrants and Warrants #3 but before the exercise of the Warrants #1 and Warrants #2.

The number of Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants to be issued will be determined on the basis of the aggregate total amount in principal and accrued and unpaid interests at the Reference Date under the Senior Notes and Convertible Bonds, and also, for the Creditor Shares 2, on the basis of the amount of the Rights Issue with PSR subscribed for by the holders of Senior Notes as part of their backstop commitment (see section 3.4 "*Background and terms of the Company's financial restructuring*" and section 9 "*Dilution*" of this Securities Note).

Upon completion of the Company's financial restructuring, and on the basis of the same assumptions as those referred to in the first paragraph of this risk factor, and assuming that the Rights Issue with PSR is subscribed in total by the DNCA Entities and the Senior Notes holders as part of their backstop commitment (no share is subscribed by the current shareholders) the Company's current shareholders and holders of American Depositary Shares would only hold 3.2% of its equity after allowing for the dilutive impact of the issues of Creditor Shares 1 and Creditor Shares 2 and the exercise of the Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of the Warrants #2 and Warrants #1.

This dilution may have a negative impact on the market price of the shares and the American Depositary Shares. Furthermore, it would limit the possibility for those who were shareholders before the completion of the financial restructuring to hold influence on the capital structure and the composition of the board after the implementation of this restructuring.

The volatility and liquidity of the Company's shares could fluctuate significantly

The liquidity of the market for the Company's shares could be reduced because the holders of the Creditor Shares 1, Creditor Shares 2, the new shares resulting from the exercise of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants, would own between 86.7% and 90.2% of the Company's equity following its financial restructuring, based on a diluted share capital after the Rights Issue with PSR, the issue of Creditor Shares 1, the issue of Creditor Shares 2, and the exercise of the Backstop Warrants, Coordination Warrants and Warrants #3, but before the exercise of the Warrants #1 and Warrants #2.

Furthermore, in recent years there have been wide fluctuations in stock markets, often unrelated to the results of the companies whose shares are traded there. Market fluctuations and the state of the economy could increase the volatility of the Company's shares. The trading price of the Company's shares could significantly fluctuate in response to various factors and events, including the risk factors described in the Registration Document and the Registration Document Update that form part of the Prospectus as well as the liquidity of the market for the Company's shares.

Given the significant number of issued shares in the context of the issuance operations, sales of a significant number of shares of the Company could take place quickly after the Restructuring Effective Date, or such

sales could be anticipated by the market, what could have a negative impact on the market price of the share

The Issuance Steps would lead to the Issuance of a significant number of shares of the Company and, simultaneously, to the substantial modification of the shareholders' structure. In this context, sales of a significant number of shares of the Company could quickly take place from the Restructuring Effective Date, or such sales could be anticipated by the market, which could have a negative impact on the market price of the shares.

The Company's shares could become subject to the French tax on financial transactions and the European tax on financial transaction, if adopted, could apply to the Company's shares

The Company's shares could become subject to the French tax on financial transactions ("**French FTT**") provided for in article 235ter ZD of the French General Tax Code ("**CGI**"), which, subject to certain conditions, applies to purchases for valuable consideration of equity securities and quasi-equity securities traded on a regulated market, issued by a company located in France with a market capitalization of more than one billion euros on December 1 of the year preceding the purchase date. A list of the companies to which the French FTT applies is published annually.

If the Company were to be included in the list, the French FTT would become payable, subject to certain exceptions, at the rate of 0.3% of the consideration paid for purchases on the secondary market of the Company's equity or quasi-equity securities.

In addition, the attention of potential holders of the Company's shares is also called to the fact that, on February 14, 2013, the European Commission adopted a draft directive on the creation of a common tax on financial transactions (the "**European FTT**") in eleven Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain) (the "**Participating Member States**"), which, if it were adopted and implemented in France, could replace the French FTT. Estonia has since indicated that it no longer wished to participate in negotiations on the European FTT.

The European FTT is very broad in its scope and if it were adopted in the form currently contemplated, it could apply, under certain circumstances, to certain transactions (including on secondary markets) involving the Company's shares. Transactions in the primary market governed by article 5(c) of European Commission Regulation 1287/2006 would be exempt. The European FTT would be a cost that would generally amount to at least 0.1% of purchase prices.

In its currently contemplated form, the European FTT could apply to both residents and non-residents of the Participating Member States. It could apply to transactions in which at least one of the parties is a financial institution and at least one of the parties is established in a Participating Member State. The circumstances in which a financial institution is or is deemed to be "established" in a Participating Member State are relatively broad and include (a) when it carries out transactions with a person established in a Participating Member State or (b) when the financial instrument traded was issued in a Participating Member State.

However, the proposed European FTT is still the subject of discussions among the Participating Member States (other than Estonia) and could therefore be modified before its adoption, whose timing remains uncertain. Other Member States could also decide to participate and/or other Participating Member States could decide to withdraw.

The French FTT and the European FTT could in the future raise the cost of trading the Company's shares and could adversely affect the liquidity of the market for the Company's shares. The shareholders of the Company are advised to contact their regular tax advisor to find out about the potential consequences of the French FTT and European FTT.

2.2. Risk factors associated with the Warrants

The market for the Warrants #1 could provide little liquidity and be highly volatile

Application will be made for the Warrants #1 to be admitted to trading on Euronext Paris. No assurance can be given as to whether a market for the Warrants #1 will develop. The holders of Warrants #1 who do not wish to exercise them may be unable to sell them in the stock market. If such a market were to develop, the volatility of the Warrants #1 could be higher than that of the Company's shares.

The trading price of the Warrants #1 will depend in part on the trading price of the Company's shares. If the price of the Company's shares falls, the value of the Warrants #1 could decline.

In addition, large trades between institutional investors are generally performed over the counter, so that all investors may not have access to this type of trades, including their pricing.

The liquidity of the market for Warrants #3, Coordination Warrants and Backstop Warrants could be limited

No application will be made for the Warrants #3, Coordination Warrants and Backstop Warrants to be admitted to trading on Euronext Paris. However, application will be made for them to be accepted for clearance through Euroclear France, which will clear the trades of Warrants #3, Coordination Warrants and Backstop Warrants among their custodians. Application will also be made for the warrants to be accepted for clearance through Euroclear Bank S.A./N.V., and Clearstream Banking SA (Luxembourg). No assurance can be given as to whether there will be a market for the Warrants #3, Coordination Warrants or Backstop Warrants. The holders of Warrants #3, Coordination Warrants or Backstop Warrants who do not wish to exercise them may be unable to sell them. The price at which the Warrants #3, Coordination Warrants and Backstop Warrants can be sold will depend notably on the trading price of the Company's shares. If the price of the Company's shares falls, the value of the Warrants #3, Coordination Warrants and Backstop Warrants could decline.

The price of the Company's shares could fluctuate and fall below the subscription price of the new shares issued upon exercise of the various classes of Warrants, and if that decline occurred after Warrants had been exercised by their owners, these owners would incur losses if they immediately sold those shares

No assurance can be given that the price of the Company's shares will not fall below the subscription price of the various classes of Warrants. If that decline occurs after Warrants have been exercised by their owners, those owners would incur losses if they to immediately sell their shares. Accordingly, no assurance can be given that, after they exercise the Warrants, the investors will be able to sell their shares in the Company for a price equal to or above the subscription price of the Warrants.

Shareholders who do not exercise their Warrants or who sold them could be diluted if other Warrants holders decided to exercise them

The interests of shareholders who do not exercise their Warrants or who sell them would be diluted if holders of other Warrants decided to exercise them.

Even if the shareholders holding Warrants decide to sell them, the consideration they may receive could be insufficient to offset that dilution.

Risk of a decline in the value of the Warrants

The Warrants which have not been exercised by their expiration date will lapse and, as a result, lose all value.

Sales of Warrants could occur on the market and could have an adverse impact on the value of the concerned Warrants

The sale of Warrants on the stock market, or the expectation that such sales may occur could adversely affect the price of the Warrants #1. The Company cannot predict the potential impact that sales of or Warrants #1 would have on the trading price of the concerned Warrants.

The terms and conditions of each class of Warrants may be modified and those modifications would be binding on all of their respective holders

The terms and conditions of each class of Warrants may be modified, subject to the approval of the special general meeting of holders of such class of Warrant, in accordance with current legal provisions and regulations, by a majority of two-third of the votes of the Warrant holders present or represented at that meeting. The approved modifications would be binding on all Warrants holders concerned.

The terms and conditions of the Warrants are based on the law and regulations applicable on the date the Prospectus receives its approval (*visa*).

Legislative or regulatory changes could cause modifications in the terms and conditions of the Warrants, which could in turn affect their value.

No assurance can be given as to the impact of such potential developments after the date of approval (*visa*) of the Prospectus.

The holders of Warrants have only limited protection against the dilution of their interests

The Exercise Ratio of the Warrants will be adjusted only according to sections 4.2.10 (*Amendment of the profit distribution rules, redemption of equity, changes in the Company's legal form or corporate purpose - reduction of*

the Company's share capital resulting from losses) and 4.2.11 (*Protection of the rights of the Holders of Warrants*) of this Securities Note. Accordingly, their Exercise Ratio will not be adjusted every time an event concerning the Company or any other event may affect the value of the Company's shares or, as a general matter, may have a dilutive impact, such as in the case of (i) an issue (a) of shares with removal of the shareholders' preferential subscription rights (b) of securities giving access to share capital, (ii) the payment of stock dividends, (iii) awards of Company shares to employees (or officers), or (iv) grants of Company stock options to employees (or officers).

The events for which no adjustment is contemplated could adversely affect the value of the Company's shares and, accordingly, the value of the Warrants.

The holders of Warrants #1 will be responsible for handling the fractional entitlements in case of exercise of the Warrants #1

Three (3) Warrants #1 will entitle their holder to subscribe for four (4) new shares of the Company. Any shareholder who would not own at least three (3) Warrants #1 (or a multiple of three) will not be able to exercise all of its Warrants #1. The holders of Warrants #1 will be responsible for handling the fractional entitlements when exercising their Warrants #1 and will have to acquire the number of Warrants #1 required to hold a multiple of three and subscribe to the new shares of the Company (subject to the adjustments in the event of operations on capital, as indicated in paragraph 4.2.12).

3. BASIC INFORMATION

3.1. Representations concerning net working capital

As of the date of this Prospectus, the Group does not have sufficient consolidated net working capital with respect to its obligations over the twelve next months.

As of September 30, 2017, the Group has liquidity of \$334 million. According to the forecasted cash flows of the Group, in the event that :(i) the Company would remain under the safeguard proceedings in France and its 14 subsidiaries under “Chapter 11” in the United States,

(ii) such situation would not have commercial consequences,

(iii) no liquidity injection would be achieved,

and given, notably, operational and financial costs of restructuring close to \$90 million, the amount of the deficiency of the working capital within 12 months, compared to the level required to enable the good implementation of the operations, would be between \$25 and \$50 million. Furthermore, the Group considers that if the Financial Restructuring Plan were not implemented in accordance with what has been described in paragraph B.4a, it would be exposed to adverse commercial consequences, with clients demonstrating their strong reluctance to commit (on projects of pre-financing of multi-clients for example), consequences that could lead to increase the deficiency of the working capital within 12 months by an amount in the order of \$100-150 million.

However, if the various financial restructuring transactions described in this Prospectus are completed (including the Rights Issue with PSR concerning which a prospectus will be submitted to the AMF for approval (*visa*)), the Company certifies that, from its point of view, its net working capital would be sufficient to meet its obligations over the twelve months following the date of the Prospectus.

3.2. Shareholders equity and debt

The table below shows the position in terms of consolidated equity and consolidated debt on September 30, 2017, in accordance with the March 2013 recommendations of the European Securities and Markets Authority (ESMA) (ESMA/2013/319, paragraph 127): Summary statement of consolidated shareholders’ equity and debt

in millions of US dollars (IFRS)	September 30, 2017
1. Shareholders’ equity and debt	
Current debt	
Secured ⁽¹⁾	811.6
Guaranteed ⁽²⁾	1,646.9
Unsecured and not guaranteed ⁽³⁾	394.0
Total ^(a)	2,828.3
Non-current debt (other than the current portion of long-term debt)	
Secured ⁽¹⁾	52.8
Guaranteed ⁽²⁾	0.0
Unsecured and not guaranteed ⁽³⁾	0.0
Total	52.8
Shareholders’ equity Group share	
Share capital	20.3
Legal reserve	8.1
Other reserves ^(b)	712.8

in millions of US dollars (IFRS)	September 30, 2017
Total	741.2
2. Net debt	
A – Cash and restricted cash ^(c)	334.4
B – Cash equivalents	0.0
C – Investment securities	0.0
D – Cash and cash equivalents (A+B+C)	334.4
E – Short-term receivables	
F – Short-term bank debt	1.8
G – Portion of medium and long-term debt maturing in less than one year	5.2
H – Other short-term debt	2,845.5
I – Current short-term debt (F+G+H)	2,852.5
J – Net short-term debt (I-E-D)	2,518.1
K – Bank debt due in more than one year	52.8
L – Issued notes and bonds	0.0
M – Other debt due in more than one year	0.0
N – Medium and long-term debt (K+L+M)	52.8
O – Net debt (J+N)	2,570.9

(1) \$811.6 million, including \$467.6 million of French RCF and US RCF and \$337.0 million of TLB 2019

(2) Corresponds to the total amount of the Senior Notes

(3) \$394 million, including \$390.8 million of Convertible Bonds

(a) As of September 30, 2017, on the \$2,852.5 million of financial debts presented as current liabilities, \$560.7 million have less than a 12-month term, the additional amount is presented as current liabilities due to a pure accountable reclassification, due to the application of IAS 1.

(b) “Other Reserves” does not include the result or the other elements of the global result of the Company for the period from July 1, 2017 to September 30, 2017.

(c) Best situation estimated on October 4, 2017.

3.3. Interests of the individuals and entities participating in the offering

In the context of the transactions required by the draft safeguard plan:

- i. the Rights Issue with PSR is backstopped in cash, up to the amount of approximately €71.39 million (including share premium), by the DNCA Entities. The backstop commitment in cash will be compensated by a fee equal to 10% of the amount committed, namely an amount of approximately €7.14 million for the DNCA Entities);
- ii. the unsubscribed portion of the Rights Issue with PSR (if needed after the implementation of the subscription commitment of the DNCA Entities) is subject to a backstop commitment by the Senior Notes holders that would be executed by set-off with part of their claims on the Company under the Senior Notes at their face value. No commission is paid as part of the backstop commitment for the Rights Issue with PSR of the Senior Notes holders by set-off of their claims;
- iii. some eligible Senior Notes holders have committed to subscribe to the New Second Lien Notes Issuance, pursuant to the provisions of a private placement agreement as of June 26, 2017. The subscription commitment in cash will be compensated by a fee equal to 7% of the amount committed (payable during the achievement of the issuance and under the condition of such achievement, in cash or by set-off (at the discretion of the company) with the subscription price of the New Second Lien Notes);

- iv. the New Second Lien Notes Issuance is furthermore backstopped by the members of the ad hoc committee of Senior Notes holders (or their transferees under certain conditions) who will receive as such:
 - a. a backstop commission of 3% of the total amount of the New Second Lien Notes Issuance (payable during the after completion of the issuance and subject to such completion, in cash or by set-off (at the discretion of the company) with the subscription price of the New Second Lien Notes); and
 - b. the Backstop Warrants. The Backstop Warrants can be exercised at a subscription price of 0.01 euro per new share.
- v. The draft safeguard plan provides for the issuance and the free allocation of the Coordination Warrants by the Company. The Coordination Warrants can be exercised at a subscription price of 0.01 euro per new share.

3.4. Background and terms of the Company's financial restructuring

Group's debt structure

As of September 30, 2017, the Group's financial indebtedness was, notably, as follows:

(i) a secured financial debt, composed of:

- i. a revolving credit facility agreement entitled "Multicurrency Revolving Facility Agreement", entered into on July 31, 2013 by the Company for an initial amount in principal of \$325,000,000, reduced to approximately \$300,000,000, fully drawn to date (the "**French RCF**");
- ii. a revolving credit facility agreement entitled "Credit Agreement" entered into on July 15, 2013 for an initial amount of \$165,000,000, fully drawn to date (the "**US RCF**"); and
- iii. a bullet loan agreement entitled "Term Loan Credit Agreement" entered into on November 19, 2015 by CGG Holding (U.S.) Inc. for an initial amount of \$342,122,500 (the "**TLB 2019**");

(together, the "**Secured Loans**");

The Secured Loans benefit from a number of securities granted by the Company and some of its subsidiaries (including pledge of securities account) and from backstops by some of the companies of the Group.

(ii) two issues of convertible bonds, namely:

- i. an issue of convertible bonds (*obligations à option de conversion et/ou d'échange en actions nouvelles ou existantes*) on November 20, 2012 for a total initial amount of €60,000,000, reduced to approximately €34,900,000 (following an exchange transaction with convertible bonds (*obligations à option de conversion et/ou d'échange en actions nouvelles ou existantes*) which mature in 2020) due on January 1, 2019 (the "**2019 Convertible Bonds**");
- ii. an issue of convertible bonds (*obligations à option de conversion et/ou d'échange en actions nouvelles ou existantes*) on June 26, 2015 for a total initial amount of €325,100,000, due on January 1, 2020 (the "**2020 Convertible Bonds**", and together with the 2019 Convertible Bonds, the "**Convertible Bonds**");

The Convertible Bonds do not benefit from any securities or backstops.

(iii) several high-yield "senior" note issues under US law, namely:

- i. an issue of notes dated April 23, 2014 maturing on May 15, 2020 for a total amount of €400,000,000 bearing interest at a rate of 5.875% (the "**Senior Notes 2020**")
- ii. an issue of notes dated May 31, 2011, January 20, 2017 and March 13, 2017, maturing on June 1, 2021 for a total initial amount of \$720,704,000 bearing interest at a rate of 6.5% (the "**Senior Notes 2021**"); and
- iii. an issue of notes dated May 1, 2014 maturing on January 15, 2022 for a total initial amount of \$500,000,000 bearing interest at a rate of 6.875% (the "**Senior Notes 2022**" and together with the Senior Notes 2020 and the Senior Notes 2021, the "**Senior Notes**").

The Senior Notes benefit from backstops by some of the Group's companies but do not benefit from any securities.

(iv) a leasing contract to finance the operational head office of its subsidiaries CGG Services SAS in Massy, by the end of October 1st, 2022.

Therefore, as of September 30, 2017, the financial debt was of \$2,905,296,358. The summarized financial indebtedness of the Group is as follows:

Financial debt as of September 30, 2017	Total amount in principal, excluding accrued interests	Accrued interests	IFRS adjustments	Total
Secured Loans				
French RCF (EUR)	124,600,000			124,600,000
French RCF (USD)	160,000,000	42,528	-1,257,343	158,785,185
US RCF (USD)	161,933,711	420,376	-621,942	161,732,144
TLB 2019 (USD)	337,845,969	71,607	-957,297	336,960,280
<i>Total Secured Loans (in USD¹)</i>	806,882,440	534,511	-2,836,582	804,580,369
Senior Notes				
Senior Notes 2020 (EUR)	400,000,000	20,880,811	-391,393	420,489,418
Senior Notes 2021 (USD)	675,625,000	36,419,977	-1,520,312	710,524,665
Senior Notes 2022 (USD)	419,636,000	20,642,007	-343,466	439,934,541
<i>Total Senior Notes (in USD¹)</i>	1,567,501,000	81,713,869	-2,325,857	1,646,889,012
Convertible Bonds				
Convertible Bonds 2019 (EUR)	34,933,352	110,071	-1,826,089	33,217,334
Convertible Bonds 2020 (EUR)	325,165,550	4,310,671	-31,702,005	297,774,216
<i>Total Convertible Bonds (in EUR)</i>	360,098,902	4,420,742	-33,528,094	330,991,550
Other debts				
Leasing (USD)			58,585,746	58,585,746
Other (USD)	4,472,607			4,472,607
<i>Total Other Debts (in USD¹)</i>	4,472,607	-	58,585,746	63,058,353
Total financial debt as of September 30, 2017 (in USD¹)	2,803,988,810	87,467,508	13,840,040	2,905,296,358

(1) On the basis of an exchange rate of 1 EUR = 1.1806 USD.

Negotiations with the stakeholders

Following the February 27, 2017 appointment by the President of the Paris Commercial Court of Maître Bourbouloux as *mandataire ad hoc*, discussions took place with the Group's principal creditors aimed at reducing the Group's debt. CGG, some of its principal creditors, and DNCA (in its capacity as long-term institutional shareholder and holder of the Company's Senior Notes and Convertible Bonds) reached an agreement in principle on a financial restructuring plan on June 1, 2017 and, legally binding agreements (lock-up or restructuring support agreements) were signed on June 13, 2017 which confirmed the agreement in principle, whereby the parties thereto have committed to undertake any action reasonably required to implement and carry out the restructuring.

To the Company's knowledge, as of October 4, 2017, no creditor member of the ad hoc Senior Notes holders committee or of the *ad hoc* Secured Lenders committee held more than 1 % of the Company's capital. At this date, DNCA who held (i) approximately 5.5 % of the total principal amount of the Senior Notes, (ii) approximately 20.7 % of the total principal amount of the Convertible Bonds, and (iii) approximately 7.9 % of the share capital of the Company.

The draft safeguard plan was approved on July 28, 2017 by a unanimous vote of the committee of banks and financial institutions, and by a majority of 93.5% of votes cast at the general meeting of bondholders, including by DNCA. The "Chapter 11" plan concerning the various classes of creditors subject to "Chapter 11" proceedings was confirmed by the relevant US court on October 10, 2017 (the order should be entered in the next few days). The works council of the Company, also consulted with respect to the draft safeguard plan, rendered a favorable opinion at its meeting held on October 2, 2017.

In order to implement the draft of the restructuring plan, the required resolutions will first have to be approved by the Company's general meeting of shareholders, which is scheduled to convene on October 31, 2017. The plan will then have to be sanctioned by a judgment of the Paris Commercial Court, scheduled for November 13, 2017, according to the indicative timetable, following a hearing on November 6, 2017. The judgment by the Paris Commercial Court on the safeguard plan will then have to be recognized in the United States, under a Chapter 15 proceeding, which is tentatively expected to take place on November 20, 2017.

A Chapter 11 plan concerning some of the Group's foreign subsidiaries, which are debtors or guarantors of the Group's debt has been prepared. The subsidiaries involved in the Chapter 11 plan are CGG Holding BV, CGG Marine BV, CGG Holding I (UK) Ltd, CGG Holding II (UK) Ltd, CGG Holding (US) Inc., CGG Services (US) Inc., Alitheia Resources Inc., Viking Maritime Inc., CGG Land (US) Inc., Sercel Inc., Sercel-GRC Corp, CGG Marine Resources Norge AS, CGG Canada Services Ltd and Sercel Canada Ltd.

As part of these judicial proceedings, the holders of claims under the Secured Loans, the Senior Notes and the Convertible Bonds whose principal aggregate amount, inclusive of the Convertible Bonds, is approximately equal to \$2.8 billion) may not demand any early repayment, which provides protection to the Group to carry out its operational activities while leaving the stakeholders only a limited timeframe to approve a financial restructuring plan.

Should one of the conditions set out in subsection C.1 of the Prospectus Summary fail to be satisfied, the financial restructuring plan may not be implemented. In this case, or if the implementation timetable is not met, according to the Company cash flow forecasts, the Group liquidity would decrease below the required level to continue the operations no later than the first quarter of 2018, hence jeopardizing the ability of the Group to continue as a going concern. In addition, in such cases, the Group could be placed under judicial reorganization proceedings (*redressement judiciaire*) in the short term, and be wound up in the medium term, as the case may be in the context of liquidation proceedings in various jurisdictions. Should such proceedings be carried out, they could place the shareholders and the holders of American Depositary Shares in a situation where they would lose their entire investment in the Group, and the creditors, or some of them, with fewer recourses to recover their claims

Description of the draft safeguard plan

The draft safeguard plan would aim at restructuring the financial debt of the Group while complying with its main industrial goals, namely to:

- preserving the integrity of the Group;

- giving some leeway to the Group to (i) pursue its technological and business development, and (ii) face the oil market uncertainties; and
- maintaining and developing in France an internationally recognized center of excellence in the seismic and geoscience fields.

The draft safeguard plan of the Company is based on the following main characteristics:

(a) substantial reduction of the Company's financial indebtedness level

This reduction will be carried out by way of equitization, under the following conditions, of the principal amount and accrued but unpaid interests as of the last day of the subscription period of the Rights Issue with PSR referred to in paragraph (b)(i) below (the “**Reference Date**”) in respect of:

- (i) the Senior Notes reduced by (x) an amount of \$86 million (such amount will be repaid, at the holders’ election, either in cash over a ten year period and subject to certain terms, or by way of set-off, at the face value, as part of the subscription for new high-yield notes issued by the Company (the “**New Second Lien Notes**”), and (y) as the case may be, any amount used to subscribe for the Rights Issue with PSR (as this term is defined below) as part of the backstop commitment of the holders of Senior Notes described in paragraph (b)(i) below (the “**Senior Notes Claim**”);

This equitization will be carried out through a share capital increase with removal of the shareholders’ preferential subscription right in favor of the holders of Senior Notes, at a subscription price of €3.12 per new share (the “**Creditor Shares 2**”). The capital increase will be subscribed for by way of set-off, at the face value, against the amount of the Senior Notes Claim. The amount of the Senior Notes Claim will be converted into euros in accordance with the draft safeguard plan at the exchange rate on June 14, 2017, at 12h00 CET, i.e. €1 = \$1.1206;

- (ii) the Convertible Bonds, reduced by an amount of approximately €4.46 million (this amount being paid in cash on the Restructuring Effective Date (as this term is defined below) (the “**Convertible Bonds Claim**”).

This equitization will be carried out via a share capital increase with removal of the shareholders’ preferential right in favor of the holders of Convertible Bonds at a subscription price of €10.26 per new share (the “**Creditor Shares 1**”). The subscription to the share capital increase will be carried out by way of set off against the Convertible Bonds Claim;

(b) new money injection up to a maximum amount of approximately \$500 million

The size of such new money injection was discussed and agreed between the parties on the basis of negative sensitivities vis-à-vis the outlook for 2018 and 2019, based in particular on a less favorable assumption regarding the price per oil barrel, i.e. a simple stability compared to the current level of USD 50-55 per barrel, and a lower increase of exploration expenses.

Such new money injection would be carried out by way of (i) a share capital increase with shareholders’ preferential subscription right, and (ii) the issuance of new high yield notes.

- (i) share capital increase with preferential subscription rights

The draft safeguard plan provides for a share capital increase with preferential subscription right (the “**Rights Issue with PSR**”) up to an amount of approximately 112 million euros (including share premium) (this amount corresponds to the euro equivalent of \$125 million on the basis of the exchange rate of June 14, 2017 at 12:00 p.m. CET, i.e. 1 EUR = 1.1206 USD, provided in the draft safeguard plan), , by issue of shares of the Company, each with a share warrant attached (the “**Rights Issue with PSR**”, and the “**ABSA**”), at a subscription price of €1.56 per ABSA.

Three of these warrants (the “**Warrants #2**”), will give the right to subscribe for two (2) new shares for a subscription price of €4.02 per new share for a five-year period starting from the Restructuring Effective Date.

It is specified that the Rights Issue with PSR is backstopped in cash for up to approximately €1.39 million (including share premium) by the Company DNCA Invest and entities managed by DNCA Finance (the “**DNCA Entities**”), so that any shares not subscribed on a pro rata basis (non-reducible) and on an oversubscription (reducible) basis will ultimately be subscribed in these amounts (subject to the satisfaction of the conditions precedent); The holders of Senior Notes have committed to backstop for the portion of the Rights Issue with PSR not subscribed (where applicable after making use of the subscription commitment of the DNCA Entities), by way of set-off against part of their claims against the Company under the Senior Notes. In all circumstances, subject to the satisfaction of the conditions precedent and technical adjustments, the Rights Issue with PSR will be fully subscribed.

The backstop commitment in cash will be compensated by a fee equal to 10% of the amount committed (namely amount of €1.14 million for the DNCA Entities), provided that no fee will be paid in respect of the backstop commitment by way of set-off at their face value of the holders of Senior Notes;

- (ii) issuance of new high yield notes

The draft safeguard plan provides for the issuance of new notes in an amount up to \$375 million, by way of the issuance by the Company of new high yield notes governed by New York state law, benefitting from second-ranking security interests (the “**New Second Lien Notes**”), bearing interest at a rate including a variable component indexed on the LIBOR for the tranche denominated in US dollars and on the EURIBOR for the tranche denominated in euros (*with a floor at 1%*) plus 400 bps per annum and PIK (payment-in-kind or “**PIK**) of 850 bps per annum (such issuance, the “**New Second Lien Notes Issuance**”), each with a share warrant attached (the “**Warrants #3**”).

The Warrants #3 would be exercisable within a six-month period as from the Restructuring Effective Date and would give the right to subscribe for new shares representing 16% of the total number of shares outstanding after dilution resulting from the completion of the Rights Issue with PSR, the issue of Creditor Shares 1 and Creditor Shares 2, and the exercise of the Backstop Warrants, Coordination Warrants and Warrants #3, but before the exercise of the Warrants #1 and the Warrants #2 (as such terms are defined below) for a subscription price of 0.01 euro per new share.

Certain eligible holders of Senior Notes undertook to subscribe for the New Second Lien Notes, in accordance with the terms of a private placement agreement dated June 26, 2017. The subscribers will benefit from a backstop commitment fee equal to 7% of the total amount of the New Second Lien Notes Issuance they would have subscribed for (such fee being payable upon, and subject to, the implementation of the issuance, in cash or by way of set-off (at the Company’s election) against the subscription price of the New Second Lien Notes).

The New Second Lien Notes issuance is also being backstopped by the members of the Senior Notes holders *ad hoc* committee (or their transferees subject to certain conditions), who will receive in this respect (x) a backstop commitment fee equal to 3% of the total amount of the New Second Lien Notes issuance (such fee being payable upon, and subject to, the implementation of the issuance, in cash or by way of set-off (at the Company’s election) against the subscription price of the New Second Lien Notes), and (y) share warrants with a subscription price of 0.01 euro for each new share subscribed, with a six-month exercise period as from the Restructuring Effective Date giving the right to subscribe for new shares representing 1.5% of the total number of shares outstanding after dilution resulting from the completion of the Rights Issue with PSR, the issue of Creditor Shares 1 and Creditor Shares 2, and the exercise of the Backstop Warrants, Coordination Warrants and Warrants #3, but before the exercise of the Warrants #1 and the Warrants #2 (as such terms are defined below) (the “**Backstop Warrants**”), at a subscription price of 0.01 euro per new share.

(c) Free allocation of share warrants to the shareholders and to certain Senior Notes holders

- (i) free allocation of share warrants to the shareholders enabling them to benefit from the sector recovery

The draft safeguard plan provides for the issuance and of free allocation by the Company of warrants in favor of the shareholders of the Company, with a 4-year exercise period as from the Restructuring Effective Date, one of those warrants being allocated to each existing share, and three of such warrants

giving right to subscribe for four new shares of the Company at a subscription price of €3.12 per new share (the “**Warrants #1**”).

- (ii) free allocation of share warrants to the members of the Senior Notes holders ad hoc committee

The draft safeguard plan provides for the issuance and free allocation by the Company of warrants in favor of the members of the *ad hoc* Senior Notes holders committee, with a 6-month exercise period as from the Restructuring Effective Date, giving the right to subscribe for new shares representing 1 % of the total number of shares outstanding after dilution resulting from the completion of the Rights Issue with PSR, the issue of Creditor Shares 1 and Creditor Shares 2, and the exercise of the Backstop Warrants, Coordination Warrants and Warrants #3, but before the exercise of the Warrants #1 and the Warrants #2 (as such terms are defined below) (the “**Coordination Warrants**”), for a subscription price of 0.01 euro per new share.

The issuances of Warrants #1, ABSA, Warrants #3, Coordination Warrants and Backstop Warrants are below referred to as the “**Issuances Steps**”.

(d) extension of the secured debt maturity by way of “exchange”

The Company draft safeguard plan and the Chapter 11 plan in the case of some of the Group’s foreign subsidiaries also provide that the Secured Loans can be exchanged on the terms and conditions specified below. Such “exchange” will be subject to the absence of any anticipated payment in full (and not in part) of the claims under the Secured Loans which may potentially occur on the Company’s initiative, in the context of a refinancing transaction which would occur between the date of the decision sanctioning the safeguard plan and the Reference Date at the latest.

It is specified that a partial cash repayment of the Secured Loans of up to \$150 million is also planned, under certain circumstances, on a *pari passu* basis with and *pro rata* all principal owing under the Secured Loans (with the exception of the portion of the Multicurrency Revolving Facility Agreement subject to Option 2) (the “**Initial Repayment**”).

French RCF

The draft safeguard plan provides that each creditor under the French RCF will be given the opportunity to choose between the following two options for settling their claims:

- **Option 1:** the exchange of the balance outstanding under the French RCF (with the exception of the interest and fees that must be paid in cash and the Initial Repayment of up to \$150 million on a *pari passu* basis with and *pro rata* all principal owing under the Secured Loans (with the exception of the portion of the French RCF subject to Option 2)) for five-year notes with a bullet repayment on maturity (notwithstanding any anticipated repayment faculty granted to the borrower), governed by New York State law and issued by CGG Holding (U.S.) Inc., bearing interest at a rate with a floating LIBOR component (subject to a floor of 100 basis points) plus 650 basis point, in cash per year and, with respect to capitalized interest (payment-in-kind, or “**PIK**”), a fixed component determined on the Restructuring Effective Date based on the amounts still outstanding on that date, taking into account the Initial Repayment, such bonds being issued (i) for the creditors of the US RCF and the TLB 2019, and (ii) on the Company’s instruction to the creditors under French RCF as payment of part of the debt owed by CGG Holdings (U.S.) to the Company;
- **Option 2:** the rescheduling of principal and interest repayments under the French RCF (without being entitled to the Initial Repayment) over ten years from the date of the judgment sanctioning the safeguard plan. The repayment schedule of the debt, in principal and interests, owed and acknowledged under the French RCF thus extended will be modified as follows (no late payment interest shall be applied on amounts then due during the safeguard plan execution):
 - 1% per annum in years 1 and 2;
 - 5% per annum in years 3 through 9;
 - 63% the tenth year.

As part of the approval of the draft safeguard plan by the committee of banks and financial institutions, all creditors with claims under the French RCF have opted for Option 1. It is specified that the creditors who default in the implementation of the “exchange” under Option 1 without possibility to remedy, will be deemed to have chosen Option 2.

US RCF and TLB 2019

The Chapter 11 plan provides for the exchange of the balance of the debt outstanding under the *TLB 2019* (with the exception of the interest and fees payable in cash and of the Initial Repayment of up to \$150 million on a *pari passu* basis with and *pro rata* all principal owing under the Secured Loans (with the exception of the portion of the French RCF subject to Option 2)), for five-year notes with a bullet repayment on maturity, governed by New York State law and issued by CGG Holding (U.S.) Inc., bearing interest at a rate with a floating LIBOR component (subject to a floor of 100 basis points) plus 650 basis points, in cash per year and, with respect to capitalized interest (PIK), a fixed component determined on the Restructuring Effective Date based on the amounts still outstanding on that date, after taking into account the Initial Repayment.

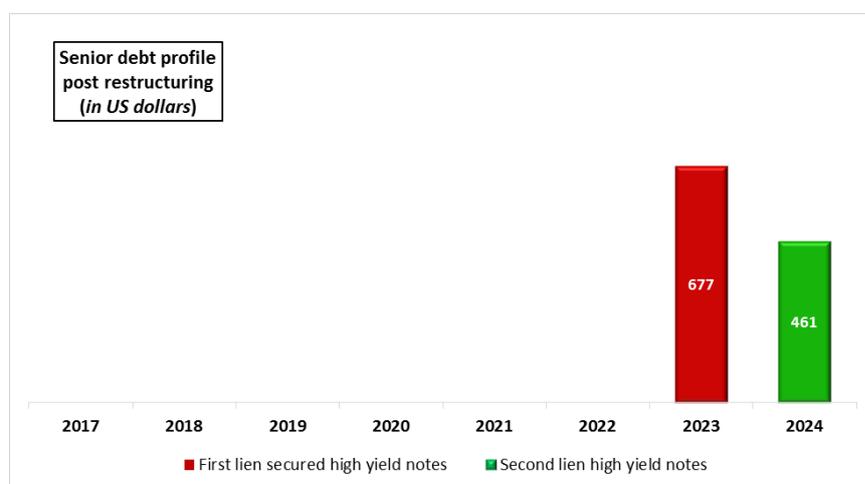
The funds raised in cash from (i) the Rights Issue with PSR and (ii) the issue of the New Second Lien Notes and Warrants #3 (net of backstop and commitment fees and other costs, expenses or fees related to the Rights Issue

with PSR and the issue of the New Second Lien Notes and Warrants #3) will be used as indicated in paragraph E.2a below:

The “Chapter 11” plan follows the characteristics of the draft safeguard plan described below for the creditors concerned, that is to say the creditors under the Secured Loans and the Senior Notes (the “Chapter 11” plan and the draft safeguard plan are together referred to as the “**Financial Restructuring Plan**”).

Financial debt and liquidity after completion of the transactions provided for in the Financial Restructuring Plan

Following the transactions provided for in the Financial Restructuring Plan, the Group would benefit from a balance sheet with a level of gross financial debt reduced from approximately \$2.9 billion to approximately \$1.2 billion. The maturities would be as follows:



The net debt / EBITDA ratio (leverage ratio) would be, immediately after completion of the transactions contemplated in the draft safeguard plan, close to 2.1x, while it would have reached almost 8.5x in the absence of any financial restructuring.

The impacts of the Financial Restructuring Plan on the Group’s liquidity are as follows:

- the implementation of the Financial Restructuring Plan is reflected, if cumulated, over the period of 2017-2019 by net savings of financial costs in cash (after interests payments, and principal repayments) of approximately \$225 million, after considering the costs related to the restructuring (fees of attorneys, banks, advisers, experts..) and given the tax advantages related to the safeguard proceedings;
- the Group would have an increase of its cash flows close to \$300 million immediately after the implementation of the restructuring, corresponding to the residual products (i) of the Rights Issue with PSR and (ii) of the issuance of the New Second Lien Notes, after payment of the various compensations of placement and backstop and partial repayment of the Secured Loans;
- the Group would have a capacity to raise new secured debt in the future, *pari passu* with the new first lien notes up to an amount of \$200 million, the lenders having accepted to share their securities and guarantees up to a maximum amount of \$900 million. After the restructuring, the amount of new first lien notes would reach \$677 million.

Number of securities issued

The Company will notify the market of the precise date of the launch of the Rights Issue with PSR, for which a prospectus will be submitted to the AMF for its approval (*visa*), and of the date of settlement and delivery of the different issuances. The settlement and delivery of all the issuances of Warrants #1, Warrants #3, Creditor Shares 1, Creditor Shares 2, Coordination Warrants, and Backstop Warrants will occur concomitantly with the settlement and delivery of the issue, with shareholders’ preferential subscription rights, of new shares with warrants, subject to satisfaction of all the above-mentioned conditions precedent. The issuances provided for under the draft

safeguard plan and the Chapter 11 plan shall be regarded as a whole; if one of them could not be implemented, none of them would be implemented.

The Company will notify the market of the final number of shares to be issued under issues reserved for creditors, after the centralization period of the Rights Issue with PSR.

Governance

Subject to the vote of the Company's general meeting of shareholders, the structure and composition of the Company's Board of Directors after the restructuring will be determined in consultation with DNCA and the members of the ad hoc committee of Senior Notes holders who will have become and remained shareholders of the Company.

The structure and composition of the board of directors will have to comply with the AFEP-MEDEF Code and will be put in place promptly and in any event no later than three months after the Restructuring Effective Date.

Challenge of the draft safeguard plan by certain Convertible Bonds holders

On August 4, 2017, certain holders of Convertible Bonds (Keren Finance, Delta Alternative Management, Schelcher Prince Gestion, Financière de l'Europe, Ellipsis Asset Management and HMG Finance) filed a claim against the draft safeguard plan adopted by the committee of banks and assimilated creditors, and by the bondholders' general meeting on July 28, 2017, to be examined at the examination hearing of the draft safeguard plan scheduled on November 6, 2017.

Without disputing the results of the general meeting of bondholders' vote, these holders of Convertible Bonds challenge the treatment of their claims under the draft safeguard plan, arguing that the differences in treatment between the holders of Convertible Bonds and the holders of Senior Notes is not justified by the differences in their situations and would be, in any event, disproportionate.

The Company considers that the holders of Convertible Bonds are not in the same situation as the Senior Notes holders, in particular regarding the guarantees given to the latter, and hence the differentiated treatment provided for under the draft safeguard plan complies with law.

Should this claim be declared well-founded by the Court, the Court could not adopt the draft safeguard plan insofar as it does not have the power to modify its terms.

3.5. Reasons for the issues and use of the proceeds

The purpose of the offering is to implement the proposed financial restructuring of the Company, as set out in section 3.4 "Background and terms of the Company's financial restructuring" above.

The subscription of the Creditor Shares 1 and Creditor Shares 2 will be by way of set-off against due and payable claims relating to the Convertible Bonds and Senior Notes, respectively, so that their issuance will not generate any proceeds for the Company. These transactions will be used to reduce the Company's gross residual debt of (i) €362 million from the Convertible Bonds and (ii) €1,391 million from the Senior Notes), with the hypothesis of a Reference Date on December 20, 2017, according to the indicative timetable.

The Warrants #1, Coordination Warrants and Backstop Warrants will be granted for free, so that their issuance will not generate any proceeds for the Company.

The Warrants #3, do not generate any proceeds since they are issued for free, but are issued with the New Second Lien Notes that will generate, proceeds of \$375,000,000 (including a tranche in euros not in excess of the euro-equivalent of \$100,000,000).

The funds raised in cash from (i) the Rights Issue with PSR and (ii) the issue of the New Second Lien Notes and Warrants #3 (net of backstop and commitment fees and other costs, expenses or fees related to the Rights Issue with PSR and the issue of the New Second Lien Notes and Warrants #3) will be used as follows:

- first, up to \$250 million, to provide for the Group's financial and operating needs (including (i) the payment of accrued and unpaid interests under the Convertible Bonds at the Reference Date which has not been equitized in the context of the Creditor Shares 1 issuance (i.e. an amount of approximately €4.46 million), (ii) the payment of restructuring-related fees and expenses other than the backstop fees and expenses and all other fees relating to the Rights Issue with PSR and the issue of the New Second Lien Notes and Warrants #3);

- secondly, to make the Initial Repayment, on a pro rata basis, to the secured lenders, the amount of such repayment being limited to a maximum of \$150 million in aggregate;
- the balance would be kept by the Company to cover (x) its financial needs (including the payment of restructuring-related fees and expenses other than, *inter alia*, subscription and backstop fees and expenses) and (y) any delay in the Group's redeployment.

4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING ON THE EURONEXT PARIS MARKET

The Prospectus covers:

- the issuance and admission to trading on Euronext Paris of up to 24,375,000 Warrants #1 granted for free by the Company to all shareholders, on the basis of one (1) Warrant #1 for one (1) existing share, which may result in the issuance of up to 32,500,000 new shares for a subscription price of three euros and twelve cents (€3.12) per new share;
- the issuance and admission to trading on Euronext Paris of up to 37,524,400 Creditor Shares 1 issued as part of an increase in share capital with removal of the shareholders' preferential subscription rights, in favor of the holders of Convertible Bonds, that will be subscribed by way of set-off at their face value, at the subscription price of ten euros and twenty six cents (€10.26) per new share;
- the issuance and admission to trading on Euronext Paris of up to 496,794,900 Creditor Shares 2 issued as part of an increase in share capital with removal of the shareholders' preferential subscription rights, in favor of the holders of Senior Notes, that will be subscribed by way of set-off at their face value, at the subscription price of three euros and twelve cents (€3.12) per new share;
- the admission to trading on Euronext Paris of up to 123,817,300 new shares with a subscription price of one euro cent (€0.01) per new share. The exercise of all Warrants #3 is expected to result in the creation of a maximum number of 123,817,000 new Company shares granted for free by the Company.
- the admission to trading on Euronext Paris of up to 7,738,600 new shares resulting from the exercise of up to 7,738,600 Coordination Warrants, with a subscription price of one euro cent (€0.01) per new share, granted for free by the Company to the members of the ad hoc committee of Senior Notes holders;
- the admission to trading on Euronext Paris of up to 11,607,900 new shares resulting from the exercise of up to 11,607,900 Backstop Warrants, with a subscription price of one euro cent (€0.01) per new share, granted for free by the Company to persons committed to backstop the subscription of the New Second Lien Notes and the Warrants #3, in accordance with the provisions of the Private Placement Agreement dated June 26, 2017;
- the admission to trading on Euronext Paris of the new shares to be issued upon exercise of the Warrants #1.

All the foregoing nominal values and amounts have been calculated under the assumption of the completion of the share capital reduction by means of the diminution of the par value of the Company's shares to one euro cent (€0.01) submitted for approval to the Company's general meeting of shareholders scheduled to convene on October 31, 2017, and subject to the adjustments applicable to the warrants in the event of operations on capital.

It should be noted that:

- (i) the nominal value of the issue of Creditor Shares 2 and the number of Creditor Shares 2 to be issued, will be determined on the basis of (a) the total aggregate amount of principal and accrued unpaid interest outstanding on the Convertible Bonds and the Senior Notes as of the Reference Date, and (b) the portion of the Rights Issue with PSR which the holders of Senior Notes actually subscribe for by way of set-off against their claim under the Senior Notes, as part of their backstop commitment;
- (ii) the nominal value of the issue of Creditor Shares 1 and the number of Creditor Shares 1 to be issued will be determined based on the aggregate of principal and accrued unpaid interest on the Convertible Bonds as of the Reference Date;
- (iii) the number of Warrants #3 to be issued and the number of new shares for which they may be exercised, the number of Coordination Warrants to be issued and the number of new shares for which they may be exercised and the number of Backstop Warrants to be issued and the number of new shares for which they may be exercised, will be determined based on the number of Creditor Shares 1 and Creditor Shares 2 issued.

A press release will be issued by the Company as soon as possible after the centralization period of the Rights Issue with PSR, with the detailed final information on the number of securities issued.

The implementation of the Issuances Steps is subject to the following conditions:

- the approval by the Company's extraordinary general meeting of shareholders which is scheduled to convene on October 31, 2017 of the resolutions required to implement the draft safeguard plan, in particular those relating to the share capital reduction by reducing the unit par value of the Company's shares to one euro cent (€0.01);

- the abovementioned share capital reduction being effectively carried out;
- the sanctioning of the draft safeguard plan approved by both the committee of banks and assimilated creditors, and the sole general meeting of bondholders on July 28, 2017, by the Commercial Court of Paris; according to the current contemplated provisional timetable, the court should examine the request for the sanctioning of the draft safeguard plan on November 6, 2017;
- confirmation by the relevant US Court of the “Chapter 11” plan and the recognition of the ruling sanctioning the draft safeguard plan within the framework of the “Chapter 15” proceedings the enforcement of which is not stayed;
- the obtaining of the AMF *visa* on the prospectus relating to the Rights Issue with PSR, which share capital increase is tentatively scheduled to take place in December 2017, with settlement and delivery scheduled for January 2018;
- the satisfaction of all conditions precedent provided for in the implementation documents of the restructuring, which includes notably the indenture of the new first lien notes, the indenture of the New Second Lien Notes and the new interest second lien notes, or the terms and conditions of the various warrants,

it being specified that the Restructuring Effective Date shall occur at the latest on February 28, 2017.

The settlement and delivery of all the issuances of Warrants #1, Warrants #3, Creditor Shares 1, Creditor Shares 2, Coordination Warrants, and Backstop Warrants will occur concomitantly with the settlement and delivery of the issue, with shareholders’ preferential subscription rights, of new shares with warrants, subject to satisfaction of all the above-mentioned conditions precedent.

The issuances provided for under the draft safeguard plan and the Chapter 11 plan shall be regarded as a whole; if one of them could not be implemented, none of them would be implemented.

4.1. Information concerning the Creditor Shares 1 and Creditor Shares 2

4.1.1. Nature, class and eligibility of the Creditor Shares 1 and Creditor Shares 2 admitted to trading

The Creditor Shares 1 and Creditor Shares 2 that will be issued respectively (i) as part of an increase in share capital with removal of the shareholders’ preferential subscription rights, in favor of the holders of Convertible Bonds and (ii) as part of an increase in share capital with removal of the shareholders’ preferential subscription rights, in favor of the holders of Senior Notes, in an amount corresponding to a portion of the respective debt they hold, are ordinary shares of the same class as the existing Company shares. They will entitle their holders to all rights attached to them from their date of issue and to all distributions decided by the Company after that date.

According to the tentative schedule, the Creditor Shares 1 and Creditor Shares 2 will be admitted to trading on Euronext Paris from January 17, 2018.

They will be immediately assimilated to the Company’s existing shares, which are already trading on Euronext Paris, and will be listed, starting that date, on the same quotation line as those shares and under the same ISIN code FR0013181864, as well as on the New York Stock Exchange (in the form of American Depositary Shares; NYSE: CGG).

4.1.2. Applicable law and courts of competent jurisdiction

The Creditor Shares 1 and Creditor Shares 2 are issued under French law and the courts with jurisdiction in the event of disputes are those at the location of the Company’s registered office whenever the Company is the defendant and are designated according to the nature of the dispute, unless otherwise stipulated by the French Code of Civil Procedure.

4.1.3. Form and method of registration in accounts of the shares

The Creditor Shares 1 and Creditor Shares 2 may be held in either registered or bearer form.

Pursuant to article L. 211-3 of the French Monetary and Financial Code, they must be recorded in a securities account kept either by the Company or by an authorized intermediary, as the case may be.

Accordingly, the rights of their holders will be represented by a book-entry in a securities account in their name with:

- BNP Paribas Securities Services, Grands Moulins de Pantin, 9 Rue du Débarcadère, 93500 Pantin, France, acting for the Company, in the case of shares held in fully registered form (*forme nominative pure*);
- an authorized intermediary of their choosing and BNP Paribas Securities Services, Grands Moulins de Pantin, 9 Rue du Débarcadère, 93500 Pantin, France, acting for the Company, in the case of shares held in “administered” registered form; or
- an authorized intermediary of their choosing, in the case of shares held in bearer form.

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, transfer of the shares is made by transfers from one account to another, and the transfer of ownership of the Creditor Shares 1 and Creditor Shares 2 will occur once they are recorded as book-entries in the acquirer’s securities account.

Application will be made for the Creditor Shares 1 and Creditor Shares 2 to be accepted for clearance through Euroclear France, which will be responsible for clearing the Warrants between account holders. In addition, application will also be made for the Creditor Shares 1 and Creditor Shares 2 to be accepted for clearance through Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. (Luxembourg).

According to the indicative timetable, the Creditor Shares 1 and Creditor Shares 2 are expected to be recorded in securities accounts and to become tradable on January 17 2017.

4.1.4. Currency of the issue

The Creditor Shares 1 and Creditor Shares 2 will be issued in euros.

4.1.5. Rights attached to the Creditor Shares 1 and Creditor Shares 2

The Creditor Shares 1 and Creditor Shares 2 will be governed by all provisions of the Company’s articles of association from their date of issuance. Given the current applicable French regulations and the Company’s articles of association, the main rights attached to the Creditor Share 1 and Creditor Shares 2 are the following:

Right to dividends

The Creditor Shares 1 and Creditor Shares 2 will have a right to dividends as set forth in section 4.1.1 above.

The Company’s shareholders have claims to the Company’s income on the conditions set out in articles L. 232-10 *et seq.* of the French Commercial Code.

The general meeting of shareholders called to approve the financial statements for the year can declare a dividend for all shareholders (article L. 232-12 of the French Commercial Code).

Interim dividends can also be distributed prior to the approval of the year’s financial statements (article L. 232-12 of the French Commercial Code).

The general meeting of shareholders can propose to all shareholders the option to have some or all of their distributed dividends or interim paid either in cash or in stock issued by the Company (articles L. 232-18 *et seq.* of the French Commercial Code).

The dividends must be payable no later than nine months after the end of the fiscal year. That period may be extended by a court order (article L. 232-13 of the French Commercial Code).

Legal action against the Company for the payment of dividends is time barred five years after the dividend payment date. Unclaimed dividends also lapse five years after their payment date and are remitted to the government.

In principle, dividends paid to non-residents are subject to withholding tax in France (see section 4.10 below).

The Company’s dividend distribution policy is set out in section 7.1.8 of the Registration Document.

Voting rights

The voting rights attached to the shares are proportional to the portion of share capital which the shares represent. Each share entitles its holder to one vote (article L. 225-122 of the French Commercial Code), subject to the provisions below.

All fully paid up shares which can be shown to have been registered in the name of the same shareholder for at least two years are entitled to double voting rights in relation to other shares, based on the portion of the share capital they represent (article L. 225-123 of the French Commercial Code and article 14.6 of the Company's articles of association).

In addition, in the event of share capital increases resulting from the conversion into share capital of reserves, earnings or share premiums, the shareholders are entitled to double voting rights for any registered shares received in consideration for the existing shares they hold and which already qualify for such rights (article L. 225-123 of the French Commercial Code and article 14.6 of the Company's articles of association).

Crossing of statutory share ownership thresholds and those provided for in the articles of association

Without prejudice to the obligations to notify the Company and the AMF of the number of shares they hold if they cross the ownership threshold set by law and the AMF General Regulations, individuals or legal entities, which come to hold more than 1% of the Company's shares or voting rights, or any multiple of that percentage, are required to notify the Company thereof within five trading days from the date on which that ownership threshold is crossed. The same obligations and deadlines apply when the share ownership or voting rights fall below the foregoing thresholds (article L. 233-7 III of the French Commercial Code and article 7.2 of the Company's articles of association).

Preferential right to subscribe for shares of the same class

The shares carry preferential subscription rights in the event of share capital increases. The shareholders have a preferential subscription right to shares issued for cash in connection with an immediate or deferred share capital increase, in proportion to the portion of the share capital they own. During the subscription period those rights can be traded when detached from the shares if those shares are also tradeable. If not, they can be sold on the same conditions as the shares. Individual shareholders may waive their preferential subscription rights (articles L. 225-132 and L. 228-91 to L. 228-93 of the French Commercial Code).

The general meeting of shareholders which decides the immediate or deferred share capital increase can waive the preferential subscription rights to the entire issue or to one or more tranches of the issue, and can provide for or authorize a priority subscription period for the shareholders (article L. 225-135 of the French Commercial Code).

Share issues without preferential subscription rights may be effected, either in the form of public offerings or, provided that the issue does not exceed 20% of the share capital per year, by means of an offering governed by article L. 411-2 (II) of the French Monetary and Financial Code (offering to qualified investors, limited group of investors acting for their own account) and the issue price is not less than the weighted average of the share price over the last three trading days immediately preceding the pricing date, where applicable with a discount of up to 5% (articles L. 225-136-1(1) and (3) and R. 225-119 of the French Commercial Code). However, the general meeting of shareholders may authorize the Board of Directors to price an issue under terms and conditions defined by the general meeting, subject to a limit of 10% of the share capital per year (article L. 225-136-1(2) of the French Commercial Code).

The general meeting of shareholders can also waive preferential subscription rights whenever the Company increases share capital:

- in favor of one or more designated persons or categories of persons with the characteristics it determines. The issue price or the conditions on which that price is set are determined by the extraordinary general meeting of shareholders based on the report by the Board of Directors and the statutory auditors' special report (article L. 225-138 of the French Commercial Code),
- as consideration for securities tendered under an exchange tender offer for the shares of a company whose shares are traded on the regulated market of a country which is a party to the agreement on the European Economic Area or a member of the Organization for Economic Cooperation and Development. In this case, the statutory auditors must issue an opinion on the terms and conditions of the issue (article L. 225-148 of the French Commercial Code).

In addition, the general meeting of shareholders can decide to increase share capital:

- in consideration for contributions in kind. The value of the contributions must be assessed by one or more official appraisers (*commissaires aux apports*). The general meeting of shareholders can delegate to the

Board of Directors the authority necessary to increase share capital, by up to 10%, for offering as consideration for contributions in kind consisting of equity securities or securities giving access to share capital (article L. 225-147 of the French Commercial Code),

- for offering to the members (employed by the Company or by its affiliates within the meaning of article L. 225-180 of the French Commercial Code) of a company savings plan (article L. 225-138-1 of the French Commercial Code). The offering price cannot be more than 20% below the average of the trading price over the last twenty days immediately preceding the date of the decision setting the opening of the subscription period (article L. 3332-19 of the French Labor Code),
- for awarding to employees of the Company's or of the group to which it belongs, or to certain categories of employees, or to officers, subject to a limit of 10% of the Company's share capital (articles L. 225-197-1 *et seq.* of the French Commercial Code).

Lastly, the Company may grant options to subscribe for shares, not in excess of one-third of the Company's share capital, to employees of the Company's or of the group to which it belongs, or to certain categories of employees, or to officers (articles L. 225-177 *et seq.* of the French Commercial Code).

Right to liquidation dividends if the Company is wound up

The shareholders are entitled to a portion of such equity as may remain after the nominal value of the shares has been repaid to them, *pro rata* their interest in the share capital (article L. 237-29 of the French Commercial Code).

Redemption clauses - conversion clauses

The articles of association do not contain specific share redemption or share conversion clauses.

Identification of the holders of securities

The Company has the right to ask at any time that the central depository in charge of keeping the record of its equity issues' account provide it, at the Company's expense, with a list of the name, nationality, date of birth or incorporation and address of the holders of securities entitling their holders to vote, now or in the future, at the Company's general meeting of shareholders, together with the number of equity securities held by each of them and, where applicable, any restrictions to which those securities are subject.

After reviewing the list provided by the central depository, the Company, acting through the central depository or directly and subject to the same conditions and penalties if it fails to comply, may ask the persons on the list suspected by the Company to be acting on behalf of third parties, to identify the identity of the securities owners as well as the number of securities owned by each of them.

For as long as the Company believes that some of the holders of securities whose identity has been provided to it hold those securities on behalf of third parties who own the securities, it may ask those holders to disclose the identity of the owners of the securities as well as the number of securities each of them owns (articles L. 228-2 *et seq.* of the French Commercial Code).

4.2. Information concerning the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants

The holders of Warrants will be entitled to the same rights and privileges as the holders of shares (including to vote or receive dividend payments or other distributions relating to shares) only after they exercise their share subscription warrants and receive the corresponding shares.

4.2.1. Type and class of the Warrants for which admission to trading is requested or not

The Warrants shall be securities giving access to the share capital within the meaning of Article L. 228-91 *et seq.* of the French Commercial Code.

Warrants #1 will start trading on the regulated market of Euronext Paris on the Issue Date under an ISIN Code which will be communicated at a later stage. No request for admission to trading on another market has been made nor is it foreseen.

No application will be made for the Warrants #3, Coordination Warrants and Backstop Warrants to be admitted to trading on a regulated or other market. They will be freely tradeable. Application will be made for them to be accepted for clearance through Euroclear France, which will clear the trades of Warrants #3, Coordination Warrants and Backstop Warrants among custodians. Application will also be

made for the warrants to be accepted for clearance through Euroclear Bank S.A./N.V., and Clearstream Banking SA (Luxembourg).

4.2.2. Influence on the value of the Warrants

The respective value of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants mainly depends on: (i) the proper characteristics to these categories of Warrants: exercise price of the Warrant, Exercise Ratio, exercise period and (ii) the characteristics of the underlying share and the market conditions : value and volatility of the underlying share notably.

4.2.3. Applicable law and courts of competent jurisdiction

The Warrants are governed by French law. The courts having jurisdiction in the event of a dispute are those where the registered office of the Company is located if the Company is the defendant and are designated according to the nature of the dispute, unless otherwise provided for by the French Code of Civil Procedure.

4.2.4. Form and method of registration in accounts of the Warrants

Warrants may be held as registered (*nominatif*) or bearer (*au porteur*) securities at the option of the Holders of Warrants.

In accordance with Article L. 211-3 of the French Monetary and Financial Code the Warrants are required to be registered in securities accounts held by the Company or an authorized intermediary, as the case may be.

Consequently, the rights of Holders of Warrants will be recorded as book-entries in securities accounts opened in their name and held by:

- the authorized intermediary subsequently appointed by the Company, in the case of Warrants held in fully registered form (*forme nominative pure*);
- an authorised financial intermediary of their choice and by the authorised intermediary which will be appointed at a later stage by the Company, in the case of Warrants held in administered registered form (*forme nominative administrée*); or
- an authorized financial intermediary chosen by the relevant Holder of Warrants, if held in bearer form (*au porteur*).

No physical document of title (including representative certificates pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued to represent the Warrants.

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, transfer of the Warrants is made by account transfers, and the transfer of ownership of the Warrants will occur once they are recorded as book-entries in the acquirer's securities account.

Application will be made to admit the Warrants for clearance through Euroclear France, which will be responsible for clearing the Warrants between account holders. In addition, application will also be made for clearance of the Warrants through Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* (Luxembourg)..

The Warrants will be recorded as book-entries in securities accounts on the Issue Date which shall be no later than the Restructuring Effective Date.

4.2.5. Currency of the issue

The issue will be completed in euros.

4.2.6. Number of Warrants

4.2.6.1. Number of Warrants #1

The total number of Warrants #1 to be issued on the Warrants #1 Issue Date shall be equal to the total number of registered shares outstanding as at the record date for shareholders to benefit from the detachment of preferential subscription rights relating to the Rights Issue with PSR (the “**FW Record Date**”). For information purposes, as of September 30, 2017, the number of shares is 22,133,149, so that, if such number remained unchanged, the number of Warrants #1 issued would be 22,133,149.

The number of Warrants #1 to be allocated for free to each Historical Shareholder will be equal to the number of shares such Historical Shareholder holds on the FW Record Date. It is specified that the Warrants #1 allocated to the Company would be immediately cancelled.

The number of Warrants #1 to be issued on the Warrants #1 Issue Date shall be published by the Company as soon as possible from the Warrants #1 Issue Date on the Company’s website at www.cgg.com and in a notice to be issued by Euronext Paris.

4.2.6.2. Number of Warrants #3

The maximum number of Warrants #3 to be issued on the Warrants #3 Issue Date will be equal to the number of shares corresponding in aggregate to 16% of the total number of shares outstanding after dilution resulting from the completion of the Rights Issue with PSR, the issue of Creditor Shares 1 and Creditor Shares 2, and the exercise of the Backstop Warrants, Coordination Warrants and Warrants #3, but before the exercise of the Warrants #1 and the Warrants #2 (the “**Diluted Number of Shares**”).

The number of Warrants #3 to be allocated to each New Second Lien Note subscriber will be equal to the following formula, it being specified that the result of the below formula shall be rounded down to the nearest whole number:

$$(16\% \times \text{Diluted Number of Shares}) \times \frac{\text{Amount in principal of New Second Lien Notes subscribed by the New Second Lien Note subscriber concerned}}{\$375,000,000}$$

The definitive total number of Warrants #3 to be issued on the Issue Date shall be published by the Company as soon as possible following the Issue Date on the Company’s website at www.cgg.com (and in a notice to be issued by Euronext Paris in the event that the Warrants #3 are listed).

4.2.6.3. Number of Coordination Warrants

The maximum number of Coordination Warrants to be issued on the Coordination Warrants Issue Date will be equal to the number of shares corresponding in aggregate to 1% of the Diluted Number of Shares.

The number of Coordination Warrants will be attributed between the beneficiaries in accordance with the following percentages, it being specified that the result will be rounded down to the nearest whole number:

Beneficiaries	Percentage allocated (%)
Funds and/or entities advised and/or managed by Alden Global Capital LLC:	14.9978

<ul style="list-style-type: none"> • Alden Global Opportunities Fund L.P. • Alden Global Value Recovery Fund LP • Randall D Smith Roth IRA 	<p>49.3 ^(*)</p> <p>31.9 ^(*)</p> <p>18.8 ^(*)</p>
<p>Funds and/or entities advised and/or managed by Attestor Capital LLP:</p> <ul style="list-style-type: none"> • Trinity Investments Designated Activity Company 	<p>14.6096</p> <p>100 ^(*)</p>
<p>Funds and/or entities advised and/or managed by Aurelius Capital Management LP:</p>	<p>15.2479</p>
<ul style="list-style-type: none"> • Lex Financial Investments (Luxembourg) S.à r.l. 	<p>100 ^(*)</p>
<p>Funds and/or entities advised and/or managed by Boussard & Gavaudan Asset Management LP:</p> <ul style="list-style-type: none"> • BG Long Term Value • BG Select Investments (Ireland) Limited 	<p>21.5151</p> <p>3.44874 ^(*)</p> <p>96.55126 ^(*)</p>
<p>Funds and/or entities advised and/or managed by Contrarian Capital Management LLC:</p> <ul style="list-style-type: none"> • Lux Holdings 2017 S.à r.l. 	<p>20.4085</p> <p>100 ^(*)</p>
<p>Funds and/or entities advised and/or managed by Third Point LLC:</p> <ul style="list-style-type: none"> • TP Lux Holdco S.à r.l. 	<p>13.2212</p> <p>100 ^(*)</p>

(*) Allocation expressed as a percentage of the corresponding global allocation in bold.

The definitive total number of Coordination Warrants to be issued on the Issue Date shall be published by the Company as soon as possible following the Issue Date on the Company's website at www.cgg.com (and in a notice to be issued by Euronext Paris in the event that the Coordination Warrants are listed).

4.2.6.4. Number of Backstop Warrants

The maximum number of Backstop Warrants to be issued on the Backstop Warrants Issue Date shall be equal to the number of shares corresponding to 1.5% of the Diluted Number of Shares.

The number of Backstop Warrants to be attributed to each member of the ad hoc Senior Notes holders committee (as it existed in its composition on June 14, 2017) (or the transferees of such backstop commitments as authorised under the Private Placement Agreement), will be calculated as follows, it being specified that the result of the below formula shall be rounded down to the nearest whole number:

$$(1.5\% \times \text{Diluted Number of Shares}) \times \text{BP}$$

Where

BP means the percentage of New Second Lien Notes non-subscribed with respect to the Private Placement Agreement (before the use of the backstop) that each member of the ad hoc Senior Notes holders committee (as it existed in its composition on June 14, 2017) or the transferees of such backstop commitments as authorised under the Private Placement Agreement), are committed to backstop with respect to the terms and conditions of the Private Placement Agreement.

The definitive total number of Backstop Warrants to be issued on the Issue Date shall be published by the Company as soon as possible following the Issue Date on the Company's website at www.cgg.com (and in a notice to be issued by Euronext Paris in the event that the Backstop Warrants are listed).

4.2.7. Issue date, subscription price, exercise period and exercise procedures

To exercise its Warrants, a holder must:

- send (a) a request and (b) if it is located in the United States, an executed investor letter attached as Annex 2 to these terms and conditions, (i) to its accredited financial intermediary, for the Warrants held in bearer form (*forme au porteur*) or in administrative registered form (*forme nominative administrée*), or (ii) to the agent who will be appointed at a later stage by the Company, for Warrants held in registered form (*forme nominative pure*); and
- pay in cash the amount due to the Company as a result of the exercise of the Warrants.

The Centralizing Agent (as defined in section 4.2.16) ensuring centralization of these transactions will be appointed at a later stage by Company.

The date of exercise (the “**Exercise Date**”) in respect of any Warrants shall be the date on which the last of the following conditions is met:

- the Warrants have been transferred by the accredited financial intermediary to the Centralizing Agent;
- the amount due to the Company as a result of the exercise of the Warrants is received by the Centralizing Agent.

Delivery of shares issued upon exercise of the Warrants shall take place at the latest on the fifth (5th) Trading Day after their Exercise Date.

In the event of any transaction giving right to an adjustment pursuant to section 4.2.11 and for which the Record Date (as defined in section 4.2.11) is between (i) the Exercise Date (inclusive) of the Warrants and (ii) the delivery date of the shares issued upon exercise of Warrants (excluded), the Holders of Warrants shall not be entitled to take part in such transaction, subject to their right to adjustment in accordance with section 4.2.11 at any time up to (but excluding) the delivery date of the shares.

4.2.7.1. ***Warrants #1 issue date, exercise price, exercise period and exercise method***

The Warrants #1 will be issued on the Warrants #1 Issue Date.

Subject to provisions of sections 4.2.10, 4.2.11 and 4.2.12 below, three (3) Warrants #1 will entitle their holder to subscribe for four (4) shares (the “**Warrants #1 Exercise Ratio**”), at a subscription price of €3.12 per new share. The Warrants #1 may only be exercised in exchange for whole numbers of shares (under the conditions mentioned in section 4.2.12 below).

The Warrants #1 Exercise Ratio may be adjusted following transactions by the Company after the Warrants #1 Issue Date, in accordance with applicable French law and regulations, in order to maintain the rights of the Holders of Warrants #1, as described in section 4.2.11. For the avoidance of doubt, the Warrants #1 Exercise Ratio shall not be adjusted as a result of the Issuance Steps, as those issuances of instruments and securities have already been taken into account to define the terms and conditions of the Warrants #1.

The Warrants #1 shall become exercisable as from the Restructuring Effective Date until the fourth anniversary of the Restructuring Effective Date (included) (the “**Warrants #1 Exercise Period**”).

The Company will issue a press release indicating the Restructuring Effective Date as soon as possible from the Restructuring Effective Date.

The Warrants #1 will expire at the close of trading on Euronext Paris (5:30 p.m., Central European time) on the Business Day corresponding to the fourth anniversary of the Restructuring Effective Date (or the first Business Day following the fourth anniversary of the Restructuring Effective Date if such date is not

a Business Day) or earlier upon (i) liquidation of the Company or (ii) redemption of all the Warrants #1 in accordance with section 4.2.13 (the “**Warrants #1 Maturity Date**”).

4.2.7.2. Warrants #3 Issue date, Exercise Price, Exercise Period and Exercise Method

The Warrants #3 will be issued on the Warrants #3 Issue Date.

Subject to provisions of sections 4.2.10, 4.2.11 and 4.2.12 below, one (1) Warrant #3 will entitle its holder to subscribe to one (1) share (the “**Warrants #3 Exercise Ratio**”), at a subscription price of €0.01 per new share. The Warrants #3 may only be exercised in exchange for a whole number of shares (under the conditions mentioned in section 4.2.12 below).

The Warrants #3 Exercise Ratio may be adjusted following transactions implemented by the Company after the Warrants #3 Issue Date, in accordance with applicable French laws and regulations, in order to maintain the rights of the Holders of Warrants #3, as described in section 4.2.11. For the avoidance of doubt, the Warrants #3 Exercise Ratio shall not be adjusted as a result of the completion of the Issuance Steps, as those issuances of instruments and securities have already been taken into account to define the terms and conditions of the Warrants #3.

Subject to the extension cases planned in section 4.2.8 below, the Warrants #3 shall become exercisable as from the Restructuring Effective Date and during a six-month period starting on the Restructuring Effective Date (the “**Warrants #3 Exercise Period**”).

The Company will issue a press release indicating the Restructuring Effective Date as soon as possible from the Restructuring Effective Date.

Subject to the extension cases planned in section 4.2.8 below, the Warrants #3 will expire at the close of trading on Euronext Paris (5:30 p.m. Paris time) on the last Business Day of the sixth month following the Restructuring Effective Date (or the next Business Day if such date is not a Business Day) or earlier in the event of (i) the Company’s liquidation or (ii) the redemption of all the Warrants #3, in accordance with section 4.2.13 (the “**Warrants #3 Maturity Date**”).

4.2.7.3. Coordination Warrants Issue date, Exercise Price, Exercise Period and Exercise Method

The Coordination Warrants will be issued on the Coordination Warrants Issue Date.

Subject to provisions of sections 4.2.10, 4.2.11 and 4.2.12 below, one (1) Coordination Warrant will entitle its holder to subscribe to one (1) share (the “**Coordination Warrants Exercise Ratio**”), at a subscription price of €0.01 per new share. The Coordination Warrants may only be exercised in exchange for a whole number of shares (under the conditions mentioned in section 4.2.12 below).

The Coordination Warrants Exercise Ratio may be adjusted following transactions implemented by the Company after the Coordination Warrants Issue Date, in accordance with applicable French laws and regulations, in order to maintain the rights of the Holders of Coordination Warrants, as described in section 4.2.11. For the avoidance of doubt, the Coordination Warrants Exercise Ratio shall not be adjusted as a result of the completion of the Issuance Steps, as those issuances of instruments and securities have already been taken into account to define the terms and conditions of the Coordination Warrants.

Subject to the extension cases planned in section 4.2.8 below, the Coordination Warrants shall become exercisable as from the Restructuring Effective Date and during a six-month period starting on the Restructuring Effective Date (the “**Coordination Warrants Exercise Period**”).

The Company will issue a press release indicating the Restructuring Effective Date as soon as possible from the Restructuring Effective Date.

Subject to the extension cases planned in section 4.2.8 below, the Coordination Warrants will expire at the close of trading on Euronext Paris (5:30 p.m. Paris time) on the last Business Day of the sixth month following the Restructuring Effective Date (or the next Business Day if such date is not a Business Day) or earlier in the event of (i) the Company’s liquidation or (ii) the redemption of all the Coordination Warrants, in accordance with section 4.2.13 (the “**Coordination Maturity Date**”).

4.2.7.4. Backstop Warrants Issue date, Exercise Price, Exercise Period and Exercise Method

The Backstop Warrants will be issued on the Backstop Warrants Issue Date.

Subject to provisions of sections 4.2.10, 4.2.11 and 4.2.12 below, one (1) Backstop Warrant will entitle its holder to subscribe to one (1) share (the “**Backstop Warrants Exercise Ratio**”), at a subscription price of €0.01 per new share. The Backstop Warrants may only be exercised in exchange for a whole number of shares (under the conditions mentioned in section 4.2.12 below).

The Backstop Warrants Exercise Ratio may be adjusted following transactions implemented by the Company after the Backstop Warrants Issue Date, in accordance with applicable French laws and regulations, in order to maintain the rights of the Holders of Backstop Warrants, as described in section 4.2.11. For the avoidance of doubt, the Backstop Warrants Exercise Ratio shall not be adjusted as a result of the Issuance Steps, as those issuances of instruments and securities have already been taken into account to define the terms and conditions of the Backstop Warrants.

Subject to the extension cases planned in section 4.2.8 below, the Backstop Warrants shall become exercisable as from the Restructuring Effective Date and during a six-month period starting on the Restructuring Effective (the “**Backstop Warrants Exercise Period**”).

The Company will issue a press release indicating the Restructuring Effective Date as soon as possible from the Restructuring Effective Date.

Subject to the extension cases planned in section 4.2.8 below, the Backstop Warrants will expire at the close of trading on Euronext Paris (5:30 p.m., Central European time) on the last Business Day of the sixth month following the Restructuring Effective Date (or the next Business Day if such date is not a Business Day) or earlier in the event of (i) the Company’s liquidation or (ii) the redemption of all the Backstop Warrants, in accordance with section 4.2.13 (the “**Backstop Maturity Date**”).

4.2.8. Suspension of the exercise of Warrants

In the event of an increase in share capital, acquisition, merger, spin-off or issuance of new shares or new securities giving access to the share capital, or other financial transactions conferring preferential subscription rights or reserving a priority subscription period for the benefit of the Company’s shareholders, the Company will be entitled to suspend the exercise of the Warrants for a period that will not exceed three months or such other period as may be established by applicable regulations. The Company’s decision to suspend the exercise of the Warrants will be published (so long as required by French law) in the *Bulletin des Annonces légales obligatoires* (“**BALO**”). This notice will be published at least seven days prior to the date on which such suspension comes into effect and will indicate both the date on which the exercise of the Warrants will be suspended and the date on which it will resume. This information will also be published on the Company’s website at www.cgg.com and in a notice to be issued by Euronext Paris.

In cas of the suspension of the exercise period for Warrants #3, Coordination Warrants and/or Backstop Warrants, the exercise period of the concerned Warrants will be extended for the suspension period.

4.2.9. Ranking of Warrants

Not applicable.

4.2.10. Amendment of the rules on distribution of profits and amortization, legal form or corporate purpose of the Company - reduction of the share capital of the Company resulting from losses

In accordance with the provisions of Article L. 228-98 of the French Commercial Code,

- (i) the Company may change its legal form or corporate purpose without requesting the approval of the general meeting of any of the categories of the Holders of Warrants;
- (ii) the Company may, without requesting authorization from the general meeting of any of the categories of the Holders of Warrants, redeem its share capital, change its profit distribution or issue preferred shares, provided that, if any Warrants are still outstanding, it takes the necessary measures to protect the rights of the Holders of Warrants (see section 4.2.4.2.11 below);
- (iii) in the event of a reduction of the share capital of the Company resulting from losses and realised through the decrease in the par value or of the number of shares comprising the share capital, the

rights of the Holders of Warrants will be reduced accordingly, as if they had exercised their Warrants before the date such share capital reduction occurred. In the event of a reduction of the share capital by means of a decrease in the number of shares, the new Exercise Ratio will be equal to the product of the Exercise Ratio in effect before the decrease in the number of shares and the following ratio:

$$\frac{\text{Number of shares outstanding after the transaction}}{\text{Number of shares outstanding before the transaction}}$$

In accordance with Article R. 228-92 of the French Commercial Code, if the Company decides to issue, in any form whatsoever, new shares or securities giving access to the share capital with preferential subscription rights reserved for shareholders, to distribute reserves, in cash or in kind, to issue premiums or to change the distribution of its profits by creating preferential shares, it will inform the Holders of Warrants by a notice published in the BALO (so long as required by French law).

4.2.11. Maintenance of the rights of the Holders of Warrants

Subsequent to any of the following transactions:

1. financial transactions with listed preferential subscription rights or by the free distribution of listed warrants;
2. the free distribution of shares to shareholders, share splits or reverse splits;
3. capitalizations of reserves, profits or premiums through an increase in the nominal value of the shares;
4. distributions of reserves or premiums, in cash or in kind;
5. the free distribution to the Company's shareholders of any financial instrument other than the shares;
6. a merger (*absorption or fusion*) or spin-off (*scission*);
7. repurchases by the Company of its own shares at a price higher than the market price;
8. the redemption of share capital;
9. changes in profit distribution and/or the creation of preferred shares;

by the Company after the Warrants #1 Issue Date, the Warrants #3 Issue Date, the Coordination Warrants Issue Date or the Backstop Warrants Issue Date and for which the Record Date (as defined below) occurs before the delivery date of shares issued upon exercise of the Warrants, the rights of Holders of Warrants until the delivery date (excluded), by means of an adjustment to the Exercise Ratio, in accordance with the terms set forth below.

The “**Record Date**” is the date on which the holding of shares is fixed so as to determine which shareholders are beneficial owners of a transaction or may participate in a transaction, and in particular to which shareholders, a distribution, or an allotment, announced or approved on or before such date, should be paid or delivered.

This adjustment will be carried out such that the value of the shares that would have been allocated if the Warrants had been exercised immediately before the completion of any of the transactions listed above is equal, to the nearest thousandth of a share, to the value of the shares to be allocated upon exercise of the Warrants immediately after the completion of such a transaction.

In the event of adjustments carried out in accordance with paragraphs 4.2.11.1 to 4.2.11.9 below, the new Exercise Ratio will be calculated to three decimal places by rounding to the nearest thousandth (with 0,0005 being rounded upwards to the nearest thousandth, i.e., 0.001). Any subsequent adjustments will be carried out on the basis of such newly calculated and rounded Exercise Ratio. However, because the Exercise Ratio may result only in the allocation of a whole number of shares, fractional entitlements will be treated as specified in section 4.2.12.

1. (a) In the event of a financial transaction conferring listed preferential subscription rights, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

$$\frac{\text{Value of a share after detachment of the preferential subscription right} + \text{Value of the preferential subscription right}}{\text{Value of a share after detachment of the preferential subscription right}}$$

Value of a share after detachment of the preferential subscription right

For the calculation of this ratio, the values of a share after detachment of the preferential subscription right and of the preferential subscription right will be equal to the arithmetic average of the opening prices quoted on Euronext Paris (or, in the absence of a listing on Euronext Paris, on any other regulated market or on a similar market on which the shares or preferential subscription rights are listed) on each Trading Day included in the subscription period.

- (b) In the event of a financial transaction involving the free distribution of listed warrants to shareholders, with the corresponding ability to place the securities resulting from the exercise of warrants not exercised by their holders at the end of the subscription period that applies to them, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

$$\frac{\text{Value of the shares after detachment of the warrant} + \text{Value of the warrant}}{\text{Value of the shares after detachment of the warrant}}$$

Value of the shares after detachment of the warrant

For the calculation of this ratio,

- the value of a share after detachment of the warrant will be equal to the volume-weighted average of (i) the share price quoted on Euronext Paris (or, in the absence of a listing on Euronext Paris, on any other regulated or similar market on which the shares are listed) on each Trading Day included in the subscription period, and (ii) (a) the transfer price of the securities sold within the framework of the placement, if such securities are shares fungible with the existing shares, applying the volume of shares sold within the framework of the placement to the transfer price or (b) the price of the shares quoted on Euronext Paris (or, in the absence of a listing on Euronext Paris, on any other regulated or similar market on which the shares are listed) on the determination date of the sale price of the securities sold within the framework of the placement if such securities are not shares fungible with the existing shares.
 - the value of the warrant will be equal to the volume-weighted average of (i) the price of the warrants on Euronext Paris (or, in the absence of a listing on Euronext Paris, on any other regulated or similar market on which the warrants are listed) on each Trading Day included in the subscription period, and, (ii) the implicit value (*valeur implicite*) of the warrants represented by the sale price of the securities sold within the framework of the placement – which corresponds to the difference (if it is positive), adjusted by the warrants' exchange ratio, between the sale price of the securities sold within the framework of the placement and the subscription price of the securities – by applying the volume of exercised warrants to the price so determined in order to allocate the securities sold within the framework of the placement.
2. In the event of the free distribution of shares to shareholders, share splits or reverse splits, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

$$\frac{\text{Number of shares outstanding after the transaction}}{\text{Number of shares outstanding before the transaction}}$$

Number of shares outstanding before the transaction

3. In the event of a share capital increase by means of the capitalization of reserves, profits or premiums carried out by increase in the nominal value of the shares, the nominal value of the shares to be allocated to Holders of Warrants exercising their Warrants will be increased accordingly.
4. In the event of a distribution of reserves or premiums in cash or in kind (portfolio securities, etc.), the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

Value of the share before distribution

Value of the share before distribution – Amount distributed per share or value
of the securities or assets distributed per share

For the calculation of this ratio:

- the value of a share before distribution will be equal to the volume-weighted average price of the shares quoted on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or similar market on which the shares are listed) during the three Trading Days immediately preceding the Trading Day on which the shares are listed ex-distribution;
 - if the distribution is made in kind:
 - i. in the event of a distribution of securities already listed on a regulated market or similar market, the value of the securities distributed will be determined as indicated above;
 - ii. in the event of the distribution of securities that are not already listed on a regulated market or similar market, the value of the securities distributed will be equal, if they are expected to be listed on a regulated market or similar market within ten Trading Days starting on the date on which the shares are listed ex-distribution, to the volume-weighted average price on such market during the first three Trading Days included in such period during which such securities are listed; and
 - iii. in other cases (distribution of securities that are not listed on a regulated market or a similar market or are listed for fewer than three Trading Days within the period of ten Trading Days referred to above or a distribution of assets), the value of the securities or assets allocated per share will be determined by an Expert.
5. In the event of a free distribution to the Company's shareholders of financial instruments other than shares, and subject to paragraph 4.2.11.11(b) above, the new Exercise Ratio will be determined as follows:
 - (a) if the right to the free allocation of securities was admitted to trading on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or similar market), by multiplying the Exercise Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

Value of a share ex-right to free allocation + Value of the free allocation right

Value of the share ex-right to free allocation

For the calculation of this ratio:

- the value of a share ex-right to free allocation will be equal to the volume-weighted average share price on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or similar market on which the share ex-right to free allocation is listed) of the share ex-right to free allocation during the first three Trading Days on which the Company shares are listed ex-right to free allocation;
- the value of the free allocation right will be determined as indicated in the paragraph above. If the free allocation right is not listed during each of the three Trading Days, then its value will be determined by an Expert.

- (b) if the right to free allocation of securities was not admitted to trading on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or similar market), by multiplying the Exercise Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

$$\frac{\text{Value of a share ex-right to free allocation} + \text{Value of the security or securities allocated per share}}{\text{Value of a share ex-right to free allocation}}$$

Value of a share ex-right to free allocation

For the calculation of this ratio:

- the value of a share ex-right to free allocation will be determined as indicated in paragraph (a) above;
 - if the securities allocated are listed or may become listed on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or similar market), within ten Trading Days beginning on the date on which the shares are listed ex-distribution, then the value of the security or securities allocated per share will be equal to the volume-weighted average of the price of such financial securities recorded on such market during the first three Trading Days included within this period during which such securities are listed. If the securities allocated are not listed on each of the three Trading Days, then the value of the security or securities allocated per share will be determined by an Expert.
6. In the event that the Company is merged into another company or merges with one or more companies to form a new company or is spun-off, the Warrants will be exchangeable for shares of the absorbing or new company or of the beneficiary companies of such spin-off.

The new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the commencement of the relevant transaction by the exchange ratio of shares for shares of the acquiring or new company or the beneficiary companies of a spin-off. These latter companies will be substituted *ipso jure* for the Company with regard to its obligations towards the Holders of Warrants.

7. In the event of a repurchase by the Company of its own shares at a price higher than the market price, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the commencement of the repurchase by the following ratio:

$$\frac{\text{Share value} \times (1 - \text{Pc}\%)}{\text{Share value} - (\text{Pc}\% \times \text{Repurchase price})}$$

For the calculation of this ratio:

- Share value means the volume-weighted average price of the shares on Euronext Paris (or, in the absence of listing on Euronext Paris, on another regulated market or similar market on which the share is listed) during the three Trading Days immediately preceding such repurchase (or the option to repurchase);
 - Pc% means the percentage of repurchased capital; and
 - Repurchase price means the actual price at which shares are repurchased.
8. In the event of a redemption of share capital, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

$$\frac{\text{Value of a share before redemption}}{\text{Value of a share before redemption} - \text{Amount of redemption per share}}$$

Value of a share before redemption – Amount of redemption per share

For the calculation of this ratio, the value of a share before redemption will be equal to the volume-weighted average price of the shares on Euronext Paris (or, in the absence of listing on Euronext Paris, on

another regulated market or similar market on which the shares are listed) during the three Trading Days immediately preceding the Trading Day on which the shares are listed ex-redemption.

9. (a) In the event of the modification by the Company of the distribution of its profits and/or the creation of preferred shares resulting in such a change, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

Value of the share before the change

Value of the share before the change – Reduction per share of the right to profits

For the calculation of this ratio:

- the value of the share before the change will be determined on the basis of the volume-weighted average price of the shares on Euronext Paris (or if the shares are not listed on Euronext Paris, on another regulated or similar market on which the shares are listed) during the three Trading Days immediately preceding the day of such change;
- the Reduction per share of the rights to profits will be determined by an Expert.

Notwithstanding the above, if such preferred shares are issued with shareholders' preferential subscription rights or by the free distribution to shareholders of warrants exercisable for such preferred shares, the new Exercise Ratio will be adjusted in accordance with paragraphs 4.2.11.1 or 4.2.11.5 above.

- (b) In the event of the creation of preferred shares that do not lead to a modification of the distribution of profits, the adjustment of the Exercise Ratio, if necessary, will be determined by an Expert.

Adjustment calculations will be made by the Calculation Agent (as defined in section 4.2.16) based, in particular, in the specific circumstances described in this section, on one or more values determined by an Expert (and who may be the Calculation Agent itself, acting as Expert).

If the Company were to carry out transactions where an adjustment had not been completed under paragraphs 4.2.11.1 to 4.2.11.9 above, and where a later law or regulation would imply an adjustment, the Calculation Agent will make this adjustment in accordance with the law or regulations applicable and the market customs in this matter in France.

In case of adjustment, the new terms for exercising Warrants will be communicated to the Holders of Warrants through a publication by the Company on its website (www.cgg.com) at the latest five (5) Business Days after the new adjustment becomes effective. This adjustment will also be published by Euronext Paris within the same timeframe.

Adjustments, calculations and determinations performed by the Calculation Agent or the Expert, pursuant to this section will be final and binding (save in the case of gross negligence (*faute lourde*), willful misconduct (*dol*) or manifest error) on the Company, in respect of calculation made by the Expert, and the Holders of Warrants.

4.2.12. No Fractional shares

Each Holder of Warrants exercising such Warrants can subscribe to a number of shares calculated in application of the Exercise Ratio.

Any Holder of Warrants must exercise such number of Warrants to allow the subscription of a whole number of shares with respect to the Warrants #1 Exercise Ratio (that is to say setting the Warrants #1 by multiples of three), the Warrants #3 Exercise Ratio, the Coordination Warrants Exercise Ratio and the Backstop Warrants Exercise Ratio

In accordance with Articles L. 225-149 and R. 228-94 of the French Commercial Code, in case of adjustment to the Warrants #1 Exercise Ratio (that is to say setting the Warrants #1 by multiples of three), the Warrants #3 Exercise Ratio, the Coordination Warrants Exercise Ratio and the Backstop Warrants Exercise Ratio and if the number of shares so calculated is not a whole number, (i) the Company will round down the number of shares to be issued to the Holder of Warrants to the nearest whole number of shares and (ii) the Holder of Warrants will receive an amount in cash from the Company equal to the

resulting fractional share multiplied by the last quote at the stock exchange session preceding the day of filing of the request to exercise its Warrants. Therefore, no fractional shares will be issued upon exercise of the Warrants.

4.2.13. Early redemption by repurchase - Cancellation

The Company may, at its option, purchase all or part of the Warrants #3 and/or the Coordination Warrants and/or the Backstop Warrants, at any time, without limitation as to price or quantity, by means of purchases directly or through offer to all holders.

The Company may, at its option, redeem all or part of the Warrants #1, at any time, without limitation as to price or quantity, by means of purchases on or off the market, or by means of tender or exchange offers.

Warrants redeemed will be cancelled in accordance with French law.

For the avoidance of doubt, the redemption of the Warrants #1 and/or Warrants #3 and/or the Coordination Warrants and/or the Backstop Warrants by the Company cannot be mandatory for their holders (except with respect to a squeeze-out procedure following a public tender offer, as the case may be).

4.2.14. Representative of the body of Holders of Warrant

In accordance with Article L. 228-103 of the French Commercial Code, the Holders of each class of Warrants will respectively be grouped into a body (*masse*), which will benefit from legal personality and which will be subject to the same provisions as those provided for in Articles L. 228-47 to L. 228-64, L. 228-66 and L. 228-90 of the French Commercial Code.

The representative of each *masse* of the Holders of a class of Warrants will be:

Aether Financial Services

36 rue de Monceau
75008 Paris

(the “**Representative of the *Masse* of Holders of a Class of Warrants**”)

In the event of incompatibility, resignation or revocation of the Representative of the *Masse* of Holders of a Class of Warrants, a replacement will be elected by a meeting of the general meeting of the Holders of Warrants of the class concerned.

The Company will pay to the Representative of the *Masse* of Holders of a Class of Warrants an annual flat fee equal to five hundred euros (EUR 500) (excluding VAT) each year. The first flat fee will be calculated on a pro-rata basis, based on the outstanding number of days until the end of the year. With respect to subsequent years, the flat fee will become due and payable on each 1st January.

The Representative of the *Masse* of Holders of a Class of Warrants will remain in office until his resignation, revocation by the general meeting of the Holder of Warrants of the class concerned or until an incompatibility occurs. His term of office will automatically end on the maturity date of the class of Warrants concerned. This term may be automatically extended until the final resolution of pending litigation in which the Representative of the *Masse* of Holders of a Class of Warrants may be involved, and until the decision or settlements have been enforced.

The Company will pay the compensation of the Representative of the *Masse* of Holders of a Class of Warrants and the costs of convening and holding the general meeting of Warrant Holders of the class of Warrants concerned, the publication of their decisions and the expenses incurred in connection with the appointment of a representative of the holders, where applicable, pursuant to article L. 228-50 of the French Commercial Code, as well as all justified costs related to the administration and the functioning of the *masse*.

The meeting of the Holders of Warrants of a given class will be called upon to authorize any amendment of the terms and conditions of the Warrants of said class, and to make any decision relating to the subscription or allocation of the Warrants of said class.

Unless otherwise decided under a resolution of the general meeting of Holders of Warrants of the class concerned, the Representative of the *Masse* of Holders of a Class of Warrants will have the right to perform all management acts in the name of the body of Holders of Warrants of said class aimed at protecting the common interests of said Holders of Warrants.

Such power may be delegated by the Representative of the *Masse* of Holders of a Class of Warrants to a third-party in accordance with legal provisions and regulations.

The meetings of the *masse* of Holders of the class of Warrants concerned will take place at the registered office of the Company or in any other place set out in the convening notice. Each Holder of Warrants of the class concerned will be entitled, for a 15-day period prior to the meeting of the corresponding body, personally or via an agent, to be provided with a copy of the proposed resolutions and reports that will be presented to the meeting, at the Company's registered office, its principal place of business, or as the case may be, in any other place set out in the convening notice.

Under the applicable French law in effect on the date of this Securities Note, the meeting of the Holders of Warrants of each class can validly transact business if the Holders of Warrants of the class concerned, present or represented, hold at least one-fourth of the voting rights of the Warrants #1 when meeting on first call and one-fifth of the voting rights of the Warrants of that class on second call. Decisions of the body are by a two-third majority of the votes of the Holders of Warrants of the class concerned, present or represented (in accordance with articles L. 225-96 and L. 228-103 of the French Commercial Code). One Warrant of a given class gives right to one vote at general meetings of the holders of Warrants of that class.

4.2.15. Shares issued upon exercise of Warrants

The shares resulting from the exercise of Warrants shall be of the same category and benefit from the same rights as those of the existing shares. They will carry dividend rights and entitle their holders, from their delivery, to all of the rights attached to such shares (*jouissance courante*).

The new shares issued upon exercise of the Warrants will be admitted to trading on Euronext Paris on the same quotation line as the existing shares (same ISIN Code), as well as on the New York Stock Exchange (in the form of American Depositary Shares; NYSE: CGG).

The rules governing the form, ownership and transfer of the new shares resulting from the exercise of the Warrants are the same as the one out in paragraph 4.1.3 of this Securities Note.

4.2.16. Centralizing Agent and Calculation Agent

The Company will appoint the centralizing agent (the “**Centralizing Agent**”) and the calculation agent (the “**Calculation Agent**”) at a later stage.

The Company reserves the right to change or terminate the appointment of the Centralizing Agent and the Calculation Agent and/or to appoint a new Centralizing Agent or Calculation Agent.

4.2.17. Future new issues and fungibles

The Company may from time to time, without the consent of the general meeting of the Holders of Warrants of the category concerned, issue further warrants to be assimilated (*assimilables*) with the Warrants of the category concerned, provided that such further warrants and the Warrants of the category concerned shall carry rights identical in all respects and that the terms of such further warrants provide for such assimilation.

In the event of such an assimilation, the Holders of Warrants of the category concerned, as the case may be, and the holders of such further warrants will be grouped together in a single *masse* for the defense of their common interests.

4.2.18. Restrictions on the free negotiability of the Warrants and the shares to be issued from the exercise of the Warrants

No provision in the articles of association restricts the free negotiability of the Warrants or the shares composing the Company’ share capital.

4.3. Authorizations

a) *Resolutions voted by the general meeting of shareholders relating to the share capital reduction, pursuant to which the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants will be issued and/or granted.*

The Company’s shareholders will be asked to vote on the following resolutions at their general meeting scheduled to convene on October 31 2017:

Nineteenth resolution (*Delegation of authority to the Board of Directors to issue and grant free warrants to the shareholders*)

The general meeting, deciding under the quorum and majority requirements for extraordinary general meetings, having reviewed the report of the Board of Directors, the report of the independent expert and the special report of the statutory auditors, pursuant to, inter alia, articles L. 225-129 to L. 225-129-6 and L.228-91 et seq. of the French Commercial Code, subject to the adoption of the eighteenth, twentieth to twenty-fifth and twenty-seventh resolutions,

- *delegates to the Board of Directors, with the authority to sub-delegate within conditions provided for by applicable law, for a period of 18 months from the date of this shareholders’ meeting, its authority to decide and carry out the issue in favor of the shareholders of the Company of warrants (the “Warrants #1”), on one or several occasions, in France and abroad, in proportion and time period determined by the Board;*

- resolves that the Warrants #1 will be freely granted on the basis of one (1) Warrant #1 for one (1) old share, subject to the total number of Warrants #1 under no circumstances exceeding 24,375,000;
- resolves that the Warrants #1 will be freely granted to all shareholders who provide evidence that their shares are recorded in an account on the record date to benefit from the detachment of the shares' preferential subscription right in the context of the share capital increase with preferential subscription right contemplated in the twentieth resolution;
- resolves that three (3) Warrants #1 shall give right to subscribe for four (4) new shares, at a price of 3.12 euros per new share, i.e., considering the share capital reduction contemplated in the eighteenth resolution, a nominal value of 0.01 euro and a share premium of 3.11 euros per new share (without prejudice to such subsequent adjustments as may be required by law and regulations and, where applicable, the contractual provisions of Warrants #1). The subscription price of the new Company shares for which Warrants #1 are exercised shall be paid in cash, the shareholders being responsible for resolving any matters of fractional shares;
- resolves that the total nominal amount of the share capital increase (excluding the share premium) resulting from the exercise of the Warrants #1 issued pursuant to this resolution shall not exceed 325,000 euros (from the issuance of up to 32,500,000 new shares of the Company). This ceiling shall be raised, if necessary, by the nominal value of shares that must be issued to protect the rights of the holders of Warrants #1 (pursuant to the law and regulations and, where applicable, the contractual provisions of Warrants #1) and the number of new shares shall be increased accordingly; it is specified that the rights of holders of Warrants #1 shall not be adjusted because of the completion of the transactions contemplated in the eighteenth and twentieth to twenty-sixth resolutions;
- resolves that the Warrants #1 granted to the Company corresponding to its treasury shares shall be immediately cancelled;
- resolves that the Warrants #1 may be exercised at any time during a period of four (4) years from the date on which all conditions relating to the effectiveness of the implementation of the restructuring plan under Chapter 11 of the Federal Bankruptcy Code and the safeguard or reorganization plan (if any) have been satisfied or waived, including the completion of all steps required to complete the restructuring, in particular all issuances of debt instruments and other securities provided for therein, regardless of whether or not the time-limit for claims has expired, as such date will be recognized by the Board of Directors or by the Chief Executive Officer, upon delegation from the Board of Directors (the "Restructuring Effective Date"), any Warrants #1 which are not exercised within that period shall lapse and lose all of their value and attached rights;
- resolves that the shares issued as a result of the exercise of Warrants #1 shall be fully paid up in cash upon subscription;
- acknowledges, in accordance with article L. 225-132 paragraph 6 of the French Commercial Code, that the decision to issue the Warrants #1 includes as of right the waiver by the shareholders of their preferential subscription rights to subscribe to shares to which the said Warrants #1 will give immediate or deferred access;
- resolves that the shares issued as a result of the exercise of Warrants #1 shall immediately qualify for dividends and shall be fully fungible with existing shares and subject to all of the provisions of the articles of association and decisions of the shareholders' meeting from their issuance date;
- resolves that the Warrants #1 shall be freely tradeable and shall be listed on the regulated market of Euronext in Paris ("Euronext Paris");
- resolves that, in the event of a share capital increase, acquisition, merger, spinoff or issuance of new shares or securities giving access to the share capital of the Company, or of other financial transactions entailing a preferential subscription right or reserving a priority subscription in favor of the Company's shareholders, the Company shall have the right to suspend the exercise of Warrants #1 for a period not to exceed three months, or of such other length as may be determined by applicable regulations;
- gives full powers to the Board of Directors, with the authority to sub-delegate in accordance with applicable law and the terms of this resolution, to implement this delegation, including for the purpose of:
 - determining that the aforementioned conditions precedent have been satisfied;

- *determining the total number of Warrants #1 to be issued;*
- *determining all terms and conditions of issuance of the Warrants #1 as well as the terms and conditions of the Warrants #1 (including the conditions on which the Company may buy back Warrants #1 or trade them in the market or otherwise, as well as those applicable to the adjustment of the Warrants #1 in the event of transactions affecting the Company's share capital);*
- *deciding and carrying out the issuance and grant of the Warrants #1 (including setting the date of grant of the Warrants #1) and, where applicable, deferring this decision;*
- *completing the registration and filing formalities required by the completion of the issuance of the Warrants #1;*
- *arranging for the Warrants #1 to be admitted to trading on the regulated market of Euronext Paris;*
- *arranging for the new shares resulting from the exercise of said Warrants #1 to be admitted to trading on the regulated market of Euronext Paris, as well as on the New York Stock Exchange (as American Depositary Shares);*
- *doing all that is necessary to complete the share capital increases resulting from the exercise of said Warrants #1 (including receiving payment for the subscription of new Company shares resulting from the exercise of Warrants #1);*
- *recording the share capital increases resulting from the exercise of Warrants #1 and, if deemed advisable, charging the expenses related to the share capital increases to the amount of share premiums pertaining to these share capital increases and to deduct from this amount the sums required to raise the legal capital reserve;*
- *amending the Company's articles of association accordingly;*
- *making all adjustments needed to reflect the impact of transactions affecting the Company's share capital, determining, where applicable, how to provide for the protection of the rights of holders of securities or other instruments giving or which may be giving access to the Company's share capital;*
- *making all required adjustments, in accordance with applicable law and regulations and, where applicable, the contractual provisions of the Warrants #1 providing for other adjustment cases;*
- *doing all that is necessary or useful to complete the issue contemplated by this resolution, the listing and servicing of the securities issued pursuant to this resolution as well as the exercise of the rights attached thereto; and*
- *completing all related formalities.*

This resolution shall be implemented only after, and subject to, the prior completion of the share capital reduction contemplated in the eighteenth resolution. The ceilings on the share capital increase set in this resolution have been determined after taking into account the effect of the aforementioned share capital reduction and are independent of the ceilings considered in the other resolutions submitted to this shareholders' meeting, it being specified that the ceilings on share capital increase provided for in this resolution shall be charged against the overall ceiling for the authorizations of issue of the twenty-seventh resolution.

Twentieth resolution *(Delegation of authority to the Board of Directors to increase the share capital through the issuance of shares with warrants attached with shareholders' preferential subscription right)*

The general meeting, deciding under the quorum and majority requirements for extraordinary general meetings, having reviewed the report of the Board of Directors, the report of the independent expert and the special report of the statutory auditors, pursuant to, inter alia, articles L. 225-129 et seq. and L. 228-91 et seq. of the French Commercial Code, in particular article L. 225-129-2, subject to the adoption of the eighteenth, nineteenth, twenty-first to twenty-fifth and twenty-seventh resolutions, having noted that the share capital has been fully paid up,

- *delegates to the Board of Directors, with the authority to sub-delegate within conditions provided for by applicable law, for a period of 18 months from the date of this shareholders' meeting, its authority to issue Company's shares with warrants attached (the "ABSA"), with shareholders' preferential*

subscription right, on one or several occasions, in France and abroad, in proportion and time period determined by the Board;

- resolves that the subscription price of the ABSA issued pursuant to this resolution shall be equal to 1.56 euros per ABSA, i.e. a nominal value of 0.01 euro and a share premium of 1.55 euro per new share, considering the share capital reduction contemplated in the eighteenth resolution;*
- resolves that the total nominal amount of the share capital increase (excluding the share premium) resulting from this resolution shall not exceed 720,000 euros, exclusive of share capital increases resulting from the exercise of the warrants attached to the shares (the “Warrants #2”), for a maximum issue of 72,000,000 ABSA;*
- resolves that each new share shall have one (1) Warrant #2 attached to it, and that three (3) Warrants #2 shall give right to subscribe for two (2) new shares, at a price of 4.02 euros per new share, i.e., considering the share capital reduction contemplated in the eighteenth resolution, a nominal value of 0.01 euro and a share premium of 4.01 euros per share (without prejudice to any subsequent adjustments as may be required by law and regulations and, where applicable, the contractual provisions of Warrants #2), the shareholders being responsible for resolving any matters of fractional shares, namely an additional share capital increase (excluding the share premium) of up to 480,000 euros in nominal value, by the issuance of up to 48,000,000 new shares; this ceiling shall be raised, if necessary, by the nominal value of shares that must be issued to protect the rights of holders of securities giving access to the Company’s share capital pursuant to the law and regulations and, where applicable, the contractual provisions, the maximum number of new shares shall be increased accordingly; it is specified that the rights of holders of Warrants #2 shall not be adjusted because of the completion of the transactions contemplated in eighteenth, nineteenth and twenty-first to Twenty-sixth resolutions;*
- resolves that (i) subscribed ABSA shall be fully and exclusively paid up in cash (except for, where applicable, the subscription by Senior Noteholders (as this term is defined in the twenty-second resolution) as part of their commitment to backstop the share capital increase contemplated in this resolution, which may be paid up by set-off of claims, i.e. claims against the Company that are certain, of a fixed amount and due, relating to the Senior Notes), and (ii) that the ABSA shall be fully paid up upon subscription;*
- resolves that the shareholders shall have a preferential subscription right to subscribe for the ABSA on a irreducible basis as well as a subscription right to subscribe for the issued ABSA, on a reducible basis, exercisable proportionally to their rights and within the limits of their request;*
- resolves that, if the irreducible rights to subscribe and the reducible rights to subscribe, do not cover the whole of the issue, the Board of Directors may, in the order it determines, the following options or some of them : (i) to limit the issue to the amount of subscriptions received provided that it reaches at least three-quarters of the issue, and/or (ii) to freely allocate some or all of the unsubscribed shares, it being specified that it will not be authorized to offer to the public the unsubscribed shares;*
- resolves that the Warrants #2, which will immediately be detached after they are issued, may be exercised at any time over a period of five (5) years from the Restructuring Effective Date (as this term is defined in the nineteenth resolution); any Warrants #2 that are not exercised during that period would lapse and lose all of their value and attached rights;*
- resolves that the shares issued as a result of the exercise of Warrants #2 shall be fully paid up in cash upon subscription;*
- acknowledges, in accordance with article L. 225-132 of the French Commercial Code, that the decision to issue ABSA includes as of right the waiver by the shareholders of their preferential subscription rights to subscribe to shares to which the issued Warrants #2 will give immediate or deferred access;*
- resolves that the shares issued pursuant to this resolution and those issued as a result of the exercise of Warrants #2 shall immediately qualify for dividends and shall be fully fungible with existing shares and subject to all of the provisions of the articles of association and decisions of the shareholders’ meeting from their issuance date;*
- resolves that the settlement and delivery of the issue, realized pursuant to the present resolution, shall occur on the same day as the settlement and delivery of the issuances decided pursuant to the other resolutions approved by the present general meeting, subject to the prior realization of all the conditions precedent relating to the settlement and delivery of the issuances;*

- *resolves that the Warrants #2 shall be freely tradeable and shall be listed on the regulated market of Euronext Paris;*
- *resolves that, in the event of a share capital increase, acquisition, merger, spinoff or issuance of new shares or securities giving access to the share capital of the Company, or of other financial transactions entailing a preferential subscription right or reserving a priority subscription in favor of the Company's shareholders, the Company shall have the right to suspend the exercise of Warrants #2 for a period not to exceed three months, or of such other length as may be determined by applicable regulations;*
- *gives full powers to the Board of Directors, with the authority to sub-delegate in accordance with applicable law and the terms of this resolution, to implement this delegation, including for the purpose of:*
 - *determining that the aforementioned conditions precedent have been satisfied;*
 - *deciding the issue of ABSA and, where applicable, deferring this decision;*
 - *determining, within the limits set forth above, the final amount of the share capital increase along with the maximum number of shares to be issued;*
 - *determining all terms and conditions of issuance of the ABSA as well as the terms and conditions of the ABSA;*
 - *determining the terms and conditions of the Warrants #2 (including the conditions on which the Company may buy back Warrants #2 or trade them in the market or otherwise, as well as those applicable to the adjustment of the Warrants #2 in the event of transactions affecting the Company's share capital);*
 - *determining the opening and closing dates of the subscription period;*
 - *closing, in advance if necessary, the subscription period or extending it;*
 - *determining the number of preferential subscription rights which shall be allocated to the Company's shareholders based on the number of existing Company's shares recorded on their share account;*
 - *where applicable, preparing a statement of claims in accordance with article R. 225-134 of the French Commercial Code;*
 - *where applicable, obtaining from the statutory auditors a report certifying the accuracy of the statement of claims prepared by the Board of Directors, in accordance with article R. 225-134 of the French Commercial Code;*
 - *receiving the subscriptions to the ABSA, exclusively in cash (except for, where applicable, the subscriptions resulting from the backstop commitment of the Senior Note Holders, which may be paid up by set-off of claims they hold against the Company, that are certain, of a fixed amount and due);*
 - *making all adjustments needed to reflect the impact of transactions affecting the Company's share capital, determining, where applicable, how to provide for the protection of the rights of holders of securities or other instruments giving or which may be giving access to the Company's share capital;*
 - *resolving that the new shares shall immediately qualify for dividends and shall be fully fungible with existing shares as soon as they are issued;*
 - *recording that all shares issued have been fully paid up and, accordingly, that the resulting share capital increase has been completed;*
 - *completing the registration and filing formalities required by the completion of the share capital increase resulting from the issuance of new shares and amending the Company's articles of association accordingly;*
 - *entering into any agreement required to complete the share capital increase contemplated in this resolution;*

- *where applicable, charging the cost, expenses and fees related to the share capital increases to the amount of share premiums pertaining to these share capital increases and to deduct from this amount the sums required to raise the legal capital reserve;*
- *arranging for the preferential subscription rights and the new shares resulting from the exercise of these rights to be admitted to trading;*
- *doing all that is necessary to complete the share capital increase contemplated in this resolution;*
- *arranging for the Warrants #2 to be admitted to trading on the regulated market of Euronext Paris;*
- *arranging for the new shares resulting from the exercise of said Warrants #2 to be admitted to trading on the regulated market of Euronext Paris, as well as on the New York Stock Exchange (as American Depositary Shares);*
- *doing all that is necessary to complete the share capital increases resulting from the exercise of said Warrants #2 (including receiving payment for the subscription of the new Company shares resulting from the exercise of Warrants #2);*
- *amending the Company's articles of association accordingly;*
- *making all required adjustments, in accordance with the law and regulations and, where applicable, the contractual provisions of the Warrants #2 providing for other adjustment cases;*
- *doing all that is necessary or useful to complete the share capital increase contemplated in this resolution, the listing and servicing of the securities issued pursuant to this resolution as well as the exercise of the rights attached thereto; and*
- *completing all related formalities.*

This resolution shall be implemented only after, and subject to, the prior completion of the share capital reduction contemplated in the eighteenth resolution. The ceilings on the share capital increase set in this resolution have been determined after taking into account the effect of the aforementioned share capital reduction and are independent of the ceilings considered in the other resolutions submitted to this shareholders' meeting, it being specified that the ceilings on share capital increase provided for in this resolution shall be charged against the overall ceiling for the authorizations of issue of the twenty-seventh resolution.

Twenty-first resolution

(Delegation of authority to the Board of Directors to increase the share capital by issuing new shares, with removal of the shareholders' preferential subscription right, in favor of holders of "OCEANE", such holders forming a category of persons meeting specified characteristics)

The general meeting, deciding under the quorum and majority requirements for extraordinary general meetings, having reviewed the report of the Board of Directors, the report of the independent expert and the special report of the statutory auditors, pursuant to, inter alia, articles L. 225-129 to L. 225-129-6, L. 225-135 and L. 225-138 of the French Commercial Code, subject to the adoption of the eighteenth to twentieth, twenty-second to twenty-fifth and twenty-seventh resolutions having noted that the share capital has been fully paid up,

- *delegates to the Board of Directors, with the authority to sub-delegate within conditions provided for by applicable law, for a period of 18 months from the date of this shareholders' meeting, its authority to issue Company's shares, on one or several occasions, in France and abroad, in proportion and time period determined by the Board, with removal of the shareholders' preferential subscription right;*
- *resolves that the subscription price of the shares issued pursuant to this resolution shall be equal to 10.26 euros per new share, i.e. a nominal value of 0.01 euro and a share premium of 10.25 euros per new share, considering the share capital reduction contemplated in the eighteenth resolution;*
- *resolves that the total nominal amount of the share capital increase (excluding the share premium) resulting from this resolution shall not exceed 375,244 euros, corresponding to a maximum issue of 37,524,400 new shares;*
- *resolves that the subscribed new shares shall be paid up by set-off of claims against the Company that are certain, of a fixed amount and due and that the new shares shall be fully paid up upon subscription;*

- *resolves to waive the shareholders' preferential subscription right to subscribe for the new shares and to reserve the subscription of the new shares issued pursuant to this resolution to the following creditors:*
 - *the holders of bonds convertible and/or exchangeable into new or existing shares, bearing interest at the rate of 1.75% and maturing on January 1, 2020, issued by the Company on June 26, 2015; and*
 - *the holders of bonds convertible and/or exchangeable into new or existing shares, bearing interest at the rate of 1.25% and maturing on January 1, 2019, issued by the Company on November 20, 2012;*

(the "Convertible Bond Holders");

it being specified (i) that the Convertible Bond Holders constitute a category of persons meeting specified characteristics within the meaning of article L. 225-138 of the French Commercial Code and (ii) each will release their subscription using a portion of claims they hold against the Company that are certain, of a fixed amount and due;

- *resolves that the newly issued shares shall immediately qualify for dividends and shall be fully fungible with existing shares and subject to all of the provisions of the articles of association and decisions of the shareholders' meeting from their issuance date;*
- *gives full powers to the Board of Directors, with the authority to sub-delegate in accordance with applicable law and the terms of this resolution, to implement this delegation, including for the purpose of:*
 - *determining that the aforementioned conditions precedent have been satisfied;*
 - *deciding to issue new shares and, where applicable, deferring such decision;*
 - *determining, within the limits set forth above, the final amount of the share capital increase contemplated by this resolution, along with the maximum number of shares to be issued;*
 - *determining all terms and conditions of issuance of the new shares as well as their terms and conditions;*
 - *establishing the list of beneficiaries within the categories set forth above and the final number of shares to be subscribed for by each of them within the limit of the maximum number of shares to be issued set forth above;*
 - *preparing a statement of claims in accordance with article R. 225-134 of the French Commercial Code;*
 - *obtaining from the statutory auditors a report certifying the accuracy of the statement of claims prepared by the Board of Directors, in accordance with article R. 225-134 of the French Commercial Code;*
 - *receiving the subscriptions to the new shares from the final beneficiaries and record the set-off of these subscriptions with claims against the Company that are certain, of a fixed amount and due;*
 - *recording that all shares issued have been fully paid up and, accordingly, that the resulting share capital increase has been completed;*
 - *completing the registration and filing formalities required by the completion of the share capital increase resulting from the issuance of new shares and amending the Company's articles of association accordingly;*
 - *entering into any agreement required to complete the share capital increase contemplated by this resolution;*
 - *where applicable, charging the cost, expenses and fees related to the share capital increases to the amount of share premiums pertaining to these share capital increases and to deduct from this amount the sums required to raise the legal capital reserve;*
 - *arranging for the issued shares to be admitted to trading;*

- *doing all that is necessary or useful to complete the share capital increase contemplated by this resolution, and the listing and servicing of the securities issued pursuant to this resolution; and*
- *completing all related formalities.*

This resolution shall be implemented only after, and subject to, the prior completion of the share capital reduction contemplated in the eighteenth resolution. The ceilings on the share capital increase set in this resolution have been determined after taking into account the effect of the aforementioned share capital reduction and are independent of the ceilings considered in the other resolutions submitted to this shareholders' meeting, it being specified that the ceilings on share capital increase provided for in this resolution shall be charged against the overall ceiling for the authorizations of issue of the twenty-seventh resolution.

Twenty-second resolution *(Delegation of authority to the Board of Directors to issue new shares, with removal of the shareholders' preferential subscription right, in favor of holders of senior notes, such holders forming a category of persons meeting specified characteristics)*

The general meeting, deciding under the quorum and majority requirements for extraordinary general meetings, having reviewed the report of the Board of Directors, the report of the independent expert and the special report of the statutory auditors, pursuant to, inter alia, articles L. 225-129 to L. 225-129-6, L. 225-135 and L. 225-138 of the French Commercial Code, subject to the adoption of the eighteenth to twenty-first, twenty-third to twenty-fifth and twenty-seventh resolutions having noted that the share capital has been fully paid up,

- *delegates to the Board of Directors, with the authority to sub-delegate within conditions provided for by applicable law, for a period of 18 months from the date of this shareholders' meeting, its authority to issue Company's shares, on one or several occasions, in France and abroad, in proportion and time period determined by the Board, with removal of the shareholders' preferential subscription right;*
- *resolves that the subscription price of the shares issued pursuant to this resolution shall be 3.12 euros per new share, i.e. a nominal value of 0.01 euro and a share premium of 3.11 euros per new share, considering the share capital reduction contemplated in the eighteenth resolution;*
- *resolves that the total nominal amount of the share capital increase (excluding the share premium) to be completed pursuant to this resolution shall not exceed 4,967,949 euros, corresponding to a maximum issue of 496,794,900 new shares;*
- *resolves that the subscribed new shares shall be paid up by set-off of claims against the Company that are certain, of a fixed amount and due and that the new shares shall be fully paid up upon subscription;*
- *resolves to waive the shareholders' preferential subscription right to subscribe for the new shares and to reserve the subscription of the new shares issued pursuant to this resolution to the following creditors:*
 - *the holders of high-yield notes bearing interest at 5.875% and maturing in 2020, issued by the Company on April 23, 2014;*
 - *the holders of high-yield notes bearing interest at 6.5% and maturing in 2021, issued by the Company on May 31, 2011, January 20, 2017, and March 13, 2017; and*
 - *the holders of high-yield notes bearing interest at 6.875% and maturing in 2022, issued by the Company on May 1, 2014;*

(the "Senior Noteholders")

it being specified (i) that the Senior Noteholders constitute a category of persons meeting specified characteristics within the meaning of article L. 225-138 of the French Commercial Code and (ii) each will release their subscription using a portion of claims they hold against the Company that are certain, of a fixed amount and due;

- *resolves that the newly issued shares shall immediately qualify for dividends and shall be fully fungible with existing shares and subject to all of the provisions of the articles of association and decisions of the shareholders' meeting from their issuance date;*
- *gives full powers to the Board of Directors, with the authority to sub-delegate in accordance with applicable law and the terms of this resolution, to implement this delegation, including for the purpose of:*
 - *determining that the aforementioned conditions precedent have been satisfied;*

- *deciding to issue new shares and, where applicable, deferring such decision;*
- *determining, within the limits set forth above, the final amount of the share capital increase contemplated by this resolution, along with the maximum number of shares to be issued;*
- *determining all terms and conditions of issuance of the new shares as well as their terms and conditions;*
- *establishing the list of beneficiaries within the categories set forth above and the final number of shares to be subscribed for by each of them within the limit of the maximum number of shares to be issued set forth above;*
- *preparing a statement of claims in accordance with article R. 225-134 of the French Commercial Code;*
- *obtaining from the statutory auditors a report certifying the accuracy of the statement of claims prepared by the Board of Directors, in accordance with article R. 225-134 of the French Commercial Code;*
- *receiving the subscriptions to the new shares from the final beneficiaries and record the set-off of these subscriptions with claims against the Company that are certain, of a fixed amount and due;*
- *recording that all shares issued have been fully paid up and, accordingly, that the resulting share capital increase has been completed;*
- *completing the registration and filing formalities required by the completion of the share capital increase resulting from the issuance of new shares and amending the Company's articles of association accordingly;*
- *entering into any agreement required to complete the share capital increase contemplated by this resolution;*
- *where applicable, charging the cost, expenses and fees related to the share capital increases to the amount of share premiums pertaining to these share capital increases and to deduct from this amount the sums required to raise the legal capital reserve;*
- *arranging for the issued shares to be admitted to trading;*
- *doing all that is necessary or useful to complete the share capital increase contemplated by this resolution, and the listing and servicing of the securities issued pursuant to this resolution; and*
- *completing all related formalities.*

This resolution shall be implemented only after, and subject to, the prior completion of the share capital reduction contemplated in the eighteenth resolution. The ceilings on the share capital increase set in this resolution have been determined after taking into account the effect of the aforementioned share capital reduction and are independent of the ceilings considered in the other resolutions submitted to this shareholders' meeting, it being specified that the ceilings on share capital increase provided for in this resolution shall be charged against the overall ceiling for the authorizations of issue of the twenty-seventh resolution.

Twenty-third resolution *(Delegation of authority to the Board of Directors to issue new notes secured by second-ranking security interests (Second Lien Notes) and warrants, either freestanding or attached to said notes, with removal of the shareholders' preferential subscription right, in favor of persons committed to subscribing for the Second Lien Notes, in accordance with the private placement agreement dated June 26, 2017, such persons forming a category of persons meeting specified characteristics)*

The general meeting, deciding under the quorum and majority requirements for extraordinary general meetings, having reviewed the report of the Board of Directors, the report of the independent expert and the special report of the statutory auditors, pursuant to, inter alia, articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-138 and L. 228-91 of the French Commercial Code, subject to the adoption of the eighteenth to twenty-second, twenty-fourth to twenty-fifth and twenty-seventh resolutions,

- *delegates to the Board of Directors, with the authority to sub-delegate within conditions provided for by applicable law, for a period of 18 months from the date of this shareholders' meeting, its authority (as the case may be) to issue new notes secured with second-ranking security interests governed by New York*

State law (the “New Second Lien Notes”) along with warrants, either freestanding or attached to said notes (in which case the warrants may be granted independently and freely) (the “Warrants #3”), on one or several occasions, in France and abroad, in proportion and time period determined by the Board;

- *resolves that the aggregate nominal value of the New Second Lien Notes issued shall not exceed 375,000,000 US dollars (including a tranche in euros which shall not exceed the euro-equivalent of 100,000,000 US dollars, based on the Reuters USD/EUR exchange rate applicable at 12:00 p.m. (Paris time), on the second business day preceding the last day of the subscription period for the share capital increase with shareholders’ preferential subscription right contemplated in the twentieth resolution (the last day of said period being referred to as the “Reference Date”));*
- *resolves that the New Second Lien Notes:*
 - i. *shall be issued in US dollars or in euros (the euro tranche shall not exceed the euro equivalent of 100,000,000 US dollars, based on the Reuters USD/EUR exchange rate applicable at 12:00 p.m. (Paris time), on the second business day preceding the Reference Date),*
 - ii. *shall bear interest (x) at the annual rate floating LIBOR (subject to a floor of 1%) cash + 4% (cash) quarterly payable + annual 8.5% (PIK) payable in fine and quarterly capitalized, for the US dollar-denominated New Second Lien Notes, and (y) at the annual rate floating EURIBOR (subject to a floor of 1%) cash + 4% cash + annual 8.5% (PIK) payable in fine and quarterly capitalized, for the euro-denominated New Second Lien Notes, and*
 - iii. *will mature 6 years after the Restructuring Effective Date (as this term is defined in the nineteenth resolution);*
- *resolves that the subscribed New Second Lien Notes shall be paid up in cash and that the New Second Lien Notes shall be fully paid up upon subscription;*
- *resolves that the Warrants #3 shall be issued either freestanding or attached to New Second Lien Notes (such issuances being in any event concomitant);*
- *resolves to waive the shareholder’s preferential subscription right to the issue of Warrants #3 and to reserve their subscription to the persons who undertake to subscribe for the New Second Lien Notes and Warrants #3, in accordance with the provisions of the private placement agreement dated June 26, 2017, it being specified that (i) said persons constitute a category of persons meeting specified characteristics within the meaning of article L. 225-138 of the French Commercial Code and (ii) the Warrants #3 shall be allocated among the subscribers of New Second Lien Notes proportionally to the principal amount of said New Second Lien Notes subscribed by them, (the number of Warrants #3 allocated to them shall be rounded down to the nearest whole number);*
- *resolves that the aggregate number of shares for which the Warrants #3 issued pursuant to this resolution may be exercised shall not exceed 16% of the total outstanding number of shares, after dilution resulting from (i) the implementation of the twentieth to twenty-third resolutions and (ii) the exercise of all of the Backstop Warrants (as this term is defined in the twenty-fifth resolution), Coordination Warrants (as this term is defined in the twenty-fourth resolution) and Warrants #3 but prior to the exercise of the Warrants #1 and Warrants #2;*
- *resolves that one (1) Warrant #3 shall give right to subscribe for one (1) new share at a price of 0.01 euro per share, i.e., considering the share capital reduction contemplated in the eighteenth resolution, a nominal value of 0.01 euro and no share premium (without prejudice to such subsequent adjustments as may be required by law and regulations and, where applicable, the contractual provisions of Warrants #3), which shall be paid up in cash, the beneficiaries being responsible for resolving any matters of fractional shares;*
- *resolves that the total nominal amount of the share capital increase (excluding the share premium) resulting from the exercise of the Warrants #3 that may be issued pursuant to this resolution shall not exceed 1,238,173 euros. This ceiling shall be raised, if necessary, by the nominal value of shares that must be issued to protect, as required by law, regulations and, as the case may be, the provisions of applicable agreements, the rights of holders of securities giving access to the share capital of the Company, and the maximum number of new shares shall be increased accordingly; it is specified that the rights of holders of Warrants #3 shall not be adjusted because of the completion of the transactions contemplated in the eighteenth to twenty-second and twenty-fourth to twenty-sixth resolutions;*

- *resolves that it results from the foregoing that the aggregate number of Warrants #3 issued pursuant to this resolution shall therefore not exceed 123,817,300;*
- *resolves that the Warrants #3 may be exercised at any time during a period of six (6) months from the Restructuring Effective Date (as this term is defined in the nineteenth resolution); any Warrants #3 which are not exercised within that period shall lapse and lose all of their value and attached rights, subject to the extension cases referred to below;*
- *resolves that, in the event of a share capital increase, acquisition, merger, spinoff or issuance of new shares or securities giving access to the share capital of the Company, or of other financial transactions entailing a preferential subscription right or reserving a priority subscription in favor of the Company's shareholders, the Company shall have the right to suspend the exercise of Warrants #3 for a period not to exceed three months, or of such other length as may be determined by applicable regulations, in which case the exercise period of the Warrants #3 shall be extended accordingly;*
- *resolves that the shares issued as a result of the exercise of Warrants #3 shall be fully paid up upon subscription, in cash;*
- *acknowledges, in accordance with article L. 225-132 paragraph 6 of the French Commercial Code, that the decision to issue the Warrants #3 includes as of right the waiver by the shareholders of their preferential subscription rights to subscribe to shares to which the said Warrants #3 will give immediate or deferred access;*
- *resolves that the shares issued as a result of the exercise of Warrants #3 shall immediately qualify for dividends and shall be fully fungible with existing shares and subject to all of the provisions of the articles of association and decisions of the shareholders' meeting from their issuance date;*
- *resolves that the Warrants #3 shall be freely tradeable and shall be eligible for trading through Euroclear France;*
- *gives full powers to the Board of Directors, with the authority to sub-delegate in accordance with applicable law and the terms of this resolution, to implement this delegation, including for the purpose of:*
 - *determining that the aforementioned conditions precedent have been satisfied;*
 - *deciding to issue and allocate the Warrants #3 and, where applicable, deferring such decision;*
 - *determining the total number of Warrants #3 to be issued;*
 - *determining all terms and conditions of issuance of the New Second Lien Notes and Warrants #3 as well as the terms and conditions of the New Second Lien Notes and Warrants #3 (including the conditions on which the Company may buy back or trade Warrants #3, on the market or otherwise, as well as those applicable to the adjustment of the Warrants #3 in the event of transactions affecting the Company's share capital);*
 - *establishing the list of beneficiaries within the categories set forth above and the final number of Warrants #3 allocated to each of them within the limit of the maximum number of Warrants #3 to be issued set forth above;*
 - *entering into any agreement required to complete the issue contemplated by this resolution;*
 - *completing the registration and filing formalities required by the issuance of the Warrants #3;*
 - *arranging for the Warrants #3 to be eligible for trading through Euroclear France and determining whether they may be admitted to trading on the regulated market of Euronext Paris, and do all that is necessary in this respect;*
 - *arranging for the new shares resulting from the exercise of said Warrants #3 to be admitted to trading on the regulated market of Euronext Paris as well as on the New York Stock Exchange (as American Depositary Shares);*
 - *doing all that is necessary to complete the share capital increases resulting from the exercise of the Warrants #3 (including by receiving payment for the subscription of the new Company shares resulting from the exercise of Warrants #3);*

- • amending the Company’s articles of association accordingly;
- • making all required adjustments, in accordance with the law and regulations and, where applicable, the contractual provisions of the Warrants #3 providing for other adjustment cases;
- • doing all that is necessary or useful to complete the share capital increase contemplated by this resolution, and the listing and servicing of the securities issued pursuant to this resolution, as well as the exercise of the rights attached thereto; and
- • completing all related formalities.

This resolution shall be implemented only after, and subject to, the prior completion of the share capital reduction contemplated in the eighteenth resolution. The ceilings on the share capital increase set in this resolution have been determined after taking into account the effect of the aforementioned share capital reduction and are independent of the ceilings considered in the other resolutions submitted to this shareholders’ meeting, it being specified that the ceilings on share capital increase provided for in this resolution shall be charged against the overall ceiling for the authorizations of issue of the twenty-seventh resolution.

Twenty-fourth resolution (Delegation of authority to the Board of Directors to issue and grant free warrants, with removal of the shareholders’ preferential subscription right, in favor of Alden Global Opportunities Fund L.P., Alden Global Value Recovery Fund LP, Randall D Smith Roth IRA, Trinity Investments Designated Activity Company, Lex Financial Investments (Luxembourg) S.à r.l., BG Long Term Value, BG Select Investments (Ireland) Limited, Lux Holdings 2017 S.à r.l., and TP Lux Holdco S.à r.l)

The general meeting, deciding under the quorum and majority requirements for extraordinary general meetings, having reviewed the report of the Board of Directors, the report of the independent expert and the special report of the statutory auditors, pursuant to, inter alia, articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-138 and L. 228-91 et seq. of the French Commercial Code, subject to the adoption of the eighteenth to twenty-third, twenty-fifth and twenty-seventh resolutions,

- delegates to the Board of Directors, with the authority to sub-delegate within conditions provided for by applicable law, for a period of 18 months from the date of this shareholders’ meeting, its authority to issue warrants (the “Coordination Warrants”), on one or several occasions, in France and abroad, in proportion and time period determined by the Board, with removal of the shareholders’ preferential subscription right;
- resolves that the Coordination Warrants shall be freely allocated to the following persons, in accordance with the percentages indicated below:

Beneficiaries	Percentage allocated (%)
Funds and/or entities advised and/or managed by Alden Global Capital LLC:	14.9978
• Alden Global Opportunities Fund L.P.	49.3 ^(*)
• Alden Global Value Recovery Fund LP	31.9 ^(*)
• Randall D Smith Roth IRA	18.8 ^(*)
Funds and/or entities advised and/or managed by Attestor Capital LLP:	14.6096
• Trinity Investments Designated Activity Company	100 ^(*)
Funds and/or entities advised and/or managed by Aurelius Capital Management LP:	15.2479
• Lex Financial Investments (Luxembourg) S.à r.l.	100 ^(*)

Funds and/or entities advised and/or managed by Boussard & Gavaudan Asset Management LP:	21.5151
• BG Long Term Value	3.44874 ^(*)
• BG Select Investments (Ireland) Limited	96.55126 ^(*)
Funds and/or entities advised and/or managed by Contrarian Capital Management LLC:	20.4085
• Lux Holdings 2017 S.à r.l.	100 ^(*)
Funds and/or entities advised and/or managed by Third Point LLC:	13.2212
• TP Lux Holdco S.à r.l.	100 ^(*)

(*) Allocation expressed as a percentage of the corresponding global allocation in bold. (*) Allocation expressed as a percentage of the corresponding global allocation in bold.

- resolves that the aggregate number of shares for which the Coordination Warrants issued pursuant to this resolution may be exercised shall not exceed 1% of the outstanding number of shares, after dilution resulting from (i) the implementation of the twentieth to twenty-third resolutions and (ii) the exercise of all of the Backstop Warrants (as this term is defined in the twenty-fifth resolution), Coordination Warrants and Warrants #3 but prior to the exercise of the Warrants #1 and Warrants #2;
- resolves that, in the event that the application of a beneficiary's allocation percentage to the total number of Coordination Warrants to be issued (as set forth above) does not produce a whole number, said beneficiary shall be allocated the nearest lower whole number of Coordination Warrants;
- resolves that one (1) Coordination Warrant shall give right to subscribe for one (1) new share at a price of 0.01 euro per share, i.e., considering the share capital reduction contemplated in the eighteenth resolution, a nominal value of 0.01 euro and no share premium (without prejudice to such subsequent adjustments as may be required by law and regulations and, where applicable, the contractual provisions of Coordination Warrants), the beneficiaries being responsible for resolving any matters of fractional shares;
- resolves that the total nominal amount of the share capital increase of the Company (excluding the share premium) resulting from the exercise of the Coordination Warrants that may be issued pursuant to this resolution shall not exceed 77,386 euros. This ceiling shall be raised, if necessary, by the nominal value of shares that must be issued to protect, as required by law, regulations and, as the case may be, the provisions of applicable agreements, the rights of holders of securities giving access to the Company's share capital, and the maximum number of new shares shall be increased accordingly; it is specified that the rights of holders of Coordination Warrants shall not be adjusted because of the completion of the transactions contemplated in the eighteenth to twenty-third, twenty-fifth to twenty-sixth resolutions;
- resolves that it results from the foregoing that the aggregate number of Coordination Warrants shall not exceed 7,738,600;
- resolves that the Coordination Warrants may be exercised at any time during a period of six (6) months from the Restructuring Effective Date (as this term is defined in the nineteenth resolution); any Coordination Warrants which are not exercised within that period shall lapse and lose all of their value and attached rights, subject to the extension cases referred to below;
- resolves that, in the event of a share capital increase, acquisition, merger, spinoff or issuance of new shares or securities giving access to the share capital of the Company, or of other financial transactions entailing a preferential subscription right or a reserving priority subscription for the Company's shareholders, the Company shall have the right to suspend the exercise of Coordination Warrants for a period not to exceed three months, or of such other length as may be determined by applicable regulations, in which case the exercise period of the Coordination Warrants shall be extended accordingly;

- *resolves that the shares issued as a result of the exercise of Coordination Warrants shall be fully paid up upon subscription, in cash;*
- *acknowledges, in accordance with article L. 225-132 paragraph 6 of the French Commercial Code, that the decision to issue Coordination Warrants includes as of right the waiver by the shareholders of their preferential subscription rights to subscribe to shares to which the issued Coordination Warrants will give immediate or deferred access;*
- *resolves that the shares issued as a result of the exercise of Coordination Warrants shall immediately qualify for dividends and shall be fully fungible with existing shares and subject to all of the provisions of the articles of association and decisions of the shareholders' meeting from their issuance date;*
- *resolves that the Coordination Warrants shall be freely tradeable and shall be eligible for trading through Euroclear France;*
- *resolves that, if the allocation of Coordination Warrants results in a withholding tax being due, the beneficiary shall indemnify the Company for any tax impact of such allocation for the Company. The Company shall be allowed to withhold from any payment that it would have to make to the beneficiary, for any reason whatsoever, the amount of the withholding tax owed to the Treasury. If those withholdings made by the Company are not sufficient to cover the withholding tax owed to the Treasury, the beneficiary shall deposit with the Company an amount sufficient to cover the difference in order to obtain the Coordination Warrant. In this regard, and to determine the withholding tax base and the above-mentioned potential deposit of amounts that are to be made within the framework of the allocation of Coordination Warrants, the Company shall use, in order to determine the value of the allocated Coordination Warrants, the difference between (a) the sum of (i) the subscription price of a share issued within the framework of the issuance of ABSA, and (ii) the average value of the preferential subscription right during the subscription period, and (b) the exercise price of the Coordination Warrants. More broadly, and in accordance with Article 10.1 of the private placement agreement dated June 26, 2017 and with the New Second Lien Notes information statement, the Company shall levy the withholding tax provided for in Article 182B of French Tax Code;*
- *gives full powers to the Board of Directors, with the authority to sub-delegate in accordance with applicable law and the terms of this resolution, to implement this delegation, including for the purpose of:*
 - *determining that the aforementioned conditions precedent have been satisfied;*
 - *deciding to issue and allocate the Coordination Warrants and, where applicable, deferring such decision;*
 - *determining the aggregate number of Coordination Warrants to be issued and the exact number of Coordination Warrants to which each of the above-mentioned entities are entitled;*
 - *determining all of the terms and conditions of issuance of the Coordination Warrants as well as the terms and conditions of the Coordination Warrants (including the conditions on which the Company may buy back or trade the Coordination Warrants, on the market or otherwise, as well as those applicable to the adjustment of the Coordination Warrants in the event of transactions affecting the Company's share capital)*
 - *entering into any agreement required to effect the issue contemplated by this resolution;*
 - *completing the registration and filing formalities required by the issuance of the Coordination Warrants;*
 - *recording the share capital increases resulting from the exercise of the Coordination Warrants;*
 - *arranging for the Coordination Warrants to be eligible for trading through Euroclear France and determining whether they may be admitted to trading on the regulated market of Euronext Paris, and do all that is necessary in this respect;*
 - *arranging for the new shares resulting from the exercise of said Coordination Warrants to be admitted to trading on the regulated market of Euronext Paris as well as on the New York Stock Exchange (as American Depositary Shares);*

- *doing all that is necessary to complete the share capital increases resulting from the exercise of the Coordination Warrants (including by receiving payment for the subscription of the new Company shares resulting from the exercise of Coordination Warrants);*
- *amending the Company's articles of association accordingly;*
- *making all required adjustments, in accordance with the law and regulations and, where applicable, the contractual provisions of the Coordination Warrants providing for other adjustment cases;*
- *doing all that is necessary or useful to complete the share capital increase contemplated by this resolution, and the listing and servicing of the securities issued pursuant to this resolution, as well as the exercise of the rights attached thereto; and*
- *completing all related formalities.*

This resolution shall be implemented only after, and subject to, the prior completion of the share capital reduction contemplated in the eighteenth resolution. The ceilings on the share capital increase set in this resolution have been determined after taking into account the effect of the aforementioned share capital reduction and are independent of the ceilings considered in the other resolutions submitted to this shareholders' meeting, it being specified that the ceilings on share capital increase provided for in this resolution shall be charged against the overall ceiling for the authorizations of issue of the twenty-seventh resolution.

Twenty-fifth resolution *(Delegation of authority to the Board of Directors to issue and grant free warrants, with removal of the shareholders' preferential subscription right, in favor of persons backstopping the subscription of the new notes secured with second-ranking security interests, such persons forming a category of persons meeting specified characteristics)*

The general meeting, deciding under the quorum and majority requirements for extraordinary general meetings, having reviewed the report of the Board of Directors, the report of the independent expert and the special report of the statutory auditors, pursuant to, inter alia, articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-138 and L. 228-91 of the French Commercial Code, subject to the adoption of the eighteenth to twenty-fourth and twenty-seventh resolutions,

- *delegates to the Board of Directors, with the authority to sub-delegate within conditions provided for by applicable law, for a period of 18 months from the date of this shareholders' meeting, its authority to issue warrants (the "Backstop Warrants"), on one or several occasions, in France and abroad, in proportion and time period determined by the Board, with removal of the shareholders' preferential subscription right;*
- *resolves that the Backstop Warrants shall be freely allocated to the persons committed to backstop the subscription of the New Second Lien Notes and Warrants #3 on the Reference Date, as provided for in the private placement agreement dated June 26, 2017, it being specified that these persons constitute a category of persons meeting specified characteristics within the meaning of article L. 225-138 of the French Commercial Code;*
- *resolves that the aggregate number of shares for which the Backstop Warrants issued pursuant to this resolution may be exercised shall not exceed 1.5% of the outstanding number of shares, after dilution resulting from (i) the implementation of the twentieth to twenty-third resolutions and (ii) the exercise of the Backstop Warrants, Coordination Warrants and Warrants #3, but prior to the exercise of the Warrants #1 and Warrants #2;*
- *resolves that one (1) Backstop Warrant shall give right to subscribe for one (1) new share at a price of 0.01 euro per share, i.e., considering the share capital reduction contemplated in the eighteenth resolution, a nominal value of 0.01 euro and no share premium (without prejudice to such subsequent adjustments as may be required by law and regulations and, where applicable, the contractual provisions of Backstop Warrants), which shall be paid in cash, the beneficiaries being responsible for resolving any matters of fractional shares;*
- *resolves that the total nominal amount of the share capital increase (excluding the share premium) resulting from the exercise of the Backstop Warrants that may be issued pursuant to this resolution shall not exceed 116,079 euros by the issuance of 11,607,900 new shares. This ceiling shall be raised, if necessary, by the nominal value of shares that must be issued to protect, as required by law, regulations and, as the case may be, the provisions of applicable agreements, the rights of holders of securities giving access to the share capital of the Company, and the maximum number of new shares shall be increased*

accordingly; it is specified that the rights of holders of Backstop Warrants shall not be adjusted because of the completion of the transactions contemplated in the eighteenth to twenty-fourth and twenty-sixth resolutions;

- resolves that it results from the foregoing that the aggregate number of Backstop Warrants issued pursuant to this resolution shall not exceed 11,607,900;*
- resolves that the Backstop Warrants may be exercised at any time during a period of six (6) months from the Restructuring Effective Date (as this term is defined in the nineteenth resolution); any Backstop Warrants which are not exercised within that period shall lapse and lose all of their value and attached rights, subject to the extension cases referred to below;*
- resolves that, in the event of a share capital increase, acquisition, merger, spinoff or issuance of new shares or securities giving access to the share capital of the Company, or of other financial transactions entailing a preferential subscription right or reserving a priority subscription for the Company's shareholders, the Company shall have the right to suspend the exercise of Backstop Warrants for a period not to exceed three months, or of such other length as may be determined by applicable regulations, in which case the exercise period of the Backstop Warrants shall be extended accordingly;*
- resolves that the shares issued as a result of the exercise of Backstop Warrants shall be fully paid up upon subscription, in cash;*
- acknowledges, in accordance with article L. 225-132 paragraph 6 of the French Commercial Code, that the decision to issue Backstop Warrants includes as of right the waiver by the shareholders of their preferential subscription right to subscribe to shares to which the said Backstop Warrants will give immediate or deferred access;*
- resolves that the shares issued as a result of the exercise of Backstop Warrants shall immediately qualify for dividends and shall be fully fungible with existing shares and subject to all of the provisions of the articles of association and decisions of the shareholders' meeting from their issuance date;*
- resolves that the Backstop Warrants shall be freely tradeable and shall be eligible for trading through Euroclear France;*
- resolves that, if the allocation of Backstop Warrants results in a withholding tax being due, the beneficiary shall indemnify the Company for any tax impact of such allocation for the Company. The Company shall be allowed to withhold from any payment that it would have to make to the beneficiary, for any reason whatsoever, the amount of the withholding tax owed to the Treasury. If those withholdings made by the Company are not sufficient to cover the withholding tax owed to the Treasury, the beneficiary shall deposit with the Company an amount sufficient to cover the difference in order to obtain the Backstop Warrant. In this regard, and to determine the withholding tax base and the above-mentioned potential deposit of amounts that are to be made within the framework of the allocation of Backstop Warrants, the Company shall use, in order to determine the value of the allocated Backstop Warrants, the difference between (a) the sum of (i) the subscription price of a share issued within the framework of the issuance of ABSA, and (ii) the average value of the preferential subscription right during the subscription period, and (b) the exercise price of the Backstop Warrants. More broadly, and in accordance with Article 10.1 of the private placement agreement dated June 26, 2017 and with the New Second Lien Notes information statement, the Company shall levy the withholding tax provided for in Article 182B of French Tax Code;*
- gives full powers to the Board of Directors, with the authority to sub-delegate in accordance with applicable law and the terms of this resolution, to implement this delegation, including for the purpose of:*
 - determining that the aforementioned conditions precedent have been satisfied;*
 - deciding to issue and allocate the Backstop Warrants and, where applicable, deferring this decision;*
 - determining the aggregate number of Backstop Warrants to be issued, and whether or not they will be admitted to trading on the regulated market of Euronext Paris, and doing what is necessary in this respect;*
 - determining all terms and conditions of issuance of the Backstop Warrants as well as the terms and conditions of the Backstop Warrants (including the conditions on which the Company may*

buy back or trade the Backstop Warrants, on the market or otherwise, as well as those applicable to the adjustment of the Backstop Warrants in the event of transactions affecting the Company's share capital);

- *establishing the list of beneficiaries within the categories set forth above, and the final number of Backstop Warrants to be allocated to each of them within the limit of the maximum number of Backstop Warrants to be issued set forth above;*
- *entering into any agreement required to complete the issue contemplated by this resolution;*
- *recording the share capital increases resulting from the exercise of Backstop Warrants;*
- *completing the registration and filing formalities required by the issuance of the Backstop Warrants;*
- *arranging for the Backstop Warrants to be eligible for trading through Euroclear France and determining whether they may be admitted to trading on the regulated market of Euronext Paris, and do all that is necessary in this respect;*
- *arranging for the new shares resulting from the exercise of said Backstop Warrants to be admitted to trading on the regulated market of Euronext Paris as well as on the New York Stock Exchange (as American Depositary Shares);*
- *doing all that is necessary to complete the share capital increases resulting from the exercise of the Backstop Warrants (including by receiving payment for the subscription of the new Company shares resulting from the exercise of Backstop Warrants);*
- *amending the Company's articles of association accordingly;*
- *making all required adjustments, in accordance with the law and regulations and, where applicable, the contractual provisions of the Backstop Warrants providing for other adjustment cases;*
- *doing all that is necessary or useful to complete the share capital increase contemplated by this resolution, and the listing and servicing of the securities issued pursuant to this resolution, as well as the exercise of the rights attached thereto; and*
- *completing all related formalities.*

This resolution shall be implemented only after, and subject to, the prior completion of the share capital reduction contemplated in the eighteenth resolution. The ceilings on the share capital increase set in this resolution have been determined after taking into account the effect of the aforementioned share capital reduction and are independent of the ceilings considered in the other resolutions submitted to this shareholders' meeting, it being specified that the ceilings on share capital increase provided for in this resolution shall be charged against the overall ceiling for the authorizations of issue of the twenty-seventh resolution.

Twenty-seventh resolution (Overall ceiling for the authorizations of issue)

We propose, subject to the approval of the eighteenth to twenty-fifth resolutions, that you set to:

- *8,415,631 euros the ceiling of the aggregate nominal amount of immediate or future share capital increases that may be implemented under the authority delegated to the Board of Directors pursuant to the nineteenth to twenty-sixth resolutions of this meeting, it being specified that, if necessary, this ceiling may be increased by the nominal value of the shares to be issued to protect the rights of holders of securities giving access to the share capital of the Company, in accordance with the law, regulations and, where applicable, contractual provisions;*
- *6,890,631 euros the ceiling of the aggregate nominal amount of immediate or future share capital increases that may be implemented under the authority delegated to the Board of Directors pursuant to the twenty-first to twenty-sixth resolutions of this meeting, without shareholders' preferential subscription right, it being specified that, if necessary, this ceiling may be increased by the nominal value of the shares to be issued to protect the rights of holders of securities giving access to the share capital of the Company, in accordance with the law, regulations and, where applicable, contractual provisions.*

b) *Decision by the Company's Board of Directors*

The Company's Board of Directors will complete the effective issuance and/or grant of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants.

4.4. Scheduled date of issue of the securities

According to the indicative timetable, the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants are scheduled to be issued on January 17, 2018.

4.5. Restrictions on the free negotiability of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants

No clause in the articles of association restricts the free negotiability of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants, or of the new shares to be issued upon exercise of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants.

4.6. French regulations governing tender offers

French law and regulations governing mandatory tender offer, squeeze-out and mandatory squeeze-out procedures are applicable to the Company.

4.6.1. Mandatory tender offer

Article L. 433-3 of the French Monetary and Financial Code and articles 234-1 *et seq.* of the AMF General Regulations set forth the manner in which a mandatorily filed tender offer must be drafted to satisfy the conditions for being declared in compliance by the AMF, encompassing all equity securities and securities giving access to the share capital of the Company, whose shares are admitted to trading on a regulated market.

4.6.2. Squeeze-out and mandatory squeeze-out procedures

Article L. 433-4 of the French Monetary and Financial Code and articles 236-1 *et seq.* (squeeze-out offer), 237-1 *et seq.* (mandatory squeeze-out following a squeeze-out offer) and 237-14 *et seq.* (mandatory squeeze-out following any tender offer) of the AMF General Regulations set forth the conditions for filing a squeeze-out offer and for effecting a mandatory squeeze-out of the minority shareholders of a company whose shares are admitted to trading on a regulated market.

4.7. Tender offers by third parties for the shares of the issuer during the past and the current fiscal years

No tender offer for the Company's shares was made by a third party during the past and current fiscal years.

4.8. Tax treatment of the Warrants #1 in France

The information below represents merely an overview of the tax treatment likely to apply to the transfer and exercise of the Warrants #1 by individuals or legal entities, under current French tax law and subject to the provisions of international tax treaties, where applicable.

The rules mentioned below could be affected by changes in the law or regulations (which in certain cases could be made retroactive), and in particular by the "Loi de finance pour 2018" (finance law for 2018) whose project was recorded on September 27, 2017 at the national Assembly, or by changes in their interpretation by the French tax authorities.

In any event, this information is not intended to offer a complete review of all tax effects which may apply to the transfer and exercise of the Warrants #1.

Persons who become owners of Warrants #1 are invited to consult their regular tax advisor about the taxes applicable to their particular situation as a result of the Warrants #1.

Persons who are not French residents should also comply with applicable law in their country of residence and, as the case may be, the provisions of any applicable international treaty.

4.8.1. Tax treatment of sales of Warrants #1

4.8.1.1. *Capital gains realized by individuals as part of the management of their personal assets and who do not trade in the stock market on a regular basis*

Article 150-0 A of the French General Tax Code (CGI) provides that capital gains realized by individuals as a result of the sale of their Warrants #1 are subject to income tax at the progressive rate, without the abatements of article 150-0 D 1ter of the CGI based on the length of ownership.

Capital gains are also subject to social security taxes at the aggregate rate of 15.5%. Those taxes currently comprise:

- the “generalized social security contribution” (“CSG”) of 8.2% (5.1% is deductible from taxable income for the year the CSG is paid);
- the social security tax of 4.5% not deductible for income tax purpose;
- the additional social security contribution of 0.3% not deductible for income tax purpose;
- the “solidarity” contribution of 2% not deductible for income tax purpose; and
- the contribution to the repayment of the social security debt (“CRDS”) of 0.5% not deductible for income tax purpose.

The Warrants #1 cannot be held by stock savings plans (PEA) (either the classic kind or “PME-ETI” PEAs).

4.8.1.2. *Capital gains realized by legal entities subject to corporate income tax under ordinary law*

Capital gains realized as a result of the sale of their Warrants #1 are subject to corporate income tax at the rate applicable under ordinary law (the regular corporate tax rate of 33 1/3% and, where applicable, a social security contribution of 3.3% of the amount of the corporate income tax, after the application of an abatement not in excess of €763.000 per twelve-month period (article 235ter ZC of the CGI)).

The Warrants #1 cannot be considered equity interests and qualify for the treatment of long-term capital gains of article 219 I-a *quinquies* of the CGI.

4.8.1.3. *Capital gains realized by persons whose tax residence is not in France*

Capital gains from the transfer of Warrants #1 for valuable consideration by persons who are not French tax residents within the meaning of article 4 B of the CGI or whose registered office is located outside France, are not subject to tax in France whenever those Warrants #1 cannot be considered to be held by a permanent establishment or fixed base subject to tax in France.

It is recommended that non-resident investors consult their regular tax advisor, including regarding the conditions and applicability of tax treaties that may be applicable to them.

4.8.1.4. *Other shareholders*

The Company’s shareholders who are subject to a different tax system from those above, including individuals whose trades in securities exceed the simple management of their portfolio, or whose shares are included in their balance sheet, will have to inquire from their regular tax advisor as to the tax treatment applicable to the sale of Warrants #1 in their specific case.

4.8.2. Exercise of the Warrants #1

The exercise of Warrants #1 will have no particular tax repercussions in France.

The tax cost of the shares thus acquired will be equal to the aggregate of the cost of the exercised Warrants #1 (deemed to be zero for individuals) and the subscription price of the new shares.

The shares acquired through the exercise of Warrants #1 will be subject to taxes applicable to Company shares set out in section 4.9 “*Withholding tax on income from the Company’s shares*” below.

The shares for which Warrants #1 are exercised cannot be held by stock savings plans (PEA) (either the classic kind or “PME-ETI” PEAs).

4.9. Withholding tax on income from the Company’s shares

The information below represents merely an overview of certain tax repercussions for individuals or legal entities who may become Company shareholders, in terms of the withholding tax on income from the Company’s shares that may apply under current French law and subject to the provisions of international tax treaties, where applicable.

The rules mentioned below could be affected by changes in the law or regulations (which in certain cases could be made retroactive), and in particular by the “Loi de finance pour 2018” (finance law for 2018) whose project was recorded on September 27, 2017 at the national Assembly, or by changes in their interpretation by the French tax authorities.

In any event, this information is not intended to offer a complete review of all tax effects which may apply to the earning of income from the Company’s shares and, as a general matter, to persons who become Company shareholders.

These persons are invited to examine with their regular tax advisor the taxes applicable to their particular situation as a result of their acquisition and ownership or disposal of Company shares.

Persons who are not French residents should also comply with applicable law in their country of residence and, as the case may be, the provisions of any applicable international treaties.

The Company shall under no circumstances be liable for the withholding and collection of the taxes described below.

4.9.1. Shareholders who are tax residents of France

4.9.1.1. *Individuals holding shares as part of the management of their personal assets and who do not trade in the stock market on a regular basis*

Specific rules apply if shares are held through a stock savings plan (PEA). The persons concerned are invited to examine the taxes that are applicable to their specific case with their regular tax advisor.

Withholding of 21%

Before being subject to tax at the progressive personal income tax rate, and except in a limited number of cases, the dividends paid out by the Company to individuals who are French tax residents and are acting as part of the management of their personal assets without passing through to a stock savings plan (PEA) and do not trade in the stock market on a regular basis are subject to a flat withholding of 21% of gross dividend income, which does not discharge them of having to report that income, pursuant to article 117 *quater* of the CGI. The withholding amounts to an income tax down payment that is deductible from the tax owed for the year in which it was withheld, any excess balance being refunded to the taxpayer.

The tax (i) is withheld at the source whenever the paying agent is located in a Member State of the European Union or in a State that is party to the agreement on the European Economic Area and which has entered into an administrative assistance agreement aimed at fighting tax fraud and evasion, provided that, in this case, the tax payer instructs the paying agent accordingly, or (ii) is paid by the taxpayer.

Individuals who are part of a taxable household with taxable income for the next to last year, as defined in article 1417 (IV)1 of the CGI, of less than €50,000 in the case of single, divorced or widowed taxpayers, and €75,000 in the case of taxpayers filing jointly, may apply to be exempt from such withholding as provided for in article 242 *quater* of the CGI, i.e. by providing the paying agent, no later than on November 30 of the year preceding the year in which the dividends are paid out, a sworn statement that the taxable income as it appears on the tax assessed for the next to last year preceding the payment year is below the above taxable income levels. However, taxpayers who acquire shares after the deadline for filing the above exemption application can file their application with their paying agent at the time they acquire those shares, as permitted under the tax interpretation (BOI-RPPM-RCM-30-20-10-20160711, n° 320).

Whenever the paying agent is located outside France, only the individuals in taxable households with taxable income for the next-to-last year, as set out in article 1417 (IV)1 of the CGI, equal to or in excess of the above levels are subject to the withholding.

Irrespective of where the recipient of dividends is a tax resident, the dividends paid outside France in a non-cooperating country or territory (“NCCT”), within the meaning of article 238-0 A of the CGI, are subject to a withholding tax of 75%. The list of the NCCTs is published by government decision and is updated annually.

Social security taxes

In addition, the dividends distributed by the Company to those same individuals who are French tax residents are subject to social security taxes at the aggregate rate of 15.5%. Those taxes currently break down as follows:

- the “generalized social security contribution” (“CSG”) of 8.2% (5.1% is deductible from income for the year the CSG is paid that is subject to income tax);
- the social security tax of 4.5% not deductible for income tax purpose;
- the additional social security contribution of 0.3% not deductible for income tax purpose;
- the “solidarity” contribution of 2% not deductible for income tax purpose; et
- the CRDS of 0.5% not deductible for income tax purpose.

These social security taxes and contributions are deducted in the same manner as the 21% withholding tax above. Specific rules, which differ depending on whether the paying agent is located in France or elsewhere, apply in the event that the 21% withholding is not applicable.

Individuals holding shares are invited to consult their regular tax advisor to determine how to declare dividends and pay the 21% withholding tax, and the social security taxes and contributions applicable to them, and, as a general matter, to determine the taxes applicable in their specific case.

4.9.1.2. Shares held by legal entities subject to corporate income tax under ordinary law

In principle, earnings distributed on shares held by legal entities which are tax residents of France are not subject to any withholding.

However, if dividends are paid by the Company in an NCCT, within the meaning of article 238-0 A of the CGI, those Company dividends are subject to withholding tax at the rate of 75%.

Legal entities which hold shares are invited to consult their regular tax advisor to determine the taxes applicable in their specific case.

4.9.1.3. Other shareholders

The Company’s shareholders operating under a taxation system which is different from those above, such as individuals whose securities transactions exceed the simple management of a portfolio or whose shares are recorded on their balance sheet, should consult their regular tax advisor to determine the taxes applicable in their specific case.

4.9.2. Shareholders which are tax residents of a country other than France

4.9.2.1. Withholding tax on dividends

In principle, the dividends distributed by the Company are subject to a withholding tax, which is withheld by the paying agent, whenever the shareholder’s tax residence, within the meaning of article 4B of the CGI, as amended, where applicable, by an applicable international treaty, or registered office is located outside France. Subject to the conditions below, the withholding tax rate is:

- 21% whenever the dividends qualify for the 40% abatement of article 158-3, (2) of the CGI and the shareholder is an individual whose tax residence is in a Member State of the European Union or in a State that is party to the agreement on the European Economic Area and has entered into an administrative assistance agreement with France aimed at fighting tax fraud and evasion;
- 15% whenever the shareholder is an entity with its registered office in a Member State of the European Union or in a State that is party to the agreement on the European Economic Area and has entered into an administrative assistance agreement with France aimed at fighting tax fraud and evasion, and it would qualify, if it were based in France, for the special tax treatment of article 206(5) of the CGI (which pertains to entities

generically known as “non-profit entities”), in accordance with current tax interpretation (BOI-IS-CHAMP-10-50-10-40-20130325, no. 580 *et seq.*); and

- 30% in all other cases.

However, irrespective of the country in which the shareholder is a tax resident or has its registered office, and of the shareholder’s status, subject to the applicable provisions of international treaties, dividends paid outside France in an NCCT are subject to a withholding tax of 75%. The list of the NCCTs is published in a government decision and is updated annually

The withholding tax may be reduced or even waived, including in the following instances:

- a. pursuant to article 119ter of the CGI, applicable on certain conditions to shareholders which are legal entities (a) which have their effective registered office in a Member State of the European Union or in a State that is party to the agreement on the European Economic Area and which has entered into an administrative assistance agreement with France aimed at fighting tax fraud and evasion, and whose tax residence, pursuant to an agreement on double taxation with a third country, is not considered to be outside the European Union or the European Economic Area, (b) which are organized in one of the forms listed in part A of annex I to Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, or an equivalent form whenever the company has its registered office in a country which is a party to the European Economic Area, (c) which own at least 10% of the Company’s share capital for two years and satisfy all other conditions of article 119ter as interpreted by current tax interpretation (BOI-RPPM-RCM-30-30-20-10- 20160607), provided, however, that this ownership is reduced to 5% whenever the legal entity which is the actual recipient of the dividends has an equity interest consistent with the conditions of article 145 of the CGI and has no possibility of deducting the tax withheld (BOFIP BOIRPPM- RCM-30-30-20-40-20160607), and (d) which are subject to local corporate income tax in the Member State of the European Union or of the European Economic Area where their effective registered office is located, with no option available to them and no possibility of exemption, provided, however, that said article 119ter of the CGI does not apply to dividends distributed as part of a financial arrangement or a series of arrangements if the primary purpose, or one of whose primary purposes, of such arrangement is to secure tax benefits contrary to the aim or purpose of article 119ter of the CGI, and which cannot be considered bona fide in light of all relevant facts and circumstances;
- b. pursuant to international tax treaties, where applicable;
- c. pursuant to article 119bis (2) of the CGI applicable on certain condition set out in the tax interpretation (BOI-RPPM-RCM-30-30-20-70-20170607) to investment funds organized under the law of a foreign country and located in a Member State of the European Union or in a State or territory which has entered into an administrative assistance agreement with France aimed at fighting tax fraud and evasion; or
- d. pursuant to article 119 *quinquies* of the CGI applicable to shareholders which are legal entities located in a Member State of the European Union or in a State that is party to the agreement on the European Economic Area and which has entered into an administrative assistance agreement with France aimed at fighting tax fraud and evasion and are involved in proceedings comparable to that of article L. 640-1 of the French Commercial Code (or which are insolvent or in a financial situation from which they can manifestly not emerge) and which satisfy the other conditions of article 119 *quinquies* of the CGI.

The investors concerned are invited to consult their regular tax advisor to determine how the foregoing provisions may apply to their own specific case.

Among other things, the Company’s shareholders concerned should consult with their regular tax advisor to determine whether they could fall under the law applicable to NCCTs or may be entitled to a reduction of or exemption from withholding tax, as well as how these may apply in practice, as prescribed in, *inter alia*, tax instruction (BOI-INT-DG-20-20-20-20-20120912) on the “regular” or “simplified” procedure for withholding tax reductions or exemptions under international tax treaties.

4.9.2.2. Withholding tax on capital gains

Subject to the possible application of existing international tax treaties, capital gains generated from sales of Company shares by shareholders who are not residents of France or whose registered office is located outside France are not subject to withholding tax in France provided that (i) those shareholders have not held, directly or indirectly, alone or together with family members, an interest of more than 25% in the Company’s earnings at any

time during the five-year period immediately preceding the sale and (ii) they are not residents, based or incorporated in an NCCT.

5. TERMS AND CONDITIONS OF THE OFFERING

5.1. Terms and conditions and indicative timetable

5.1.1. Terms and conditions of the offering and conditions precedent to the issuance of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants

The issuance of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants remains subject to the following conditions:

- the approval by the Company's extraordinary general meeting of shareholders which is scheduled to convene on October 31, 2017 of the resolutions required to implement the draft safeguard plan, in particular those relating to the share capital reduction by reducing the unit par value of the Company's shares to one euro cent (€0.01);
- the abovementioned share capital reduction being effectively carried out;
- the sanctioning of the draft safeguard plan approved by both the committee of banks and assimilated creditors, and the sole general meeting of bondholders on July 28, 2017, by the Commercial Court of Paris; according to the current contemplated provisional timetable, the court should examine the request for the sanctioning of the draft safeguard plan on November 6, 2017;
- confirmation by the relevant US Court of the "Chapter 11" plan and the recognition of the ruling sanctioning the draft safeguard plan within the framework of the "Chapter 15" proceedings the enforcement of which is not stayed;
- the obtaining of the AMF *visa* on the prospectus relating to the Rights Issue with PSR, which share capital increase is tentatively scheduled to take place in December 2017, with settlement and delivery scheduled for January 2018;
- the satisfaction of all conditions precedent provided for in the implementation documents of the restructuring, which includes notably the indenture of the new first lien notes, the indenture of the New Second Lien Notes and the new interest second lien notes, or the terms and conditions of the various warrants,

it being specified that the Restructuring Effective Date shall occur at the latest on February 28, 2017.

The settlement and delivery of all the issuances of Warrants #1, Warrants #3, Creditor Shares 1, Creditor Shares 2, Coordination Warrants, and Backstop Warrants will occur concomitantly with the settlement and delivery of the issue, with shareholders' preferential subscription rights, of new shares with warrants, subject to satisfaction of all the above-mentioned conditions precedent.

The issuances provided for under the draft safeguard plan and the Chapter 11 plan shall be regarded as a whole; if one of them could not be implemented, none of them would be implemented.

Suspension of the right of holders of Convertible Bond 2019 and Convertible Bonds 2020 to convert them into shares

As part of the Company's financial restructuring, the holders of Convertible Bonds are expected to subscribe for the Creditor Shares 1 by way of set-off against their claims against CGG relating to the Convertible Bonds.

The right of holders of Convertible Bonds to convert them into shares will be suspended, according to the indicative timetable, from November 28, 2017 (at 12 a.m. Paris time), to no later than February 28, 2018 (at 11.59 p.m. Paris time) as prescribed by law and regulations and in accordance with the terms and conditions of the Convertible Bonds, with the understanding that, on that date, if the financial restructuring is completed, there will no longer be any Convertible Bonds 2019 or Convertible Bonds 2020 outstanding (as the claims of their holders will have been set off by the subscription for the Creditor Shares 1).

Suspension of the right to exercise stock options currently in their exercise period

The right to exercise stock options resulting from CGG option plans and currently in their exercise period will be suspended, based on the indicative timetable, from November 28, 2017 (at 12 a.m. Paris time) to no later than February 28, (11.59 p.m. Paris time) as prescribed by law and regulations and in accordance with the provisions of option plan rules.

Placing and underwriting

Not applicable.

Guarantee

Not applicable.

Subscription commitments and intentions

The issuance of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants is subject to the approval of the necessary resolutions by the combined general meeting of shareholders scheduled to convene on October 31, 2017.

Restrictions applicable to the offering

The distribution of this Prospectus, the sale or offering of (i) the Company's shares (including the Creditor Shares 1 and Creditor Shares 2), (ii) the Warrants #1, (iii) the Warrants #3, (iv) the Coordination Warrants and (v) the Backstop Warrants as well as the subscription of the new shares issued pursuant to the exercise of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants may be subject to specific regulations in certain countries, including the United States of America.

Exercise, non-disposal or lock-up commitments

No exercise, non-disposal or lock-up commitments will be made concerning the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants.

5.1.2. Indicative timetable

July 28, 2017	Approval of the draft safeguard plan by the committee of banks and assimilated creditors, and the sole general meeting of bondholders Publication by the Company of a press release announcing that approval and its financial results for the first half of 2017
September 22, 2017	End of the delay during which the US creditors may vote on the Chapter 11 plan
October 10 2017	Approval hearing of the Chapter 11 plan by the competent US court
October 13, 2017	Approval (<i>visa</i>) of the Prospectus by the AMF Announcement of the AMF's approval (<i>visa</i>) of the Prospectus and online posting of the Prospectus on the Company's website. Publication by the Company of a press release describing (i) the main features of the issues of Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants, and (ii) the conditions for obtaining the Prospectus
October 24, 2017	Expiration of the period in which third parties may lodge suspensive appeals against the decision by the competent US court to approve the Chapter 11 plan
October 31, 2017	Combined general meeting of the Company's shareholders Publication of a press release announcing the results of the votes on resolutions by the general meeting of shareholders
November 6, 2017	Hearing on the draft safeguard plan by the Paris Commercial Court
November 13, 2017	Sanctioning of the safeguard plan by the Paris Commercial Court
20 November, 2017	Recognition by the competent US court, under the Chapter 15 proceeding, of the judgment sanctioning the safeguard plan
November 22, 2017	Expiration of the period in which creditors may file objections to the share capital reduction voted by the combined general meeting of shareholders on October 31 2017 Start of the suspension period of the exercise of stock options and the conversion of bonds into shares by the holders of Convertible Bonds
December 4, 2017	Expiration of the period in which third parties may lodge suspensive appeals against the decision by the competent US court to recognize the judgment sanctioning the safeguard plan, as part of the Chapter 15 proceeding
December 5, 2017	Approval (<i>visa</i>) by the AMF of the prospectus covering the Rights Issue with PSR
December 7, 2017	Accounting day at the end of which the holders of shares registered on their securities

	account will be entitled to preferential subscription rights
December 8, 2017	Detachment of the preferential subscription rights and opening of the trading period of the preferential subscription rights on Euronext Paris
December 12, 2017	Opening of the subscription period for the Rights Issue with PSR
December 18, 2017	Closing of the trading period of the preferential subscription rights
December 20, 2017	End of the subscription period for the Rights Issue with PSR
January 17, 2018	Settlement and delivery of the ABSA, the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants. Date on which (i) the new shares issued in the context of the Rights Issue with PSR, (ii) the Creditor Shares 1, (iii) the Creditor Shares 2, (iv) the Warrants #2 and (v) the Warrants #1 are admitted to trading on Euronext Paris

The public will be notified of any change in the above indicative timetable by means of an announcement which will be posted by the Company on its website (www.cgg.com).

5.1.3. Amount of the issues

It should be noted that:

- (i) the nominal value of the issue of Creditor Shares 2 and the number of Creditor Shares 2 to be issued, will be determined on the basis of (a) the total aggregate amount of principal and accrued unpaid interest outstanding on the Convertible Bonds and the Senior Notes as of the Reference Date, and (b) the portion of the Rights Issue with PSR which the holders of Senior Notes actually subscribe for by way of set-off against their claim under the Senior Notes, as part of their backstop commitment;
- (ii) the nominal value of the issue of Creditor Shares 1 and the number of Creditor Shares 1 to be issued will be determined based on the aggregate of principal and accrued unpaid interest on the Convertible Bonds as of the Reference Date;
- (iii) the number of Warrants #3 to be issued and the number of new shares for which they may be exercised, the number of Coordination Warrants to be issued and the number of new shares for which they may be exercised and the number of Backstop Warrants to be issued and the number of new shares for which they may be exercised, will be determined based on the number of Creditor Shares 1 and Creditor Shares 2 issued.

All of the foregoing nominal values and amounts have been calculated under the assumption of the completion of the share capital reduction by means of the diminution of the par value of the Company's shares to one (1) euro cent submitted for approval to the Company's general meeting of shareholders scheduled to convene on October 31, 2017.

A press release will be issued by the Company as soon as possible after the centralization period of the Rights Issue with PSR, with all detailed final information on the number of securities issued.

Amount of the Creditor Shares 1 issue

Subscriptions for Creditor Shares 1 will be by way of set-off against due and payable claims relating to the Convertible Bonds, so that their issuance will not generate any proceeds for the Company.

For an aggregate outstanding debt in principal and accrued unpaid interest on the Reference Date of €366,024,528 from the Convertible Bonds, (assuming that the Reference Date is December 20, 2017, based on the indicative timetable) the issue of Creditor Shares 1 (including share premiums) would amount to €361,562,625.72.

In the event that the aggregate debt in principal and accrued unpaid interest from the Convertible Bonds on the Reference Date is not equal to the above amount, the amount of €361,562,625.72 of the previous paragraph will be adjusted upward or downward by the difference between (i) aggregate debt in principal and accrued unpaid interest on the Reference Date from the Convertible Bonds outstanding, minus the Payment of Accrued Interest on Convertible Bonds, and (ii) €366,024,528.

Each holder of Convertible Bonds will subscribe for a number of Creditor Shares 1 determined on the basis of their total claims against the Company relating to the Convertible Bonds on the Reference Date, compared to the total aggregate amount (principal and accrued and unpaid interests) outstanding on the Convertible Bonds as of the

same date (after taking into account in the calculation the cash payment for €4.46 million, as described in paragraph B.4a of the summary), rounded down to the nearest whole number of Creditor Shares 1.

The aggregate nominal amount by which the Company's share capital (not including share premiums) will be increased as a result of the Creditor Shares 1 issued shall under no circumstances exceed €375,244.

Amount of the Creditor Shares 2 issue

The subscription of Creditor Shares 2 will be by way of set-off against due and payable claims relating to the Senior Notes, so that their issuance will not generate any proceeds for the Company.

The nominal value of the issue of Creditor Shares 2 and the number of Creditor Shares 2 to be issued, will be determined on the basis of (a) the total aggregate amount of principal and accrued unpaid interest outstanding on the Senior Notes as of the Reference Date, and (b) the portion of the Rights Issue with PSR which the holders of Senior Notes actually subscribe for by way of set-off against their claim under the Senior Notes, as part of their backstop commitment.

Each holder of Senior Notes will subscribe for a number of Creditor Shares 2 determined on the basis of their total claims against the Company relating to the Senior Notes on the Reference Date, compared to the total aggregate amount (principal and accrued and unpaid interests) outstanding on the Senior Notes as of the same date (after taking into account in the calculation the payment of \$86 million, as described in paragraph B.4a of the summary, and as the case may be, any amount used by the holders of Senior Notes to backstop the Rights Issue with PSR), rounded down to the nearest whole number of Creditor Shares 2.

The aggregate nominal amount by which the Company's share capital (not including share premiums) will be increased as a result of the Creditor Shares 2 issued shall under no circumstances exceed €4,967,949.

Warrants #1

The Warrants #1 will be granted for free by the Company to all of its Historical on the basis of one (1) Warrant #1 for one (1) existing share.

A maximum total of 24,375,000 Warrants #1 will be issued.

Three (3) Warrants #1 will entitle their holder to subscribe for four (4) new shares, at the subscription price of three euros and twelve cents (€3.12) per new share.

The aggregate number of shares for which the Warrants #1 may be exercised will under no circumstance exceed 32,500,000 shares.

Warrants #3

The maximum total number of Warrants #3 will not exceed 123,817,300 and they will be exercisable for a maximum of 16% of the Diluted Number of Shares. The Warrants #3 will be issued by the Company together with the New Second Lien Notes, and will be granted to the subscribers of New Second Lien Notes *pro rata* their subscriptions to the New Second Lien Notes.

Only whole numbers of Warrants #3 will be delivered to their recipients.

One Warrant #3 will be exercisable to subscribe for one (1) new share at the subscription price of 0.01 euro per new share.

The aggregate number of shares for which the Warrants #3 may be exercised will under no circumstance exceed 123,817,300.

Coordination Warrants

The total number of Coordination Warrants will not exceed 7,738,600 and they will be exercisable for a maximum of 1% of the Diluted Number of Shares.

Only whole numbers of Coordination Warrants will be delivered to their recipients. One (1) Coordination Warrant will be exercisable to subscribe for one (1) new share at the subscription price of 0.01 euro per new share.

The aggregate number of shares for which all Coordination Warrants issued may be exercised will under no circumstance exceed 7,738,600 shares.

Backstop Warrants

The total number of Backstop Warrants will not exceed 11,607,900 and they will be exercisable for a maximum of 1.5% of the Diluted Number of Shares.

Only whole numbers of Backstop Warrants will be delivered to their recipients.

One (1) Backstop Warrant will entitle its holder to subscribe for one (1) new share at the subscription price of 0.01 euro per new share.

The aggregate number of shares for which all Backstop Warrants issued may be exercised will under no circumstance exceed 11,607,900 shares.

The table below shows the number of Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants to be issued under the Financial Restructuring Plan, depending on the portion of the Rights Issue with PSR subscribed by the existing shareholders, with the following assumptions:

- the Reference Date is December 20, 2017;
- the total aggregate amount of principal and accrued unpaid interest outstanding on the Reference Date is €1,467,924,425 under the Senior Notes and 366,024,528 under the Convertible Bonds;
- a Rights Issue with PSR (including premium) for an amount of 112.2 million euros.

<u>Portion of the Rights Issue with PSR subscribed by the existing shareholders (in %)</u>	<u>Number of Creditor Shares 1</u>	<u>Number of Creditor Shares 2</u>	<u>Number of Warrants #3</u>	<u>Number of Coordination Warrants</u>	<u>Number of Backstop Warrants</u>
100%	35,240,022	445,890,969	112,922,085	7,057,630	10,586,445
50%	35,240,022	445,890,969	112,992,085	7,057,630	10,586,445
0%	35,240,022	432,806,118	110,353,281	6,897,080	10,345,620

The maximum number of new shares that would be issued upon the exercise of Warrants #3, Coordination Warrant and Backstop Warrant, is equal to the number of Warrants #3, Coordination Warrant and Backstop Warrant in so far as those warrants give rights to subscribe to one (1) new share of the Company (and subject to the adjustments applicable to the warrants in the event of operations on capital).

5.1.4. Subscription period and procedure

Warrants #1

According to the indicative timetable, the Warrants #1 are expected (i) to be granted for free to the Company's Historical Shareholders and (ii) to be admitted to trading on Euronext Paris from January 17, 2018.

Creditor Shares 1 and Creditor Shares 2

Pursuant to the draft safeguard plan, the beneficiaries of the offered Creditor Shares 1 and Creditor Shares 2 will undertake, as set out in section 5.1.3 above, to subscribe for an amount and number of shares set out in section 5.1.3 above.

According to the indicative timetable, the Creditor Shares 1 and Creditor Shares 2 will be admitted to trading on Euronext Paris as soon as they are issued, on January 17, 2018.

Warrants #3

Pursuant to the Private Placement Agreement, the subscribers of New will be granted free Warrants #3 pro rata their subscriptions of New Second Lien Notes.

According to the indicative timetable, the settlement and delivery of the issued Warrants #3 is scheduled to take place on January 17, 2018. No application will be made for the Warrants #3 to be admitted to trading on the Euronext Paris regulated market. However, application will be made for them to be accepted for clearance through Euroclear France, which will clear the transfers of Warrants #3 between account holders. Application will also be

made for the Warrants to be accepted for clearance through Euroclear Bank S.A./N.V. and Clearstream Banking, SA (Luxembourg).

Coordination Warrants

According to the indicative timetable, the Coordination Warrants are scheduled to be granted for free to on January 17, 2018 to the aforementioned persons and amounts referred to in section 4.2.6.3.

No application will be made for the Coordination Warrants to be admitted to trading on the Euronext Paris regulated market. However, application will be made for them to be accepted for clearance through Euroclear France, which will clear the transfers of Coordination Warrants between account holders. Application will also be made for the Warrants to be accepted for clearance through Euroclear Bank S.A./N.V. and Clearstream Banking, SA (Luxembourg).

Backstop Warrants

According to the indicative timetable, the Backstop Warrants are scheduled to be granted for free to the persons committed to backstop the subscriptions of New Second Lien Notes and Warrants #3, as set out in the Private Placement Agreement, on January 17, 2018.

No application will be made for the Backstop Warrants to be admitted to trading on the Euronext Paris regulated market. However, application will be made for them to be accepted for clearance through Euroclear France, which will clear the transfers of Backstop Warrants between account holders. Application will also be made for the Warrants to be accepted for clearance through Euroclear Bank S.A./N.V. and Clearstream Banking, SA (Luxembourg).

5.1.5. Cancellation/Suspension of the offering

See section 5.1.1 of this Securities Note.

5.1.6. Reduction of the subscription

Not applicable.

5.1.7. Minimum and/or maximum amount of subscriptions

Not applicable.

5.1.8. Cancellation of subscription orders

Not applicable.

5.1.9. Remittance of funds and terms of delivery of the securities

Warrants #1

The total number of Warrants #1 will not exceed 24,375,000 and will be granted for free to all of the Company's Historical Shareholders on the basis of one (1) Warrant #1 for one (1) existing share. According to the indicative timetable, the settlement and delivery of the Warrants #1 will take place on January 17, 2018.

Creditor Shares 1 and Creditor Shares 2

The subscription of the Creditor Shares 1 and Creditor Shares 2 will be by way of set-off against due and payable claims relating to the Convertible Bonds and Senior Notes, respectively. According to the indicative timetable, the settlement and delivery of the Creditor Shares 1 and Creditor Shares 2 will take place on January 17, 2018.

Warrants #3

The Warrants #3 issued with the New Second Lien Notes will generate, together with the New Second Lien Notes (without the exercise of Warrants #3), gross proceeds of \$375,000,000 (including a tranche in euros not in excess of the euro-equivalent of \$100,000,000). The Warrants #3 will be granted freely and simultaneously to the subscribers to the New Second Lien Notes.

According to the indicative timetable, the settlement and delivery of the Warrants #3 will take place on January 17, 2018.

Coordination Warrants

The Coordination Warrants will be granted for free to the aforementioned persons referred to in section 4.2.6.3

According to the indicative timetable, the settlement and delivery of the Coordination Warrants will take place on January 17, 2018.

Backstop Warrants

The Backstop Warrants will be granted for free to the members of the ad hoc committee of Senior Notes holders (as it existed in its composition on June 14, 2017) (or the authorized transferees of their backstop commitments under the Private Placement Agreement). According to the indicative timetable, the settlement and delivery of the Backstop Warrants will take place on January 17, 2018.

5.1.10. Publication of the offering's results

A notice and a Company press release will be issued concerning the admission to trading on Euronext Paris of the Creditor Shares 1 and Creditor Shares 2, and the issuance and grant of the Warrants #1.

A Company press release will be issued concerning the issuance and grant of the Warrants #3, Coordination Warrants and Backstop Warrants.

5.2. Distribution and allotment plan of the securities

5.2.1. Category of potential investors – Restrictions on the free granting and, where applicable, the exercise of the securities

Category of potential investors

The Warrants #1 will be granted for free to all of the Company's Historical Shareholders.

The Creditor Shares 1 will be issued with removal of the shareholders' preferential subscription rights in favor of the holders of Convertible Bonds, in accordance with article L. 225-138 of the French Commercial Code.

The Creditor Shares 2 will be issued with removal of the shareholders' preferential subscription rights in favor of the holders of Senior Notes, in accordance with article L. 225-138 of the French Commercial Code.

The Warrants #3 will be issued with removal of the shareholders' preferential subscription rights in favor of the subscribers of New Second Lien Notes, in accordance with article L. 225-138 of the French Commercial Code.

The Coordination Warrants will be issued with removal of the shareholders' preferential subscription rights in favor of to the aforementioned persons referred to in section 4.2.6.3, in accordance with article L. 225-138 of the French Commercial Code.

The Backstop Warrants will be issued with removal of the shareholders' preferential subscription rights in favor of the members of the ad hoc committee of Senior Notes holders (as is existed in its composition on June 14, 2017) (or the authorized transferees of the backstop commitments under the Private Placement Agreement), in accordance with article L. 225-138 of the French Commercial Code.

No subscription for the Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants or Backstop Warrants by individuals or legal entities other than those to whom the issue concerned is offered will be accepted and the corresponding applications for subscription will be considered null and void.

Restrictions on the free granting and, where applicable, the exercise of the securities

For the purpose of this section and unless otherwise indicated, the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants as well as the shares issued upon exercise of any class of those Warrants, are referred to collectively as the "**Securities**".

In certain countries, including the United States of America, specific regulations may apply to the distribution of this Prospectus, the sale or subscription of the Creditor Shares 1 and Creditor Shares 2, and the sale, subscription or exercise of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants. The persons in

possession of this Prospectus should find out about local restrictions and comply with them. Authorized intermediaries may not accept subscriptions of Creditor Shares 1 and Creditor Shares 2, or orders to exercise the Warrants #1, Warrants #3, Coordination Warrants or the Backstop Warrants from clients with an address in a country where such restrictions are in effect and the corresponding orders will be considered null and void.

All persons (including trustees and nominees) who receive this Prospectus may distribute it or forward it to such countries only in accordance with the law and regulations applicable there.

All persons who forward or allow the forwarding of this Prospectus to such countries for any reason whatsoever, must draw the attention of recipients to the contents of this section.

As a general matter, all persons who exercise their Warrants outside France must ensure that this exercise does not violate applicable law. The Prospectus and all other documents concerning the issues to which this Securities Note pertains, may be distributed outside France only in compliance with locally applicable law and regulations, and shall not be construed as an offer to subscribe in the countries where such an offer would be in violation of local law.

(a) *Restrictions applicable in the Member States of the European Economic Area which have transposed the Prospectus Directive*

In the Member States of the European Economic Area other than France (the “**Member States**”) which have transposed the Prospectus Directive, no steps have been or will be taken that would make possible a public offering of the Securities necessitating the publication of a prospectus in any of the Member States. Accordingly, the Securities may be acquired in Member States only:

- (i) by qualified investors, as these are defined in the Prospectus Directive;
- (ii) by fewer than 150 individuals or legal entities (other than qualified investors, as defined in the Amending Prospectus Directive) in each Member State; or
- (iii) in other circumstances falling within the scope of article 3(2) of the Prospectus Directive.

For the purpose of this subsection, (i) the term “public offering” in a given Member State means any communication addressed to persons, in any form and by any means whatsoever, containing enough information on the terms and conditions of the offering and the securities offered to allow an investor to decide to purchase or subscribe for these securities, as this definition may have been modified, where applicable, in the Member State concerned, (ii) the term “Prospectus Directive” means Directive 2003/71/EC of November 4, 2003, as transposed in the Member State (and as amended, including by the Amended Prospectus Directive) and (iii) the term “Amended Prospectus Directive” means European Parliament and Council Directive 2010/73/EU of November 24, 2010.

These restrictions on sales in Member States are in addition to any other restrictions applicable in the Member States which have transposed the Prospectus Directive.

(b) *Additional restrictions applicable in other countries*

United Kingdom

The Prospectus is intended exclusively for (i) persons situated outside the United Kingdom, (ii) investment professionals within the meaning of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), (iii) persons to which article 49(2) (a) to (d) of the Order applies (companies with high equity, unincorporated associations, etc.), or (iv) any other person to whom the Prospectus may be legally provided (the persons covered by (i), (ii), (iii) and (iv) being hereinafter referred to as “**Qualified Persons**”). The Securities are only intended for Qualified Persons and any solicitation, offer or contract pertaining to the subscription for, the purchase or the acquisition of the Securities may be addressed to or entered into only with Qualified Persons. Persons other than Qualified Persons should refrain from using or relying on the Prospectus and the information contained in it.

United States

Specific restrictions applicable to the Creditor Shares 1 and Creditor Shares 2 in the United State, if section 1145 of the US Bankruptcy Code does not apply to the issue of Creditor Shares 1 and Creditor Shares 2

The Creditor Shares 1 and Creditor Shares 2 have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or with any securities regulatory authority of any state or

jurisdiction in the United States. The new shares may not be offered, sold or delivered in the territory of the United States, as defined in Regulation S of the U.S. Securities Act, except to qualified institutional buyers (“QIBs”) as defined in Rule 144A of the U.S. Securities Act, in a private placement exempt from the registration requirements of the U.S. Securities Act. Accordingly, in the United States, the shareholders and investors who are not QIBs will not be able to participate in the offering and subscribe for the Creditor Shares 1 and Creditor Shares 2.

Purchasers of Creditor Shares 1 or Creditor Shares 2 will be deemed to have stated, warranted and acknowledged, when accepting the delivery of this Prospectus and of the shares, either that they are acquiring shares as part of an offshore transaction as defined in Regulation S of the U.S. Securities Act, or that they are a QIB, in which case they will have to sign an investor letter in English addressed to the Company, in the form included in Schedule 2 to this Securities Note.

The purchasers of Creditor Shares 1 or Creditor Shares 2 who sign such a letter:

- represent that they and any account for which they purchase the new shares are QIBs; and
- agree not to resell the shares in the United States, subject to certain exceptions, or to deposit those shares in our American Depositary Receipt facility. Accordingly, subject to certain exceptions, such shares may only be resold as part of transactions outside the United States meeting the requirements of Rule 903 or Rule 904 of Regulation S. For as long as the shares are listed on the New York Stock Exchange, Rule 144A of the U.S. Securities Act will not be available for the resale of any new shares.

Subject to an exemption under the U.S. Securities Act, authorized intermediaries will not be permitted to accept subscriptions for Creditor Shares 1 or Creditor Shares 2 from clients with an address in the United States, and such subscriptions will be considered null and void.

Specific restrictions applicable to the Warrants in the United State

Neither the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants, nor the shares to be issued upon exercise thereof have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or jurisdiction in the United States. The Warrants and the new shares to be issued upon their exercise may not be offered or sold in the United States territory, as defined by the Regulation S except pursuant to any exemption from, or in a transaction not subject to the registration requirements of the U.S. Securities Act and any applicable securities laws of the states of the United States. The initial allocation of the Warrants #1 to the shareholders is not subject to the registration requirements of the U.S. Securities Act.

Accordingly, the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants, and the shares to be issued upon exercise of the Warrants are being offered and sold only (i) in the United States to QIBs in a private placement exempt from the registration requirements of the U.S. Securities Act and (ii) outside the United States in “offshore transactions”, as defined in, and in accordance with, Regulation S.

Holders in the United States may not exercise their Warrants #1, Warrants #3, Coordination Warrants, and/or Backstop Warrants, unless they are QIB. Holders of Warrants #1, Warrants #3, Coordination Warrants, and/or Backstop Warrants may exercise their Warrants in the United States only if they sign and deliver to their authorized financial intermediary an investor letter along with their duly completed application, in the form included in Schedule 2 to this Securities Note.

The Holders of Warrants #1, Warrants #3, Coordination Warrants, and/or Backstop Warrants who sign such a letter:

- represent that they and any account for which they purchase the new shares are QIBs; and
- agree not to resell the shares in the United States, subject to certain exceptions, or to deposit those shares in our American Depositary Receipt facility. Accordingly, subject to certain exceptions, such shares may only be resold as part of transactions outside the United States meeting the requirements of Rule 903 or Rule 904 of Regulation S. For as long as the shares are listed on the New York Stock Exchange, Rule 144A of the U.S. Securities Act will not be available for the resale of any new shares.

Any envelope containing exercise form and post-marked from the United States will not be accepted unless it contains a duly executed investor letter. Similarly, any exercise form in which the exercising holder requests new shares to be issued in registered form and gives an address in the United States will not be accepted unless it contains a duly executed investor letter.

Exercise forms that do not meet the foregoing criteria will be deemed to be without effect and any exercise price paid in respect of such subscription forms will be returned without interest.

Specific restrictions applicable to Warrants #1 and the holders of American Depositary Shares

The holders of ADS will not receive Warrants #1. Accordingly, holders of ADS who wish to receive Warrants #1 will have to trade their ADS in exchange for ordinary shares (and, accordingly, pay the costs of such transactions). As an alternative, holders of ADS may purchase Warrants #1 on the Euronext Paris market and exercise them (if they are QIBs), but may not deposit the new shares resulting from the exercise of Warrants #1 under the American Depositary Receipt facility. Although the Bank of New York Mellon will seek to sell the Warrants #1 to which the holders of ADS are entitled, it is not possible to guarantee that this sale will take place or the price at which the Warrants may be sold. The portion of any selling price received by the holders of ADS may not be sufficient to offset the dilution caused by the fact that they cannot exercise their Warrants #1.

Australia and Japan

The Warrants and the new shares resulting from the exercise of the Warrants may not be offered, sold or purchased in Australia or Japan.

5.2.2. Subscription commitments and commitments to exercise

Under the draft safeguard plan:

(i) the DNCA Entities committed to backstop by cash the Rights Issue with PSR up to an amount of €1.39 million (share premium included);

(ii) the Senior Notes holders also committed to backstop the portion of the unsubscribed Rights Issue with PSR (if needed after implementing the commitment to subscribe from the DNCA Entities), it being specified that this backstop commitment would be implemented by set-off with part of their claims on the Company under the Senior Notes;

(iii) some eligible Senior Notes holders have committed to subscribe to the New Second Lien Notes Issuance, giving access to the Warrants #3, pursuant to the provisions of a private placement agreement as of June 26, 2017;

(iv) the New Second Lien Notes Issuance is furthermore backstopped by the members of the ad hoc committee of Senior Notes holders (or their transferees under certain conditions).

5.2.3. Pre-allotment information

Not applicable.

5.2.4. Notification to subscribers

Not applicable.

5.2.5. Oversubscription and overallotment

Not applicable.

5.3. Subscription price

The Company's Board of Directors has appointed Ledouble SAS to act as an independent expert in accordance with applicable regulations to assess the fairness of the restructuring transactions for the Company's shareholders.

The conclusion of this opinion is quoted below.

“Following our work on valuing CGG shares and reviewing the financial terms and conditions of the Transaction, based on the assumption that the CGG Group continues as a going concern in its current structure, we believe the salient points for the Shareholders are as follows:

- > The Transaction, which will equitize more than €1.8 billion of debt, meets an immediate need to reduce the Group's indebtedness, which is essential if it is to continue as a going concern.*
- > The Group's continuation as a going concern is contingent on:*
 - A recovery in business and an improvement in margins, in accordance with Management's Business Plan forecasts; and*
 - At least a partial refinancing in the future to meet payments falling due with respect to the non-equitized Secured Debt and the unsubordinated second lien New Second Lien Notes to be issued.*

- As regards the value range resulting from our valuation and the subordination of Shareholders ranking them after the Creditors, it appears that the Shareholders would have potentially lose their entire investment without a financial restructuring which is essential to the continuity of the Group's operations.
- The subscription prices of €3.12 and €10.26 for the Reserved Capital Increases for the Creditors, respectively the Senior Noteholders and the CB holders, show a premium over our multi-criteria valuation of CGG.
- The \$375 million issue of high-yield New Second Lien Notes governed by the laws of New York State will be accompanied by the allotment of three classes of Warrants with an exercise price of €0.01, exercise of which will increase the dilution of CGG Shareholders. All of the impacts of these New Second Lien Notes are included in our analysis of the Shareholders' position.
- Based on the CGG valuation range, our analysis of the Shareholders' interest, pre- and post- Restructuring, shows that:
 - The Shareholders will not lose value based on the valuations of CGG that include a Business Plan execution risk, which lead to negative pre-Restructuring equity values;
 - A valuation based on share price as of May 11, 2017 could result in a loss of up to 60% for the Shareholders due to the high share price relative to CGG's intrinsic value.
- The Rights Issue with PSR, at a subscription price of €1.56, shows a discount to the multi-criteria valuation of CGG based on Management's Business Plan; the discount disappears if we assume a delay in achieving the Business Plan forecasts. Shareholders not wishing to subscribe to the offering will be able to sell their Rights.
- Shareholders will receive Warrants that, albeit out of the money at present and therefore excluded from our analysis, have a long exercise period.

In view of the current situation and the intrinsic value of the Group, we are of the opinion that the Transaction taken as a whole is fair to CGG Shareholders.”

The independent opinion is quoted in its entirety in Schedule 1 to this Securities Note (see also section 10.3 “fairness opinion” of this Securities Note).

5.3.1. Subscription price of the Creditor Shares 1

The subscription price of the Creditor Shares 1 is ten euros and twenty-six cents (€10.26) per Creditor Share 1 (including share premium).

The subscription price of the Creditor Shares 1 will have to be paid in full at the time they are subscribed, by way of set-off against due and payable claims relating to the Convertible Bonds, and will have to be paid for in full upon their subscription.

5.3.2. Subscription price of the Creditor Shares 2

The subscription price of the Creditor Shares 2 is three euros and twelve cents (€3.12) per Creditor Share 2 (including share premium).

The subscription price of the Creditor Shares 2 will have to be paid in full at the time they are subscribed, by way of set-off against due and payable claims relating to the Senior Notes, which will have to be paid for in full upon their subscription.

Exercise Ratio and exercise price of the Warrants #1

The Warrants #1 will be granted for free by the Company to all of its Historical Shareholders on the basis of one (1) Warrant #1 for one (1) existing share.

Three (3) Warrants #1 will entitle their holder to subscribe for four (4) new shares, at the subscription price of three euros and twelve cents (€3.12) per new share.

The aggregate number of shares for which the Warrants #1 may be exercised will under no circumstance exceed 32,500,000.

Warrants #3

The total number of Warrants #3 will not exceed 123,817,300 and they will be exercisable for a maximum of 16% of the Diluted Number of Shares. The Warrants #3 will be issued by the Company together with the New Second Lien Notes, and will be granted for free to the subscribers of New Second Lien Notes *pro rata* their subscriptions to the New Second Lien Notes.

One (1) Warrant #3 may be exercised to subscribe for one (1) new share at the subscription price of 0.01 euro per new share.

The number of Warrants #3 to be granted to each subscriber of New Second Lien Notes will be determined as set out in section 4.2.6.2 of this Securities Note.

Only whole numbers of Warrants #3 will be delivered to their recipients.

The aggregate number of shares for which the Warrants #3 may be exercised will under no circumstance exceed 123,817,300.

Coordination Warrants

The Coordination Warrants being granted for free, they will not generate any proceeds for the Company. The total number of Coordination Warrants will not exceed 7,738,600 and they will be exercisable for a maximum of 1% of the Diluted Number of Shares.

One (1) Coordination Warrant is exercisable to subscribe for one (1) new share at the subscription price of 0.01 euro per new share.

The number of Coordination Warrants to be granted for free to each persons referred to in section 4.2.6.3 will be determined as set out in section 4.2.6.3 of this Securities Note.

Only whole numbers of Coordination Warrants will be delivered to their recipients.

The aggregate number of shares for which all Coordination Warrants issued may be exercised will under no circumstance exceed 7,738,600.

Backstop Warrants

The Backstop Warrants will be granted for free, so that their issued will not generate any proceeds for the Company.

The total number of Backstop Warrants will not exceed 11,607,900 and they will be exercisable for a maximum of 1.5% of the Diluted Number of Shares.

One (1) Backstop Warrant will entitle its holder to subscribe for one (1) new share at the subscription price of 0.01 euro per new share.

The number of Backstop Warrants to be granted for free to each member of the ad hoc committee of Senior Notes holders (as it existed in its composition on June 14, 2017) (or to the authorized transferees of their backstop commitments under the Private Placement Agreement) will be determined in accordance with section 4.2.6.4 of this Securities Note

Only whole numbers of Backstop Warrants will be delivered to their recipients.

The aggregate number of shares for which all Backstop Warrants issued may be exercised will under no circumstance exceed 11,607,900.

5.4. Placement and underwriting

5.4.1. Details of the guarantors

Not applicable.

5.4.2. Details of the intermediaries in charge of the financial servicing and transfer of the securities and of the paying agent

Not applicable

5.4.3. Guarantee – Exercise / non-disposal / lock-up commitment

Guarantee

Not applicable.

Exercise, non-disposal or lock-up commitments

No exercise, non-disposal or lock-up commitments will be made concerning the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants.

6. ADMISSION TO TRADING AND TRADING TERMS AND CONDITIONS

6.1. Admission to trading

According to the indicative timetable, application will be made for the Warrants #1 to be admitted to trading on Euronext Paris, under an ISIN code to be announced at a later stage, starting January 17, 2018.

Applications will be submitted periodically for the new shares issued upon exercise of the Warrants #1, Warrants #3, Coordination Warrants and Backstop Warrants to be admitted to trading on Euronext Paris on the same quotation line as the Company's existing shares and under the same ISIN code FR0013181864, as well as on the New York Stock Exchange (in the form of American Depositary Shares; NYSE: CGG).

Application will be made for the Creditor Shares 1 and Creditor Shares 2 to be admitted to trading on Euronext Paris, upon their issuance scheduled for January 17, 2018 according to the indicative timetable, on the same quotation line as the Company's existing shares (ISIN code FR0013181864), as well as on the New York Stock Exchange (in the form of American Depositary Shares; NYSE: CGG).

6.2. Place of listing

The Company's shares are traded on Euronext Paris (compartment B), and on the New York Stock Exchange (in the form of American Depositary Shares).

6.3. Simultaneous offering of Company shares

Not applicable.

6.4. Market-making agreement

No market-making agreement pertaining to the Company's shares has been entered into as of the date of the Prospectus' approval (*visa*).

No market-making agreement pertaining to the Company's Warrants #1 has been entered into as of the date of the Prospectus' approval (*visa*).

6.5. Stabilization - Interventions in the market

Not applicable.

7. HOLDERS OF SECURITIES WISHING TO SELL THEM

Not applicable

8. ISSUE-RELATED EXPENSES

Offering-related revenue and expenses

The subscriptions of Creditor Shares 1 and Creditor Shares 2 will be by way of set-off against due and payable claims relating to the Convertible Bonds and Senior Notes, respectively, so that their issuance will not generate any proceeds for the Company.

The Warrants #1, Coordination Warrants and Backstop Warrants will be granted for free, so that their issuance will not generate any proceeds for the Company.

The Warrants #3 do not generate any proceeds since they are granted for free, but are issued with the New Second Lien Notes that will generate, proceeds of \$375,000,000 (including a tranche in euros not in excess of the euro-equivalent of \$100,000,000).

The cost of the issuance of the Warrants #1, Creditor Shares 1, Creditor Shares 2, Warrants #3, Coordination Warrants and Backstop Warrants and the completion of the Rights Issue with PSR (financial intermediaries' fees and legal and administrative expenses) is estimated at approximately €20 million.

9. DILUTION

Assuming (i) the Reference Date is December 20, 2017, (ii) the total amount of the financial debt in principal and accrued but unpaid interest as of the Reference Date is equal to €366,024,528 under the Convertible Bonds and €1,467,924,425 under the Senior Notes, (iii) the Company holds 24,997 shares as treasury shares, and (iv) the total amount of the Rights Issue with PSR (share premium included) is approximately equal to €12.2 million, the persons holding shares of the Company prior to the implementation of the restructuring (on the basis of a share capital composed of 22,133,149 shares) would hold, following all the issuances contemplated in the draft safeguard plan and taking into account the exercise of all the Warrants #3, Backstop Warrants and Coordination Warrants:

- (i) 3.2% of the capital, before the exercise of the Warrants #1 and Warrants #2, and
- (ii) 6.7% of the capital, taking into account the exercise of all Warrants #1 (and considering they were exercised by existing shareholders) and Warrants #2,

if the Rights Issue with PSR is subscribed only by the DNCA Entities and the Senior Notes holders as part of their backstop commitment, no share being subscribed by the persons holding shares from the Company before the implementation of the restructuring transactions.

In the event the Rights Issue with PSR is fully subscribed in cash by the persons holding shares of the Company prior to the implementation of the restructuring (on the basis of a share capital composed of 22,133,149 shares), such persons would hold, following all the issuances contemplated in the draft safeguard plan and taking into account the exercise of all the Warrants #3, Backstop Warrants and Coordination Warrants:

- (i) 13.3% of the share capital of the Company, before the exercise of the Warrants #1 and Warrants #2, and
- (ii) 21.9% of the share capital of the Company, taking into account the exercise of all Warrants #1 and Warrants #2 (and considering they were exercised by the aforementioned shareholders).

The tables below show the effect of these financial restructuring transactions on the relative amount of equity per share and the percentage of equity interest in the Company held by the shareholders and the different stakeholders, on the basis of the assumptions set forth on the first paragraph above.

9.1. Theoretical impact of the restructuring on the relative amount of shareholders' equity

As an indication, the theoretical impact on the relative amount of the consolidated shareholders' equity, Group share, per share of the issues of the Creditor Shares 1, the Creditor Shares 2 and the new shares to be issued upon exercise of the Warrants #1, the Warrants #2, the Warrants #3, the Coordination Warrants and the Backstop Warrants is presented hereafter (*calculated on the basis of consolidated shareholders' equity, Group share, on June 30, 2017 and 22,133,149 Company shares outstanding on June 30, 2017 including treasury shares*). The identity of the subscribers, by subscription by cash to the Rights Issue with PSR (existing shareholders, or DNCA Entities due to their subscription commitment) has no impact on the results presented below :

	Amount of equity per share (in US dollars ⁽¹⁾)	
	Non-diluted basis	Diluted basis ⁽²⁾
<i>Assumption 1: 0% of the Rights Issue with PSR subscribed by the holders of Senior Notes as part of their backstop commitment</i>		
Before the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised	35.08	39.77
After the issue of 683,629,882 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.	4.00	4.17

After the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.	4.01	4.17
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⁽¹⁾ Reuters euro / US dollar exchange rate on June 14, 2017 at 12.00 noon (Paris time) of 1.1206 US dollar for one euro used to translate the amount of this capital increase into US dollars.

⁽²⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.

Assumption 2: 36.38% of the Rights Issue with PSR subscribed by the holders of Senior Notes as part of their backstop commitment	Amount of equity per share (in US dollars ⁽¹⁾)	
	Non-diluted basis	Diluted basis ⁽²⁾
Before the issue of 745,007,541 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised	35.08	39.77
After the issue of 667,574,851 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.	4.09	4.26
After the issue of 745,007,541 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.	4.09	4.25

⁽¹⁾ Reuters euro / US dollar exchange rate on June 14, 2017 at 12.00 noon (Paris time) of 1.1206 US dollar for one euro used to translate the amount of this capital increase into US dollars.

⁽²⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.

9.2. Theoretical impact of the restructuring on the positions of the shareholders

As an indication, the theoretical impact of the issues of the Creditor Shares 1, the Creditor Shares 2 and the new shares to be issued upon exercise of the Warrants #1, the Warrants #2, the Warrants #3, the Coordination Warrants and the Backstop Warrants on the equity interest of a shareholder with 1% of the Company's shares outstanding prior to these issues, depending on the percentage of the Rights Issue with PSR subscribed by the persons holding the shares of the Company before the implementation of the restructuring transactions, is presented hereafter:

Assumption 1: 100% of the Rights Issue with PSR subscribed by the existing shareholders	Shareholders' interest (in%)	
	Non-diluted basis	Diluted basis ⁽¹⁾
Before the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised	1.00	0.980
After the issue of 683,629,882 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.	0.133	0.131
After the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.	0.219	0.216

⁽¹⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.

Assumption 2: 50% of the Rights Issue with PSR subscribed by the existing shareholders	Shareholder's interest (in%)	
	Non-diluted basis	Diluted basis ⁽²⁾

Before the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised	1.00	0.980
After the issue of 683,629,882 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.	0.082	0.081
After the issue of 761,062,572 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.	0.142	0.141

⁽¹⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.

Assumption 3: 0% of the Rights Issue with PSR subscribed by the existing shareholders	Shareholder's interest (in%)	
	Non-diluted basis	Diluted basis ⁽²⁾
Before the issue of 761,007,541 new shares under the Rights Issue with PSR, the Creditor Shares 1 and the Creditor Shares 2, and the new shares to be issued if all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants are exercised	1.00	0.980
After the issue of 667,574,851 new shares under the Rights Issue with PSR, the Creditor Shares 1 and Creditor Shares 2, and the new shares resulting from the exercise of all Warrants #3, Coordination Warrants and Backstop Warrants, but before the exercise of Warrants #1 and Warrants #2.	0.032	0.032
After the issue of 745,007,541 new shares under the Rights Issue with PSR, the Creditor Shares 1, the Creditor Shares 2 and the new shares resulting from the exercise of all Warrants #1, Warrants #2, Warrants #3, Coordination Warrants and Backstop Warrants.	0.067	0.067

⁽¹⁾ If all 446,937 exercisable and non-exercisable stock options are exercised.

9.3. Tables of shareholders' interest after financial restructuring:

The tables here under reflect the holding of capital of the different categories of stakeholders after the implementation of the operations planned by the Financial Restructuring Plan, depending on the percentage of the Rights Issue with PSR subscribed by the existing shareholders.

Assumption 1: prior to the exercise of the Warrants #1 and the Warrants #2				
Portion of the Rights Issue with PSR subscribed by the existing shareholders (in %)(1)	Portion held by the existing shareholders	Portion held by DNCA as part of its backstop commitment	Portion held by the Senior Notes holders	Portion held by the holders of Convertible Bonds
100%	13.3%	-	81.7%	5.0%
50%	8.2%	5.1%	81.7%	5.0%
0%	3.2%	6.6%	85.1%	5.1%

⁽¹⁾ excluding any backstop commitment by DNCA.

Assumption 2: after issuance of the new shares resulting from exercise of the Warrants #1 and the Warrants #2

<u>Portion of the Rights Issue with PSR subscribed by the existing shareholders (in %)(1)</u>	<u>Portion held by the existing shareholders</u>	<u>Portion held by DNCA as part of its backstop commitment</u>	<u>Portion held by the Senior Notes holders</u>	<u>Portion held by the holders of Convertible Bonds</u>
100%	21.9%	-	73.6%	4.5%
50%	14.2%	7.7%	73.6%	4.5%
0%	6.7%	9.9%	78.8%	4.6%

⁽¹⁾ excluding any backstop commitment by DNCA.

10. ADDITIONAL INFORMATION

10.1. Advisers with a connection to the offering

Not applicable.

10.2. Persons responsible for the financial audit

Statutory Auditors

Ernst & Young et Autres
Membre de la Compagnie régionale des commissaires aux comptes de Versailles
Tour First
1 Place des Saisons
TSA 14444
92037 Paris — La Défense cedex
represented by Nicolas Pfeuty.

Mazars
Membre de la Compagnie régionale des commissaires aux comptes de Versailles
61 Rue Henri-Régnauld
92400 Courbevoie
represented by M. Jean-Luc Barlet.

Alternate Auditors

Auditex
Tour First
1 Place des Saisons
TSA 14444
92037 Paris — La Défense cedex

Hervé Helias
Tour Exaltis
61 Rue Henri Regnault
92400 Courbevoie

10.3. Independent opinion

The company's Board of Directors has appointed Ledouble SAS to act as an independent expert in accordance with applicable regulations to assess the fairness of the restructuring transactions for the Company's shareholders.

The conclusion of this opinion is quoted below.

“Following our work on valuing CGG shares and reviewing the financial terms and conditions of the Transaction, based on the assumption that the CGG Group continues as a going concern in its current structure, we believe the salient points for the Shareholders are as follows:

- *The Transaction, which will equitize more than €1.8 billion of debt, meets an immediate need to reduce the Group's indebtedness, which is essential if it is to continue as a going concern.*
- *The Group's continuation as a going concern is contingent on:*
 - *A recovery in business and an improvement in margins, in accordance with Management's Business Plan forecasts; and*
 - *At least a partial refinancing in the future to meet payments falling due with respect to the non-equitized Secured Debt and the unsubordinated second lien New Second Lien Notes to be issued.*
- *As regards the value range resulting from our valuation and the subordination of Shareholders ranking them after the Creditors, it appears that the Shareholders would have potentially lose their entire investment without a financial restructuring which is essential to the continuity of the Group's operations.*
- *The subscription prices of €3.12 and €10.26 for the Reserved Capital Increases for the Creditors, respectively the Senior Noteholders and the CB holders, show a premium over our multi-criteria valuation of CGG.*
- *The \$375 million issue of high-yield New Second Lien Notes governed by the laws of New York State will be accompanied by the allotment of three classes of Warrants with an exercise price of €0.01, exercise of*

which will increase the dilution of CGG Shareholders. All of the impacts of these New Second Lien Notes are included in our analysis of the Shareholders' position.

- > Based on the CGG valuation range, our analysis of the Shareholders' interest, pre- and post- Restructuring, shows that:*
 - The Shareholders will not lose value based on the valuations of CGG that include a Business Plan execution risk, which lead to negative pre-Restructuring equity values;*
 - A valuation based on share price as of May 11, 2017 could result in a loss of up to 60% for the Shareholders due to the high share price relative to CGG's intrinsic value.*
- > The Rights Issue with PSR, at a subscription price of €1.56, shows a discount to the multi-criteria valuation of CGG based on Management's Business Plan; the discount disappears if we assume a delay in achieving the Business Plan forecasts. Shareholders not wishing to subscribe to the offering will be able to sell their Rights.*
- > Shareholders will receive Warrants that, albeit out of the money at present and therefore excluded from our analysis, have a long exercise period.*

In view of the current situation and the intrinsic value of the Group, we are of the opinion that the Transaction taken as a whole is fair to CGG Shareholders. ”

The independent opinion is quoted in its entirety in Schedule 1 to this Securities Note.

10.4. Information from a third party included in the Prospectus

Opinion by Ledouble SAS included in this Securities Note.

10.5. Update of the information concerning the Company

The update of the information concerning the Company and the Group is included in the Registration Document Update filed with the AMF on October 13, 2017 under number D.17-0486-A01.

The Company confirms that the information required by article 7 of Regulation n°596/2014 dated April 16, 2004 on market abuse and which may have been disclosed to certain creditors on a confidential basis in the past have been subsequently disclosed to the market so as to ensure that all investors have equal access to the information concerning the Group.

10.6. Additional information concerning the issuer

Additional information concerning the Company and the Group can be found in the Registration Document and the Registration Document Update, which is available free of charge from CGG, at its registered office located at Tour Maine-Montparnasse, 33 Avenue du Maine, 75015 Paris, and from the websites of CGG (www.cgg.com) and the AMF (www.amf-france.org).

Schedule 1

Independent opinion by Ledouble

Translation for information purposes only

CGG

Tour Maine Montparnasse
33, avenue du Maine
75015 Paris

FINANCIAL RESTRUCTURING

INDEPENDENT APPRAISAL REPORT

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1. INTRODUCTION

In connection with the financial restructuring of CGG (the "**Transaction**" or the "**Restructuring**"), Ledouble SAS ("**Ledouble**") was appointed as independent appraiser by the Board of Directors of CGG (the "**Board**") on June 9, 2017 to give an opinion on the fairness to the shareholders of CGG SA ("**CGG**" or the "**Company**") of the Restructuring as a whole, particularly with regard to:

- The subscription price of €3.12 and €10.26 for the capital increases reserved (the "**Reserved Capital Increases**") to be subscribed respectively by the holders of high yield notes ("**Senior Notes**") and holders of OCEANE convertible bonds ("**CBs**"), together called the "**Creditors**". The Reserved Share Issues will be subscribed by way of set off against the Creditors' claims on the Company. Several classes of warrants ("**Warrants**")¹ will also be issued to the Senior Noteholders;
- The subscription price of €1.56 for the new share issue with preferential subscription rights (the "**Rights**") open to all shareholders of the Company (the "**Shareholders**") (the "**Rights Issue**"). The Rights Issue will take the form of new shares each with one share warrant attached² (the "**ABSA**"). Shareholders will also receive an allotment of free Warrants³.

1.1. Regulatory framework governing Ledouble's appointment

Ledouble's appointment, the due diligence work underlying the Report and the Report itself (the "**Engagement**") are governed by Article [261-3](#)⁴ of the General Regulation of the *Autorité des Marchés Financiers* (AMF).

This independent appraisal report (the "**Report**") contains a fairness opinion as defined in Article 262-1.⁵ of the AMF General Regulation (the "**Fairness Opinion**"). It will be reproduced in full in the two securities notes on, respectively, the Rights Issue and the Reserved Capital Increases including the warrant issues (other than the Rights Warrants).

¹ "Warrants #3" or "New Notes Warrants", "Coordination Warrants" and "Backstop Warrants".

² "Warrants #2" or "Rights Warrants".

³ "Warrants #1" or "Shareholders Warrants".

⁴ Article 261-3 of the AMF General Regulation provides that: "Any issuer or offeror [...] may appoint an independent appraiser who will apply the provisions of this title."

⁵ Excerpt from Article 262-1.1: "The independent appraiser prepares a report on the financial terms of the offer or transaction. Content requirements for the report are set out in an AMF instruction. In particular, the report contains the statement of independence ..., a description of the due diligence performed and a valuation of the company in question. The report's conclusion takes the form of a fairness opinion."

1.2. Statement of independence and expertise

Ledouble has no connection with the Company or its legal⁶ and financial⁷ advisers (the "Advisers"), the Shareholders, the lending banks, the Creditors or their advisers:⁸

- Ledouble has no legal or financial connection with CGG or its shareholders;
- We do not have any conflicts of interest as defined in Articles 261-4 of the AMF General Regulation and Article 1 of AMF instruction No. 2006-08; for information, **Schedule 6** contains a list of the independent appraisals and financial analyses performed by Ledouble in the past few years, showing the underwriter of the relevant transactions;⁹
- We consider that the Engagement does not lead us to work regularly with the Advisers or within the same group.¹⁰

For information, and without calling our independence into question, Ledouble has performed regular bond portfolio valuation engagements for Bpifrance Participations, a shareholder of the Company, which are unconnected with the Engagement.¹¹

In accordance with Article 261-4 of the AMF General Regulation, we therefore certify that we have no past, present or future connection with the parties involved in the Transaction and their advisers that might affect our independence and impartiality; we were therefore able to perform the Engagement with total independence.

The skills and expertise of the teams that performed the Engagement are described in **Schedule 5**.

1.3. Tasks performed

We performed our work in accordance with the provisions of Articles 262-1 *et seq.* of the AMF General Regulation, its application instruction No. 2006-08 on independent appraisals and AMF recommendation No. 2006-15.¹²

The Engagement work program is shown in **Schedule 1** and the timeline in **Schedule 2**.

The documentation used to perform our work is listed in **Schedule 4**.

⁶ Weil Gotshal & Manges LLP, Linklaters LLP, Paul, Weiss, Rifkind, Wharton & Garrison LLP.

⁷ Lazard, Morgan Stanley, Philippe Villin Conseil, Alix Partners.

⁸ *For the Shareholders:* Barber Hauler, BDGS & Associés, Gleacher Schacklock.

For the lending banks: Rothschild, Kirkland & Ellis, Depardieu Brocas Maffei.

For the CB holders: JG Capital, AM Conseil, Darrois Villey Maillot Brochier.

For the Senior Noteholders: Messier Marris, DLA Piper, Willkie Farr & Gallagher, Millstein.

⁹ This statement of independence is valid for all Ledouble team members involved in the Engagement. A brief profile of the team members is given in **Schedule 5**.

¹⁰ As defined in Article 261-4 I of the AMF General Regulation.

¹¹ Furthermore, the fees for the Bpifrance Participations engagement do not represent a material amount relative to Ledouble's annual revenues.

¹² "Independent appraisals in connection with financial transactions."

Given the background to the Engagement, our work consisted of:

- Obtaining an understanding of the business and environment of the Company and its subsidiaries (the "**Group**") and, after analyzing this information, performing a multi-criteria valuation of CGG shares; and
- Analyzing the financial aspects of the Transaction and reviewing the overall outcome for the Shareholders and Creditors, i.e., the Senior Noteholders on the one hand, and the CB holders on the other, in order to give our opinion on the fairness of the Transaction to the Shareholders.

Our work was based on:

- Contacts and meetings with the people in charge of the Transaction within the Group, members of the Board, the Advisers, representatives of the Senior Noteholders and CB holders and their respective advisers, representatives of the Shareholders and the court-appointed administrator (*administrateur judiciaire*); a list of our contacts is provided in **Schedule 3**;
- Reading and understanding the various presentations¹³ of the Transaction and the related legal documentation;¹⁴
- Reviewing the Board' deliberations and decisions taken at the General Meetings of Shareholders prior to the Transaction;
- Analyzing the Group's legal, accounting and financial information, and in particular the 2016 Annual Report ("**2016 AR**") and the 2017 half-year financial report ¹⁵ ("**2017 HYFR**");
- Reviewing the Company's public and regulated information;¹⁶
- Identifying key events in the Company's life and the Group's business in the past few fiscal years and the current fiscal year;
- Reading brokers' reports on CGG;
- Measuring investment and financing constraints related to the Group's business in the current context;
- Reviewing in detail the various components of the Group's business plan by business line (the "**Business Plan**") in conjunction with the operational managers responsible

¹³ Including, inter alia, the Company's press releases dated:

- [May 12, 2017](#) ("Restructuring Update"),
- [June 2, 2017](#) ("CGG announces an agreement in principle on financial restructuring plan with its main creditors and DNCA"),
- [June 14, 2017](#) ("Following agreement with key financial creditors, CGG begins legal process to implement balance sheet restructuring and create sustainable capital structure").

¹⁴ Including:

- Safeguard plan (*plan de sauvegarde*),
- Lock-up Agreement,
- Private Placement Agreement,
- Restructuring Support Agreement.

¹⁵ "Detailed results for the first half of 2017."

¹⁶ Partly available on the Company's website. [online], <http://www.cgg.com/en>.

for drawing up the Business Plan and the Advisers, in support of the due diligence reports drawn up by CGG appointed experts;

- Integrating the Business Plan data in our valuation models after adjustments made in consultation with Group management ("**Management**");
- Using our financial databases¹⁷ for both the Company and its competitors;
- Valuing CGG shares on a multi-criteria basis, including a "sum of the parts" valuation (SOP) by reference to the operating segments¹⁸ and specific aggregates of the Group;¹⁹
- Analyzing the various stages of the Restructuring arrangements;
- Valuing the dilutive instruments issued pursuant to the Transaction whose exercise price appears to be out of the money relative to the theoretical value of CGG shares after the Restructuring;²⁰
- Reviewing the split of the value between the stakeholders in the Restructuring on the one hand, and the economic position of each of the parties to the Transaction on the other, in order to present the overall outcome of the Restructuring for the Shareholders, the Senior Noteholders and the CB holders;
- Finally, evaluating the effects of the Transaction on the Shareholders' interest and percentage holding in the Company's capital.

1.4. Statements obtained and limitations of the Engagement

We obtained confirmation from Management of the significant information we used in the course of our Engagement.

In accordance with usual practice for independent appraisals, we did not audit or otherwise verify the historical and forward-looking information provided to us but merely sought to assess its likelihood and consistency. In this respect, we considered that all of the information provided to us by our various contacts was reliable and provided in good faith.

The Report is not intended to be a recommendation to enter into the Transaction.

It is not the independent appraiser's role, in this case, to identify alternative financial restructuring arrangements to the Transaction.

The independent appraiser cannot be held liable for the full content of the securities notes referred to in the introduction, in which the Report is reproduced, and is liable only for the content of the Report. The report is set by reference to information transcribed in the securities notes as of October 6, 2017.

¹⁷ Bloomberg (financial inputs and peer group comparisons), Thomson One (brokers' reports), Mergermarket (comparable transactions) and S&P Capital IQ (brokers' reports and comparable transactions).

¹⁸ "Contractual Data Acquisition" or "Acquisition"; "Geology, Geophysics and Reservoir" or "GGR" (comprising Multi-Client Data or "MC" and "Subsurface Imaging and Reservoir" or "SIR"); "Equipment"; and "Corporate" (§ 4.2).

¹⁹ Including EBITDAS, defined as earnings before interest, tax, depreciation, amortization net of amortization costs capitalized to multi-client surveys, and share-based compensation cost.

²⁰ Shareholders Warrants and Rights Warrants.

1.5. Structure of the Report

Our Report includes the following sections:

- Background to the Transaction (§ 2);
- Structure of the Transaction (§ 3);
- CGG's business and environment (§ 4);
- Our multi-criteria valuation of CGG and a summary of our valuation work (§ 5);
- Financial analysis of the Transaction (§ 6);
- Valuation of the dilutive instruments²¹ and the preferential subscription rights (§ 7).

The conclusion of the Report presents our opinion on the fairness of the Transaction to the Shareholders (§ 8).

1.6. Conventions used

The amounts presented in the Report are expressed in:

- euros (€ or EUR) or dollars (\$) or USD);
- thousands of euros (€K) or thousands of dollars (\$K) ;
- millions of shares (m);
- millions of euros (€m) or millions of dollars (\$m);
- billions of euros (€bn) or billions of dollars (\$bn).

Cross-references to parts and sections of the Report are shown in parentheses using the sign §. Any differences in the arithmetic totals are due to rounding.

[Hyperlinks](#) [online] may be activated in the electronic version of the Report.

²¹ Shareholders Warrants and Rights Warrants.

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2. BACKGROUND TO THE TRANSACTION

2.1. CGG

CGG is a French *Société Anonyme* with a capital of €17,706,519 divided into 22,133,149 common shares²² each with a par value of €0.80, having its registered office at Tour Montparnasse, 33 avenue du Maine, 75015 Paris.

It is registered at the Paris Trade and Companies Registry under registration number 969 202 241 and has a fiscal year beginning on January 1 and ending on December 31.

The shares comprising CGG's capital are traded on compartment B of the Euronext regulated market in Paris²³ and in the form of American Depositary Shares on the New York Stock Exchange.

2.2. Company's ownership structure

2.2.1. Number of shares and voting rights

As of June 30, 2017, the number of shares comprising the Company's capital and the theoretical number of voting rights were owned as follows:

As at June 30, 2017	Number of shares	% capital	Theoretical voting rights	% of voting rights	Voting rights exercisable in a General Meeting	% of voting rights
BPIFrance Participations	2 069 686	9.35%	2 459 110	10.90%	2 459 110	10.91%
IFP Energies Nouvelles	107 833	0.49%	107 833	0.48%	107 833	0.48%
Concert	2 177 519	9.84%	2 566 943	11.38%	2 566 943	11.39%
AMS Energie	1 838 026	8.30%	1 838 026	8.15%	1 838 026	8.15%
DNCA Finance	1 756 314	7.94%	1 756 314	7.78%	1 756 314	7.79%
CGG Actionnariat	273	0.00%	546	0.00%	546	0.00%
Other shareholders	16 336 020	73.81%	16 378 533	72.58%	16 378 533	72.66%
Treasury shares	24 997	0.11%	24 997	0.11%	0	0.00%
Total	22 133 149	100.00%	22 565 359	100.00%	22 540 362	100.00%

Source: Company

Since May 22, 1997, in accordance with the bylaws²⁴, double voting rights have been conferred on all fully paid-in registered shares held in the name of the same shareholder for at least two years.

On July 28 and August 31, 2017, AMS Energie notified the Company that its interest in the capital and voting rights had fallen below 5% and 1% respectively.

²² As of June 30, 2017.

²³ ISIN FR0013181864, symbol CGG.

²⁴ Article 14.6 of the bylaws, 2016 AR, p. 218.

2.2.2. Dilutive instruments²⁵

Dilutive instruments comprise stock options plans and CBs.

2.2.2.1. Stock options

For several years, the Company has provided senior executives and corporate officers with stock option plans.

As of June 30, 2017, a total of 446,937 stock options were in issue, as no options have been exercised in the past two fiscal years.

The exercise price for these options is higher than CGG's share price (\$ 5.4).

Plans	Grant date	Start of exercise period	Expiration date	Subscription price	Balance at 12/31/2016	Balance at 06/30/2017
2009 plan	16/03/09	17/03/10	16/03/17	224.00 €	30,581	-
2009 plan	06/01/10	07/01/10	06/01/18	373.44 €	8,668	8,668
2010 plan	22/03/10	23/03/11	22/03/18	493.44 €	51,493	51,493
2010 plan	21/10/10	22/10/11	21/10/18	428.80 €	3,128	1,564
2011 plan	24/03/11	25/03/12	24/03/19	646.72 €	39,541	38,440
2012 plan	26/06/12	27/06/14	26/06/20	476.48 €	20,141	19,819
2013 plan	24/06/13	25/06/15	24/06/21	493.44 €	42,485	39,450
2014 plan	26/06/14	27/06/16	26/06/22	274.88 €	48,404	44,891
2015 plan	25/06/15	26/06/17	25/06/23	160.64 €	60,581	55,675
2016 plan	23/06/16	24/06/18	23/06/24	21.76 €	205,815	186,937
Total					510,837	446,937

Sources: 2016 AR and Company

As adjusted further to the capital increase dated February 5, 2016 and the reverse stock split dated July 20, 2016

2.2.2.2. Convertible bonds

In November 2012, the Company issued 11,200,995 Convertible Bonds due January 1, 2019 ("CBs 2019") for an aggregate par value of €360,000,000, for the purpose of partly financing the acquisition of Fugro's Geoscience Division.

In May 2015, CGG made a simplified public offer to exchange the 11,200,995 CBs 2019 outstanding for new CBs due January 1, 2020 ("CBs 2020"). The exchange ratio was set at five CBs 2020 for two CBs 2019. Accordingly:

- On June 26, 2015, holders of CBs 2019 tendered to the aforementioned offer 90.3% of their CBs or 10,114,014 CBs 2019, leaving a balance of 1,086,981 CBs 2019 in issue as as of December 31, 2016;
- The Group issued 25,285,035 CBs 2020 for an aggregate par value of €325,165,550.²⁶

²⁵ Source: 2016 AR, p. 212.

²⁶10,114,014 CBs 2019s / 2 * 5 = 25,285,035 CBs 2020.

Initially, the conversion ratio for both the CBs 2019 and CBs 2020 was one share for one CB. This was adjusted to 1.422 shares for one CB following the new share issue made on February 5, 2016, then to 0.044 of a share for one CB 2020 following the reverse stock split made on July 20, 2016.

The CBs may be redeemed before maturity at the Company's discretion, subject to certain conditions.

	Issue date	Initial nominal amount	Initial number of bonds	Number of bonds as of June 30, 2017	Potential number of shares as of June 30, 2017 in the event of conversion
Convertible Bonds 2019	November 2012	€360m	11,200,995	1,086,912	47,824
Convertible Bonds 2020	May 2015	€325m	25,285,035	25,285,035	1,112,541
					1,160,365

Source: Company

2.3. Structure of the Group's debt

CGG's debt is predominantly fixed-rate and denominated in US dollars. It totaled \$2.8 billion at end-June 2017 and included:

- Unsecured guaranteed Senior Notes due 2020, 2021 and 2022;
- Bonds convertible into new or existing shares: CBs 2019 and CBs 2020 (§ 2.2.2.2), unsecured and unguaranteed;
- Senior term loans due 2019 secured and guaranteed on a *pari passu* basis with the US and French revolving loan agreements; and
- Credit lines.

Guarantees relating to borrowings are listed in **Schedule 8**.

The Creditors hold unsecured debt (Senior Notes and CBs or "**Unsecured Debt**") for an aggregate amount of almost \$1.9 billion.²⁷ The secured debt (Term Loan B and the credit lines or "**Secured Debt**") is included in overall debt for an amount of around \$2.7 billion subject to renegotiation. The Group's debt, resulting from the 2017 first half consolidated financial statements, can be summarized as follows, before and after IFRS adjustments (issuance costs).²⁸

²⁷ Excluding accrued interest and after movements in 2017, i.e., as of June 30, 2017 (before the impact of IFRS adjustments): CBs (\$403.5m, § 3.3.1) + Senior Notes (\$1,543.5m, § 3.3.1) = \$1,947m.

²⁸ Source: 2017 HYFR, p 20.

As of June 30, 2017 (\$ m)	Gross debt excl IFRS adjustments	IFRS adjustments	Gross Debt
Senior Notes	1 552	-22	1 530
Senior Notes 2020			453
Senior Notes 2021			660
Senior Notes 2022			417
Convertible Bonds	411	-43	368
Convertible Bonds 2019			37
Convertible Bonds 2020			331
Unsecured Debt	1 963	-65	1 898
Term Loan B	338	-5	333
Credit lines	465	-6	459
Debt subject to renegotiation	2 765	-75	2 690
Bank loans and other borrowings	5		5
Finance leases	58		58
Accrued interests	59		59
Gross debt	2 887	-75	2 812

2.4. Review of the Group's current financial difficulties

2.4.1. Breach of covenants

Some of the Group's debt is subject to various financial covenants (the "Covenants"), breach of which can lead to payability acceleration of the sums due to the Creditors. The Covenants applicable to each type of debt²⁹ are as follows:

- French and US revolving credit facilities arranged in 2013 and renewed on February 4, 2016, along with Term Loan B:
 - A minimum Group liquidity balance (cash and cash equivalents plus available revolving credit) of \$175 million at each quarter end;
 - A maximum net debt to EBITDAS ratio, calculated on a rolling basis and declining over time, of:
 - 5.00x for the twelve rolling months ending in 2016;
 - 4.75x for the twelve rolling months to March 2017;
 - 4.25x for the twelve rolling months to June 2017;
 - 4.00x for the twelve rolling months to September 2017;
 - 3.50x for the twelve rolling months to December 2017;
 - 3.25x for the twelve rolling months to March 2018; and
 - 3.00x for the following twelve month rolling periods;
 - A minimum interest coverage ratio (EBITDAS to interest expense) of 3.00x.

²⁹ List presented in the financial statements as of December 31, 2016 (2016 AR, pp. 260-261), the terms and conditions of which still apply as of June 30, 2017.

- Senior Notes : the Senior Notes are subject to cross default clauses, which would lead to default in the event of non-payment or the early payability on the French and US revolving credit facilities / Term Loan B (including the case of an early payability following a covenant breach).

Covenants attached to debt	
Financial liabilities	Covenant
Senior Notes	Interest cover
French / US Revolving Facilities / Term Loan B	(i) minimum liquidity threshold (ii) maximum debt ratio (iii) interest cover

The Group had been experiencing difficulties and was unable to meet the debt and interest coverage covenants relating to the French and US revolving credit facilities and Term Loan B, which were therefore suspended:

- Initially as of December 31, 2016 and then March 31, 2017 in order to avoid an event of default occurring during the restructuring plan negotiations, (the “Restructuring Plan”);
- Then until June 30, 2017 as referred to in the 2016 AR and 2017 HYFR;
- Under the Lock-up Agreement (§ 2.5), the Creditors undertook to suspend calculation of the Covenants until the end of the Restructuring.

2.4.2. Debt servicing

In the absence of financial restructuring, the Group’s operating cash flows would be insufficient to cover the debt repayments falling due. In addition, the minimum liquidity ratio would no longer be met as of 2018.

The Group disclosed the uncertainties over its solvency upon publication of its 2017 half-year financial statements.³⁰

The circulation of cash within the Group is now restricted by the terms and conditions of the French safeguard procedure and the Chapter 11 proceedings in the United States (§ 2.5).

2.4.3. Main guarantees and collateral granted by the Group in respect of its debt

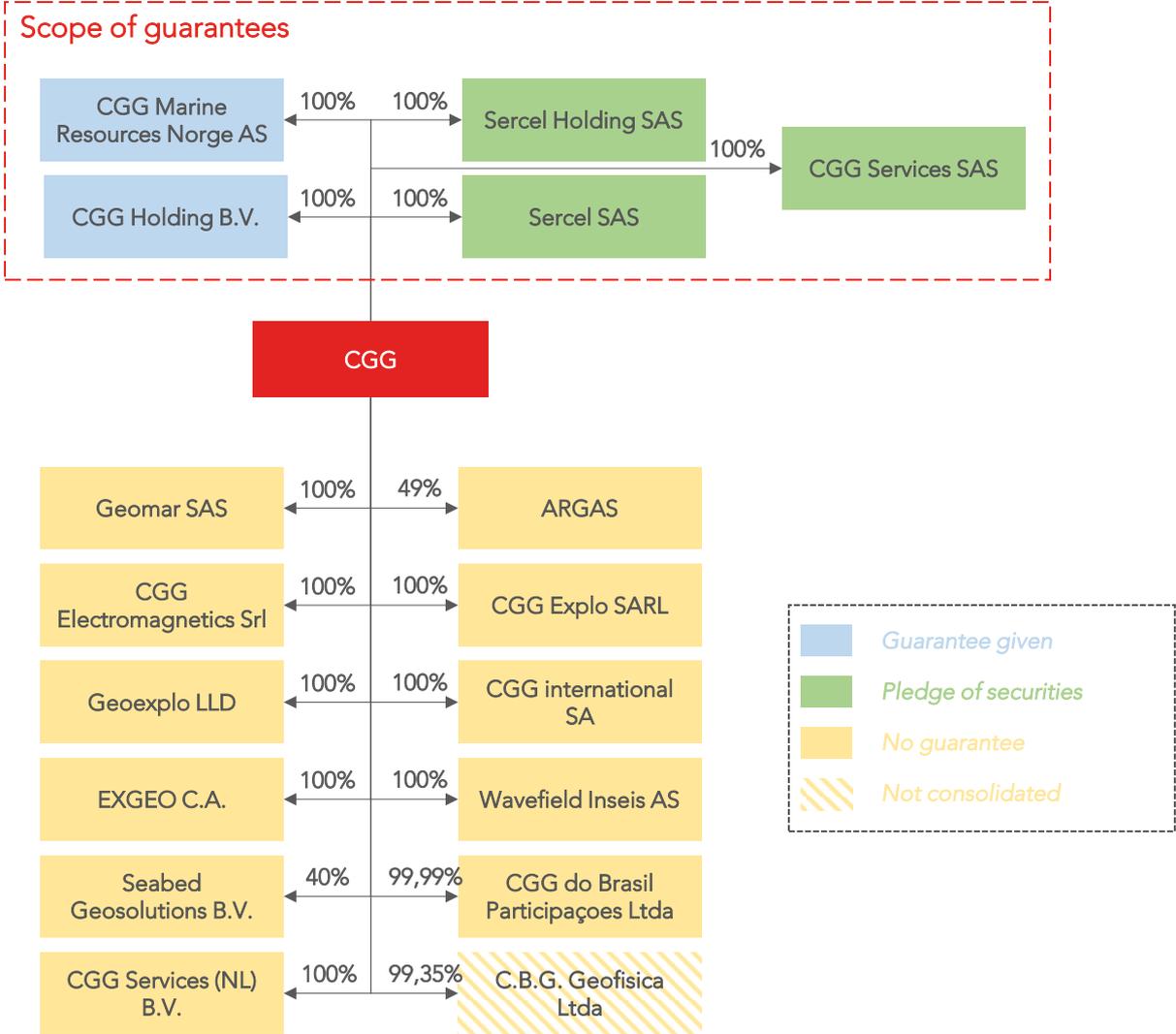
In the absence of financial restructuring, the lending banks and the guaranteed Creditors³¹ could call their guarantees, which are broken down into three categories:

- Guarantee given by a subsidiary;
- Pledge of shares of the subsidiary;
- Pledge of the subsidiary’s assets.

³⁰ 2017 HYFR, pp. 14-15.

³¹ Collateral or guarantees have been given for the credit lines, bank financing and Senior Notes; a more detailed description is provided in **Schedule 8**.

These guarantees are shown in the diagram below, identifying the Company’s direct subsidiaries,³² which illustrates the very limited nature of those subsidiaries that have not been pledged as collateral.



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The Company’s direct subsidiaries under the categories “Guarantee given” and “Pledge of securities” hold substantial equity interests as head entities of the Group’s various operations; the extent of the collateral and guarantees granted to the Creditors and lending banks can therefore be assessed over this scope. **Schedule 8** gives a more detailed description of the structure of the guarantees related to the main legal entities.

The weight of non-guarantor Group entities can be assessed by analyzing the key financial data (equity, operating revenue, operating income) related to these companies directly owned by CGG SA³⁴.

³² Shares or assets of which have been given as collateral.

³³ C.B.G. Geofisica Ltda is in liquidation and is therefore no longer consolidated.

³⁴ The figures in this table are presented at 100% i.e. do not reflect the percentage interest held in these companies and have been converted using the spot exchange rate as at 31 December 2016.

Key figures of companies in which CGG holds direct equity stakes (as of December 31, 2016, in \$ m)

Key figures of non-guarantor companies	% stake	Equity attributable to equity holders of the parent	Revenue from ordinary activities	Operating income
Total Groupe CGG		1 120.7	1 195.5	(220.2)
Wavefield Inseis AS	100.0%	100.3	-	(1.3)
CGG do Brasil Participações Ltda	100.0%	22.7	92.2	41.4
C.B.G. Geofísica Ltda	99.4%	<i>Non consolidée</i>		
CGG Explo	100.0%	3.7	35.7	(5.3)
CGG international SA	100.0%	7.8	6.3	1.9
Geomar SAS	100.0%	8.6	10.0	0.4
CGG Electromagnetics Srl	100.0%	0.9	1.8	0.4
Geoexplo	100.0%	(2.0)	-	(0.0)
EXGEO C.A	100.0%	(1.8)	-	0.2
CGG Services N.L BV	100.0%	42.2	20.7	(3.3)
ARGAS	49.0%	131.5	137.7	6.7
Seabed Geosolutions B.V.	40.0%	214.9	196.9	(28.5)

These figures, which have been taken from the consolidation packages of the non-guarantor subsidiaries, illustrate their limited contribution within the Group.

Conversely, the guarantor direct subsidiaries are lead holding companies of the Group's operating divisions, such that virtually all of CGG's business is housed in companies whose assets or shares have been given as collateral.

Management is not able to provide details of the individual contributions of the various legal entities to the Business Plan.³⁵ Consequently, the share of the Group's value assigned to the various Creditors under the guarantees cannot be determined accurately.

2.5. Reason for the Transaction

As a direct result of the recession affecting the oil and oil services industry since early 2013, the Group announced on January 5, 2017 that it would have to start discussions with the various stakeholders³⁶ concerned in order to carry out a financial restructuring (the "Stakeholders").

³⁵As the Business Plan is drawn up by business segment.

³⁶According to the Company's press release of June 14, 2017, the Stakeholders are:

- members of the *ad hoc* Committee collectively representing approximately 53.8% of the aggregate principal amount of the secured debt, i.e., other than the Senior Notes and CBs (the "**Secured Lenders Coordination Committee**");
- members of the *ad hoc* Committee representing approximately 52.4% of the aggregate principal amount of the Senior Notes (the "**Senior Noteholders ad hoc Committee**");
- the representative of the CB holders;
- DNCA, shareholder and bondholder, owns 7.9% of the Company's capital, 5.5% of the aggregate principal amount of the Senior Notes and 20.7% of the aggregate principal amount of the CBs.

For that purpose, CGG asked the President of the Paris Commercial Court to appoint an *ad hoc* representative to assist it in its discussions with the various Stakeholders. Through an order on February 27, 2017, an *ad hoc* representative was appointed for a period of five months.

The timeline and proceedings of the negotiations with the Stakeholders are described in **Schedule 7**.

At the end of the discussions with the Stakeholders,³⁷ the Company, the Secured Lenders Coordination Committee, the Senior Noteholders *ad hoc* Committee and DNCA reached an agreement in principle on June 1, 2017 regarding a financial restructuring plan, then on June 13, 2017 entered into legally binding agreements ("**Lock-up Agreement**" or agreement to support the Restructuring) confirming the agreement in principle. Under these agreements, the parties to the Transaction undertook to carry out any action reasonably necessary for the implementation and completion of the Restructuring.

On June 14, 2017, the Paris Commercial Court placed the Company in safeguard proceedings (*procédure de sauvegarde*), appointing SELARL FHB³⁸ as official administrator (*administrateur judiciaire*), and SELAFA MJA³⁹ as official representative (*mandataire judiciaire*).

Concomitantly and to the extent that the Senior Notes are governed by the law of New York State and that the courts of that State have jurisdiction to hear any dispute relating to them, the Company filed for Chapter 15 protection under the US Federal Bankruptcy Code so that the effects of the safeguard proceedings would be recognized in the United States.

The application for the safeguard proceedings to be recognized in the United States via a Chapter 15 filing was made before the U.S. Bankruptcy Court of the Southern District of New York on June 14, 2017 and granted on July 13, 2017.

In addition, the Group's foreign subsidiaries that are debtors or guarantors in respect of the Group's debt obligations⁴⁰ applied for and were granted, on June 14, 2017, Chapter 11 protection under the US Federal Bankruptcy Code.

³⁷The press releases of [May 12, 2017](#), entitled "Restructuring Update", [June 2, 2017](#), entitled "CGG announces an agreement in principle on financial restructuring plan with its main creditors and DNCA", and [June 14, 2017](#), entitled "Following agreement with key financial creditors, CGG begins legal process to implement balance sheet restructuring and create sustainable capital structure", describe the key steps in the negotiations presented in **Schedule 7**.

³⁸Represented by Maître Hélène Bourbouloux, previously *ad hoc* representative.

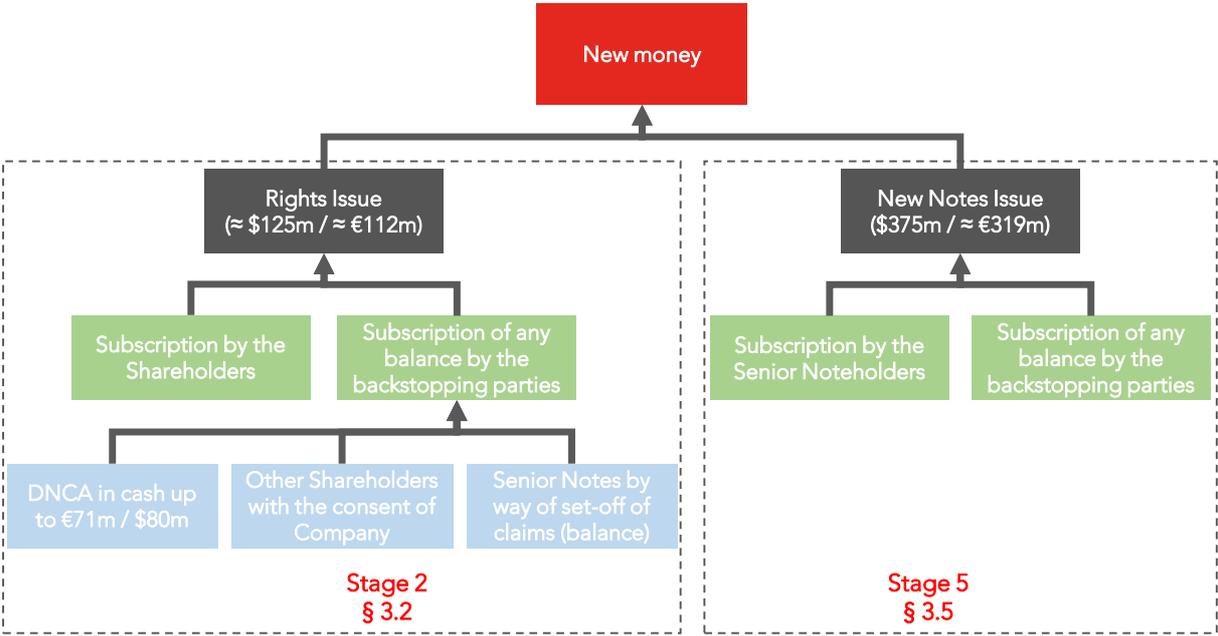
³⁹Represented by Maître Cécile Jouve.

⁴⁰The companies are CGG Holding BV, CGG Marine BV, CGG Holding I (UK) Ltd, CGG Holding II (UK) Ltd, CGG Holding (US) Inc., CGG Services (US) Inc., Alitheia Resources Inc., Viking Maritime Inc., CGG Land (US) Inc., Sercel Inc., Sercel-GRC Corp, CGG Marine Resources Norge AS, CGG Canada Services Ltd and Sercel Canada Ltd.

3. STRUCTURE OF THE TRANSACTION

The Transaction, as proposed by the Company (§ 1), has five stages, summarized in the figures below. A more detailed analysis of each stage can be found in § 3.1 to § 3.5:

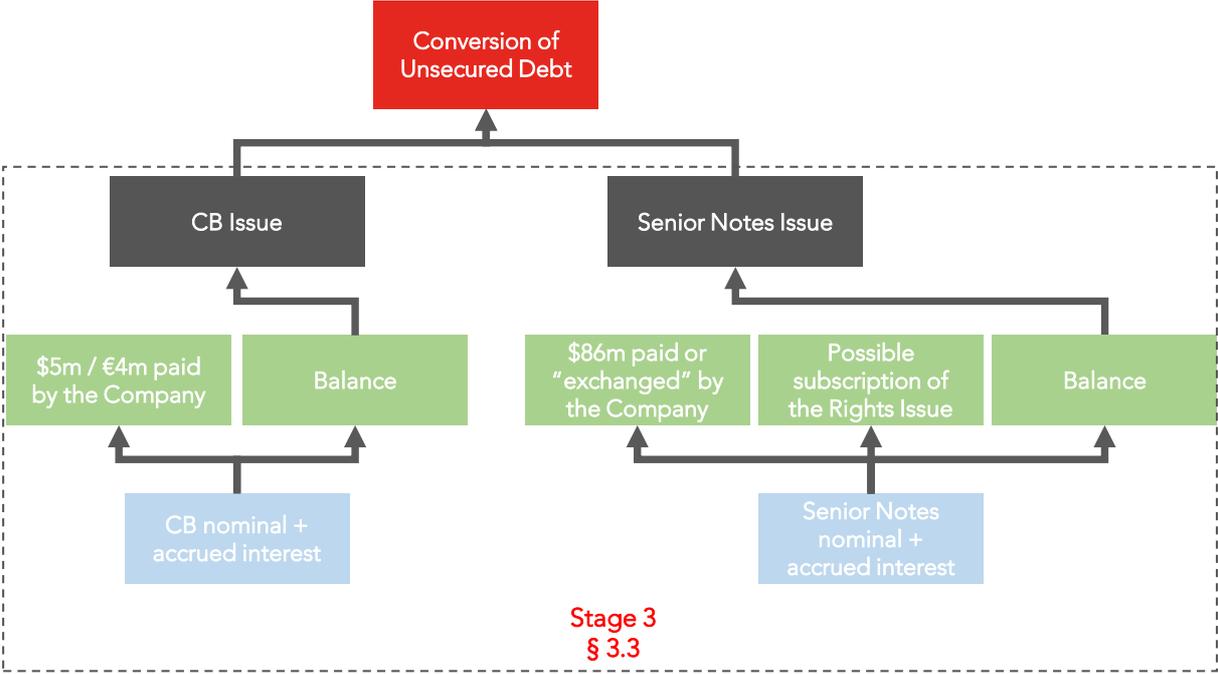
- > Allotment of free share warrants to the existing Shareholders (the “Shareholders Warrants”): Stage 1;
- > Injection of new money via:
 - A rights issue of approximately \$125 million or approximately €112 million⁴¹ for existing Shareholders in the form of shares with share warrants (the “Rights Issue”): Stage 2; and
 - A \$375 million or approximately €319 million⁴² issue of high-yield bonds (the “New Notes Issue”): Stage 5



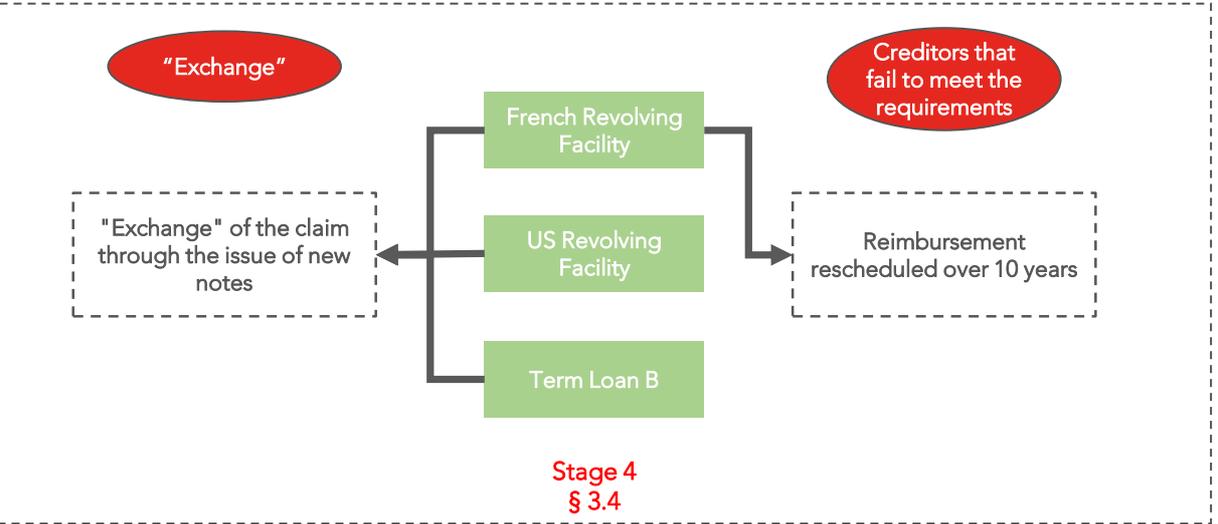
- > The equitization of the Unsecured debt (CBs and Senior Notes) through reserved share issues subscribed by way of set-off against claims (“CB Issue” and “Senior Notes Issue” detailed below in § 3.3.1), which, given the amounts involved, will significantly dilute existing Shareholders: Stage 3

⁴¹ After adjustments related to fractional shares, the amount of the Rights issue is different to the initial amount of \$ 125 million. The cash collateral may also be given by one or more other significant shareholders on the initiative of the company (§ 3.2).

⁴² Based on a \$ /€ spot exchange rate as of September 29, 2017: 0.8516.



> The "Exchange" of the French Revolving Facility, US Revolving Facility and Term Loan B for new notes or, for the French Revolving Facility, rescheduling of the debt. As part of the approval of the safeguard plan by the committee of banks and financial institutions, all creditors with claims under the French Revolving Facility have opted for the "Exchange", it being stipulated that creditors that fail to meet the requirements for the implementation of the Exchange will see their claims (which will not benefit from the Initial Repayment) rescheduled over 10 years: **Stage 4**



Prior to completing these various stages, a capital reduction not motivated by losses will be made by reducing the par value of the shares comprising the Company's capital from €0.80 to €0.01 per CGG share (the "Share"). The amount of the capital reduction will be allocated to a non-distributable reserve account. This prior transaction will enable the issuance of the New Notes Warrants, Coordination Warrants and Backstop Warrants whose exercise price, which may not be lower than par value, is €0.01.

The five stages of the Transaction, summarized below,⁴³ are described in more detail in § 3.1 to § 3.5.



⁴³ The amounts of equitized debt included accrued interest not yet paid.

3.1. Stage 1: Allotment of free Warrants to the existing Shareholders: Shareholders Warrants

3.1.1. Main characteristics of Stage 1

One free Shareholders Warrant will be allotted to each Share held by all Shareholders of record on the ex-rights date set for the rights issue (§ 3.2.2).

The key characteristics of the Shareholders Warrants are:⁴⁴

- Allotment of one Shareholders Warrant per existing Share;
- Shareholders Warrant subscription price of €3.12 per new Share;
- Exercise ratio of four CGG new Shares for three Shareholders Warrants⁴⁵;
- Exercise period of four years as of the date on which all conditions related to the effective completion of the Restructuring Plan pursuant to the Safeguard Plan, Chapter 11 and Chapter 15 have been met (the “Restructuring Effective Date”).⁴⁶

The Shareholders Warrants allotted to the Company in respect of its treasury shares will be canceled immediately.

3.1.2. Impact of Stage 1 on the number of Shares and valuation of the Group

Based on the number of Shares outstanding as of June 30, 2017, a total of 22.1 million Shareholders Warrants⁴⁷ will be issued, which could ultimately (subject to adjustments relating to transactions affecting the capital) give rise to rights to subscribe 29.5 million new Shares at an exercise ratio of 1.33x, or three Shareholders Warrants for four new Shares.

Assuming that all the Shareholders Warrants are exercised, the Company would receive €92 million in issue proceeds.

In millions		
Number of Warrants issued	22.1	Number of CGG Shares as at June 30, 2017
Number of Warrants canceled	(0.0)	Treasury shares as at June 30, 2017
Number of Warrants issued non canceled	22.1	
Exchange ratio	1.33 x	4 new Shares for 3 Warrants
Number of potential Shares	29.5	
Subscription price per new Share	€3.12	
Potential impact on the valuation	92.0	€ m

⁴⁴ The detailed characteristics of the Shareholders Warrants are described in Schedule 3 of the Board's report to the General Meeting of Shareholders to be held on October 31, 2017.

⁴⁵ Subject to rounding adjustments.

⁴⁶ This is scheduled to be January 17, 2018 according to the expected timetable for the Transaction, bearing in mind that the Shareholders Warrants can only be exercised after the five stages of the Restructuring have been completed.

⁴⁷ The warrants granted to the Company corresponding to its treasury shares shall be immediately cancelled.

3.2. Stage 2: Rights issue for an amount of approximately €112 million

3.2.1. Main characteristics of Stage 2

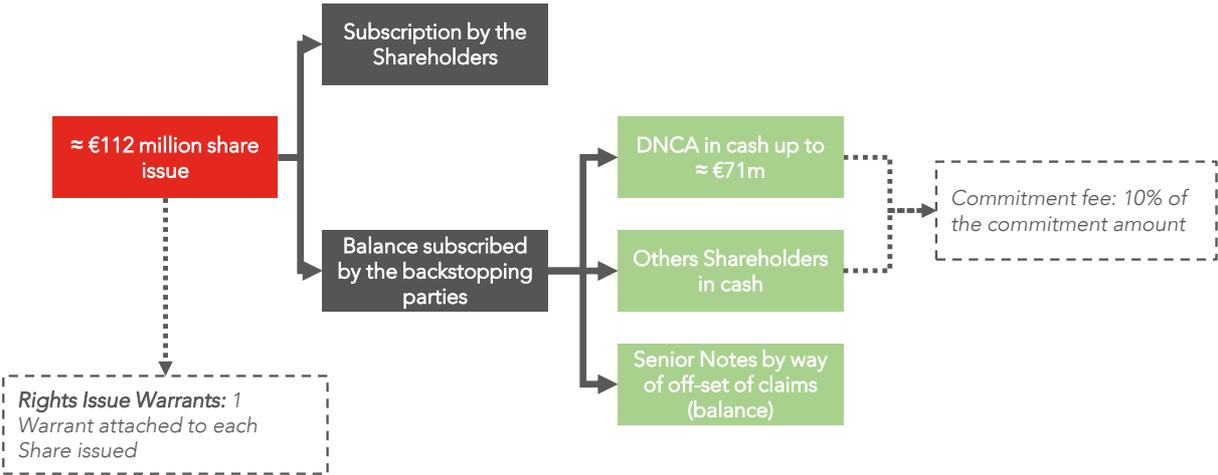
The rights issue (“Rights Issue”) will take the form of an issue of shares with warrants with the following characteristics:⁴⁸

Main characteristics of the Rights Issue	
Subscribers	Shareholders (or DNCA and if need be any other significant shareholder acting as a backstop in agreement with the Company ⁴⁹ and/or Senior Noteholders as backstops).
Issue amount	Approximately €112 million, after adjustments related to fractional shares.
Issue price	€1.56 per new Share accompanied by a warrant.

A specific analysis of the Rights allotted to the existing Shareholders pursuant to this issue is provided below for information (§ 7).

The Rights Issue is fully backstopped such that any shares unsubscribed by the Shareholders under their Rights will be taken up as follows:

- > In the first instance in cash by DNCA for an amount of \$80 million or approximately €71 million and in cash by any other significant shareholder acting as a backstop in agreement with the Company;
- > The balance by the Senior Note holders, by way of partial set off against their claims on the Company.

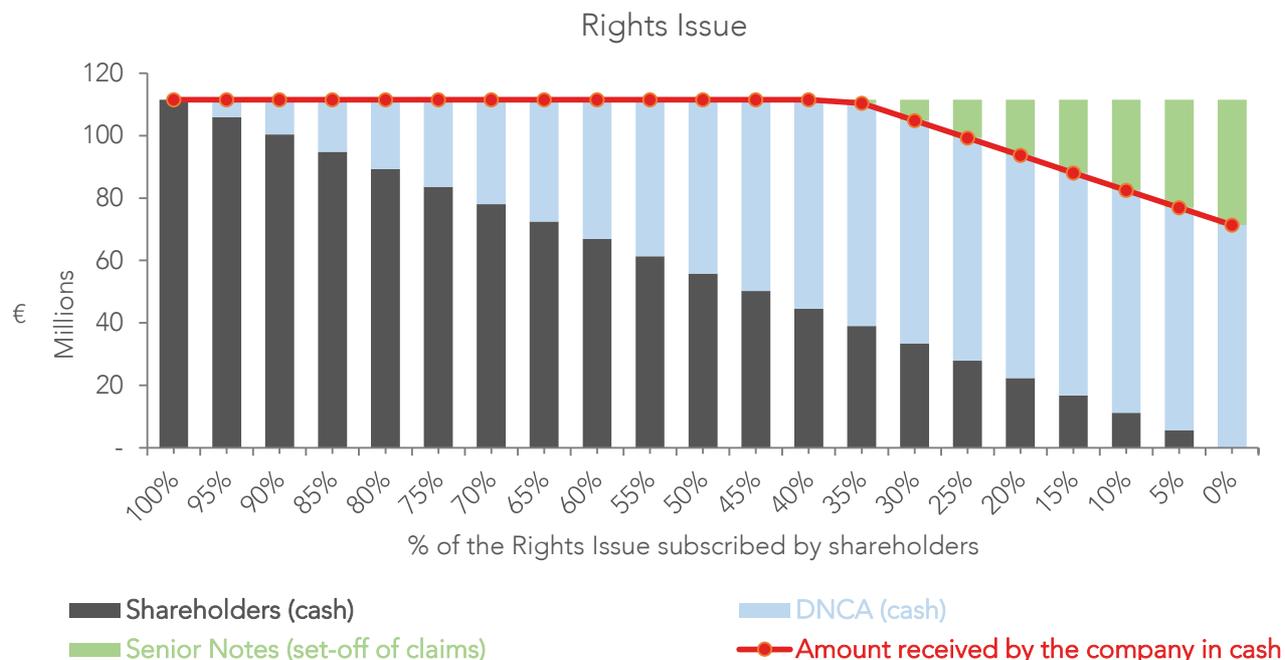


⁴⁸The detailed characteristics of the Rights Issue and the Rights are described in Schedule 3 of the Board's report to the General Meeting of Shareholders to be held on October 31, 2017.

⁴⁹ The signing of the Restructuring Plan support agreement by shareholders must take place at least 21 days before the date of General Meeting of Shareholders.

In any event, the Rights Issue will take place to the extent that it is backstopped.

The Seniors Noteholders' backstop commitment will be triggered if the Shareholders subscribe less than 36% of the Rights Issue.⁵⁰ Below that percentage, the amount received in cash by the Company will decrease progressively from around €112 million to €71 million if the Shareholders do not subscribe to the Rights Issue and in the absence of cash collateral by a significant shareholder with the company's consent (excluding DNCA in respect of the backstop for the issue).



The parties that are backstopping the Rights Issue in cash (and not by way of claims set-off) will receive a backstop fee equal to 10% of the backstop amounts (the "Rights Issue Backstop Fee"). Accordingly, DNCA⁵¹ will receive approximately €7 million, and no fee will be paid to the Senior Noteholders backstopping the Rights Issue by way of claims set-off.

Each Share issued pursuant to the Rights Issue will have one warrant attached ("Rights Warrants"):

- The subscription price will be €4.02 per new Share;
- The exercise ratio will be 3 Rights Warrants for 2 new Shares;⁵²
- The exercise period will be five years as of the Restructuring Effective Date;
- The Rights Warrants will be tradable and application will be made for their admission to trading on the Euronext Paris regulated market.

⁵⁰Amount backstopped by the Senior Noteholders / Amount of the Rights Issue = (\$45m or approximately €40m) / (\$125m or approximately €112m) = 36% if no other significant shareholder guarantees all or a part of Right Issue

⁵¹Through DNCA Finance and DNCA Invest. To date, we are not aware of any other parties liable to receive the Rights Issue Backstop Fee.

⁵² Subject to rounding adjustments.

3.2.2. Impact of Stage 2 on the number of Shares and valuation of the Group

Based on the percentage of the Rights Issue subscribed by the Shareholders, we measured the minimum and maximum impact of the issue and the impact of the potential resulting exercise of the Rights Warrants on the number of Shares of the Company and the valuation of the Group.

> Impact of Rights Issue

Insofar as the Rights Issue will be fully subscribed due to the backstop arrangements, the number of Shares issued is unconnected with the percentage subscribed by the Shareholders.

The number of Shares of the Company will therefore increase by 71.9 million, which will be allocated among the subscribers, namely the Shareholders on the one hand, and DNCA⁵³ and the Senior Noteholders if the backstop is triggered.

Based on the issue price of €1.56, the impact of the Rights Issue on the Group's valuation is €112.2 million.

In millions and € m	% of Rights Issue subscriptions		Comments
	0%	100%	
Subscription by the Shareholders	-	71.9	Cash
Subscription by DNCA (backstop)	45.8	-	Cash
Subscription by the Senior Noteholders (backstop)	26.2	-	Set-off of claims
Number of Shares subscribed in the Rights Issue	71.9	71.9	
Subscription price per new Share	€1.56	€1.56	
Potential impact on the valuation	112.2	112.2	€ m
Of which Shareholders	-	112.2	€ m - Increase in cash
Of which DNCA (backstop)	71.4	-	€ m - Increase in cash
Of which Senior Noteholders (backstop)	40.8	-	€ m - Decrease in debt

Payment by the Company of the Rights Issue Backstop Fee, amounting to approximately €7 million, will reduce the amount of cash received by the Company.

> Impact of exercise of the Rights Warrants

The Rights Warrants allotted pursuant to the Rights Issue will entitle the holders to acquire 48 million Shares of the Company, which will receive cash proceeds of €192.8 million in respect of the subscription price, taking into account a subscription price of €4.02 per Share and an exercise ratio of 0.67, i.e. 3 Rights Warrants giving the right to subscribe 2 new Shares.

⁵³ Or, if appropriate any other guarantor with the approval of the Company.

In millions and € m	% of Rights Issue subscriptions		Comments
	0%	100%	
Rights Warrants acquired by Shareholders	-	71.9	1 Warrant per new Share subscribed
Rights Warrants acquired by DNCA (backstop)	45.8	-	1 Warrant per new Share subscribed
Rights Warrants acquired by Senior Noteholders (backstop)	26.2	-	1 Warrant per new Share subscribed
Number of Rights Warrants	71.9	71.9	
Exchange ratio	0.67 x	0.67 x	3 Warrants for 2 new Shares
Number of potential Shares	48.0	48.0	
Of which Shareholders	-	48.0	
Of which DNCA (backstop)	30.5	-	
Of which Senior Noteholders (backstop)	17.4	-	
Subscription price per new Share	€4.02	€4.02	
Potential impact on the valuation	192.8	192.8	€ m
Of which subscription by the Shareholders	-	192.8	€ m - Increase in cash
Of which subscription by DNCA (backstop)	122.6	-	€ m - Increase in cash
Of which subscription by the Senior Noteholders (backstop)	70.1	-	€ m - Increase in cash

3.3. Stage 3: Equitization of CBs and Senior Notes: CB Issue and Senior Notes Issue

3.3.1. Main characteristics of Stage 3

The Transaction includes two capital increases involving the conversion into shares of the whole of the amount due in principal and accrued interest in respect of the CBs and Senior Notes on the last date of the subscription period for the Rights Issue (the "Reference Date"⁵⁴), subject to the payments stated below.

As the subscription price for the Reserved Capital Increases will be paid by way of claims set-off, the value of the relevant claims has to be determined. As of the date of the Report, we were not in possession of the external auditors' opinion on the liquid, due and payable nature of the relevant claims. Nevertheless, there have been several court decisions related to the issue of the value of capitalized claims, echoing the ruling of February 7, 1972 handed down by the commercial division of the *Cour de cassation*⁵⁵, which confirm that the face value of a capitalized claim is justified, even in the context of a business continuation plan for a distressed company.⁵⁶

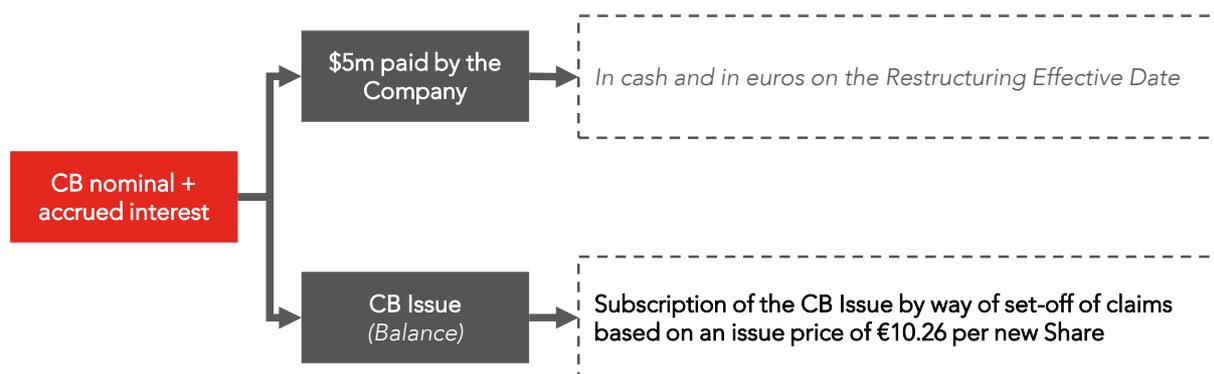
⁵⁴The Reference Date is December 20, 2017 in the Transaction's expected timetable.

⁵⁵ Versailles Appeal Court, October 25, 1990; Aix-en-Provence Appeal Court, April 9, 1992.

⁵⁶ On the grounds that, in the case of the limited liability company (SARL) in question, "there is nothing to prevent payment for the shares subscribed being made by way of set off against the subscriber's claim on the company, as there would be nothing to prevent the company, in the event of a cash payment, from settling that claim immediately."

Fargues (2011). "Capitalization of claims", p. 17 and seq. http://mja-assas.fr/wp-content/uploads/La-conversion-de-cr%C3%A9ances-en-capital_Marion-FARGUES_2011.pdf

I - Conversion of CBs: CB Issue



The key characteristics of the share issue reserved for CB holders (the CB Issue) are as follows:⁵⁷

- Waiver of preferential subscription rights for the benefit of a certain category of persons;
- Issue price of €10.26 per new Share;
- Subscription by way of set off against the par value of the CBs plus unpaid accrued interest on the Reference Date, less an amount equal to \$5 million or approximately €4.5 million⁵⁸ (the "CB Equitized Amount" or "CB Claim");
- Based on accrued interest calculated on the Reference Date scheduled in the expected timetable for the Transaction, *i.e.*, December 20, 2017, the total amount (including issue premium) of the CB Issue would be €362 million⁵⁹.

\$ m	Comments	
Nominal amount of CBs	403.5	As at June 30, 2017
Accrued interest	6.6	As at December 20, 2017
Nominal + accrued interest	410.2	
Repayment	(5.0)	
CB Equitized Amount	405.2	
€/€ exchange rate	1.1206	Safeguard Plan rate
CB Equitized Amount (€ m)	361.6	⁶⁰

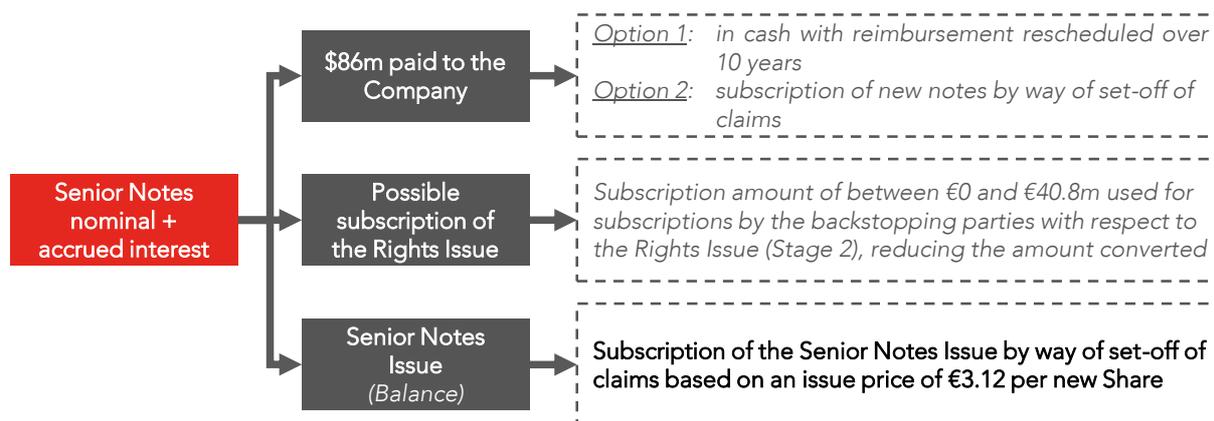
⁵⁷ The detailed characteristics of CB Issue are described in the Board's report to the General Meeting of Shareholders to be held on October 31, 2017.

⁵⁸ Paid in cash by the Company on the Restructuring Effective Date .

⁵⁹ Post payment of € 4.5 million.

⁶⁰ The par value shown in the table is not the same as the accounting balance of the CBs shown in the IFRS balance sheet (§ 2.3) because of a difference in the exchange rates used translate them.

II - Conversion of Senior Notes: Senior Notes Issue



The key characteristics of the share issue reserved for Senior Noteholders (“the Senior Notes Issue”) are as follows:⁶¹

- Waiver of preferential subscription rights for the benefit of a certain category of persons;
- Subscription price of €3.12 per new Share;
- The amount of Senior Notes equitized (the “Senior Notes Equitized Amount” or “Senior Notes Claim”) is calculated on the basis of three factors:
 - Principal amount of the debt and unpaid accrued interest on the Reference Date;
 - Less the sum of \$86 million or approximately €77 million to be paid by the Company, either in cash deferred over a period of 10 years or by way of “exchange” against new notes issued by the Company, at the holder’s option⁶²;
 - The amount of any claim equitized as part of the Rights Issue through the backstop commitment made by Senior Noteholders (Stage 2, § 3.2) will be deducted from the balance⁶³.

The Senior Notes Equitized Amount will be between €1,350 million and €1,391 million⁶⁴ depending on whether or not the Senior Noteholders have subscribed to the Rights Issue under their backstop commitment.

⁶¹ The detailed characteristics of the Senior Notes Issue are described in the Board's report to the General Meeting of Shareholders to be held on October 31, 2017.

⁶² These new notes will have the same characteristics as the New Notes, it being nevertheless stipulated that they will not confer any entitlement to the New Notes Warrants. The detailed characteristics of these two options are described in the Board's report to the General Meeting of Shareholders to be held on October 31, 2017.

⁶³ As a reminder, the Rights Issue is \$80m backstopped by DNCA and the balance by the Senior Noteholders.

⁶⁴ Including the amount of accrued interest calculated on the Reference Date scheduled in the expected timetable for the Transaction, i.e., December 20, 2017.

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\$ m	Min	Max	Comments
Senior Notes nominal amount	1,543.5	1,543.5	As at June 30, 2017
Accrued interest	101.5	101.5	As at December 20, 2017
Nominal + accrued interest	1,645.0	1,645.0	
Repayment	(86.0)	(86.0)	
Amount converted during Rights Issue	(45.7)	-	See Stage 2 - § 3.2.1
Senior Notes Converted Amount	1,513.2	1,559.0	
€/\$ exchange rate	1.1206	1.1206	Safeguard Plan rate
Senior Notes Converted Amount (€ m)	1,350.4	1,391.2	⁶⁵

3.3.2. Impact of Stage 3 on the number of Shares and valuation of the Group

The number of Shares issued pursuant to the two Reserved Capital Increases will be:

- 35.2 million Shares for the CB Holders;
- Between 432.8 and 445.9 million⁶⁶ Shares for the Senior Noteholders.

The impact on the Group's valuation corresponds to the reduction in debt resulting from the equitization:

- €362 million the for CB Issue;
- Between €1,350 million and €1,391 million for the Senior Notes Issue.

€ m	% of Rights Issue subscriptions		Comments
	0%	100%	
CB Converted Amount	361.6	361.6	As at December 20, 2017
Subscription price per new Share	10.26 €	10.26 €	
Number of Shares from the CB conversion	35.2	35.2	
Senior Notes Converted Amount	1,350.4	1,391.2	As at December 20, 2017
Subscription price per new Share	€3.12	€3.12	
Number of Shares from the Senior Notes conversion	432.8	445.9	

To our knowledge, no fees will be paid in respect of Stage 3 of the Transaction.

⁶⁵ The par value shown in the table is not the same as the accounting balance of the Senior Notes shown in the IFRS balance sheet (§ 2.3) because of a difference in the exchange rates used to translate them.

⁶⁶ Depending on whether or not the Senior Noteholders have subscribed to the Rights Issue under their backstop commitment.

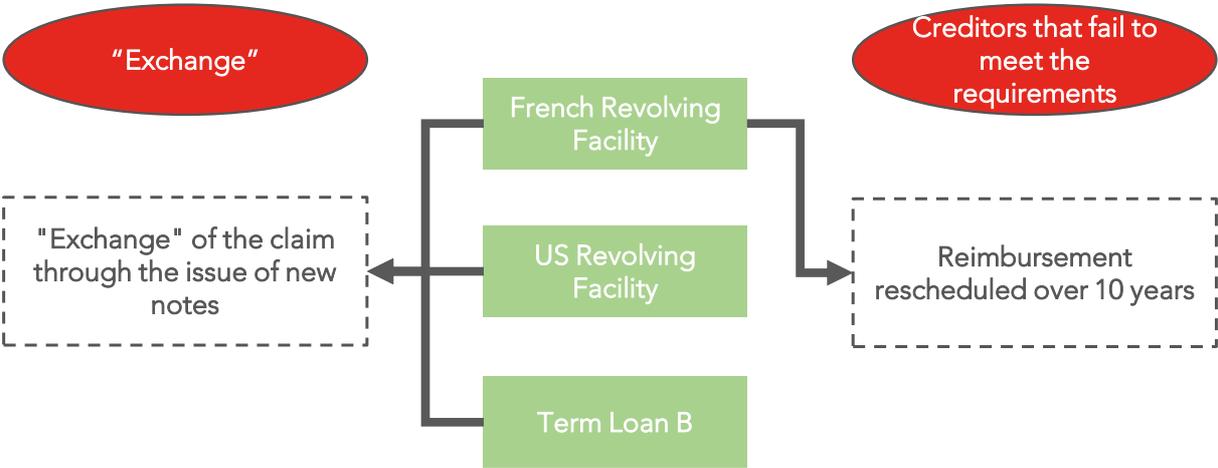
3.4. Stage 4: "Exchange" of Secured Debt

3.4.1. Main characteristics of Stage 4

The Secured Debt comprises the French Revolving Facility, US Revolving Facility and Term Loan B.

In Stage 4 of the Transaction, the intention is to exchange this Secured Debt into new Notes, it being stipulated that the creditors in respect of the French Revolving Facility have a second option, which is to reschedule their claims over 10 years.

As stated above, all creditors with claims under the French Revolving Facility have opted for the "Exchange"⁶⁷. As a result, only creditors that fail to meet the requirements for the implementation of the Exchange will see their claims⁶⁸ rescheduled over 10 years.



3.4.1.1. French Revolving Facility

Each lender in this category will have the choice between two options⁶⁹:

- The "Exchange" of the balance of the debt outstanding under the French Revolving Facility for first lien secured bonds with a maturity of five years as of the Restructuring Effective Date and bullet repayment at maturity:
 - The amount converted is equal to the aggregate amount of the debt, excluding due and unpaid interest and fees that are payable in cash on the Restructuring Effective Date, and the amount effectively paid in respect of the "Initial Repayment"⁷⁰;

⁶⁷ The Securities Note on the Reserved Capital Increases states, "Pursuant to the approval of the safeguard plan by the lending bank committee, all lenders under the "Multicurrency Revolving Facility Agreement" have elected for Option 1."

⁶⁸ Claims that will not benefit from the Initial Repayment (§ 3.4.1.1).

⁶⁹ The detailed characteristics of these bonds are described in Schedule 1 of the Board's report to the General Meeting of Shareholders to be held on October 31, 2017.

⁷⁰ Partial paydown of the Secured Debt in cash, subject to certain conditions, up to a maximum amount of \$150m, on a *pari passu* basis and *pro rata* to the principal amount of the entire Secured Debt, excluding the portion of the French Revolving Facility subject to the 10-year repayment.

- Interest comprising (i) a floating LIBOR coupon⁷¹ plus a margin of 650 basis points per year in cash and (ii) rolled up interest (“PIK”) of between 0% and 2.50% per year; the final rate will be determined on the Restructuring Effective Date according to the amounts outstanding on that date.⁷²
- Failing that, rescheduling of the debt over ten years, starting as of the date of the safeguard plan judgment,⁷³ as follows:
 - 1% a year in years 1 and 2;
 - 5% a year in years 3 to 9;
 - 63% in year 10.

The applicable variable interest rate will be calculated on a variable basis EURIBOR / LIBOR⁷¹ plus a margin of 5.5% per annum⁷⁴.

Because of the option selected by lenders under the French Revolving Facility, only creditors that fail to meet the requirements will have repayment of their claims rescheduled.

3.4.1.2. US Revolving Facility and Term Loan B

For these two loans, the Chapter 11 plan provides for an “Exchange” on the terms identical to those open to lenders under the French Revolving Facility.

3.4.1.3. Summary and change in terms and conditions of the Secured Debt

The following comparison of the pre- and post-Transaction lending terms and conditions shows that the Transaction leads to less favorable financing terms and conditions, coupled with a reduction in the Group’s indebtedness.⁷⁵

Comparison of borrowing terms		
	Pre-Transaction - Post waivers (§ 4.6.1)	Post-Transaction
Secured Debt		
French Revolving Facility	Euribor/Libor + 5.5%	Exchange: Libor +6.5% + between 0% ad 2.5% PIK [max] Rescheduling: Euribor/Libor + 5.5%
US Revolving Facility	Floating rate + 4.5% or 5.5%	Libor +6.5% + between 0% ad 2.5% PIK [max]
Term Loan B	Libor + 5.5%	Libor +6.5% + between 0% ad 2.5% PIK [max]

We note that the pre-Transaction rate applicable to the US Revolving Facility depends on the characteristics of the requested drawdown. Depending on whether the variable rate is Adjusted LIBO rate or Alternate Base Rate⁷⁶, the rate is 4.5% or 5.5% respectively.

⁷¹ With a floor of 100 basis points.

⁷² The post-Transaction PIK interest will be between 0% and 2.5% depending on the amount of Secured Debt outstanding after the Initial Repayment.

⁷³ Principal and interest.

⁷⁴ Included an utilization fee.

⁷⁵ Table presents annual margins and the margin of 5.5% of French Revolver Facility includes an utilization fee.

⁷⁶ Alternate Base Rate shall mean, for any day, a rate per annum equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (iii) the Adjusted LIBO Rate for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%. The Alternate Base Rate cannot be below to 2%.

3.4.2. Impact of Stage 4 on the number of Shares and valuation of the Group

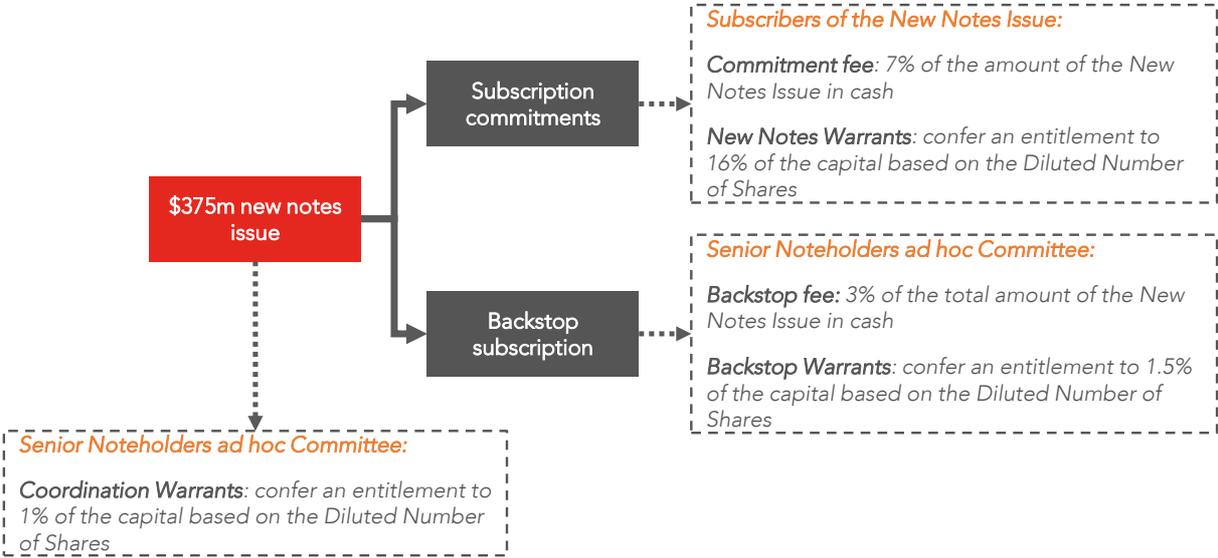
Stage 4 consists of an alteration to the terms and conditions of the Secured Debt, which has no impact either on the Group’s valuation or on the number of shares comprising the Company’s capital.

However, it should be noted that the interest payable (annual and PIK) is significantly higher under the Secured Debt “Exchange”.

3.5. Stage 5: Issue of unsubordinated, second lien new notes

3.5.1. Main characteristics of Stage 5

The diagram below illustrates the issue of new high-yield, unsubordinated, second lien notes in an amount of \$375 million (the New Notes Issue), governed by the laws of the State of New York.



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The key characteristics of the New Notes are as follows⁷⁷:

Key characteristics of the New Notes	
Subscribers	Senior Noteholders.
Issue amount	\$375 million or approximately €319 million ⁷⁸ including a tranche in euros not exceeding \$100 million. ⁷⁹
Maturity	6 years as of the Restructuring Effective Date.
Interest rate	USD tranche: LIBOR (with a 1% floor) + 4% per year cash + 8.5% PIK per year; EUR tranche: EURIBOR (with a 1% floor) + 4% per year cash + 8.5% PIK per year.

The 8.5% annual PIK interest increases the repayment at maturity by about 60% of the nominal amount.

The New Notes Issue will be combined, in accordance with the Private Placement Agreement dated June 26, 2017, with the allotment of three categories of warrants⁸⁰:

- The “**New Notes Warrants**”⁸¹ allotted to those subscribing the New Notes;
- The “**Backstop Warrants**”⁸¹ in payment of a fee for the New Notes backstop commitment, allotted to the Senior Noteholders *ad hoc* Committee;
- “**Coordination Warrants**”⁸¹ allotted to the members of the Senior Noteholders *ad hoc* Committee⁸² as payment for the global coordination role played by them with respect to the Transaction.

⁷⁷ Second lien collateral will also be given to the New Noteholders according to the information provided in the 21st resolution in the Board's report to the General Meeting of Shareholders to be held on October 31, 2017.

⁷⁸ Based on the \$/€ spot rate on September 29, 2017: 0.85168.

⁷⁹ Based on the Reuters USD/EUR rate applicable at 12h00 (Paris time) on the second business day preceding the last day of the Right Issue subscription period.

⁸⁰ Two are allotted to the Senior Noteholders *ad hoc* Committee

⁸¹ The detailed characteristics of these bonds are described in Schedule 5 of the Board's report to the General Meeting of Shareholders to be held on October 31, 2017.

⁸² In its composition as of June 14, 2017.

The characteristics of these three classes of Warrants are as follows:

Key characteristics of the three classes of Warrants	
Exercise period	6 months as of the Restructuring Effective Date.
Exercise price	€0.01 per new Share.
Ratio	<p>Right to a percentage of the total number of Shares comprising the Company's capital after dilution arising from the Rights Issue, CB Issue, Senior Notes Issue, exercise of the New Notes Warrants, Coordination Warrants and Backstop Warrants, but before exercise of the Shareholders Warrants and Rights Warrants (the "Diluted Number of Shares"): </p> <ul style="list-style-type: none"> - 16% for the New Notes Warrants; - 1% for the Coordination Warrants; - 1.5% for the Backstop Warrants.
Admission to regulated market	These Warrants will not be admitted to trading on a regulated market, but they will be freely tradable and cleared by Euroclear France. ⁸³

We used an iterative process to model the number of Shares arising on the exercise of New Notes Warrants, Coordination Warrants and Backstop Warrants in order to calculate the Diluted Number of Shares (§ 3.5.2).

The Company will also pay fees in cash for:

- The undertaking to subscribe the New Notes Issue ("**New Notes Commitment Fee**") in accordance with the Private Placement Agreement dated June 26, 2017, equal to 7% of the amount of the New Notes Issue;
- The New Notes Issue backstop provided by the Senior Noteholders *ad hoc* Committee (the "**New Notes Backstop Fee**") in the event that Senior Noteholders do not subscribe, in accordance with the aforementioned Private Placement Agreement, equal to 3% of the amount of the New Notes Issue.⁸⁴

⁸³ Euroclear France is a central clearing counterparty that provides clearing and settlement services for trades in French securities.

⁸⁴ Fees payable on closing.

3.5.2. Impact of Stage 5 on the number of Shares and valuation of the Group

After the fifth stage of the Transaction, the number of Shares comprising the Company's capital will be increased to a maximum of 705.7 million before any exercise of the Shareholders Warrants (Stage 1) or Rights Warrants (Stage 2).

In millions	% of Rights Issue subscriptions				Comments
	0%	% of capital	100%	% of capital	
<i>Number of Shares pre-Transaction</i>	22.1	3.2%	22.1	3.1%	As at June 30, 2017
<i>Treasury shares</i>	(0.0)	(0.0%)	(0.0)	(0.0%)	As at June 30, 2017
Shareholders	22.1	3.2%	22.1	3.1%	
Rights Issue	71.9	10.4%	71.9	10.2%	Stage 2
CB Issue	35.2	5.1%	35.2	5.0%	Stage 3
Senior Notes Issue	432.8	62.8%	445.9	63.2%	Stage 3
Exercise of New Notes Warrants	110.3	16.0%	112.9	16.0%	Stage 5
Exercise of Coordination Warrants	6.9	1.0%	7.1	1.0%	Stage 5
Exercise of Backstop Warrants	10.3	1.5%	10.6	1.5%	Stage 5
Diluted Number of Shares	689.7	100.0%	705.7	100.0%	

The number of Shares arising upon the exercise of the New Notes Warrants, Backstop Warrants and Coordination Warrants has been calculated using an iterative process, such that the percentage holdings of the Diluted Number of Shares corresponds to those described above (§ 3.5.1).⁸⁵

It should be noted that our figures are slightly different from those presented in the securities notes, since our analysis is based on the number of shares outstanding as of June 30, 2017, i.e. **excluding treasury shares**.

As regards the Group's valuation,⁸⁶ the only impact of these three classes of Warrants comes from the payment of the issue price upon their exercise:

En M et M€	% of Rights Issue subscriptions	
	0%	100%
New Notes Issue amount	319.4	319.4
New debt	(319.4)	(319.4)
<i>New Notes Issue impact on the valuation</i>	-	-
Number of Shares from the New Notes Warrants exercise	110.3	112.9
Number of Shares from the Coordination Warrants exercise	6.9	7.1
Number of Shares from the Backstop Warrants exercise	10.3	10.6
Total number of Shares from the Warrants exercise	127.6	130.6
Subscription price per new Share	€0.01	€0.01
<i>Warrants impact on the valuation</i>	1.3	1.3

Payment by the Company of approximately €32 million in New Notes Commitment and Backstop Fees will reduce the value of the Group.

⁸⁵ 16% for the New Notes Warrants, 1% for the Coordination Warrants and 1.5% for the Backstop Warrants.

⁸⁶ The cash received in respect of the New Notes Issue having an corresponding amount of debt.

3.6. Governance

Subject to voting by the General Meeting of the Company's shareholders on resolutions allowing the implementation of the Restructuring Plan, the structure and composition of the Company's Board of Directors after the Restructuring will be defined in consultation with DNCA and members of the Senior Noteholders *ad hoc* Committee, which will become and will remain shareholders of the Company.

The structure and composition of the Board will be determined in accordance with the provisions of the AFEP-MEDEF Code no later than three months after the Restructuring Effective Date.

4. CGG'S BUSINESS AND ENVIRONMENT

Prior to valuing CGG shares on a multi-criteria basis (§ 5), we analyzed the Group's strengths, weaknesses, opportunities and threats by reviewing available sector, market and financial information.

4.1. Seismic and geoscience market

Our sector review focuses on the seismic and geoscience market as a whole and then on the segments in which CGG operates.

4.1.1. Presentation and sector trends

The seismic and geoscience market in the broad sense has a large array of operators ranging from international groups with a comprehensive offering such as CGG, PGS, TGS and WesternGeco to local companies specializing in one of the Group's business segments.

Their clients are mainly companies operating in the following segments and services of the oil exploration & production industry:

- Geophysical data acquisition (land, marine or multi-physics);
- Seismic data processing;
- Consulting and support in identifying exploration targets;
- Manufacture of seismic equipment.

Since 2012, the seismic industry has experienced a 60% decline in activity,⁸⁷ due to a continuous deterioration in market conditions:

- Oil prices below \$60 per barrel since August 2015;
- Cuts in the Exploration & Production (E&P) budgets of the large oil and gas companies; the seismic market, which historically represented 2-3% of E&P expenditure, has now fallen to less than 1%.⁸⁸

Geophysics companies, which are positioned upstream in the oil services industry, have been directly affected by the fall in hydrocarbon prices.

⁸⁷ Source: [E&P Magazine - Seismic Industry In A World Of Pain – January 1, 2017](#).

⁸⁸ Source: [Wood Mackenzie – Global Upstream: 5 things to look for in 2017 - December 2016](#).

In a weakened market, visibility remains poor, but there are signs of a slight recovery expected as of 2018 driven by the following factors:

- Increase in oil prices, although remaining below pre-2015 levels;⁸⁹
- An upturn in E&P investment of about 3% as of 2017⁹⁰ and beyond, driven by the following factors:
 - Need to develop new oil and gas reserves due to a shortage of supply;
 - Improvement in recovering existing reserves;
- Attribution of new exploration licenses (Brazil, Mexico, Myanmar);
- Replacement of marine equipment with newer technology; the equipment on vessels delivered during the last major wave of deliveries in 2010-2013, which has a life of about 5-7 years, is beginning to show signs of obsolescence.

Against this backdrop, prices are not expected to decline further from their currently low level.

4.1.2. Contractual data acquisition

The seismic data acquisition business comprises several segments:

- Marine: marine seismic surveys are conducted through the deployment of submersible cables (streamers) and acoustic sources (airguns) from specialized vessels.
- Land: this segment is principally focused on seismic data acquired on land areas, using topographical and data acquisition equipment based on various acoustic sources such as vibrators, explosives or airguns;
- Multi-physics: this segment is principally focused on the acquisition and interpretation of airborne electromagnetic, magnetic, radiometric and gravimetric data on land or offshore using aircraft and helicopters.

Four international companies (CGG, PGS, Polarcus and WesternGeco) comprised 80% of the 3D marine market at the end of 2016.⁹¹ The land and multi-physics acquisition markets are more fragmented with the presence of both local and international players, including Argas, BGP, CGG, Fairfield, Geokinetics, Magseis, SAE, Seabed Geosolutions BV, Sinopec and WesternGeco.

⁸⁹ Over the period 2017-2019, oil price forecasts ranged from \$52.4 to \$53.1 (ICE Brent, Source Bloomberg), \$55.0 to \$61.5 (Crude oil average, Source World Bank) and \$55.0 to \$56.3 (Dated Brent, light blend 38 API, source IMF).

⁹⁰ Source: [Wood Mackenzie – Global Upstream: 5 things to look for in 2017 - December 2016](#).

⁹¹ Source: 2016 AR, p. 11.

The contraction in demand as of 2014 (3D volumes estimated at 375,000 km² in 2017 versus more than 500,000 km² in 2013⁹²) led to a fall in prices and a reduction in the global 3D vessel fleet to 30 (versus 62 in 2012-2013⁹³). Given current client demand levels (3D volumes estimated at 400,000 km² in 2018-2019⁹⁴), the market remains oversupplied, putting pressure on prices.

4.1.3. Geophysics and consulting⁹⁵

Geophysics operators provide a range of services such as selling and licensing multi-client seismic and geological surveys, selling the associated software, and providing geophysical consulting services. These services aim to assist clients in identifying their exploration targets.

Competition in this business is focused on location, availability of surveys and technology used. The main companies are large international groups (CGG, PGS, TGS and WesternGeco).

Demand in the Multi-Client market is improving but remains under pressure in a highly competitive environment with gloomy prospects for seismic data processing and imaging activities.

4.1.4. Seismic equipment

The geophysical equipment market involves the manufacture and sale of the equipment used in land and marine data acquisition.

Ongoing technological development makes this a competitive market in which Sercel, a CGG subsidiary, is the leader with a 50% share.⁹⁶ Competitors are Geospace Technologies, Inova, Ion Geophysical, Teledyne and WesternGeco.

Worldwide activity decreased by 45% in 2015 and 41% in 2016, due to weakness of demand for land and marine equipment, mainly related to the reduction of the global seismic fleet.⁹⁷

Currently, the sector is still suffering from the lack of investment by clients but CGG believes that aging equipment and a decrease in excess equipment could boost the manufacturing business from 2018.

⁹² Source: Fearnley Securities, April 25, 2017.

⁹³ Source: CGG.

⁹⁴ Source: Fearnley Securities, April 25, 2017.

⁹⁵ Geology, Geophysical and Reservoir.

⁹⁶ Source: 2016 AR, p. 17.

⁹⁷ Source: 2016 AR, p. 17.

4.2. CGG's positioning

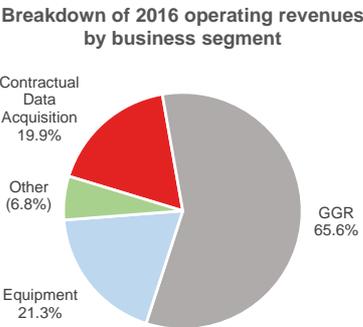
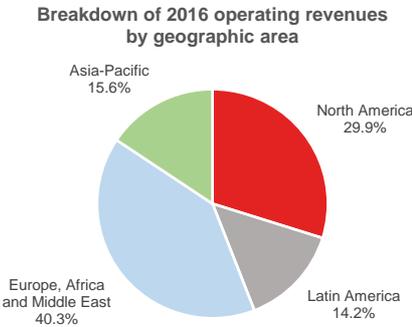
CGG is a leading player in the geoscience market, providing geophysical services and equipment mainly for the hydrocarbon exploration & production industry.

The Group has a high degree of vertical integration and a very broad offering in equipment and services.

It is organized into three operating segments:

- > **Contractual data acquisition:** land, marine and airborne seismic data acquisition services, with a fleet of five 3D vessels, two source vessels and sixteen aircraft;
- > **Geology, Geophysics & Reservoir (GGR),** which comprises two business lines:
 - **Multi-Clients (MC):** this purpose of this activity is to to acquire and process land and marine seismic data, which is licensed to clients;
 - **Subsurface Imaging and Reservoir (SIR):** this business line processes subsurface data to create high-definition images;
- > **Equipment:** through its subsidiary Sercel, the Group manufactures land and marine seismic equipment.

In 2016, most of CGG's business was international. GGR accounted for more than half of its business.



4.3. CGG's historical growth and development factors

The Group in its current structure, before the impact of the crisis, was built up gradually through successive acquisitions, supported by heavy investment in innovation and research & development (R&D):

- **1931:** creation of CGG SA; its initial business was the sale of geophysical techniques for assessing subsurface resources;
- **1956:** creation of subsidiary SMEG, which became Sercel in 1962, a company specializing in the manufacture of seismic data acquisition equipment;
- **1966:** creation of the Saudi joint venture Argas, 51% owned by TAQA and 49% by CGG;
- **1981:** initial public offering on the Paris stock exchange;
- **1997:** initial public offering on the New York Stock Exchange;
- **1999:** acquisition by Sercel of US company Syntron;
- **2004:** acquisition by Sercel of Thales Underwater Systems' seismic equipment business;
- **2005:** acquisition of Norwegian company Exploration Resources ASA;
- **2006:** acquisition by Sercel of Vibration Technology Ltd, a Scottish company specializing in the development, manufacture and sale of wireless seismic data acquisition systems, and creation of Ardiseis FZCO in Dubai, 51% owned by CGG and 49% by TAQA;
- **2007:** acquisition of Veritas, making CGG the global leader in the seismic industry;
- **2008:** acquisition of Norwegian company Wavefield Inseis ASA;
- **2008:** acquisition by Sercel of Metrolog, a French company specializing in downhole instruments, and Quest Geo, a UK company specializing in navigation software;
- **2012:** acquisition by Sercel of the assets of Geophysical Research Corporation, a supplier of downhole sensors and gauges for the oil and gas industry, and creation of the joint venture Seabed Geosolutions BV (SGBV), 60% owned by Fugro and 40% by CGG;
- **2013:** acquisition of Fugro's Geoscience division;
- **2014:** divestiture of land data business in North America (excluding multi-client and reservoir monitoring business) to Geokinetics, and merger of Argas and Ardiseis in a new Argas Group, 51% owned by TAQA and 49% by CGG.

4.4. Historical analysis of CGG's performance

The data presented below are taken from the consolidated financial statements for 2012 to 2016 and the first half of 2017.

The table below shows a five-year summary of CGG's revenues and profitability, measured in terms of EBITDAS⁹⁸ or EBIT⁹⁹, in both absolute terms and as a percentage of operating revenues.

\$m	2012	2013	2014	2015	2016	june-17
Operating Revenues	3 414	3 767	3 097	2 102	1 196	599
Change in %		10.3%	(17.8%)	(32.1%)	(43.1%)	N/A
EBITDAS	1 006	1 140	776	453	274	24
Change in %		13.3%	(31.9%)	(41.6%)	(39.6%)	N/A
EBITDAS margin (%)	29.5%	30.3%	25.0%	21.5%	22.9%	4.1%
EBIT	368	(394)	(779)	(1 136)	(405)	(195)
EBIT margin (%)	10.8%	(10.5%)	(25.2%)	(54.0%)	(33.9%)	(32.6%)

4.4.1. Operating revenues

The decline in operating revenues since 2014 is due to the difficult operating conditions caused by falling hydrocarbon prices, which has affected all of the Group's business lines.

As of June 30, 2017, operating revenues were split 25% in Acquisition, 63% in GGR, 14% in Equipment and 2% in intra-group eliminations.

This trend is due to:

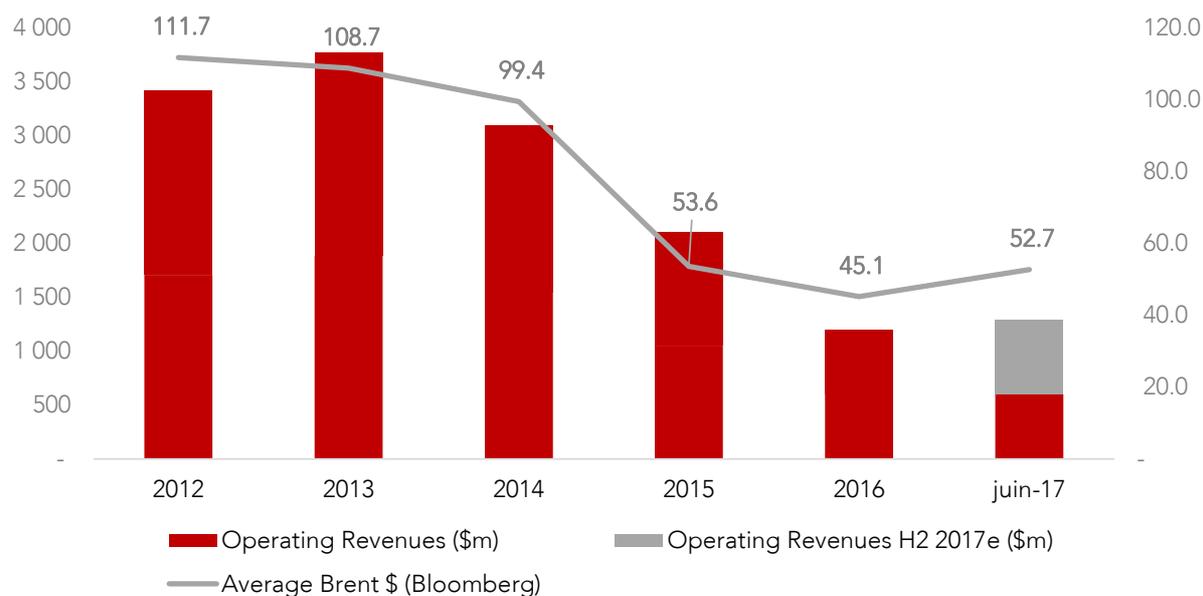
- A continuous fall in oil prices;
- Contraction in investment by exploration and production (E&P) companies;
- Falling prices and volumes in the seismic market;
- Downsizing of CGG's seismic fleet to five vessels (§ 4.2).¹⁰⁰

⁹⁸ EBITDAS is defined as earnings before interest, tax, net income of equity-accounted companies, depreciation, amortization net of amortization costs capitalized to multi-client surveys and share-based compensation cost. Share-based compensation cost includes stock options and shares issued under share allocation plans. EBITDAS is presented as additional information as it is one measure used by certain investors to determine operating cash flow and ability to meet debt service and capital expenditure requirements. Source: 2016 AR, p. 5.

⁹⁹ Earnings before interest and tax.

¹⁰⁰ Versus 21 in 2013. Source: 2013 AR, p. 9.

Translation for information purposes only



4.4.2. EBITDAS and EBIT

EBITDAS margin fell sharply over the review period, reaching 22.9% in 2016 (versus 29.5% in 2012). Faced with challenging market conditions, the Group embarked on a cost cutting plan in 2014 (the "Transformation Plan") including staff cuts, site closures and rationalization of the vessel fleet. EBITDAS margin adjusted for transformation costs ("Adjusted EBITDAS") was therefore 27.4% in 2016 (versus 29.6% in 2012).

\$m	2012	2013	2014	2015	2016	june-17
EBITDAS	1 006	1 140	776	453	274	24
EBITDAS margin (%)	29.5%	30.3%	25.0%	21.5%	22.9%	4.1%
Transformation costs	6	20	218	208	54	125
Adjusted EBITDAS	1 012	1 160	994	661	328	149
Adjusted EBITDAS margin (%)	29.6%	30.8%	32.1%	31.4%	27.4%	24.9%
EBIT	368	(394)	(779)	(1 136)	(405)	(195)
EBIT margin (%)	10.8%	(10.5%)	(25.2%)	(54.0%)	(33.9%)	(32.6%)

A combination of goodwill and asset impairment coupled with the recognition of restructuring costs related to the Transformation Plan led to negative margins from 2013 to 2016, a period when the Group incurred recurring transformation costs to respond to trends and challenges in the seismic market.

4.5. Balance sheet structure

The following table shows trends in the broad balance sheet structure over the past five fiscal years in terms of goodwill, intangible assets, property, plant & equipment, working capital and debt.

\$m	2012	2013	2014	2015	2016	june-17
Goodwill	2 416	2 483	2 042	1 229	1 223	1 230
Intangible assets	935	1 272	1 374	1 287	1 185	1 166
Property, plant & equipment	1 160	1 558	1 238	885	709	350
Financial assets	54	48	142	88	52	67
Investments in companies under equity method ...	125	326	138	201	191	213
Total non-current assets	4 688	5 686	4 933	3 689	3 359	3 025
Working capital	408	567	608	614	427	475
Net working capital	408	567	608	614	427	475
Assets held for sale, net	394	38	38	34	19	17
Other assets/liabilities	(47)	(42)	(31)	(20)	(21)	(18)
Other assets/liabilities	347	(4)	8	15	(3)	(1)
Deferred tax assets	171	223	98	52	26	22
Deferred tax liabilities	(106)	(149)	(154)	(136)	(68)	(72)
Net deferred tax	65	74	(56)	(84)	(42)	(50)
Provisions for retirement benefit obligation	(57)	(84)	(74)	(58)	(60)	(65)
Other provisions	(87)	(132)	(252)	(318)	(213)	(110)
Total provisions	(145)	(216)	(326)	(375)	(273)	(175)
Cash and cash equivalents	1 520	530	359	385	539	315
Financial instruments	2	1	(1)	(0.7)	-	-
Financial liabilities	(2 305)	(2 748)	(2 779)	(2 885)	(2 850)	(2 812)
Net debt	(783)	(2 217)	(2 421)	(2 500)	(2 312)	(2 497)
Non-controlling interests	(99)	(90)	(53)	(46)	(36)	(35)
Net assets attributable to owners of CGG	4 483	3 800	2 693	1 312	1 121	741

4.5.1. Goodwill

Following the reorganization of CGG into four reporting segments in the third quarter of 2015, the cash-generating units (CGU) were redefined.

Despite the deterioration in the Group's business, asset impairment tests performed at end-2016 did not lead to any additional goodwill impairment.

As of December 31, 2016, impairment tests¹⁰¹ were performed on the Group's goodwill and intangible assets to determine their recoverable amount.¹⁰²

The assumptions underlying these tests were:

- Long-term growth rate of 2.0% to 2.5% depending on business line;

¹⁰¹ Source: 2016 AR, Note 11, pp. 254-257.

¹⁰² In accordance with IAS 36 — Impairment of Assets.

- Post-tax discount rate unchanged from 2015, considered to reflect the weighted average cost of capital (WACC) for the relevant segment:
 - 10.0% for the Equipment segment, or 12.9% pre-tax;
 - 8.5% for the Marine Data Acquisition CGU, or 11.9% pre-tax;
 - 9.5% for the GGR segment CGUs, corresponding to a pre-tax rate of between 11.7% and 12.5%.

No impairment tests were performed as of June 30, 2017.

4.5.2. Intangible assets and property, plant & equipment

Intangible assets and property, plant & equipment account for almost 40% of total assets.

All costs related to Multi-Client surveys¹⁰³ are capitalized in intangible assets.¹⁰⁴ Multi-client surveys are measured at cost less accumulated amortization, or at fair value.

As of June 30, 2017, Marine and Land multi-client surveys amounted to \$833 million (more than 70% of total intangible assets).

Property, plant & equipment mainly comprises machinery & equipment and vehicles & vessels.¹⁰⁵

4.5.3. Working capital

Working capital is marginal compared with the main balance sheet categories.

4.5.4. Provisions

As of December 31, 2016, provisions totaled \$272.8 million, comprising:

- \$135.0 million in provisions for onerous contracts;
- \$59.5 million for retirement and other staff benefit obligations;
- \$37.0 million for restructuring costs related to the Transformation Plan;
- \$41.3 million for employee and client disputes.¹⁰⁶

As of June 30, 2017, provisions totaled \$174.5 million and were similar in nature to the provisions recognized as of December 31, 2016.

¹⁰³ Seismic surveys licensed to clients on a non-exclusive basis.

¹⁰⁴ Source: 2016 AR, Note 10, pp. 253-254.

¹⁰⁵ Source: 2016 AR, Note 9, pp. 252-253.

¹⁰⁶ Source: 2016 AR, Note 16, p. 276.

4.5.5. Deferred taxes¹⁰⁷

At end-2016, CGG had a pool of unrecognized tax-loss carryforwards of approximately \$1.5 billion, including \$1.3 billion in evergreen carryforwards; the balance of \$0.2 million expires in 2017.

The Group does not recognize net deferred tax assets on tax loss carryforwards of entities that have a history of recurring losses with little probability of recovery or where there is a dispute with the tax authority.

Net deferred tax assets (liabilities) recognized as of December 31, 2016 totaled \$(41.6) million, including \$(31.8) million for France, \$(22.4) million for the United States and \$13 million for Norway. The amount of recognized deferred tax assets on tax loss carryforwards was 116.7 million and deferred tax assets on staff benefit obligations, not immediately deductible, amounted to \$28.9 million.

As of June 30, 2017, net deferred tax assets (liabilities) totaled \$(50) million.

4.6. Description of the Group's debt

4.6.1. Breakdown of debt as of June 30, 2017

As of June 30, 2017, net debt recognized in the balance sheet amounted to \$2,497 million.

As of June 30, 2017 (\$m)	
Senior Notes	1 530
Convertible Bonds	368
Term Loan B	333
Credit lines	459
Debt subject to renegotiation	2 690
Bank and other borrowings	5
Lease agreements	58
Accrued interests	59
Gross debt	2 812
Cash	(315)
Net debt	2 497

As of June 30, 2017, gross debt totaled \$2.8 billion (\$ 2.3), mainly comprising:

- High yield bonds:
 - \$453 million of Senior Notes due 2020 issued in April 2014 with a coupon of 5.875%;
 - \$675 million of Senior Notes due 2021 issued in May 2011, January 2017 and March 2017 with a coupon of 6.50%;
 - \$417 million of Senior Notes due 2022 issued in May 2014 with a coupon of 6.875%;

¹⁰⁷ Source: 2016 AR, Note 24, pp. 288-292 and valuation of tax loss carryforward (§ 5.1.4).

- Convertible bonds totaling \$368 million:
 - \$37 million issued in 2012 with a coupon of 1.25%, due 2019;
 - \$331 million issued in 2015 with a coupon of 1.75%, due 2020;
- A \$333 million bullet loan due 2019 entered into by CGG Holding US in November 2015 under a Term Loan Credit Agreement ("**Term Loan B**"). The interest rate is Libor (with a 1% floor) plus 5.50%;
- Two revolving credit lines totaling \$459 million:
 - A \$325 million (revised downward to approximately \$300 million) Multicurrency Revolving Facility Agreement (the "**French Revolving Facility**") due 2018 entered into by the Company in July 2013¹⁰⁸, with an interest rate of Euribor or Libor plus, 5.50%.¹⁰⁹ The amount drawn down as of June 30, 2017 was \$299 million.
 - A \$165 million floating-rate Credit Agreement (the "**US Revolving Facility**"),¹¹⁰ due 2018. The amount drawn down as of June 30, 2017 was \$160 million.

In summary, the structure of the Group's debt subject to the Restructuring and their financial conditions were as follows as of June 30, 2017:

Characteristics of the debt subject to renegotiation						
Debt	Maturity date	Debt listed	Currency	Interest rate	Type of interest	
Senior Notes						
Senior Notes due 2020	2020	✓	€	5.875%	Cash	
Senior Notes due 2021	2021	✓	\$	6.50%	Cash	
Senior Notes due 2022	2022	✓	\$	6.875%	Cash	
CBs						
2019 CBs	2019	✓	€	1.25%	Cash	
2020 CBs	2020	✓	€	1.75%	Cash	
Term Loan B	2019	x	\$	Libor + 5.5%	Cash	
Credit lines						
French Revolving Facility	2018	x	\$	Euribor/Libor + 5,5%	Cash	
US Revolving Facility	2018	x	\$	Floating rate + 4.5% or 5.5%	Cash	

¹⁰⁸ The drawdown currency in € or \$.

¹⁰⁹ This premium follows the waivers letters of December 2016 and March 2017 and integrates the commission.

¹¹⁰ Higher of the prime rate as determined by Crédit Suisse AG, the Federal Fund Effective Rate plus 0.5 x 1% and the adjusted Libor rate, plus a margin of 5.50% depending on the drawdown currency (dollars or euros) following of the waivers letters of December 2016 and March 2017.

The interest due on the Senior Notes and convertible bonds that become due after May 15, 2017¹¹¹ has not been paid since the start of the Safeguard procedure on June 14, 2017.

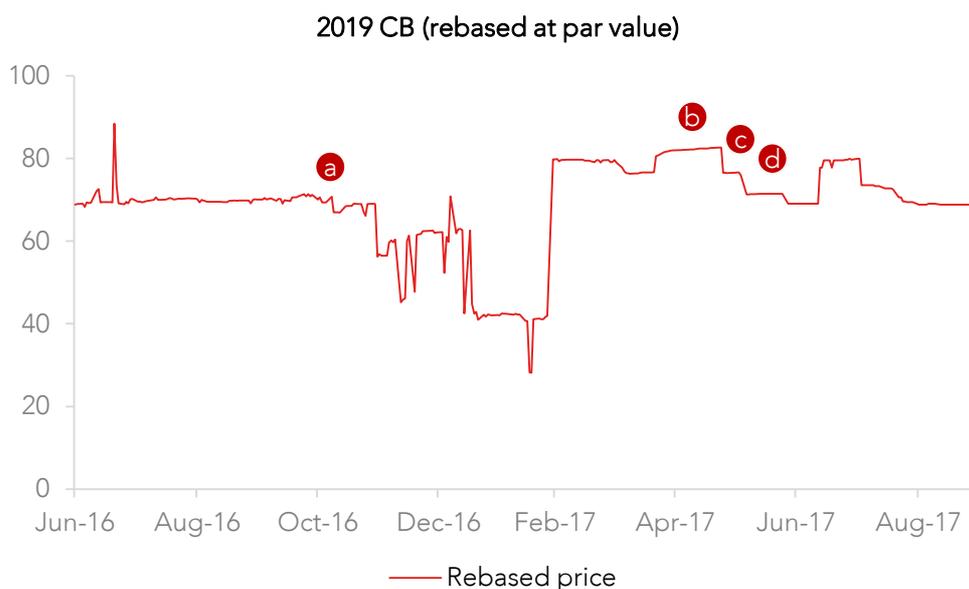
4.6.2. Review of the Group's Listed Debt

The convertible bonds¹¹² and the Senior Notes¹¹³ are listed in France and Luxembourg respectively. They are trading at a discount to their par value and their quoted price has been affected in particular by the publication of the following CGG press releases:

- (a) Results for the third quarter of 2016, November 8, 2016;
- (b) Restructuring update, May 12, 2017;
- (c) Signing of memorandum of understanding, June 2, 2017;
- (d) Opening of Safeguard procedure and Chapter 11 proceedings on June 14, 2017.

4.6.2.1. Convertible Bonds

For ease, the discount between the par value and quoted price of the CBs has been rebased below on the unit par value at the time of issue, i.e., €32.14 for the CBs 2019 and €12.86 for the CBs 2020.



¹¹¹ The contract provided a 30-day grace period to allow no maturity due before June 15, 2017.

¹¹² ISIN:
FR 0011357664 for the 2019 convertibles
FR 0012739548 for the 2020 convertibles

¹¹³ ISIN:
XS1061175607 and XS1061175862 for the 2020 Senior Notes
US204384AB76 and USF1704UAD66 for the 2021 Senior Notes
USF1704UAC83, US 12531TAA79 and US12531TAB52 for the 2022 Senior Notes

2020 CB (rebased at par value)



Trends in the quoted price of the CBs 2019 are presented above for indicative purposes. They should not be construed as relevant with regard to their par value, i.e., \$37 million (§ 4.6.1) due to the lower trading volumes since the exchange for CBs 2020 in 2015 (§ 2.2.2.2).

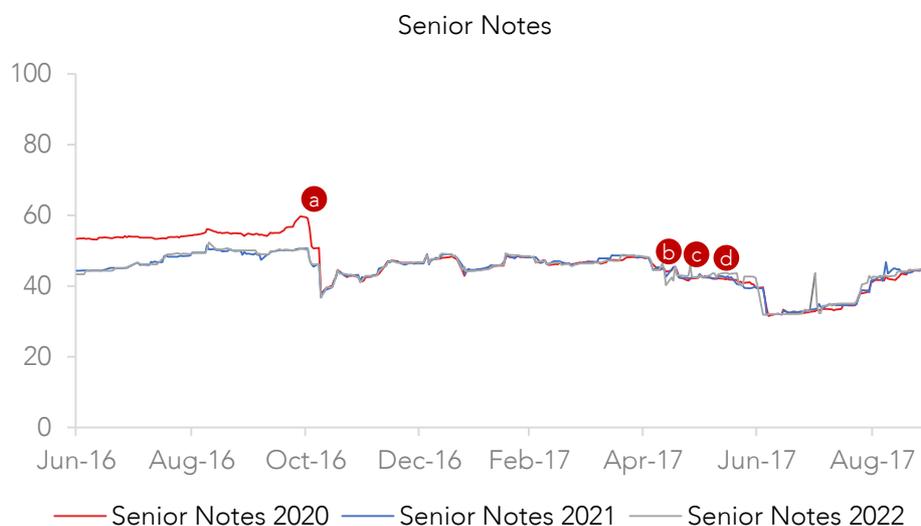
The discount¹¹⁴ to par value varies significantly depending on the reference date selected, in particular for the CBs 2020.

Spot discount of Convertible Bonds				
Issue	7-Nov-16	11-May-17	1-Jun-17	13-Jun-17
Convertible Bonds 2019	(29.3%)	(17.7%)	(23.4%)	(28.6%)
Convertible Bonds 2020	(58.5%)	(78.2%)	(86.3%)	(86.2%)

¹¹⁴ The discount is the difference between the price at which the bonds are trading on the stock market and their par value, expressed as a percentage of the par value.

4.6.2.2. Senior Notes

The Senior Notes have been trading at between 35% and 60% of their issue price since June 30, 2016.



A review of quoted prices also reveals significant discounts relative to the par value although they are not as sensitive to the reference date as the CBs 2020.

Spot discount of Senior Notes				
Issue	7-Nov-16	11-May-17	1-Jun-17	13-Jun-17
Senior Notes 2020	(49.2%)	(55.0%)	(57.6%)	(58.1%)
Senior Notes 2021	(52.0%)	(53.5%)	(56.0%)	(56.1%)
Senior Notes 2022	(53.9%)	(54.8%)	(57.4%)	(56.3%)

Moody's and Standard & Poor's (S&P) have downgraded their ratings for the Senior Notes since 2016:

- Moody's gave the notes a C rating on July 16, 2017 and stopped covering them on July 7, 2017;¹¹⁵
- S&P gave the notes a D rating on May 18, 2017.¹¹⁶

¹¹⁵ Potentially in default.

¹¹⁶ In default.

4.7. Summary

The following matrix shows our SWOTs analysis of the Group and shows the correlation with CGG's share price.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Comprehensive solutions offering thanks to vertical integration ▪ International operations through subsidiaries and R&D centers ▪ Ability to provide high-performance, innovative technology ▪ Leader in several segments, including Equipment with Sercel (>50% market share) ▪ Highly qualified staff (PhD level) 	<ul style="list-style-type: none"> ▪ Cyclical business upstream in the oil services industry and reliant on strategic decisions and E&P budgets of oil companies ▪ Business highly correlated with Brent prices ▪ Business subject to geopolitical risks ▪ Financial structure ▪ High debt levels
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Diversification (civil engineering, aeronautics, mining, etc.) ▪ External growth transactions ▪ Outsourcing of data processing ▪ Expanding economy in several countries such as Brazil and Mexico ▪ Implementation and results of industrial transformation plan with shift in business mix towards GGR 	<ul style="list-style-type: none"> ▪ Difficulties in turning the group around ▪ Highly sensitive to economic and geopolitical conditions ▪ Trends in oil prices ▪ Increasingly tough foreign competition, particularly in China, leading to strong pressure on prices ▪ Disruptive technology ▪ Insourcing of data processing

5. MULTI-CRITERIA VALUATION OF CGG SHARES

The various stages in our multi-criteria valuation of CGG shares are described below:

- Accounting and financial data used (§ 5.1);
- Valuation methods discarded (§ 5.2);
- Valuations presented by Lazard Frères & Co LLCs in connection with the Chapter 11 proceedings (§ 5.3);
- Approaches we considered relevant for valuing the shares (§ 5.4 to § 5.6).

All of our work was based on the assumption that the Group is a going concern in its current structure. Accordingly, we did not consider any external references valuing the Group on a liquidation basis.

We analyzed the 2017-2019 cash flow forecasts embedded in the Business Plan to confirm that, subject to the Transaction¹¹⁷ being completed, CGG will be able to continue in business as a going concern.

A valuation based on liquidation of the Group either as a whole or by business segment could lead to significantly different and probably lower values.

5.1. Accounting, financial and fiscal data

5.1.1. Accounting standards

CGG prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS), which are mandatory for listed companies.

The consolidated and statutory financial statements for the year ended December 31, 2016 were certified without qualification by the external auditors although they did include an emphasis of matter regarding the Group's ability to continue as a going concern issue by reference to the notes to the consolidated financial statements.¹¹⁸ The half-year financial statements as of June 30, 2017 were subject to a limited review by the external auditors,¹¹⁹ which states that "[...] the Group's liquidity as of June 30, 2017 does not allow to fully fund the Group's operations until at least June 30, 2018; [...] the ability of the Group to continue as a going concern then depends essentially on the effective and timely implementation of the proposed restructuring plan, [...]".

¹¹⁷ Without the Transaction, the Company would no longer be able to continue as a going concern as of the first half of 2018 (§ 5.1.1; source: 2017 HYFR, pp. 14-15).

¹¹⁸ Source: 2016 AR, pp. 306-307.

¹¹⁹ Source: 2017 HYFR, p. 4; pp. 14-15.

5.1.2. Number of Shares

The number of shares we used to calculate the value per CGG Share was 22,108,152, being the total number of Shares outstanding as described above (§ 2.2.1), i.e., 22,133,149, less the 24,997 treasury Shares held by CGG.

Diluted number of Shares as of June 30,	
Existing shares	22 133 149
Treasury shares	(24 997)
Diluted number of Shares	22 108 152

We did not include:

- Stock options that are out of the money, and
- Shares arising on conversion of the convertible bonds, which are out of the money and therefore recognized in debt.

5.1.3. Valuation date

CGG shares were valued on the basis of the half-year financial statements as of June 30, 2017.

The date we used for the reference Share price was May 11, 2017, the last quotation date before the Transaction was announced on May 12, 2017.

We also extended our analysis of share price trends out to September 29, 2017.

Financial inputs such as the discount rate used in the Business Plan drawn up by CGG's Management (§ 5.5.2) and peers market capitalizations (§ 5.6.1) were determined on the basis of data as of September 29, 2017.

5.1.4. Valuation of tax loss carryforwards

CGG has evergreen tax loss carryforwards, some of which have been recognized as deferred tax assets (§ 4.5.5). Our analysis, performed in consultation with the Group's Fiscal Department, shows that these tax loss carryforwards will not be used in full over the Business Plan period. We therefore estimated the theoretical value of the deferred tax assets based on the amount of the tax loss carryforwards expected to be used in the long-term and a going concern assumption.

Based on forecasts and the discount rate used for the valuation of CGG as a whole, the tax saving generated by the tax loss carryforwards, which amount to approximately \$1.3 billion (§ 4.5.5), can be valued at a maximum of \$95 million in 2048, assuming an annual utilization of the French tax loss carryforwards limited to 50% of taxable income.¹²⁰

The corresponding impact in \$ and € per Share would be \$4.3 or €3.7.¹²¹

¹²⁰ By transposition of the tax rules currently applicable in France, which allow a carryforward capped at €1 million per year, plus 50% of any taxable income above that amount (article 24 of the 2013 finance act).

¹²¹ Based on an average \$/€ exchange rate over the 3 months to September 29, 2017, i.e., 0.8514.

5.1.5. Net debt

The Group's net debt amounted to **\$2,497 million** as of June 30, 2017, mainly comprising bonds¹²² and other term loans from various banks (§ 4.6.1).

\$m	
Gross debt	2 812
Cash and cash equivalents	(315)
Net debt	2 497

5.1.5.1. Net debt used in intrinsic valuation

Adjusted consolidated debt used for our intrinsic valuation (§ 5.5) amounted to \$2,315 million, comprising accounting net debt adjusted for:

- IFRS adjustments (§ 2.3);
- Expected cash inflows and outflows, including cash outflows related to provisions,¹²³ excluding items of working capital;
- Non-controlling interests;
- Assets held for sale;
- Other financial assets, mainly comprising loans and advances and non-consolidated investments;
- Other non-current liabilities;
- Net present value of the tax saving arising from tax loss carryforwards (§ 5.1.4);
- Net carrying amount of equity interests held by CGG;

¹²² Senior Notes and CBs.

¹²³ Absent detailed figures as of June 30, 2017, we applied the same proportions arising from the December 31, 2016 figures to:

- deferred tax assets related to non-deductible provisions including provisions for retirement benefit obligations: \$28.9m (source: 2016 AR, Note 24, p. 291) and
- provisions for retirement benefit obligations: \$59.5m (source: 2016 AR, Note 16, p. 276).

Long-term provisions are deemed to be cashed out at the end of the Business Plan and are therefore discounted. Provisions for tax litigation are charged against available tax loss carryforwards.

\$m	
Gross debt	2 812
Cash and cash equivalents	(315)
Accounting net debt	2 497
IFRS adjustment	75
Provisions for retirement benefit obligation, net of deterred tax	33
Other provisions	73
Non-controlling interests	35
Assets held for sale, net	(17)
Other financial assets	(43)
Other non-current liabilities	18
Other DTA/DTL	(49)
Net present value of tax loss carryforwards	(95)
Equity-accounted investments	(213)
Net debt	2 315

5.1.5.2. *Net debt used in peers valuation*

Based on the information on comparable companies taken from our databases, for the purpose of our peers valuation (§ 5.6), we took the Group's accounting net debt less the present value of tax loss carryforwards, which by construction is broadly equivalent to the net debt of the comparable companies.

\$m	
Gross debt	2 812
Cash and cash equivalents	(315)
Net present value of tax loss carryforwards	(95)
Net debt	2 402

5.2. Valuation methods discarded

We discarded the discounted dividend (§ 5.2.1), adjusted net asset value (§ 5.2.2) and comparable transactions (§ 5.2.3) valuation methods.

5.2.1. Discounted dividends

We do not consider the discounted dividend model to be appropriate as CGG has not paid a dividend in recent years and does not expect to pay one throughout the 2017-2019 Business Plan period.

5.2.2. Adjusted Net Asset Value

The adjusted net asset method consists of adding any identified on- or off-balance sheet gains and losses to the company's stated net assets.

As the Group does not have any non-operating assets, in particular property, we did not use the adjusted net asset value approach, as the value of intangible assets can be determined by using an intrinsic valuation approach, such as the one described below (§ 5.5). As stated in the introduction, we worked on a going concern basis given the objectives of the Transaction.

5.2.3. Comparable transactions method

5.2.3.1. External transactions

We discarded the external comparable transactions method as there are no recent reference transactions involving targets comparable to the Group.

In addition, relevant reference inputs were not available due to the fragmented nature of publicly available information.

5.2.3.2. Internal transactions

CGG's external growth transactions have historically involved targets significantly smaller than itself and with specific business activities.

In addition, acquisitions were made up until 2014, in a period when business prospects had not yet been affected by falling oil prices.

5.2.3.3. Previous transactions

On January 13, 2016, CGG made a €350 million rights issue for cash to finance its Transformation Plan. The subscription price of the new Shares was €0.66 per Share (€0.40 par value and €0.26 share premium) on the basis of three new Shares for one existing Share.

Following the reverse stock split on July 20, 2016, whereby 32 old Shares of €0.40 were exchanged for one new Share of €12.80, the subscription price has been adjusted to €21.12¹²⁴ for comparability with current data.

The opening share price on July 20, 2016 was €22.08, i.e., the closing price on July 19 of €0.69 multiplied by 32, with a new number of Shares in issue of 22,133,149.¹²⁵

Since the 2016 rights issue, the Group has accumulated losses of \$891.4 million¹²⁶ and used all the cash raised from the issue.

¹²⁴ €0.66 * 32 = €21.12.

¹²⁵ The old number of shares - 708,260,768 - divided by 32.

¹²⁶ Consolidated net income as of December 31, 2016 (\$576.6 million) + Consolidated net income as of June 30, 2017 (\$314.8 million).

5.3. Valuation as a going concern issue of CGG in the context of Chapter 11

In the context of the Restructuring Plan associated with CGG's Chapter 11 proceedings¹²⁷ Lazard Frères & Co LLCs estimated the central enterprise value to be **\$1,900 million** with a range of **\$1.8 billion to \$2 billion**, on a going concern basis and based on Management's financial forecasts.

5.4. Share price valuation

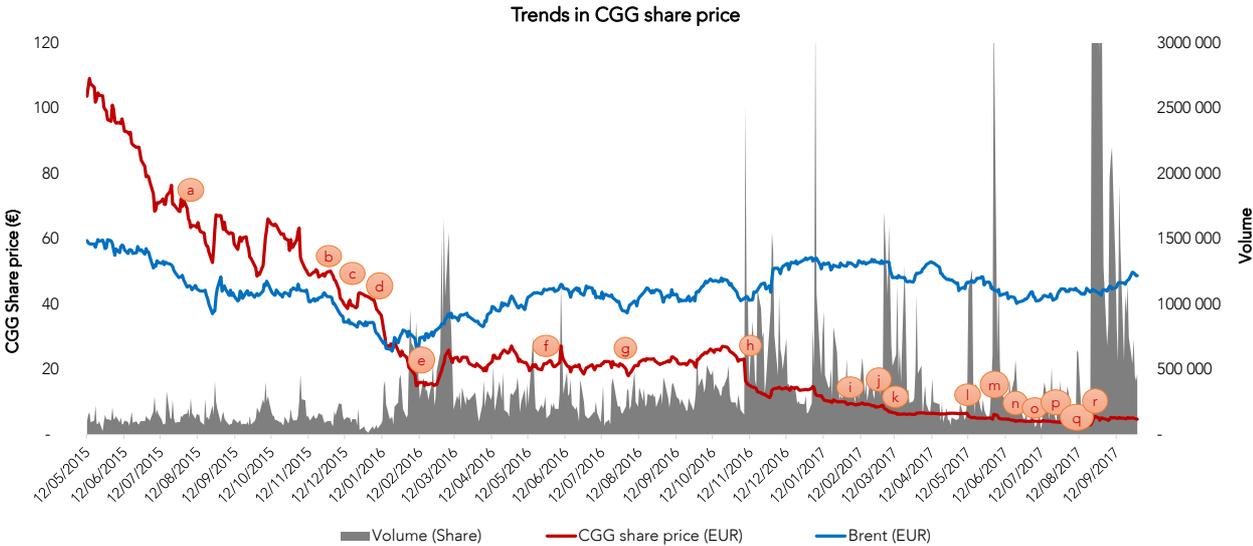
Our share price analysis is addressed below from both a historical and a target price perspective.

In addition, for information, we also valued CGG shares based on the value implied by the equity and bond markets.

5.4.1. Historical Share price analysis

Floated in France in 1981 and in the United States in 1997, CGG Shares are listed on Euronext Paris and on the New York Stock Exchange in the form of American Depositary Shares.

The table below shows trends in CGG share price compared with Brent prices over the last two years.



¹²⁷ Source: "Disclosure Statement for joint Chapter 11 Plan of reorganization of CGG holdings (US) and certain affiliates"- Exhibit D-4.

Key events during the period included:

	Date	Comments
a	31-Jul-15	Announcement of 2015 half-year results : CGG Q2 revenue at \$473m, down (17)% q-o-q in challenging market conditions
b	19-Nov-15	Launch of an Exchange Offering on the CBs
c	7-Dec-15	Implementation of a transformation plan: proposed €350m rights issue
d	18-Dec-15	Final results of exchange offering: \$126.7m or 93.8% of the bonds due 2017 were tendered
e	3-Feb-16	Success of CGG's €350m rights issue as part of its transformation plan, resulting in the issuance of 531,195,576 new shares
f	3-Jun-16	Launch of reverse stock split
g	28-Jul-16	Announcement of 2016 half-year results: market conditions remain challenging with second-quarter results driven by sustained GGR performance and positive cash generation
h	8-Nov-16	Announcement of third quarter 2016 results: persistently difficult market conditions; strict focus on costs, cash and liquidity management
i	6-Feb-17	CGG solicits consents from Senior Noteholders and Term Loan B creditors to permit the appointment of a " <i>mandataire ad hoc</i> "
j	23-Feb-17	Announcement of consent to Supplemental Indentures for the 2020, 2021 and 2022 notes permitting CGG to request the appointment of an " <i>mandataire ad hoc</i> " and of intention to discharge the indenture in respect of the 2017 notes
k	3-Mar-17	Announcement of 2016 results: weak volumes in difficult market conditions; financial restructuring process engaged
l	12-May-17	<u>Restructuring update:</u> Appointment of a " <i>mandataire ad hoc</i> " on February 27, 2017 Financial covenants suspended at end-March Presentation of Business Plan & specific Financial Restructuring proposal
m	2-Jun-17	Announcement of agreement in principle on financial restructuring plan with main creditors and DNCA
n	14-Jun-17	CGG announces the start of a legal process to implement the balance sheet restructuring and create a sustainable capital structure
o	26-June-17	Opening of placement period for New Bonds following signature of Private Placement Agreement
p	17-Jul-17	Announcement of Lock-up Agreement dated June 13, 2017 and opening of safeguard procedures in France and the US
q	28-Jul-17	Approval of draft safeguard plan by creditors' committees in France Publication of 2017 half-year results
r	22-Aug-17	Rumors of takeover by Chinese group Sinopec and movements in hedge fund investments

The main trends in CGG's share price over the review period are as follows:

- > A fall in price from June 2015 to February 2016, positively correlated with oil prices, with a low of €15.0 on February 16, 2016;
- > From March to November 2016, the share price stabilized following the €350 million rights issue in February 2016;
- > A continued fall in share price since the publication of third quarter results in November 2016, escalating since the announcement of the planned financial restructuring.

Our analysis shows that CGG's share price is correlated with Brent prices, earnings announcements and announcements related to financial restructurings.

The table below summarizes volume weighted average prices as of May 11, 2017.

Reference date	11-May-17
Spot	€6.5
20-day weighted average (1 month)	€6.5
40-day weighted average (2 month)	€6.4
60-day weighted average (3 month)	€7.1
120-day weighted average (6 month)	€10.0
250-day weighted average (12m)	€14.8
+ 250-day high	€27.2
+ 250-day low	€6.2

During the 250 days prior to May 11, 2017, the Share traded in a range of €6.2¹²⁸ to €27.0;¹²⁹ the spot price on May 11, 2017 was €6.5.

As of September 29, 2017, volume average weighted prices were as follows:

Reference date	29-Sep-17
Spot	€4.7
20-day weighted average (1 month)	€5.0
40-day weighted average (2 month)	€4.9
60-day weighted average (3 month)	€4.8
120-day weighted average (6 month)	€4.9
250-day weighted average (12m)	€8.1
+ 250-day high	€27.0
+ 250-day low	€2.9

¹²⁸ March 14 and 27, 2017.

¹²⁹ October 20, 2016.

In the week of August 21, 2017, volumes traded were significant, leading to sharp swings in share price following rumors of a takeover and movements in hedge fund investments.

5.4.2. Price targets

The CGG share is covered by various brokers. We analyzed their latest recommendations during the past five months.¹³⁰

Broker	Date	Recommandation	Price target
Alpha Value	28/09/17	Sell	€2.44
DNB Markets	23/08/17	Sell	€1.75
Crédit Suisse	09/08/17	Underperform	€2.40
Barclays Capital	07/08/17	Underweight	€3.50
Goldman Sachs	31/07/17	Sell/Neutral	€2.20
SpareBank	31/07/17	Sell	€3.00
Natixis	31/07/17	Reduce	€2.30
Oddo BHF	28/07/17	Reduce	N/A
Portzamparc	28/07/17	Hold	€4.30
Société Générale	03/07/17	Hold	€5.53
CM - CIC	23/06/16	Sell	€3.80
Pareto	16/06/17	Sell	€3.70
Nordea	17/05/17	Sell	€1.00
Average			€2.99
Median			€2.70

We excluded the following brokers:

- UBS, which stopped covering the share on May 19, 2017; and
- Morgan Stanley, which did not issue a recommendation given its role as CGG's adviser on the Transaction.

5.4.3. Market valuation

We also valued the Group by reference to the market value of the Shares and listed debt (CBs and Senior Notes) as of November 7, 2016¹³¹ and May 11, 2017 based on the following factors:

- CGG's average market capitalization over 1 month;
- Market value of debt instruments (spot data);
- Other debt and cash items.

This approach is shown only for indicative purposes as it is based on methodological estimates.

¹³⁰ Position as of September 29, 2017.

¹³¹ Announcement of Q3 2016 results suggesting a possible debt restructuring.

\$m	05/11/2017 (**)	11/07/2016 (**)
Market capitalization (1 month)	154	614
Convertible Bonds (***)	108	169
<i>Convertible Bonds 2019</i>	31,0	26,0
<i>Convertible Bonds 2020</i>	77,0	143,0
Senior Notes	705	708
<i>Senior Notes 2020</i>	213	234
<i>Senior Notes 2021</i>	303	280
<i>Senior Notes 2022</i>	190	193
Other financial liabilities (*) and (**)	914	1 087
Cash and cash equivalents (*) and (**)	(315)	(539)
Enterprise value	1 567	2 040

* Accounting data at 12/31/2016

** Accounting data at 06/30/2017

*** Spot /\$ rate at 11/07/2016 and 05/11/2017

The enterprise values obtained from this approach are in a range of \$1,567 million and \$2,040 million. We have taken the lower bound of **\$1,567 million** by reference to the most recent date of May 11, 2017, corresponding to the day before the Transaction announcement.

5.5. Intrinsic valuation using the Discounted Cash flow (DCF) method

The intrinsic value of the Group and CGG shares was calculated as of July 1, 2017 by discounting future cash flows after that date taken from the 2017-2019 Business Plan drawn up by Management.

5.5.1. Summary of the DCF method

The DCF method is used to estimate of the economic value of a company based on future free operating cash flows¹³² discounted at a rate equal to the rate of return required by investors.

The residual value, calculated at the end of an explicit forecast period, is an estimate of long-term sustainable free cash flows and is thus based on a going concern assumption and an estimated long-term growth rate.

The market value of equity is equal to the enterprise value of business operations plus the value of any non-operating assets, less net debt.

¹³² EBIT after tax, adjusted for non-cash expenses (amortization and depreciation) less the change in working capital and capital expenditure (capex).

5.5.2. Discount rate

The discount rate is based on the cost of capital (CoC) and is determined using the unlevered beta of the company's economic assets.

To factor in the broad range of CGG's business operations, we used different discount rates for each business segment (Acquisition, MC, SIR and Equipment) and an overall discount rate was also determined for the Group as a whole.

Our samples of comparable companies used to assess the beta of economic assets were as follows:

- Acquisition: Dawson Geophysical, Electromagnetic Geoservices, Petroleum Geo-Services and Polarcus;
- Multi-Client: Dawson Geophysical, Electromagnetic Geoservices, Petroleum Geo-Services, Pulse Seismic, Spectrum and TGS Nopec Geophysical;
- SIR: Dawson Geophysical, Petroleum Geo-Services, Polarcus, Spectrum and TGS Nopec Geophysical;
- Equipment: Aker Solutions, Dril-Quip, Geospace Technologies, National Oilwell Varco and Teledyne Technologies ;
- Group: Petroleum Geo-Services, Polarcus and TGS Nopec Geophysical.

The discount rate was calculated on the basis of the following inputs:

- A median unlevered beta¹³³ determined from a sample of comparable listed companies in each of the business segments and, more broadly, in the seismic industry. We note that several companies in the sector have a coefficient of determination r^2 close to 0; they were automatically discarded;
- A risk-free rate of **0.76%** equating to the 12-month historical average of 10-year *Obligations Assimilables du Trésor* (10-year OAT);¹³⁴
- A French market risk premium estimated at **7.44%**;¹³⁵

¹³³ 5-year beta (source: Bloomberg).

¹³⁴ Source: Bank of France.

¹³⁵ Based on an expected French market return estimated at 8.2% (source: Ledouble, August 2017), which, after deduction of the 0.76% risk-free rate, implies a risk premium of 7.44%.

- A specific premium to take into account risk factors inherent in the Group's business model, as set out in the Business Plan, associated with an industrial transformation implying a shift in the business mix towards GGR, concurrently with :
 - an improvement in all business segments, and mainly strong growth in Multi-Client and Acquisition;
 - an upturn in profitability with above historical EBITDA margins;
 - capex down relative to business volumes but in line with historical averages in 2012-2014.¹³⁶

We thus assessed the risk level with regard to the Group's ability to implement its industrial transformation implying a shift in the business mix towards GGR. In our view, this adjustment in discount rate justifies a risk premium of up to 2.5%¹³⁷ to factor in the execution risk involved in an aggressive Business Plan that simultaneously and cumulatively assumes a recovery in business in both volume and profitability, with above historical average margins at the end of the plan period.

On that basis:

- The discount rates by business segment were between **11.3%** and **12.2%**:

Data Acquisition		Multi-Client	
Risk-free rate	0.76%	Risk-free rate	0.76%
Median unlevered beta	1.08	Median unlevered beta	1.18
Market return	8.20%	Market return	8.20%
Risk premium	7.44%	Risk premium	7.44%
Specific risk premium	2.50%	Specific risk premium	2.50%
Cost of capital	11.3%	Cost of capital	12.0%

SIR		Equipment	
Risk-free rate	0.76%	Risk-free rate	0.76%
Median unlevered beta	1.18	Median unlevered beta	1.21
Market return	8.20%	Market return	8.20%
Risk premium	7.44%	Risk premium	7.44%
Specific risk premium	2.50%	Specific risk premium	2.50%
Cost of capital	12.0%	Cost of capital	12.2%

¹³⁶ Average capex equal to 21.8% of operating revenues.

¹³⁷ We positioned the premium for Business Plan execution risk at between 1.5% and 2.5% in our analysis of sensitivity to the inputs underlying the intrinsic valuation of CGG shares (§ 5.5.5).

- The Group and Corporate segment discount rate was estimated at 12.0%.¹³⁸

Corporate and Group	
Risk-free rate	0.76%
Median unlevered beta	1.18
Market return	8.20%
Risk premium	7.44%
Specific risk premium	2.50%
Cost of capital	12.0%

5.5.3. Perpetual growth rate

The terminal value was determined on the basis of a perpetual growth rate of 1.8% after the Business Plan period (§ 5.5.4) in line with long-term inflation forecasts.¹³⁹

5.5.4. Business plan

Management's Business Plan, as presented to the Board,¹⁴⁰ was initially drawn up in October 2016 and then updated quarterly, the last revision of the forecasts being after the 2017 half-year results. It covers the explicit period from 2017 to 2019 ("Explicit Period") and is split into operating segments — Acquisition, MC, SIR and Equipment — and Corporate. The last presentation of the Business Plan, dated [May 12, 2017](#), is provided in the Company's press release issued on the same date ("Restructuring Update").

The Business Plan was also used for IFRS impairment testing as of December 31, 2016.

Given our valuation approach, detailed by business segment and then for the Group as a whole, we took the forecasts for each business segment, adjusted for intra-group eliminations.

Based on the financial targets set out by the Company, the main assumptions underlying the Business Plan out to 2019 are summarized below:

- Operating revenues of almost \$2 billion;
- EBITDA margin of almost 42.5% (versus a target of between 37.5% and 42.5%);
- Capex at the top end of the target range of \$485 million (\$325 million in multi-client and \$160 million of industrial and R&D capex¹⁴¹).

¹³⁸ Comparable to the Corporate segment rate.

¹³⁹ Source: World Economic Outlook, July 2017, IMF. [Online]

<http://www.imf.org/en/Publications/WEO/Issues/2017/07/07/world-economic-outlook-update-july-2017>

¹⁴⁰ January 30, 2017.

¹⁴¹ Management's targets are in a range of \$275-325 million in multi-client capex, \$100-125 million in industrial capex and \$35 million in R&D capex.

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Apart from their own specific features, the forecasts for each of the business segments are also based on common macroeconomic assumptions:

- Oil prices within a range of \$50 to \$65 BBL in 2018 and 2019;
- Upturn in E&P spending by the oil groups at end-2018.

5.5.4.1. Acquisition

The Acquisition Business Plan is based on the following assumptions:

- Operating revenue growth over the Explicit Period driven by:
 - a rise in market prices, which are currently at a record low,
 - an international strategy based on reinforcing the Group's position in certain geographic areas (Asia, Middle East) and opening up in new countries (Brazil), and
 - diversifying the offering to non-traditional clients (civil engineering, aeronautics, gas storage);
- Continued cuts in fleet costs, by stabilizing the marine fleet at five vessels and rationalizing the aircraft fleet (seven aircraft in 2018 versus 16 in 2016);
- Renewed capex, particularly in the Marine segment, of about \$40 million in 2018 and 2019 (versus \$16 million in 2017).

5.5.4.2. Multi-Client

The Multi-client Business Plan is based on the following assumptions:

- Operating revenue growth over the Explicit Period driven by an upturn in after-sales business on the back of rising oil prices, particularly in the Gulf of Mexico (StagSeis), and the attribution of new operating licenses (Brazil, Mexico);
- Improved profitability driven by operating revenue growth coupled with a fixed cost structure;
- Growth in capex driven by a higher vessel month and expansion into new geographic areas (United States).

5.5.4.3. SIR

The SIR Business Plan is based on the following assumptions:

- Operating revenue growth driven by:
 - a recovery in exploration programs in new areas driven by the expected rise in oil prices,
 - development of new technologies, and
 - ability to take on projects with a broad client base (offshore and onshore);
- Recovery postponed due to the lag between physical data acquisition and their processing, in a context of continued strong pressure on market prices;
- Capex focusing on the development of new GeoSoftware (Jason, Geovation).

5.5.4.4. Equipment

The Equipment Business Plan is based on the following assumptions:

- Strong growth in operating revenues over the Explicit Period, driven by:
 - an upturn in the market (recovery in MegaCrew business in the Middle East) coupled with the need to replace aging equipment, both marine and land (average lifecycle of seven years), and
 - Sercel's ability to provide innovative technology (508 XT) tailored to client needs (streamers, multi-sensors);
- Improved profitability with volume growth enabling better fixed cost coverage;
- Replacement capex of about €25 million a year.

In summary, we consider that the operating assumptions underlying the forecasts for all business segments as presented by Management and the execution risks related to the current market position make these forecasts look relatively aggressive.

The terminal value at the end of the Explicit Period is derived by:

- Capitalizing operating cash flow after tax considered to be recurring after a sustained growth period at the discount rate less the perpetual growth rate, and
- Discounting the terminal value thus obtained.

Given the current situation, assessing the terminal value is particularly tricky and we therefore reviewed various assumptions.

5.5.5. Preferred approaches and sensitivity analysis

- As a first step, we took a normative year in keeping with the Business Plan, with 1.8% growth and stable margins.¹⁴²

On that basis, we valued the business segments comprising the Group (Acquisition, MC, SIR, Equipment and Corporate) on a sum of the parts (SOP) basis; the valuations of each segment were aggregated to determine an enterprise value for the Group as a whole.

Our approach was based on consolidated data.

The table below shows an analysis of the sensitivity of enterprise value to cross changes in the discount rates and perpetual growth rates used to calculate the terminal value. However, we took a maximum execution risk premium of 2.5% in the discount rate calculations.

- ✓ Sensitivity of Enterprise Value on an Overall Group Basis

\$m	Business plan execution risk			
		+1.5 pp	+2 pp	+2.5 pp
Perpetual growth rate	-0.50 pp	2 063	1 948	1 844
	-0.25 pp	2 120	1 999	1 890
	0 pp	2 179	2 052	1 937
	+0.25 pp	2 241	2 107	1 987
	+0.50 pp	2 307	2 166	2 040

- ✓ Sensitivity of Enterprise Value on a SOP Basis

\$m	Business plan execution risk			
		+1.5 pp	+2 pp	+2.5 pp
Perpetual growth rate	-0.50 pp	2 199	2 074	1 961
	-0.25 pp	2 267	2 135	2 016
	0 pp	2 338	2 199	2 074
	+0.25 pp	2 413	2 267	2 135
	+0.50 pp	2 493	2 338	2 199

Taking a maximum business plan execution risk of 2.5% in the discount rate calculation, the enterprise value is at the bottom bound of the above range of **\$1,937 million to \$2,074 million**.

The enterprise value underlying this intrinsic valuation gives an EBITDA multiple in line with those of our peer group panel in 2019,¹⁴³ i.e., **\$2,176 million**.

¹⁴² EBITDA/Sales.

¹⁴³ 2019 EV/EBITDA multiple: 3.0x.

- **As a second step**, we analyzed the Group's EBITDA targets.¹⁴⁴

Our approach was based on the Group's forecasts, all business segments combined; given the sensitivity of the DCF valuation model to the EBITDA margin assumptions in a normative year, the specific execution risk premium referred to above was eliminated from the discount rate calculation, which was reduced to 9.5%¹⁴⁵ to avoid overweighting the risk of failing to achieve Management's targets.

The table below shows an analysis of the sensitivity of enterprise value to the central discount rate of 9.5% and to changes in the EBITDA margin in a normative year.

\$m		Discount rate				
		8.5%	9.0%	9.5%	10.0%	10.5%
EBITDA margin	37.5%	2 256	2 089	1 960	1 814	1 700
	38.5%	2 430	2 249	2 110	1 952	1 829
	39.5%	2 604	2 409	2 259	2 090	1 958
	40.0%	2 691	2 489	2 334	2 159	2 022

An EBITDA margin of 37.5% at the end of the Explicit Period (§ 5.5.4) gives an enterprise value of **\$1,960 million**, equivalent to a Business Plan execution risk of about 2.5 percentage points, i.e., a discount rate of 12.0%.

An EBITDA margin of 40% at the end of the Explicit Period (average of 37.5% and 42.5% (§ 5.4.4), gives an enterprise value of **\$2,334 million**, equivalent to a Business Plan execution risk of about 1 percentage point, i.e., a discount rate of 10.5%.

5.5.6. Factoring in delayed execution of the business plan

Given the strong sensitivity of the Group's operating revenues and EBITDA to oil prices and E&P spending of the major oil and gas companies, we drew up an alternative business plan.

The alternative scenario is based on the assumption that the Group will have difficulties in executing its Business Plan due to a delayed recovery in the seismic market resulting from lower than expected oil price increases, preventing the Group from achieving its projected EBITDA margin at the end of the Explicit Period.

We took this approach on a Group scale, all business segments combined. No specific risk premium was included in the discount rate, which was therefore 9.5%,¹⁴⁶ as the Business Plan execution risk is already included in the underlying assumptions.

¹⁴⁴ 2019e EBITDA margin between 37.5% and 42.5%.

¹⁴⁵ Discount rate with specific risk premium: 12.0% - specific premium: 2.5% (§ 5.5.2).

¹⁴⁶ Discount rate with specific risk premium: 12.0% - specific premium: 2.5% (§ 5.5.2).

Assuming a two-year delay in achieving the Business Plan coupled with an EBITDA margin of 37.5% at the end of the Explicit Period (2021), which is Management's minimum margin forecast, our analysis of the sensitivity of the enterprise value to the discount rate and perpetual growth rate, as shown below, gives a central value of **\$1,482 million** in a range of **\$1,361 million to \$1,621 million**.

\$m		Discount rate		
		9.0%	9.5%	10.0%
Perpetual growth rate	1.30%	1 490	1 368	1 261
	1.55%	1 553	1 423	1 309
	1.80%	1 621	1 482	1 361
	2.05%	1 694	1 545	1 416
	2.30%	1 772	1 613	1 475

5.6. Peers valuation method

We performed two valuations based on trading comparable:

- EV/EBITDA multiples drawn from a sample of comparable companies;
- Multiples drawn from a regression analysis (EV/Sales) performed on a sample of companies in the seismic industry, excluding Equipment.

We did not use the SOP method due to:

- A lack of strictly comparable companies, particularly in Equipment, and forecasts drawn from the brokers consensus;
- Corporate costs and margins on intra-group sales split in the Business Plan between the business segments, making it difficult to draw a direct comparison of forecast earnings by business segment with listed groups.

5.6.1. Peer sample

To our knowledge, there are no listed companies that are identical to CGG in terms of business activity, size, EBITDA margin, areas of operation and asset split.

However, we selected a sample of listed companies operating in the same four business segments as CGG based on business activity, margins and growth outlook.

The companies in the sample we used for EBITDA multiples (§ 5.6.2) are described in **Schedule 9** and **Schedule 10**.

1-month market capitalization at September 29, 2017 (€m)

CGG	France	109
PETROLEUM GEO-SERVICES	Norway	610
POLARCUS LTD	United Arab Emirates	19
SPECTRUM ASA	Norway	208
TGS NOPEC GEOPHYSICAL CO ASA	Norway	1 959

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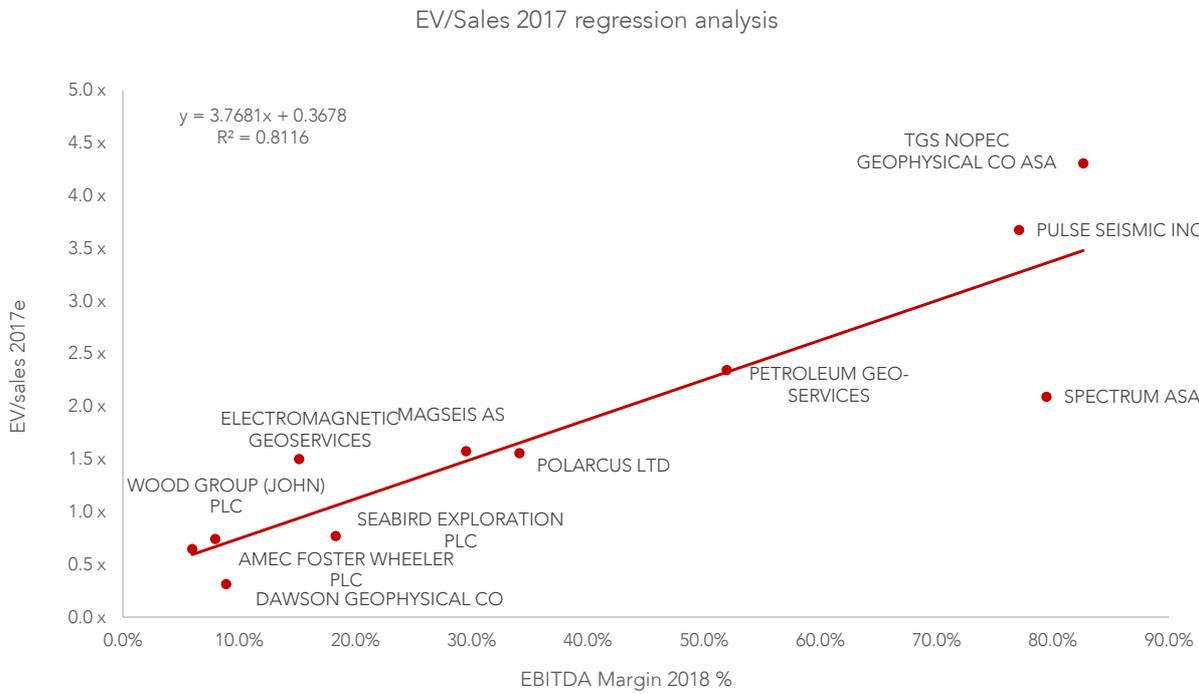
For the purposes of our regression analysis, we extended our sample to groups in the seismic industry in the broad sense, excluding:

- > Companies for which no broker consensus is available for operating revenue and forecast EBITDA margins;
- > Loss-making companies, whose margins by definition do not permit the calculation of relevant enterprise value multiples.

We began by looking at the correlation between the multiples observed for our sample companies and their growth prospects.¹⁴⁷

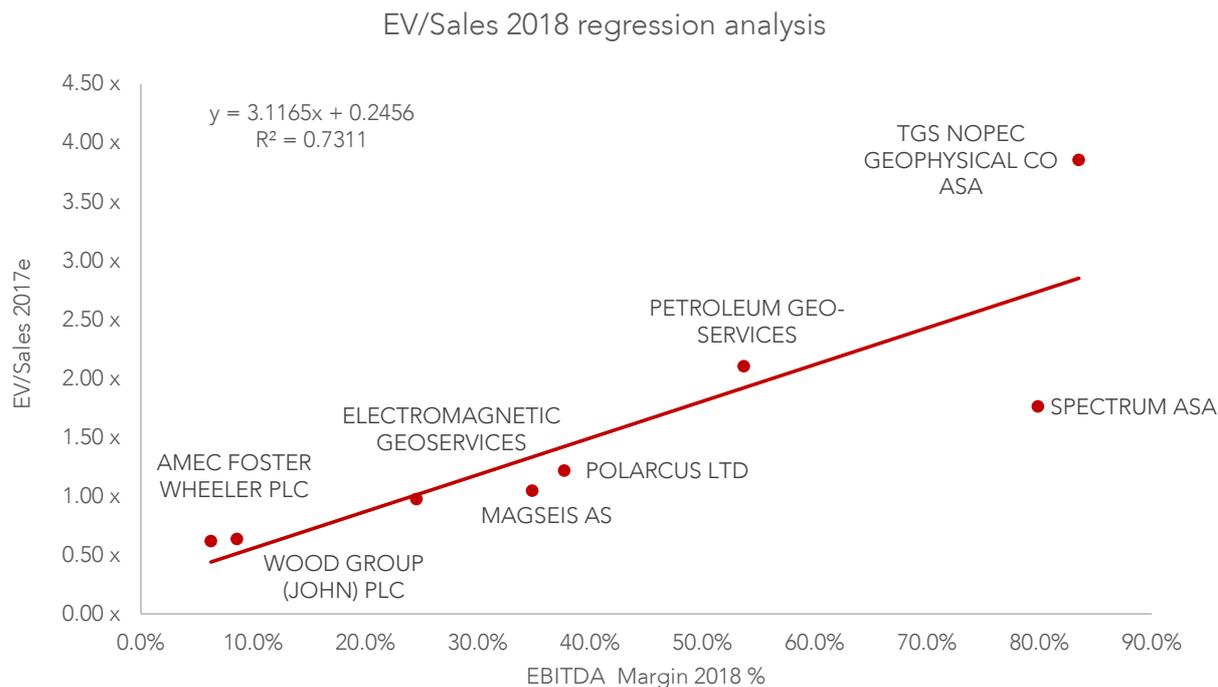
The companies in the sample we used for the regression analysis (§ 5.6.3) are described in **Schedule 9** and **Schedule 10**.

On that basis, we established a sample of 11 companies,¹⁴⁸ which present a positive correlation between 2017 and 2018 EV/Sales multiples and expected margins for the period 2018-2019.



¹⁴⁷ We thus excluded companies in the Equipment segment as we consider this segment to be too specific relative to the Group's overall business activity.

¹⁴⁸ We reduced our sample from 11 to 8 companies for the 2019 EBITDA margin analysis, as forecasts for that year were not available for all of the companies in the initial sample.



5.6.2. Method of calculating EBITDA multiples by Reference to Enterprise Value (EV)

We discarded the following multiples:

- EBIT, in particular for survey libraries, as the amortization policies of comparable companies are not homogeneous;
- Net earnings, due to differences in financial structure and tax rates among international companies.

We therefore focused on median 2018 and 2019 EV/EBITDA multiples to cancel out the impact of 2017, which was not only affected by the economic environment but also by restructurings.

The table below shows the median multiples for the sample for the period 2017 to 2019.

Company	EV/EBITDA		
	2017e	2018e	2019e
PETROLEUM GEO-SERVICES	5.1 x	4.1 x	3.4 x
POLARCUS LTD	13.8 x	3.6 x	2.6 x
SPECTRUM ASA	2.6 x	2.2 x	1.9 x
TGS NOPEC GEOPHYSICAL CO ASA	5.2 x	4.7 x	4.1 x
Median	5.2x	3.8x	3.0x

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To determine EV/EBITDA multiples for each of the comparable companies, we referred to:

- Average market capitalization over one month,¹⁴⁹ plugging in net debt (or net cash as applicable) between market capitalization and the enterprise value used to determine the multiples;
- EBITDA estimates for the entire sample, taken from the broker consensus.¹⁵⁰

5.6.3. Presentation of regression analysis

Based on our regression analysis, we calculated:

- A constant, corresponding to the multiple applicable to a zero-profit company; the regression analysis gives constants of 0.37 and 0.25 respectively for 2017 EV/Sales and 2018 EV/Sales;
- A coefficient applicable to EBITDA margins.

The EV/Sales multiples for each of the comparable companies was determined using the same method as described above (§ 5.6.2).

5.6.4. Summary of peers valuations

Applying the median EBITDA multiples to 2018 and 2019 forecasts¹⁵¹ (§ 5.6.2), we obtain an enterprise value of between **\$2,133 million** and **\$2,506 million**.

Based on the regression analysis multiples (§ 5.6.3), we obtain an enterprise value of between **\$2,265 million** and **\$2,449 million**.

¹⁴⁹ As of September 29, 2017.

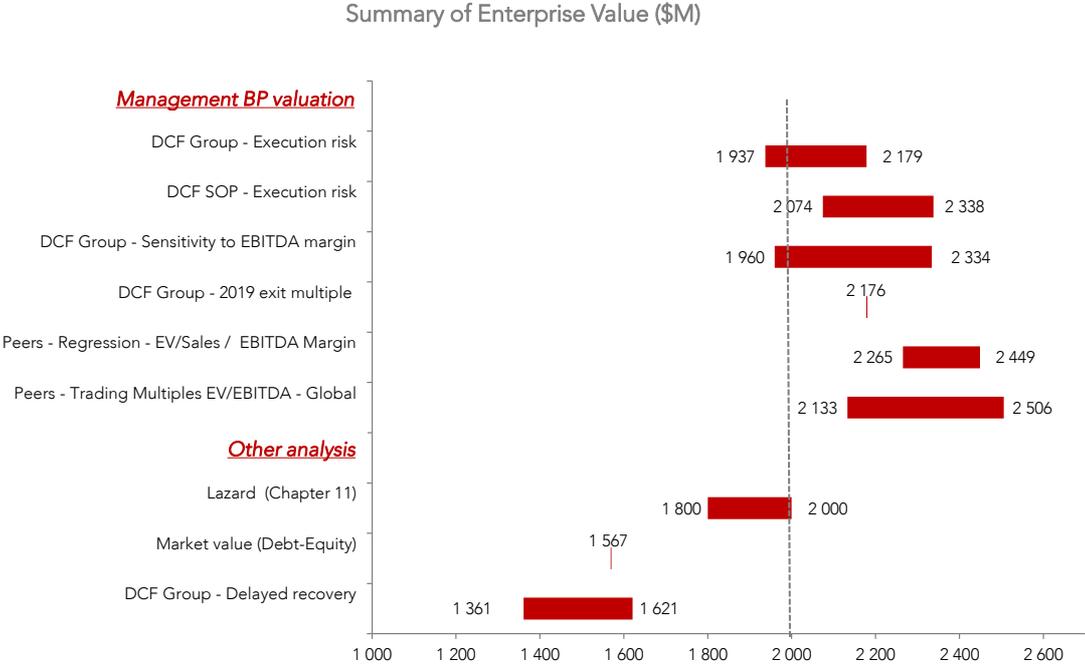
¹⁵⁰ Source: Bloomberg.

¹⁵¹ CGG's EBITDA forecasts have been adjusted for the results of equity accounted companies estimated by Management.

5.7. Summary of the multi-criteria valuation of CGG Shares before Restructuring

The table below summarizes the values obtained from our multi-criteria valuation of CGG shares:

> Enterprise Value



It should be noted that these values are based on a going concern assumption and a recovery in the Group's financial position in future years.

With an aggressive Business Plan, we prefer to take a value at the lower end of our multi-criteria range, of about **\$2,000 million**.

If there is a delay in the market recovery and Management's forecasts, the enterprise value could be lower than \$2,000 million, at between **\$1,400 million** and **\$1,600 million**. However such a scenario is difficult to assess in any detail.

As regards the value range resulting from our valuation analysis and the subordination of the Shareholders ranking them after the creditors, it appears that the Shareholders would have potentially lose their entire investment without a financial restructuring which is essential to the continuing of the Group' operations,

➤ Value of Equity before debt Restructuring

To obtain the market value of equity, we deducted net debt from the enterprise value (§ 5.1.5).

\$m	Enterprise Value		Net debt	Value of Equity		Equity / Share	
	Min	Max		Min	Max	Min	Max
Management BP valuation							
DCF Group - Execution risk	1 937	2 179	(2 315)	(377)	(136)	-\$17.1	-\$6.2
DCF SOP - Execution risk	2 074	2 338	(2 315)	(241)	23	-\$10.9	\$1.0
DCF Group - Sensitivity to EBITDA margin	1 960	2 334	(2 315)	(355)	19	-\$16.1	\$0.9
DCF Group - Exit multiple 2019		2 176	(2 315)		(138)		-\$6.3
Peers - Regression - EV/Sales / EBITDA Margin	2 265	2 449	(2 402)	(137)	47	-\$6.2	\$2.1
Peers - Trading Multiples EV/EBITDA - Global	2 133	2 506	(2 402)	(269)	104	-\$12.1	\$4.7
Market value							
Share price at 05/11/2017 (1m - 3m)	N/A	N/A	N/A	168	185	\$7.6	\$8.4
Share price at 09/29/2017 (1m - 3m)	N/A	N/A	N/A	125	130	\$5.6	\$5.9
Price target	N/A	N/A	N/A	26	144	\$1.2	\$6.5
Other analysis							
Lazard (Chapter 11)		1 900	N/A	N/A		N/A	
Market value (Debt-Equity)		1 567	N/A	N/A		N/A	
DCF Group - Delayed recovery		1 482	(2 315)		(832)		-\$37.7

The company is listed on Euronext Paris but publishes its financial statements and prepares its forecasts in US dollars. All of our valuation work was done in dollars using the average \$/€ exchange rate over the past three months, i.e., 0.8514.¹⁵²

€m	Enterprise Value		Net debt	Value of Equity		Equity / Share	
	Min	Max		Min	Max	Min	Max
Management BP valuation							
DCF Group - Execution risk	1 649	1 855	(1 971)	(321)	(116)	-€14.5	-€5.2
DCF SOP - Execution risk	1 766	1 990	(1 971)	(205)	20	-€9.3	€0.9
DCF Group - Sensitivity to EBITDA margin	1 668	1 987	(1 971)	(302)	17	-€13.7	€0.7
DCF Group - Exit multiple 2019		1 853	(1 971)		(118)		-€5.3
Peers - Regression - EV/Sales / EBITDA Margin	1 928	2 085	(2 045)	(116)	40	-€5.3	€1.8
Peers - Trading Multiples EV/EBITDA - Global	1 816	2 133	(2 045)	(229)	89	-€10.3	€4.0
Market value							
Share price at 05/11/2017 (1m - 3m)	N/A	N/A	N/A	143	157	€6.5	€7.1
Share price at 09/29/2017 (1m - 3m)	N/A	N/A	N/A	106	110	€4.8	€5.0
Price target	N/A	N/A	N/A	22	122	€1.0	€5.5
Value range						-€14.5	€7.1
Other analysis							
Lazard (Chapter 11)		1 618	N/A	N/A		N/A	
Market value (Debt-Equity)		1 334	N/A	N/A		N/A	
DCF Group - Delayed recovery		1 262	(1 971)		(709)		-€32.1

¹⁵² As of September 29, 2017.

6. FINANCIAL ANALYSIS OF THE TRANSACTION

6.1. Dilution for the Shareholders

To analyze the impact of the Transaction on the Shareholders, we looked at CGG's ownership post-Restructuring on the following basis:

- excluding exercise of the Shareholders Warrants and Rights Warrants;
- including exercise of the Shareholders Warrants and Rights Warrants.

We drew this distinction because the results of our valuation of the Group (§ 5) show that these two warrant classes will not be in the money immediately post-Transaction¹⁵³. Therefore, as they may not be exercised, the resulting dilution/accretion cannot be considered as certain.

Our valuations are slightly different from those presented in the securities notes as they are based on the number of Shares outstanding as of June 30, 2017, *i.e.*, excluding treasury stock.

6.1.1. Analysis before exercise of Shareholders Warrants and Rights Warrants

Before any potential exercise of the Shareholders Warrants and Rights Warrants, the historic Shareholders will own a percentage of the Company's post-Transaction capital of between 3.2% and 13.3% depending on whether or not they subscribe to the Rights Issue (Stage 2, § 3.2).

¹⁵³ Our intrinsic valuation gives a post-Transaction value range per Share of €2.15 to €2.62 (§ 6.2.2). As a reminder, the exercise price of the Shareholders Warrants and Rights Warrants is, respectively, €3.12 and €4.02 (§ 3).

Translation for information purposes only

Millions	% subscription Rights Issue by Shareholders				Comment
	0%	% capital	100%	% capital	
<i>Pre-Transaction Number of Shares</i>	22.1	3.2%	22.1	3.1%	At June 30, 2017
<i>Treasury shares</i>	(0.0)	(0.0%)	(0.0)	(0.0%)	At June 30, 2017
Shareholders pre-Transaction	22.1	3.2%	22.1	3.1%	
Shareholders Warrants					Stage 1
Shareholders Rights Issue	-	-	71.9	10.2%	Stage 2
Shareholders Rights Warrants					Stage 2
Shareholders	22.1	3.2%	94.0	13.3%	
Senior Noteholders Rights Issue (backstop)	26.2	3.8%	-	-	Stage 2
Senior Noteholders Rights Warrants (backstop)					Stage 2
Shares Senior Notes Issue	432.8	62.8%	445.9	63.2%	Stage 3
New Notes Warrants	110.3	16.0%	112.9	16.0%	Stage 5
Senior Noteholders	569.3	82.5%	558.8	79.2%	
DNCA Rights Warrants (backstop)					Stage 2
DNCA Rights Issue (backstop)	45.8	6.6%	-	-	Stage 2
DNCA (backstop)	45.8	6.6%	-	-	
Shares CB Issue	35.2	5.1%	35.2	5.0%	Stage 3
CB holders	35.2	5.1%	35.2	5.0%	
Coordination Warrants.	6.9	1.0%	7.1	1.0%	Stage 5
Backstop Warrants	10.3	1.5%	10.6	1.5%	Stage 5
Senior Noteholders Ad Hoc Committee	17.2	2.5%	17.6	2.5%	
Potential Post-Transaction Number of Shares	689.7	100.0%	705.7	100.0%	

As a reminder the difference on the number of shares post-Transaction is linked to the backstop mechanism of the Right issue (Stage 2 - § 3.2). In case the Shareholders do not subscribe to the Rights Issue, the Senior Noteholders would be called as backstop for an amount reducing the Senior Notes Issue proportionately.

The issued new Shares under the exercise of the new Notes Warrants, Coordination Warrants, and Backstop Warrants, are also concerned by this mechanism insofar as their number will be determined on the basis of the Diluted Number of Shares which includes the impact of the Right Issue and the Senior Notes Issue (Stage 5 - 3.5).

6.1.2. Analysis after exercise of Shareholders Warrants and Rights Warrants

Assuming that the Shareholders Warrants and Rights Warrants are exercised, the historical Shareholders could increase their percentage holding in the Company's capital to between 6.7% and 21.9% depending on whether or not they subscribe to the Rights Issue (Stage 2, § 3.2).

Millions	% subscription Rights Issue by Shareholders				Comment
	0%	% capital	100%	% capital	
<i>Pre-Transaction Number of Shares</i>	22.1	2.9%	22.1	2.8%	At June 30, 2017
<i>Treasury shares</i>	(0.0)	(0.0%)	(0.0)	(0.0%)	At June 30, 2017
Shareholders pre-Transaction	22.1	2.9%	22.1	2.8%	
Shareholders Warrants	29.5	3.8%	29.5	3.8%	Stage 1
Shareholders Rights Issue	-	-	71.9	9.2%	Stage 2
Shareholders Rights Warrants	-	-	48.0	6.1%	Stage 2
Shareholders	51.6	6.7%	171.5	21.9%	
Senior Noteholders Rights Issue (backstop)	26.2	3.4%	-	-	Stage 2
Senior Noteholders Rights Warrants (backstop)	17.4	2.3%	-	-	Stage 2
Shares Senior Notes Issue	432.8	56.4%	445.9	56.9%	Stage 3
New Notes Warrants	110.3	14.4%	112.9	14.4%	Stage 5
Senior Noteholders	586.8	76.5%	558.8	71.4%	
DNCA Rights Warrants (backstop)	30.5	4.0%	-	-	Stage 2
DNCA Rights Issue (backstop)	45.8	6.0%	-	-	Stage 2
DNCA (backstop)	76.3	9.9%	-	-	
Shares CB Issue	35.2	4.6%	35.2	4.5%	Stage 3
CB holders	35.2	4.6%	35.2	4.5%	
Coordination Warrants.	6.9	0.9%	7.1	0.9%	Stage 5
Backstop Warrants	10.3	1.3%	10.6	1.4%	Stage 5
Senior Noteholders Ad Hoc Committee	17.2	2.2%	17.6	2.3%	
Potential Post-Transaction Number of Shares	767.1	100.0%	783.2	100.0%	

6.2. Analysis of the impact of the transaction on the Stakeholders' interest

6.2.1. Our Approach

To assess the impact of the Transaction on the Shareholders and Creditors involved, we analyzed changes in the theoretical pre- and post-Transaction interest of:

- Historical Shareholders;
- Senior Noteholders;
- CB holders;
- DNCA as backstop for the Rights Issue;¹⁵⁴
- Senior Noteholders *ad hoc* Committee under the Rights Issue backstop mechanism¹⁵⁵ and the New Notes Issue¹⁵⁶ on the one hand, and the global coordination fee for the Transaction¹⁵⁷ on the other.

In our analysis, we treated DNCA as backstop for the Rights Issue and the Senior Noteholders *ad hoc* Committee as separate categories; it allows the presentation of representative results specific to each category of the Transaction without prejudicing individual choices and special situations¹⁵⁸.

Holders of Secured Debt are not included in this analysis as their debt will not be equitized under the Transaction, its only effect being a change in the terms and conditions.

We calculated the sensitivity of our analysis as summarized in the double-entry tables in this section of the Report to two factors:

- **Rows:** a five-point value range for the Group's equity ("**Equity**") pre-Transaction representing the value of the Shareholders' interest pre-Restructuring:
 - Value Point 1 (**€-302M**): value of pre-Transaction Equity drawn from our valuation by reference to an enterprise value of \$2 billion as presented in the summary of our valuation work (§ 5.7) corresponding to the lower bounds of our intrinsic valuation range;
 - Value Point 2 (**€20 M**): value of the pre-Transaction Equity drawn from the upper of our intrinsic valuation range;
 - Value Point 3 (**€ 59 M**): value of pre-Transaction Equity at which the Transaction would have a neutral impact on the Shareholders' interest if they do not subscribe to the Rights Issue: the results of this illustrative value are presented to enable the Shareholders to situate on our valuation range (§ 5.7) the level above which the Transaction would have a negative impact on their interest if the Rights Issue was subscribed only by DNCA and the Senior Noteholders under the backstop;

¹⁵⁴ Shares subscribed under the Rights Issue backstop mechanism plus the Rights Issue Backstop Fee (§ 3.2).

¹⁵⁵ Shares subscribed under the Rights Issue backstop mechanism (§ 3.2).

¹⁵⁶ New Notes Backstop Fee and Backstop Warrants (§ 3.5).

¹⁵⁷ Coordination Warrants.

¹⁵⁸ Guarantee an issue or represent a category of holders in the negotiation.

- Value Point 4 (€ 151 M): value of pre-Transaction Equity at which the Transaction would have a neutral impact on the Shareholders' interest if they subscribe fully to the Rights Issue. The purpose of this is the same as for Value Point 3;
 - Value Point 5 (€ 157M): valuation inferred by market capitalization before the restructuring update on 12 May, 2017, in order to provide a market reference despite the high value of the Share price compared with CGG's valuation.
- **Columns:** the current Shareholders' percentage subscription to the Rights Issue¹⁵⁹ based on value points of 0%, 25%, 50%, 75% and 100%. Remember that this percentage does not include DNCA's subscription under the Rights Issue backstop, as its position is analyzed separately (§ 6.2.7).

The theoretical value of post-Transaction Equity has been determined by integrating the impact of all the Restructuring steps shown below.

Pre-Transaction Equity	Equity values used (Value point 1 to 5)	§ 6.2.1
+ Rights Issue cash	Payment of exercise price by Shareholders and DNCA	Stage 2
+ Rights Issue set-off	Payment of exercise price by set off against Senior Notes	§ 3.2
- Rights Issue Backstop Fee	Fee paid by the Company to DNCA	
= Equity post-Rights Issue		
+ CB Issue	CB Equitized Amount	Stage 3
+ Senior Notes Issue	Senior Notes Equitized Amount	§ 3.3
= Equity post-equitization of Unsecured Debt		
- New Notes Commitment Fee	Fee paid by the Company on subscription	
- New Notes Backstop Fee	Commission paid by the Company to the Senior Noteholders <i>ad hoc</i> Committee	Stage 5
+ Exercise price New Notes Warrants	Payment of exercise price by Senior Noteholders	§ 3.5
+ Exercise price Backstop Warrants	Payment of exercise price by Senior Noteholders <i>ad hoc</i> Committee	
+ Exercise price Coordination Warrants	Payment of exercise price by Senior Noteholders <i>ad hoc</i> Committee	
= Equity post-New Notes Issue		
+ Exercise price Shareholder Warrants	Payment of exercise price by Shareholders	Stage 1
		§ 3.1
= Equity post-exercise Shareholder Warrants		
+ Exercise price Rights Warrants	Payment of exercise price by Shareholders/Creditors/DNCA	Stage 2
		§ 3.2
= Post-Transaction Equity		

It should be noted that:

- The repayments of \$86 million¹⁶⁰ for the Seniors Notes and \$5 million for the CBs (§ 3) as well as the New Notes Issue will have no impact on the post-Transaction value of Equity as these amounts will *de facto* reduce the Group's debt;
- The Shareholders Warrants and the Rights Warrants are not exercised in our model unless they are in the money. As the upper and lower bounds of our valuation range show a post-Transaction value per Share that would put these Warrants out of the money, their impact has not been included. Nonetheless, these Warrants are option-based assets that have a value and a more specific analysis of the Shareholders Warrants and Rights Warrants is therefore presented below (§ 7).

¹⁵⁹ Or any other backstop guarantor in the same position.

¹⁶⁰ If this amount is not "exchanged".

On this basis, we determined the theoretical post-Transaction interest of each of the Stakeholders, taking into account:

- The value of the Equity held by each of the parties to the Transaction by applying the percentage capital held post-Transaction to the post-Transaction value of Equity; this percentage includes:
 - Shares held pre-Transaction;
 - Shares subscribed under the Rights Issue, CB Issue and Senior Notes Issue; and
 - Shares obtained on exercise of in-the-money Warrants, i.e., Coordination Warrants, Backstop Warrants and New Notes Warrants;
- Transaction-related fees received in cash by the relevant parties;
- Amounts paid by the Stakeholders for their subscription to the various issues and exercise of in-the-money Warrants.

6.2.2. Reconciliation of Pre- and Post-Transaction Equity

Based on the various sensitivities by tranche of post-Transaction value of Equity and percentage subscription to the Rights Issue (§ 6.2.1), pre-Transaction Equity of between €(302) million and €20 million would become €1,484 million and €1,847 million post-Transaction, i.e., a value per Share of between €2.15 and €2.62.

Based on market capitalization of the Company pre-Transaction of €157 million, the post-Transaction value of Equity amounts to maximum of € 1,985 million, i.e., a value per Share of €2.81.

The post-Transaction value of Equity and the associated number of Shares remain stable above a 36% subscription rate to the Rights Issue by the Shareholders (Stage 2). As a reminder, this is the subscription rate below which the Senior Noteholders' backstop would be triggered¹⁶¹ (§ 3.2.1).

Post-Transaction Value of Equity

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	1,484	1,806	1,845	1,938	1,944
	25%	1,512	1,834	1,874	1,966	1,972
	50%	1,525	1,847	1,886	1,979	1,985
	75%	1,525	1,847	1,886	1,979	1,985
	100%	1,525	1,847	1,886	1,979	1,985

Post-Transaction Number of Shares

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	689.7	689.7	689.7	689.7	689.7
	25%	700.7	700.7	700.7	700.7	700.7
	50%	705.7	705.7	705.7	705.7	705.7
	75%	705.7	705.7	705.7	705.7	705.7
	100%	705.7	705.7	705.7	705.7	705.7

¹⁶¹ In the absence of cash collateral by a significant shareholder with the company's consent.

Post-Transaction Value of Equity per Share

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	2.15	2.62	2.68	2.81	2.82
	25%	2.16	2.62	2.67	2.81	2.81
	50%	2.16	2.62	2.67	2.80	2.81
	75%	2.16	2.62	2.67	2.80	2.81
	100%	2.16	2.62	2.67	2.80	2.81

For ease of interpretation for each of the parties in the Transaction¹⁶², we present the detailed analysis for the “**Illustrative Assumptions**”:

- a theoretical pre-Transaction value of Equity of (€302 million) (enterprise value of €2 billion), and
- a 50% subscription rate to the Rights Issue by the Shareholders.

The objective of the assumption consists to facilitate the reading of the below and above tables.

Regarding the situation of the Company post-Transaction, the Illustrative Assumption refers to:

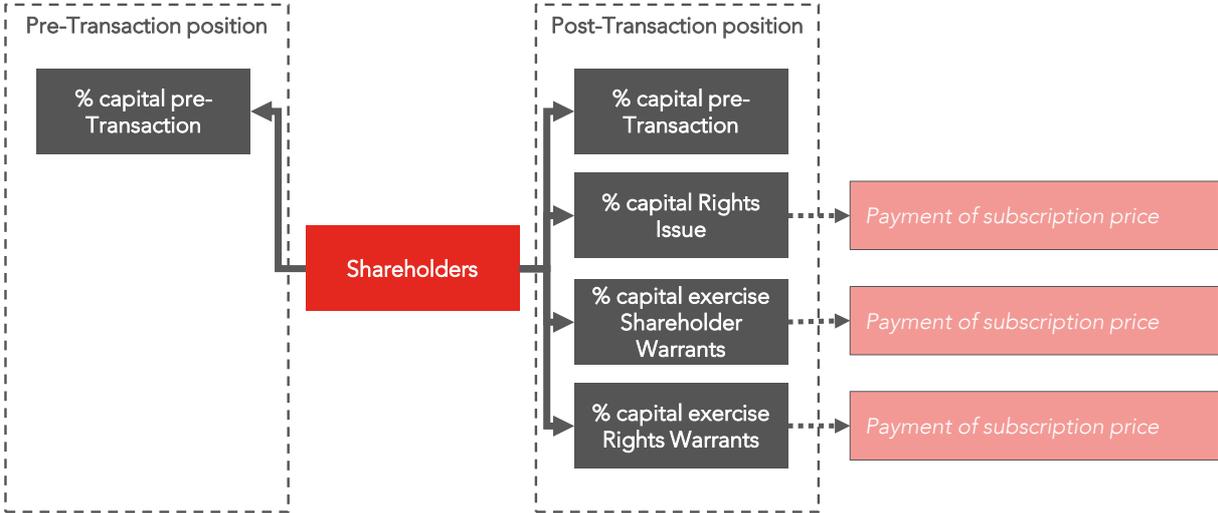
- A theoretical post-Transaction value of Equity arising from all the stages of the Restructuring of €1,525 million;
- A post-Transaction number of Shares of 705.7 million;
- A resulting post-Transaction value per Share of €2.16.

¹⁶² Shareholders (§ 6.2.3); Senior Noteholders (§ 6.2.4); CB holders (§ 6.2.5); Senior Noteholders *ad hoc* Committee (§ 6.2.6); and DNCA (§ 6.2.7).

6.2.3. Analysis of change in the Shareholders' interest

6.2.3.1. Nature of the Shareholders' interest Pre- and Post-Transaction

The Shareholders' interest comprises exclusively Shares and Warrants.



Based on the approach described above (§ 6.2.1 and § 6.2.2), the Shareholders' post-Transaction interest is as follows:

Shareholders' position post-Transaction

		Pre-Transaction Equity				
€m		(302)	20	59	151	157
Subscription Rights Issue	-	48	58	59	62	62
	25%	58	77	79	84	85
	50%	69	96	99	107	107
	75%	80	115	119	129	130
	100%	91	134	139	151	152

The Shareholders' post-Transaction interest in the Illustrative Assumption is €69 million after the impacts of the various stages of the Restructuring.

6.2.3.2. Net Impact of the transaction for the Shareholders

The net impact of the Restructuring for the Shareholders was determined by deducting the amount of pre-Transaction Equity from the Shareholders' post-Transaction interest (§ 6.2.3.1.).

Net Impact of the Transaction for the Shareholders¹⁶³
(on the value of their interest - €m)

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	350	38	-	(89)	(95)
	25%	361	57	20	(67)	(73)
	50%	372	76	40	(45)	(50)
	75%	382	95	60	(22)	(28)
	100%	393	114	80	-	(5)

Net Impact of the Transaction for the Shareholders (%)¹⁶⁴

%		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	na	195%	-	(59%)	(60%)
	25%	na	292%	34%	(44%)	(46%)
	50%	na	388%	68%	(30%)	(32%)
	75%	na	485%	101%	(15%)	(18%)
	100%	na	582%	135%	-	(3%)

The Illustrative Assumption shows a net impact for the Shareholders of €372 million¹⁶⁵

We note that:

- Taking an equity value of €(302) million, which corresponding to the lower bounds of the intrinsic valuation prior to Restructuring (§ 5.7), the impact on the Shareholders' interest appears to be beneficial;
- This would also be the case for all valuations resulting in a pre-Transaction value of Equity below €59 million. It appears that the amounts of the pre-Transaction Value of Equity inferring a neutral impact of the Restructuring for the Shareholders, whether or not they subscribe to the Rights Issue, are above the upper range of our intrinsic valuation;
- Valuation based on share price would result in a loss for the Shareholders due to the the high value of the Share price compared with CGG's valuation.

The Shareholders' theoretical post-Transaction interest presented here **does not include the potential value of the Shareholders Warrants and Rights Warrants** for Shareholders subscribing to the Rights Issue.

The theoretical valuation of the Warrants is presented below (§ 7).

Furthermore, Shareholders not wishing to subscribe to the Rights Issue would be able to sell their Rights and therefore increase the value of their interest by the amount of the Rights sale price. We do not believe it is possible to determine such a sale price, but we present a theoretical valuation below (§ 7).

¹⁶³ Green: gain / Red: loss.

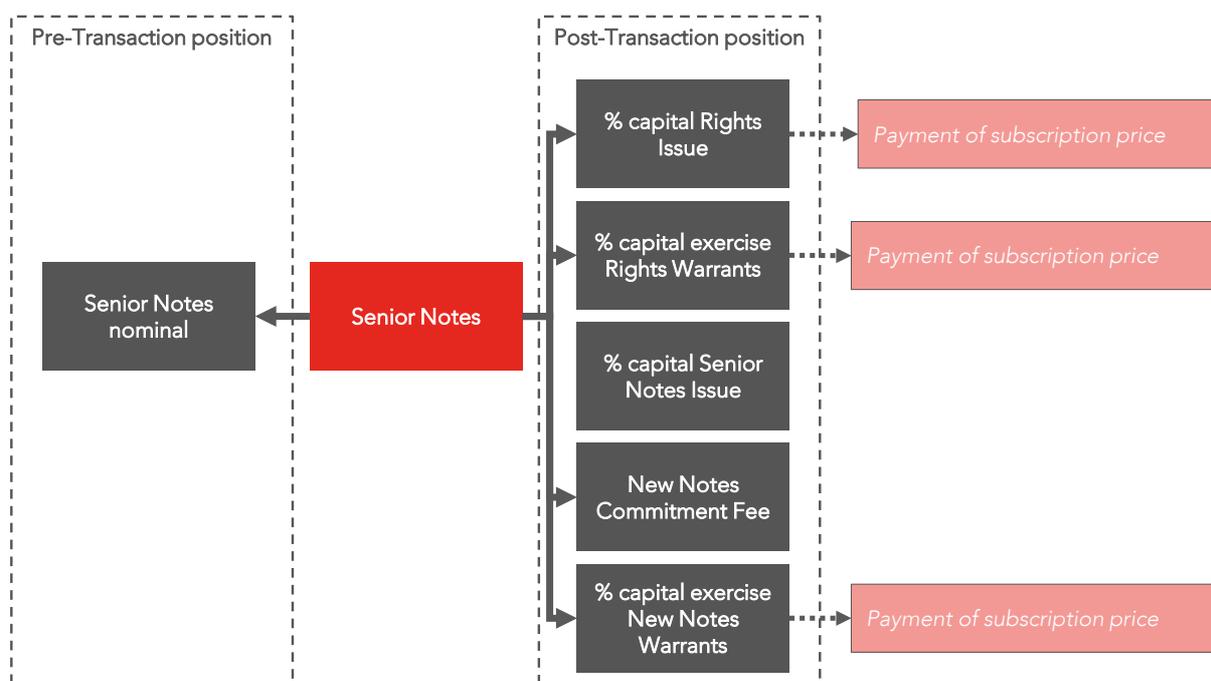
¹⁶⁴ Percentage loss for Shareholders in red; percentage relative to pre-Transaction interest.

¹⁶⁵ I.e. in the Illustrative Assumption: €1,525 million (post-transaction Equity) x 8.2% (percentage of capital held by Shareholders post-Transaction in the Illustrative Assumption) – €56 million (Rights Issue subscription price) - (€302 million (pre-Transaction Equity)) = €372 million.

6.2.4. Analysis of the change in the Senior Noteholders' Interest

6.2.4.1. Nature of the Senior Noteholders' position Pre- and Post-Transaction

The change in the Seniors Noteholders' position as a result of the Restructuring can be summarized as follows:



Based on the approach described above (§ 6.2.1 and § 6.2.2), with a debt equitization amount of €1,391 million as of December 20, 2017 (§ 3.3.2), the Senior Noteholders post-Transaction interest is as follows:

Senior Noteholders' position post-Transaction

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	1,246	1,512	1,545	1,621	1,626
	25%	1,234	1,492	1,524	1,598	1,603
	50%	1,229	1,484	1,515	1,588	1,593
	75%	1,229	1,484	1,515	1,588	1,593
	100%	1,229	1,484	1,515	1,588	1,593

Based on the Illustrative Assumption (pre-Transaction Value of Equity of €(302) million and 50% subscription rate to the Rights Issue by the historical Shareholders), the Senior Noteholders' post-Transaction interest would be €1,229 million.¹⁶⁶

¹⁶⁶ The Senior Noteholders' interest remains stable above a 36% subscription rate to the Rights Issue, as their backstop would not be triggered. Their post-Transaction interest therefore no longer includes the "% subscription to the Rights Issue" and "% capital exercise Rights Warrants" components.

6.2.4.2. Net Impact of the transaction for the Senior Noteholders

The net impact for the Senior Noteholders has been determined in our analysis based on two approaches, by deducting the following amounts from the Senior Noteholders' post-Transaction interest (§ 6.2.4.1.):

- The total amount of Senior Notes equitized: €1,391 million (par);
- In a second approach and **for information purposes only**, the market value of the Senior Notes adjusted for accrued interest estimated as of December 20, 2017: €662 million (adjusted market value of Senior Notes).

€m		
Estimated market value of the Senior Notes	648	1-month average at May 11, 2017
Payment due under the Restructuring	(77)	§ 3.3.1
Accrued interest at December 20, 2017	91	
Adjusted market value of Senior Notes	662	

Based on par value

Net Impact of the Transaction for the Senior Noteholders (€m)¹⁶⁷

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	(145)	121	154	230	235
	25%	(157)	101	133	207	212
	50%	(162)	92	124	197	201
	75%	(162)	92	124	197	201
	100%	(162)	92	124	197	201

Net Impact of the Transaction for the Senior Noteholders (%)

%		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	(10%)	9%	11%	17%	17%
	25%	(11%)	7%	10%	15%	15%
	50%	(12%)	7%	9%	14%	14%
	75%	(12%)	7%	9%	14%	14%
	100%	(12%)	7%	9%	14%	14%

The Transaction does not lead to a loss relative to the par value of the Senior Notes except when the value of pre-Transaction Equity is negative, which is the case if we take a value of €(302) million corresponding to the lower bounds of our intrinsic valuation range prior to Restructuring (§ 5.7).

As a reminder the Senior Noteholders' post-Transaction interest includes the value of the Shares received under the exercise of the New Notes Warrants; these Warrants are under the issuance of new money to the Company through the New Notes Issue.

¹⁶⁷ Based on the Illustrative Assumption, the Senior Noteholders post Transaction interests is €(162) million, i.e. a loss of 12% relative: €1,525 million (post-Transaction Equity) x 79.2% (percentage of capital held by Senior Noteholders post-Transaction in the Illustrative Assumption) – €1,392 million (Rights Issue subscription price and exercise of New Notes Warrants) + €22 million (New Notes Commitment Fee) = €(162) million.

Based on the adjusted market value of Senior Notes

Net Impact of the Transaction for the Senior Noteholders (€m)¹⁶⁸

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	585	850	883	959	964
	25%	573	831	863	937	941
	50%	567	822	853	926	931
	75%	567	822	853	926	931
	100%	567	822	853	926	931

Net Impact of the Transaction for the Senior Noteholders (%)

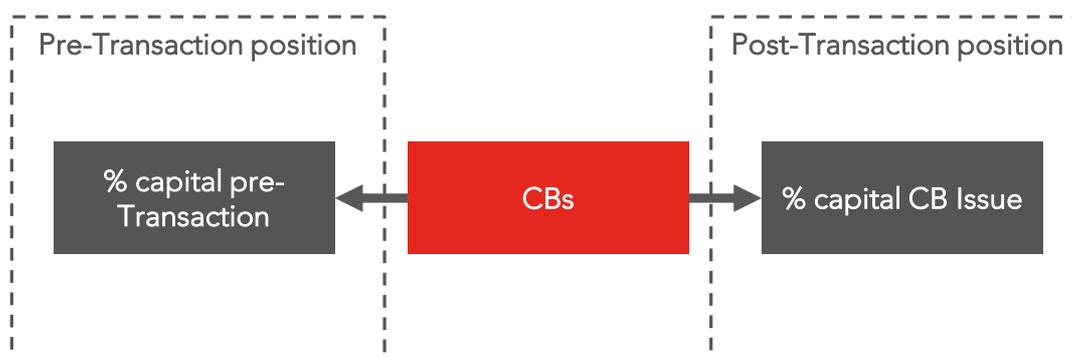
%		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	88%	129%	133%	145%	146%
	25%	87%	126%	130%	142%	142%
	50%	86%	124%	129%	140%	141%
	75%	86%	124%	129%	140%	141%
	100%	86%	124%	129%	140%	141%

As the Senior Notes are trading at a discount to their par value, the impact on the Senior Noteholders' post-Transaction position is positive in all cases. The level of gain should be assessed with regard to the fact that, after equitization, the guarantees attached to the debt instrument are no longer applicable; by becoming Shareholders, the Senior Noteholders are deprived of their senior ranking among the creditors.

6.2.5. Analysis of the change in the CB Holders' interest

6.2.5.1. Nature of the CB holders' interest Pre- and Post-Transaction

The change in the CB holders' position as a result of the Restructuring can be summarized as follows:



¹⁶⁸ Based on the market value of the Senior Notes and in the Illustrative Assumption, the net impact of the Transaction for Senior Noteholders is €567 million, i.e. a gain of 86%:

Based on the approach described above (§ 6.2.1 and § 6.2.2), and a CB Equitized Amount of €362 million (§ 3.3.1), the CB holders' interest post-Transaction is as follows:

CB holders' position post-Transaction						
€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	76	92	94	99	99
	25%	76	92	94	99	99
	50%	76	92	94	99	99
	75%	76	92	94	99	99
	100%	76	92	94	99	99

In the Illustrative Assumption, the CB holders' interest post-Transaction is €76 million compared with a CB Equitized Amount of €362 million.

6.2.5.2. Impact of the transaction on the CB Holders' interest

We assessed the change in the CB holders' interest from two angles, by deducting the following amounts from the CB holders' post-Transaction position:

- CB Equitized Amount: €362 million (par);
- In a second approach and for information purposes only, the market value of the CBs adjusted for accrued interest estimated as of December 20, 2017: €97 million (adjusted market value of CBs).

€m		
Estimated market value of the CBs	95	1-month average at May 11, 2017
Payment due under the Restructuring	(4)	§ 3.3.1
Accrued interest at December 20, 2017	6	
Adjusted market value of the CBs	97	

Based on par value

Net Impact of the Transaction for the CB Holders (€m)¹⁶⁹

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	(286)	(269)	(267)	(263)	(262)
	25%	(286)	(269)	(267)	(263)	(262)
	50%	(285)	(269)	(267)	(263)	(262)
	75%	(285)	(269)	(267)	(263)	(262)
	100%	(285)	(269)	(267)	(263)	(262)

Net Impact of the Transaction for the CB Holders (%)

%		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	(79%)	(74%)	(74%)	(73%)	(73%)
	25%	(79%)	(74%)	(74%)	(73%)	(73%)
	50%	(79%)	(74%)	(74%)	(73%)	(73%)
	75%	(79%)	(74%)	(74%)	(73%)	(73%)
	100%	(79%)	(74%)	(74%)	(73%)	(73%)

In all cases, the CB holders will suffer a loss of more than 70% relative to the par value of their bonds. This is because the subscription price is higher than CGG's value per Share post-Transaction.

The conclusion is not the same if we refer to the market value of the CBs. Considering the top of our valuation range, it seems that the subscription price set for the Restructuring is in line with the market value of the CBs as of May 11, 2017, before the Company's initial press releases on progress in negotiations. Based on a pre-Transaction Value of Equity of (€302) million, the CBs holders incur a loss but less than the one observed on the nominal value basis.

Based on the adjusted market value of CBs

Net Impact of the Transaction for the CB Holders (€m)¹⁷⁰

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	(21)	(5)	(3)	2	2
	25%	(21)	(5)	(3)	2	2
	50%	(21)	(5)	(3)	2	2
	75%	(21)	(5)	(3)	2	2
	100%	(21)	(5)	(3)	2	2

Net Impact of the Transaction for the CB Holders (%)

%		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	(22%)	(5%)	(3%)	2%	2%
	25%	(22%)	(5%)	(3%)	2%	2%
	50%	(21%)	(5%)	(3%)	2%	2%
	75%	(21%)	(5%)	(3%)	2%	2%
	100%	(21%)	(5%)	(3%)	2%	2%

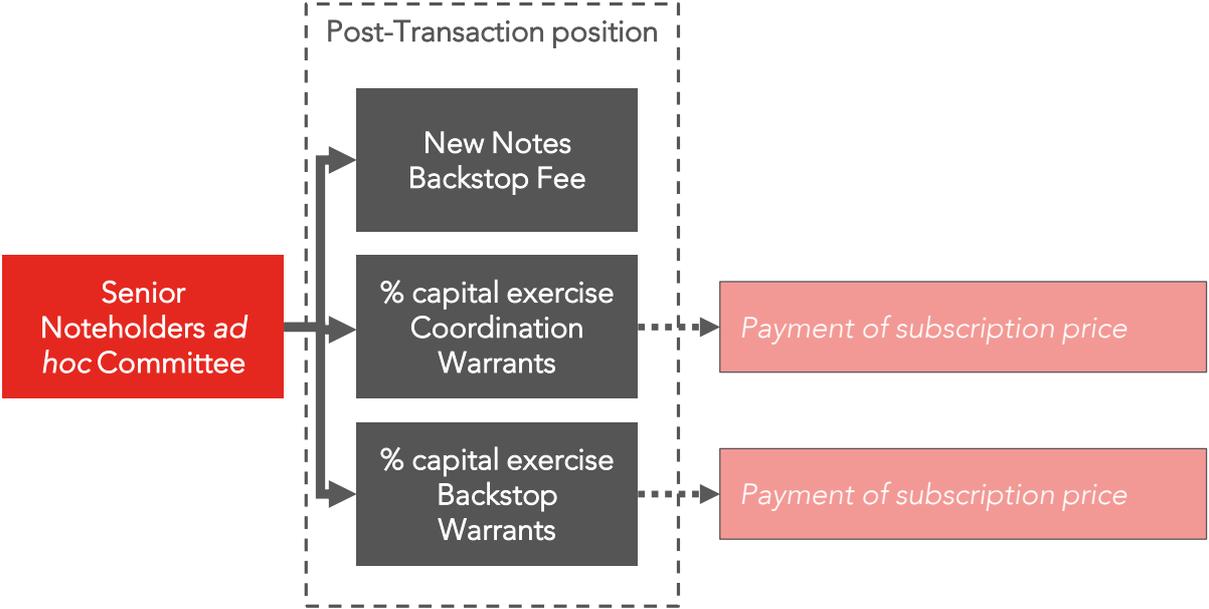
¹⁶⁹ Based on par value and in the Illustrative Assumption, the net impact of the Transaction for CB holders is (€285) million, i.e. a loss of 79%: €1,525 million (post-Transaction Equity) x 5% (percentage of capital held by CB holders post-Transaction in the Illustrative Assumption) – €362 million (CB Issue subscription price) = (€285) million.

¹⁷⁰ In the Illustrative Assumption, the CB holders' interest post-Transaction is (€21) million, i.e., a loss of 21% relative to the adjusted market value of their bonds.

6.2.6. Analysis of the change in the interest of the Senior Noteholders ad hoc Committee

In order to identify accurately the specific position of the Senior Noteholders ad hoc Committee, our analysis does not include the interest inherent in the status of Senior Noteholder.

Hence, in our analysis, the pre-Transaction interest of the Senior Noteholders ad hoc Committee is nil and the post-Transaction position comprises fees received in cash or in Warrants.



Based on the approach described above (§ 6.2.1 and § 6.2.2), the post-Transaction interest of the Senior Noteholders ad hoc Committee, which also represents the net impact of the Transaction for the Committee, is as follows:

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	47	55	56	58	58
	25%	47	55	56	59	59
	50%	48	56	57	59	59
	75%	48	56	57	59	59
	100%	48	56	57	59	59

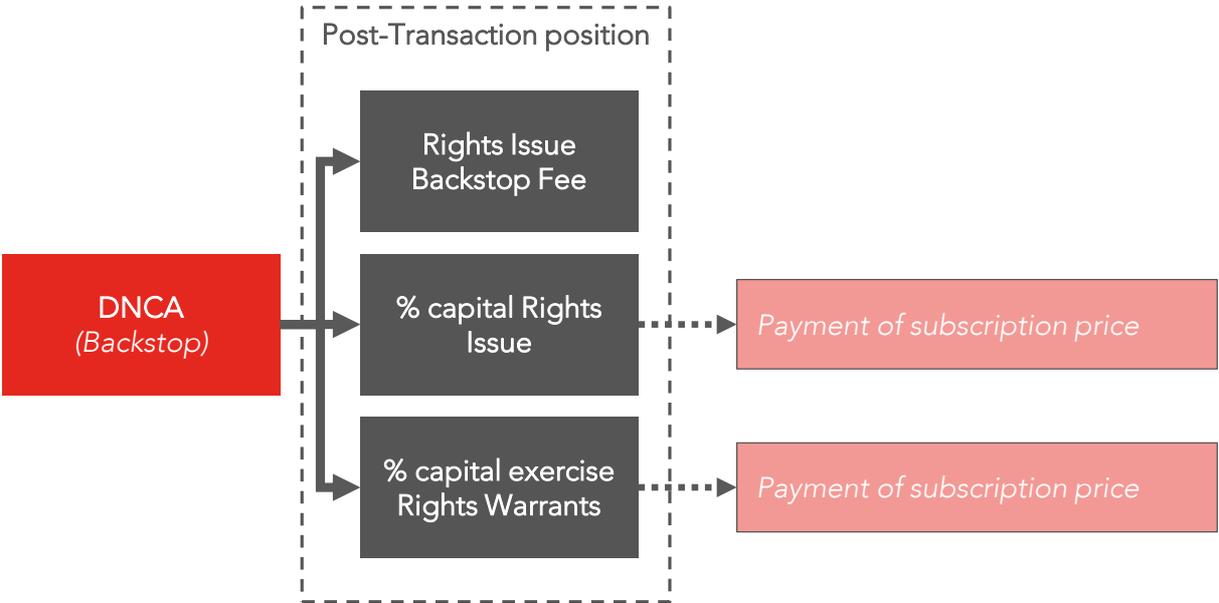
The post-Transaction interest of the Senior Noteholders ad hoc Committee is €48 million¹⁷¹ in the Illustrative Assumption, including €10 million in cash and €38 million in CGG Shares obtained by exercising the Backstop Warrants and Coordination Warrants.

¹⁷¹ €1,525 million (post-transaction Equity) x 2.5% (percentage of capital held by Senior Noteholders ad hoc Committee post-Transaction in the Illustrative Assumption) – €0,2 million (Coordination and Backstop Warrants subscription price) + €10 million (New Notes Backstop Fee Committee) = €48 million.

6.2.7. Analysis of the change in DNCA's interest as backstop

DNCA's position as backstop has been analyzed in the same way as the position of the Senior Noteholders *ad hoc* Committee (§ 6.2.6).

Its post-Transaction interest comprises Right Issue Backstop Fee received in cash and the Shares possibly obtained from the backstopping of the Right Issue (Stage 2).



DNCA's post-Transaction interest net of investments as backstop, is as follows:

€m		Pre-Transaction Equity				
		(302)	20	59	151	157
Subscription Rights Issue	-	34	56	58	64	65
	25%	35	56	58	64	65
	50%	29	45	47	52	52
	75%	18	26	27	30	30
	100%	7	7	7	7	7

DNCA's post-Transaction position is €29 million¹⁷² in the Illustrative Assumption, comprising €7 million in cash and €22 million through its subscription to the Rights Issue.

As a reminder, in case the Shareholders do not subscribe to the Rights Issue, DNCA would be called as a backstop commitment and then should pay in cash the necessary amount in order to comply with its obligation. The amount to pay could reach out approximately €71 million (§3.2).

¹⁷² €1,525 million (post-transaction Equity) x 5.1% (percentage of capital held by DNCA as backstop of the Rights Issue) – €56 million (Warrants subscription price) + €7 million (Warrants Backstop Fee Committee) = €29 million.

6.3. Impact of refinancing the Secured Debt

We reviewed the Group's ability to service:

- Interest payments;
- The debt described in Stages 4 and 5 (§ 3); and
- PIK interest over the medium term.

The main components of debt remaining after the Transaction are:

- Bonds¹⁷³ resulting from the exchange of Secured Debt for a total aggregate amount of approximately \$800 million as of June 30, 2017 excluding interest (Stage 4);
- The New Notes totaling \$375 million, i.e., approximately €319 million, with a coupon of Libor/Euribor (1% floor) + 4% cash annually + 8.5% PIK annually and a tenor of 6 years. As the nominal amount of the issue has a cash counterpart, it has no effect on the Group's beginning-of-period debt (Stage 5).

Based on Management's Business Plan, it appears that at least a partial debt refinancing cannot be ruled out to meet the amounts falling due as negotiated in the Transaction.

A delay in achieving the Business Plan could bring forward the need for such refinancing.

¹⁷³ Assuming the absence of defaulting holder within the French Revolving Facility lenders (§ 3.4).

6.4. Analysis of discounts/premiums Inherent in the various Share Issues

We compared the subscription prices for the Rights Issue¹⁷⁴, CB Issue and Senior Notes Issue with the Company's theoretical post-Transaction value per Share to assess the discount/premium inherent in each one.

We took three values for our analysis (§ 5.7):

- Intrinsic value assuming a delay in recovery (pre-Transaction Equity of €(709) million);
- Median value resulting from our multi-criteria valuation (pre-Transaction Equity of €(302) million);
- Value based on market capitalization: €157 million.

€m			
Pre-Transaction Equity (§ 5.7)	(709)	(302)	157
Resulting pre-Transaction Equity per share	-	-	7.12 €
Post-Transaction Equity (§ 6.2.2)	1 119	1 525	1 985
Resulting post-Transaction Equity per share (§ 6.2.2)	€1.58	€2.16	€2.81
Subscription price Shareholders (§ 3.2)	1.56 €	1.56 €	1.56 €
Discount/(Premium) Rights Issue	2%	28%	45%
Subscription price CB Issue (§ 3.3)	10.26 €	10.26 €	10.26 €
Discount/(Premium) CB Reserved Issue	(547%)	(375%)	(265%)
Subscription price Senior Notes Issue (§ 3.3)	3.12 €	3.12 €	3.12 €
Discount/(Premium) Senior Notes Reserved Issue	(97%)	(44%)	(11%)

The subscription prices for the Reserved Share Issues show:

- A significant premium for the CB holders; and
- A premium for the Senior Noteholders.

The discount offered to Shareholders under the Rights Issue is:

- 2% assuming a delay in achieving the Business Plan;
- In a range of 28% to 45%¹⁷⁵ in all other cases, which is much more favorable than the premiums for the CB and Senior Notes Issues.

¹⁷⁴ As a reminder, the Rights Warrants being out of money, have not been valued.

¹⁷⁵ For information purposes only, this level of discount is also consistent with that seen in other restructuring transactions by listed companies in 2016 and 2017. The discount to the Theoretical Ex-Rights Price (TERP) ranged from 16% to 40% in the 5 public transactions completed in 2016 and 2017.

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For information, we determined the premium/discount compared with the Senior Notes Issue price by including the subscription of the New Notes Warrants allotted pursuant to the New Notes Issue. We took this approach inasmuch as the Shares subscribed under those two issues are obtained by the same Creditor class, i.e., the Senior Noteholders. This adjusted subscription price results in a premium or discount depending on the pre-Transaction Equity level.

Millions and €m			
Pre-Transaction Equity (§ 5.7)	(709)	(302)	157
Resulting pre-Transaction Equity per share	-	-	7.12 €
Post-Transaction Equity (§ 6.2.2)	1 119	1 525	1 985
Post-Transaction Equity per Share	€1.58	€2.16	€2.81
<i>Subscription price Senior Notes Reserved Issue</i>	3.12 €	3.12 €	3.12 €
<i>Number of Shares Senior Notes Reserved Issue</i>	446	446	446
<i>Subscription price New Notes Warrants</i>	0.01 €	0.01 €	0.01 €
<i>Number of Shares New Notes Warrants</i>	113	113	113
<i>Subscription price Senior Notes adjusted</i>	2.49	2.49	2.49
Discount/(Premium) Senior Notes adjusted	(57%)	(15%)	11%

The results presented above are based on the Shareholders subscribing in full to the Rights Issue. However, to the extent that the post-Transaction value of Equity per Share is not particularly sensitive to the subscription rate, and given the large number of Shares post-Transaction, the percentage discounts are not affected by the subscription rate assumption.¹⁷⁶

We have not presented the discounts arising on exercise of the Coordination and Backstop Warrants, as these warrants represent fee payments.

¹⁷⁶ The impact is no more than 2 percentage point.

7. ANALYSIS AND VALUATION OF THE SHAREHOLDERS WARRANTS, RIGHTS WARRANTS AND RIGHTS

7.1. Valuation of out-of-the-money Warrants post-Transaction

Several classes of Warrants will be issued as part of the Transaction:

- In-the-money Warrants post-Transaction: New Notes Warrants, Backstop Warrants and Coordination Warrants;
- Out-of-the-money Warrants: Shareholders Warrants and Rights Warrants.

In-the-money Warrants were included in our analysis of the change in the position of each of the Stakeholders (§ 6.2). These Warrants have an exercise price of €0.01 and a 6-month exercise period, so we can assume that they will be exercised as soon as they are allotted.

By contrast, the Shareholders Warrants and Rights Warrants were not included in our analysis, but they nonetheless have a value for their holders, which cannot be ignored.

We determined the theoretical value of these two Warrant classes using the Black & Scholes method, based on the following characteristics:

Assumptions			
	Shareholder Warrants	Rights Warrants	Comment
Exercise price	€3.12	€4.02	
Maturity	4 years	5 years	
Risk-free rate	Estimated 4-year OAT	5-year OAT	At September 29, 2017
Volatility	Range	Range	
Dividend payment	No	No	
Underlying	Range	Range	Post-Transaction Values

We analyzed the volatility assumptions to be used in the valuation model, as this input has a significant impact on the theoretical value of the Warrants.

In the recent past, the volatility of CGG shares has moved within a relatively high range. Before publication of the press release announcing the Restructuring on May 12, 2017, volatility of CGG shares was 50.3% on an annualized basis from January 1, 2017 to May 11, 2017. It then rose significantly due to the Restructuring, rumors of a takeover during August 2017 and movements in hedge fund investments.

Annualized daily volatility of CGG shares	
Focus 2017	
Volatility January 1 - September 29	82.7%
Volatility January 1 - May 11	50.3%
Volatility May 12 - September 29	103.7%
Volatility August 21 - September 29	142.5%

A historical analysis of peer group volatility¹⁷⁷ also shows a rise in volatility:

Annualized daily volatility				
Company	2013	2014	2015	2016
CGG	38%	73%	54%	78%
Polarcus	45%	57%	133%	113%
Petroleum Geo-Services	29%	40%	50%	86%
TGS Nopec Geophysical Co Asa	30%	38%	35%	45%
Spectrum	46%	41%	42%	49%
Average comparables	38%	44%	65%	73%
Median comparables	38%	40%	46%	68%
<i>Min comparables</i>	29%	38%	35%	45%
<i>Max comparables</i>	46%	57%	133%	113%

Based on these observations, the historical analysis of CGG and peer group volatility does not enable us to make a rational volatility assumption.

Furthermore, we do not believe we can assess the impact of the Transaction on CGG volatility, and in particular the impact of the significant increase in the number of Shares comprising the Company's capital.¹⁷⁸

We therefore based our valuation of the Warrants on a volatility range of 30% to 80%, consistent with the historical values observed for the Company and in line with the peer group range.

We also calculated the sensitivity of the value of the Warrants to the post-Transaction value of the underlying based on the value ranges used in our analysis of the discounts inherent in the various new Shares issues (§ 6.4). Thus the values used in our valuation are the values per Share after the impact of the various stages of the Restructuring.

The theoretical value of the Shareholders Warrants and Rights Warrants therefore fall within a very wide range, which limits the relevance of this valuation approach.

¹⁷⁷ Based on our peer sample (§ 5.6.1).

¹⁷⁸ From 22 million to approximately 700 million Shares.

Valuation of a Shareholders Warrant (€)

Volatility (σ)	Underlying stock €		
	1.58	2.16	2.81
30.0%	0.11	0.33	0.73
40.0%	0.25	0.56	1.03
50.0%	0.41	0.79	1.31
60.0%	0.58	1.01	1.58
70.0%	0.74	1.22	1.83
80.0%	0.90	1.43	2.07

Valuation of a Rights Warrant (€)

Volatility (σ)	Underlying stock €		
	1.58	2.16	2.81
30.0%	0.04	0.12	0.27
40.0%	0.11	0.24	0.43
50.0%	0.19	0.36	0.60
60.0%	0.28	0.49	0.76
70.0%	0.38	0.61	0.91
80.0%	0.47	0.73	1.05

Aggregate Value of the Shareholders Warrants (€m)

Volatility (σ)	Underlying stock €		
	1.58	2.16	2.81
30.0%	2.4	7.3	16.2
40.0%	5.5	12.3	22.7
50.0%	9.0	17.4	29.0
60.0%	12.7	22.3	35.0
70.0%	16.4	27.1	40.6
80.0%	20.0	31.6	45.9

Aggregate Value of the Rights Warrants (€m)

Volatility (σ)	Underlying stock €		
	1.58	2.16	2.81
30.0%	2.8	8.5	19.3
40.0%	7.7	16.9	31.2
50.0%	13.8	26.1	43.1
60.0%	20.5	35.3	54.6
70.0%	27.2	44.1	65.3
80.0%	33.8	52.4	75.3

7.2. Threshold for triggering the exercise of out-of-the-money Warrants Post-Transaction

In addition to the theoretical valuation of these Warrants, subject to the limitations described above, we determined the growth in post-Transaction Equity required for the Shareholders Warrants and Rights Warrants to be in the money.

En M€	0% subscription Rights Issue by Shareholders		100% subscription Rights Issue by Shareholders	
Pre-Transaction Equity (§ 6.2.1)	(302)	157	59	-
Equity post-New Bond Issue	1,484	1,944	1,525	1,847
Increase in Equity permitting exercise of Shareholder Warrants	668	208	677	355
% rise in Equity inferred	na	11%	na	19%
Increase in Equity permitting exercise of Rights Warrants	1,315	855	1,339	1,017
% rise in Equity inferred	na	44%	na	55%

Thus the growth in post-Transaction Equity required for the Warrants to be exercised during their exercise period, based on the share price as of May 11, 2017, and whether or not Shareholders have subscribed to the Rights Issue is:

- In a range of 11% - 19% within four years for the Shareholders Warrants;
- In a range of 44% - 55% within five years for the Rights Warrants.

7.3. Analysis of the preferential subscription rights

The Rights Issue (Stage 2, § 3.2) is a new Share issue with preferential subscription rights in favor of current CGG Shareholders.

Therefore, Shareholders who do not wish to subscribe to the share issue can sell the Rights allotted to them.

The sale price of these Rights depends largely on subscriber appetite for the offering. For example, the greater the number of Shareholders not wishing to subscribe, the lower the Rights price is likely to be, as there would potentially be a larger number of Rights for sale.

Accordingly, we do not believe it feasible to put a market value on the Rights. They nonetheless have a market value, being fully part of the interest of the current Shareholders, as:

- If they subscribe to the Rights Issue, they will not have to buy Rights;
- They can sell their Rights for consideration if they do not wish to subscribe to the offering.

For information, the table below presents the theoretical value of the Rights:

€	Comment	
Number of Shares issued (m)	71.9	a
Issue price - Rights Issue	€1.56	b
Number of existing Shares (m)	22.1	c
Share price at September 29, 2017	€4.70	d
Theoretical Ex-Rights Price (TERP)	€2.30	= (a*b+c*d)/a+c
Theoretical value of the Rights	€2.40	= 4.7 - 2.3

8. CONCLUSION

Following our work on valuing CGG shares and reviewing the financial terms and conditions of the Transaction, based on the assumption that the CGG Group continues as a going concern in its current structure, we believe the salient points for the Shareholders are as follows:

- The Transaction, which will equitize more than €1.8 billion of debt, meets an immediate need to reduce the Group's indebtedness, which is essential if it is to continue as a going concern.
- The Group's continuation as a going concern is contingent on:
 - A recovery in business and an improvement in margins, in accordance with Management's Business Plan forecasts; and
 - At least a partial refinancing in the future to meet payments falling due with respect to the non-equitized Secured Debt and the unsubordinated second lien New Notes to be issued.
- As regards the value range resulting from our valuation and the subordination of Shareholders ranking them after the Creditors, it appears that the Shareholders would have potentially lose their entire investment without a financial restructuring which is essential to the continuity of the Group's operations.
- The subscription prices of €3.12 and €10.26 for the Reserved Capital Increases for the Creditors, respectively the Senior Noteholders and the CB holders, show a premium over our multi-criteria valuation of CGG.
- The \$375 million issue of high-yield New Notes governed by the laws of New York State will be accompanied by the allotment of three classes of Warrants with an exercise price of €0.01, exercise of which will increase the dilution of CGG Shareholders. All of the impacts of these New Notes are included in our analysis of the Shareholders' position.
- Based on the CGG valuation range, our analysis of the Shareholders' interest, pre- and post-Restructuring, shows that:
 - The Shareholders will not lose value based on the valuations of CGG that include a Business Plan execution risk, which lead to negative pre-Restructuring equity values;
 - A valuation based on share price as of May 11, 2017 could result in a loss of up to 60% for the Shareholders due to the high share price relative to CGG's intrinsic value.
- The Rights Issue, at a subscription price of €1.56, shows a discount to the multi-criteria valuation of CGG based on Management's Business Plan; the discount disappears if we assume a delay in achieving the Business Plan forecasts. Shareholders not wishing to subscribe to the offering will be able to sell their Rights.

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- Shareholders will receive Warrants that, albeit out of the money at present and therefore excluded from our analysis, have a long exercise period.

In view of the current situation and the intrinsic value of the Group, we are of the opinion that the Transaction taken as a whole is fair to CGG Shareholders.

[In case of discrepancy between the French and the English versions, *the French version shall prevail as this translation into English is provided for information purposes only*]

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- Detailed schedule of work Schedule 1
- Main stages of the appraisal Schedule 2
- List of persons met and/or contacted by Ledouble Schedule 3
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- List of financial appraisals carried out by Ledouble Schedule 6
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- Guarantees relating to borrowings Schedule 8
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SCHEDULE 1: DETAILED SCHEDULE OF WORK

- Preliminary work and familiarization
 - Press review
 - Document searches
 - Analysis of the Transaction and its legal framework
 - Analysis of the Shares' historical stockmarket performance
- Valuation work
 - Review of the Group's historical earnings, financial position and key events since 2013
 - Searches for sector and financial information in our databases
 - Creation of a peer-group sample
 - Search for comparable transactions
 - Detailed analysis of the Business Plan and comparison with the previous Business Plan established in 2015
 - Document requests
 - Multi-criteria valuation of the Share
- Valuation of the various categories of Warrants issued as part of the Transaction
 - Analysis of the Warrants' characteristics
 - Modeling
- Modeling of the situation of Shareholders and Creditors in the successive stages of the Transaction
- Analysis of the Transaction and its impact on the Shareholders' and Creditors' position and their ownership of the Company's capital.
- Meetings with the main participants in the Transaction:
 - Management and Advisors
 - representatives and advisors of the Shareholders and Creditors
 - the court-ordered administrator
 - representatives of the AMF

- Review of the Stakeholders' proposals¹⁷⁹
- Review of arrangements adopted in relation to previous financial restructurings by listed companies
- Administration
 - Meetings and telephone calls
 - Engagement letter
 - Proposed confirmation letter for Management
 - Preparation of the Report
 - Administration and supervision of the Assignment

¹⁷⁹ Including those presented in CGG's press release of [May 12, 2017](#) ("Restructuring update").

SCHEDULE 2: MAIN STAGES OF THE APPRAISAL

> May - June 2017

- Contacts and meetings with Management and Advisors
- Telephone conversation with the AMF
- Appointment of the independent appraiser by the Board of Directors
- Drafting of the engagement letter and addendum to the engagement letter
- Examination of financial documentation relating to the Transaction
- Use of public information about CGG and the Transaction
- Searches for sector and financial information in our databases
- Document requests
- Familiarization with and use of documents accessible in the data room
- Use of the Group's accounting and financial information
- Examination of the Business Plan
- Creation of a listed peer-group sample
- Search for comparable transactions

> July 2017

- Contacts and meetings with Management, Business Line Heads and Advisors
- Analysis of legal documentation relating to the Transaction
- Analysis of the Group's debt
- Searches for sector and financial information in our databases
- Document requests
- Use of information resulting from document requests
- More detailed examination of the Business Plan
- Multi-criteria valuation of the Shares
- Analysis of the Transaction and its impact for the Shareholders and Creditors
- Preparation of the draft Report

> August 2017

- Contacts and meetings with Management and Advisors
- Document requests
- Use of information resulting from document requests
- Analysis of the Group's first-half 2017 financial statements
- Searches for sector information
- Multi-criteria valuation of the Shares
- Analysis of the Transaction and its impact for the Shareholders and Creditors
- Examination of draft Securities Notes relating to the Rights Issue and the Reserved Share Issues, including the issues of Warrants (excluding Rights Warrants)
- Preparation of the draft Report

> September 2017

- Contacts and meetings with Management and Advisors
- Phone conversation with the AMF
- Meeting with the court-ordered administrator
- Meeting with Bpifrance Participations' financial advisors
- Telephone contact with DNCA
- Meeting with the representatives of Senior Noteholders
- Meeting with the representatives of CB holders
- Presentation of our work to the Board of Directors on September 20, 2017
- Completion of the multi-criteria valuation of the Share
- Completion of the analysis of the Transaction and its impact for the Shareholders and Creditors
- Completion of the draft Report

> October 2017

- Contacts and meetings with Management and Advisors
- Examination of the version as of October 6, 2017 of the Securities Note relating to the Reserved Share Issues, including the issues of warrants (excluding Rights Warrants) and the draft Securities Note relating to the Rights Issue
- Resolution of unresolved issues
- Contacts with AMF
- Delivery of the Report with a view to its inclusion in the securities notes

SCHEDULE 3: LIST OF PERSONS MET AND/OR CONTACTED BY LEDOUBLE

> Company

Rémi Dorval	Chairman of the Board of Directors
Jean-Georges Malcor	CEO Director
Stéphane-Paul Frydman	Group CFO
Beatrice Place-Faget	Group Corporate Secretary Group Chief Legal Officer
Emilie Puchol	Legal counsel
Olivier Dantin	Group financial controller
Thibault Paillard	Group head of accounting
Christophe Vasseur	Senior Vice President Tax
Pascal Rouiller	Group Chief Operating Officer
Sophie Zurquiyah	Group Chief Operating Officer
Catherine Leveau	Investor relations

> Advisors

Weil Gotshal & Manges

Agathe Soilleux	Partner
Yannick Piette	Partner

Lazard

François Kayat	Managing Partner
Aurélien Gore Coty	Director
Juliette Sourisse	Analyst

Linklaters

Aymar de Mauléon	Partner
Luis Roth	Partner
Lauren Hanley	Managing Associate

Carole Nerguararian Associate

> Other contacts

Court-ordered administrator

Hélène Bourbouloux FHB, Managing Partner

Célia Jiquel FHB, Project manager

Representatives of DNCA

Jean-Charles Mériaux DNCA Finances, Head of Asset Management

Representatives of BPI Participations

Sébastien Moynot BPI Participations

Pascal Hervé Barber Hauler, Partner

François-Xavier Geslin Gleacher Shacklock, Director

Justin K. Holland Gleacher Shacklock, Managing Director Restructuring

Representative of the CB holders

Jean Gatty JG Capital Management, Chairman

> Advisors

Alain Minc AM Conseil

Senior Noteholders ad hoc Committee

Jean-François Cizain Messier Maris & Associés, Partner

> Advisors

Lionel Spizzichino Willkie Farr & Gallagher, Legal practitioner

Gabriel Flandin Willkie Farr & Gallagher, Legal practitioner

Representatives of the AMF

Florence Priouret Issuer department

Pierre Villadary Issuer department

Sandrine Favre Issuer department

Translation for information purposes only

Laurence Rodolfi

Issuer department

Financial analyst

Baptiste Lebacqz

Natixis

CB holder

Stéphane Reznikow

SCHEDULE 4: MAIN SOURCES OF INFORMATION USED

- Documentation relating to the Transaction
 - Order appointing the *ad hoc* representative (February 27, 2017)
 - Application for a safeguard procedure (May 9, 2017)
 - Press release regarding progress in negotiations between the Stakeholders (May 12, 2017)
 - Press release announcing an agreement in principle with the main creditors (June 2, 2017)
 - *Lock-up Agreement* (June 13, 2017)
 - Restructuring Support Agreement (June 13, 2017)
 - Private Placement Agreement (June 26, 2017)
 - Press release announcing the start of a safeguard procedure (June 14, 2017)
 - Court order regarding the start of the safeguard procedure (June 14, 2017)
 - Draft safeguard plan
 - Press release announcing the private placement of New Notes (June 27, 2017)
 - Presentation of the financial Restructuring Plan to investors (June 27, 2017)
 - Press release announcing the adoption of the draft safeguard plan by the creditor committees (July 28, 2017)
 - Terms and conditions relating to the Coordination Warrants, Backstop Warrants and New Notes Warrants
 - Draft contract to extend the maturity of the Secured Debt
 - Waivers Letters (December 2016 – March 2017)
 - Announcement of the Restructuring Plan filed with the US court as part of the Chapter 11 procedure
 - Statement of objection to the CGG SA safeguard plan adopted by the Combined Noteholders Meeting on July 28, 2017 (August 4, 2017)
 - Draft information memoranda relating to the issue of New Shares and Warrants by CGG SA
 - Draft information memoranda relating to the issue of other instruments issued as part of the Transaction
 - Drafts of the report by the Board of Directors to the Combined Shareholders Meeting of October 31, 2017
 - Drafts of the notice of meeting and invitation to attend the Combined Shareholders Meeting of October 31, 2017

- Legal documentation
 - Diagram showing the structure of guarantees provided by the Group (May 5, 2017 and June 30, 2017)
 - “*Extrait Kbis*” corporate identification document (July 24, 2017)
 - Bylaws
 - Ownership of shares and voting rights (December 31, 2016 and June 30, 2017)
 - Statement of liens and pledges
 - Main disputes (December 31, 2016)
 - Minutes of Board meetings (2015-2017)
 - Minutes of Shareholder Meetings (2015-2016)
 - Minutes of Accounts and Audit Committee meetings (2015-2017)
 - Loan agreements and supplementary agreements relating to the Secured Debt (French and US Revolving Facilities, intercreditor agreement, Term Loan B)
 - Agreements relating to the issues of Senior Notes due 2017, 2020, 2021 and 2022

- Securities Note relating to the share issue approved by the AMF (January 12, 2016)
- Securities Note relating to the Public Exchange Offer for the CBs 2019 (May 28, 2015)

➤ Accounting and financial documentation

Historical information

- Annual financial reports 2012-2016
- First-half financial report 2017
- Consolidated packages relating to CGG SA's direct equity interests
- Breakdown of revenue by customer (2013-2016)
- History of tax losses as of December 31, 2016
- Balance sheets and income statements of equity-accounted companies as of December 31, 2016
- Comparison between budgets and outturns (2015 and 2016)
- Management's answers to questions raised regarding the 2016 full-year and 2017 first-half consolidated financial statements

Financial information

- List of the 9 CGUs as of December 31, 2016 and the cash flows relating thereto
- 2015 Business Plan in force as of the time of the January 2016 share issue
- Estimates by an independent appraiser of discount rates by business area, dated December 23, 2016
- Detailed maturity schedule of borrowings as of June 30, 2017
- Bond debt monitoring report
- Report by an independent appraiser entitled "Opinion on the MAH Proposal and on the last Compromise proposal" (May 2017)
- Work done by the Group's banking advisors (Lazard, Morgan Stanley)
- Work done by PwC relating to valuation and analysis of the Business Plan

Forward-looking information

- Management's 2017-2019 Business Plan
- Management's answers to questions raised regarding the Group's Business Plan and by business area
- Macroeconomic assumptions underlying the Business Plan
- Projected capital expenditure by type and segment (2017-2019)
- Detailed WCR forecasts by business area and at Group level as of June 30, 2017 and over the Explicit Period (2017-2019)
- Detailed 2017 budget

Other information

- Most recent brokers' notes regarding CGG
- Analysis of comparable transactions by listed companies

➤ Databases

- Bloomberg
- S&P Capital IQ
- MergerMarket

➤ Bibliographical references:

Information websites

- CGG information website [Online]: <http://www.cgg.com/fr/Home>
- AMF website [Online]: <http://www.amf-france.org>
- Banque de France information website [Online]: <https://www.banque-france.fr>

Studies

- World Bank (2017) "Commodity Markets Outlook", April. [Online], [World Bank – Commodity Markets Outlook – April 2017](#).
- Fargues (2011). "La conversion de créances en capital", May, [Online], http://mja-assas.fr/wp-content/uploads/La-conversion-de-cr%C3%A9ances-en-capital_Marion-FARGUES_2011.pdf
- Fearnley Securities (2017). "Seismic quarterly - 1Q17 previews – Recovery taking longer, MC names in favour", April.
- IMF (2017). "World Economic Outlook Database", July. [Online], <http://www.imf.org/en/Publications/WEO/Issues/2017/07/07/world-economic-outlook-update-july-2017>
- Vermeille (2017). "Restructuration de dette obligataire, Recapitalisation de la dernière chance et interventionnisme étatique", Droit et Croissance, June, [Online], <http://droitetcroissance.fr/wp-content/uploads/2015/01/F-SV-v4-2-juin-2017-def.pdf>

SCHEDULE 5: COMPOSITION OF THE LEDOUBLE TEAM

Ledouble is a consultancy specializing in financial appraisals. It has carried out numerous independent appraisals, particularly in relation to public offers. The main independent appraisal and financial analysis assignments it carried out in this field between 2013 and 2017 are listed in **Schedule 6**.

Ledouble is a founding member of the French professional association of independent appraisers (*Association Professionnelle des Experts Indépendants* or APEI), which is a professional association authorized by the AMF under article 263-1 of its General Regulation, and of the French society of valuers (*Société Française des Évaluateurs* or SFEV), and it follows the code of conduct set out on its website: <http://www.ledouble.fr>.

Agnès Piniot, Partner, Chairman of Ledouble

- Expert witness to the Paris Appeal Court
- Chartered accountant and statutory auditor
- Masters in accounting and financial science and techniques, Université Paris IX – Dauphine
- Treasurer of the national association of forensic accountants
- Member of APEI
- Member of SFEV
- Member of the “Valuation, asset contribution and merger appraisals” committee of France’s national association of statutory auditors (CNCC)
- Member of the French national association of Finance and Management Control Directors (DFCG)

Olivier Cretté, Partner

- Chartered accountant and statutory auditor
- Doctorate in management science from EM Lyon
- Member of APEI’s managing committee
- Member of SFEV
- Member of the valuation committee of the French national association of Finance and Management Control Directors (DFCG)
- Member of the professional standards committee) of the French national association of statutory auditors (CNCC)
- Associate lecturer at the Conservatoire National des Arts et Métiers (CNAM), senior lecturer at the Institut d’Administration des Entreprises (IAE) de Paris, Université Paris IX – Dauphine and SciencesPo

Stéphanie Guillaumin, Partner

- Graduate of Toulouse Business School Grande École (banking and financial markets)
- Master I degree in Money and Finance from Université Paris Ouest Nanterre La Défense
- CIIA (Certified International Investment Analyst) and member of SFAF (Société Française des Analystes Financiers)
- Member of APEI
- Member of SFEV
- Member of the French national association of Finance and Management Control Directors (DFCG)

Marc de la Bédoyère, Head of Assignment

- EM Lyon Business School – Masters in Financial Engineering
- Masters in management sciences (finance) from Paris Panthéon-Sorbonne university
- Member of SFEV

Riccardo Etzi, Senior analyst

- Graduate of ESCP Europe, specialization in Corporate Finance
- University de Turin – Bachelors degree in Administration, Finance and Control

Youness Aboutaer, Analyst

- Sciences Po Paris – Masters in Finance and Strategy
- University of Quebec in Montreal (UQAM) – Bachelors degree in Economics and Finance

Marjory Bruchon, Analyst

- Passed Chartered Financial Analyst (CFA) Level III
- IAE Grenoble – Masters in business and markets finance

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Dominique LEDOUBLE, in charge of the independent review

Dominique Ledouble has not taken part directly in the work carried out as part of the independent appraisal: he has acted as Ledouble's internal quality controller in accordance with article 2 of AMF instruction 2006-08.

- Chartered accountant and statutory auditor
- Doctorate in law from HEC
- Chairman of the French federation of valuation experts (Fédération Française des Experts en Évaluation or FFEE)
- Founder and honorary chairman of APEI

SCHEDULE 6: LIST OF FINANCIAL APPRAISALS CARRIED OUT BY LEDOUBLE (2013 - 2017)

Year	Company	Presenting financial institution
2017	Eurosic	Deutsche Bank
2017	Etam Développement	Natixis and Rothschild
2016	Radiall	Oddo Corporate Finance
2016	Octo Technology	Société Générale
2016	Maurel et Prom	Crédit Agricole
2016	Tronics Microsystems	Kepler Cheuvreux
2016	Medtech	BNP Paribas
2016	Cegid	Natixis
2016	Technofan	Banque Degroof Petercam France
2016	Cegereal	JP Morgan
2015	Leguide.com	Natixis
2015	Norbert Dentressangle	Morgan Stanley
2015	Latécoère	*
2015	Linedata Services	Banque Degroof, HSBC, Natixis
2015	Euro Disney SCA	BNP Paribas
2014	Euro Disney SCA	*
2014	Siic de Paris	Natixis
2014	Bull	Rothschild
2013	Global Graphics	**
2013	Sam	Société Générale
2013	Etam	Natixis
2013	Tesfran	Oddo Corporate Finance
2013	Monceau Fleurs	Omega Capital Market
2013	Sical	Arkeon Finance
2013	Auto Escape	Portzamparc
2013	Klémurs	Morgan Stanley
2013	Foncière Sépric	Crédit Agricole CIB
2013	Elixens	Banque Palatine

*: Reserved share issue - article 261-2 of the AMF's general regulation

** : Transfer of registered office to the UK.

SCHEDULE 7: TIMELINE AND PROCEEDINGS OF THE NEGOTIATIONS

Schedule 7.1: Timeline

The main stages of negotiations relating to the Restructuring Plan are set out below:

- **February 6, 2017:** consultation with Senior Noteholders and lenders with respect to Term Loan B with a view to amending the conditions for declaring a default event (potentially triggered by the appointment of an *ad hoc* representative).
- **February 20, 2017:** agreement from most holders of Senior Notes due 2020, 2021 and 2022 and lenders with respect to Term Loan B regarding the redefinition of default events, along with an extension to the consultation with holders of Senior Notes due 2017.
- **February 23, 2017:** signature of supplemental indentures¹⁸⁰ with respect to the Senior Notes due 2020, 2021 and 2022. After the breakdown of negotiations, the Senior Notes due 2017 were redeemed on February 24, 2017, with the redemption consisting of nominal value (\$8,319,000) and interest due, thereby ending CGG's obligations with respect to their holders.
- **February 27, 2017:** appointment of an *ad hoc* representative¹⁸¹ to initiate the financial restructuring process, intended to enable the Group to reduce significantly its indebtedness and associated costs, so that cash flow from operating activities would be sufficient to honor the company's debt repayment schedule.
- **March 3, 2017:** initiation of the debt restructuring process with the start of talks between CGG and the Stakeholders:
 - members of the Secured Lenders Coordination Committee representing the majority of the principal amount of the Secured Debt¹⁸²;
 - members of the *ad hoc* Committee representing 52.4% of the aggregate principal amount of the Senior Notes (the "Senior Noteholders *ad hoc* Committee");
 - the representative of the CB holders;
 - DNCA, long-standing shareholder and creditor of the Group;
 - Bpifrance Participations and AMS Energie, shareholders.
- **May 12, 2017:** press release setting out progress with talks between the Stakeholders, which failed to produce an agreement on the terms of the Transaction.

¹⁸⁰ Trust agreement.

¹⁸¹ Represented by Maître Hélène Bourbouloux.

¹⁸² Made up of the French Revolving Facility, US Revolving Facility and Term Loan B.

- **June 2, 2017:** formation of a "Lock-up Agreement"¹⁸³ regarding the financial Restructuring Plan approved by the Stakeholders, with the exception of the representatives of the CB holders, Bpifrance Participations and AMS Energie,¹⁸⁴ and the Group's Board of Directors. The agreement was potentially subject to adjustment, particularly in view of the talks due to take place on the definitive terms subject to approval of the General Meeting of shareholders and the General Meeting of creditors before it could be implemented.
- **June 14, 2017:** after forming legally binding agreements reflecting the aforementioned lock-up agreement, signed on June 13, 2017, the Group initiated its pre-authorized Restructuring Plan by commencing a safeguard procedure in France as ordered by the Paris Commercial Court. Permission to commence a Chapter 11 procedure,¹⁸⁵ involving 14 direct and indirect subsidiaries of CGG¹⁸⁶ was also sought and granted.
- **June 26, 2017:** start of the placement period relating to the issue of New Notes following the signature of the Private Placement Agreement on June 26, 2017. Senior Noteholders undertook to subscribe an amount equal to approximately 86% of the nominal value of their claims in the issue of New Notes and also to provide a backstop for securities not subscribed during the placement period.
- **July 13, 2017:** the application for the safeguard proceedings to be recognized in the United States via a Chapter 15 filing, made before the U.S. Bankruptcy Court of the Southern District of New York on June 14, 2017, was granted.
- **July 28, 2017:** unanimous approval of the proposed safeguard plan by the committees of banks and financial institutions in France. The single General Meeting of noteholders also voted in favor of the proposed plan, with a majority of 93.5% of votes cast.

The Stakeholders to the negotiations, as presented on March 3, 2017, did not all take part in the whole process leading to the agreement that was finally adopted: shareholders and directors Bpifrance and AMS Energie withdrew from the process on May 12, 2017.

¹⁸³ The terms and conditions of the "lock-up" agreement are relatively standard and include an obligation for creditors to vote in favour of the safeguard plan and Chapter 11 plan (subject to receiving appropriate communication), to waive certain rights, to sign the documentation required to allow the restructuring and not to sell their interests in the debt unless the buyer signs the lock-up agreement or is already a signatory thereto (and is therefore already bound by its stipulations). Source: 2017 HYFR, p 19.

¹⁸⁴ These shareholders did not take part in the negotiation of the lock-up agreement.

¹⁸⁵ Procedure covered by the Federal Bankruptcy Code. The Chapter 11 procedure is intended to allow the company to restructure.

¹⁸⁶ US subsidiaries of the Group that are debtors or guarantors with respect to the Group's debt obligations: CGG Holding BV, CGG Marine BV, CGG Holding I (UK) Ltd, CGG Holding II (UK) Ltd, CGG Holding (US) Inc., CGG Services (US) Inc., Alitheia Resources Inc., Viking Maritime Inc., CGG Land (US) Inc., Sercel Inc., Sercel-GRC Corp, CGG Marine Resources Norge AS, CGG Canada Services Ltd and Sercel Canada Ltd.

Schedule 7.2: Summary of the main elements of the Stakeholders' proposals¹⁸⁷

The table below summarizes the principles put forward by the Stakeholders during the negotiations. However, the alignment of the terms proposed by the Stakeholders may show significant divergences regarding financial criteria (exercise price, amount of fees, backstop arrangements etc.).

Criteria	Agreement in principle	OCEANEs proposal	Senior Notes proposal	Shareholders proposal
Warrants attributed to existing Shareholders	√	×	√	√
Conversion by way of set-off of claims:				
- OCEANEs				
- total conversion	√	√	√	
- partial conversion				√
- Senior Notes				
- total conversion	√	√	√	√
- partial conversion				
New money issued through:				
- capital increase (M\$)	125	350	75	100 ⁽²⁾
- bond issuance (M\$)	375	×	350 ⁽¹⁾	350
Free allocation of warrants for the:				
- capital increase	√	×	√	√
- bond issuance	√	×	√	√
Commission(s) payment				
- in cash	√	×	√	√
- through Warrants	√	×	√	√

(1) The amount of \$ 350m is splitted between \$ 325m and a new bond issue equivalent in euro to \$ 25m.

(2) \$ 100m raised through new shares or new convertible bonds. The financial instrument was not definitively stated at this stage of the discus

¹⁸⁷ Press release of [May 12, 2017](#) ("Restructuring update").

SCHEDULE 8: GUARANTEES RELATING TO BORROWINGS

Companies	Guarantor				Pledged Shares				Assets	
	US RCF	French RCF	TLB	HYB	US RCF	French RCF	TLB	HYB	Presence of equipment	Streamers and other pledged assets
Alitheia Ressources Inc	✓	✓	✓	✓	✓	✓	✓	x	x	✓
CGG Data Services AG	x	x	x	x	✓	✓	✓	x	✓	x
CGG Canada Services Ltd	x	x	x	✓	x	x	x	x	x	x
CGG Holding (US) Inc.	n.a.	✓	n.a.	✓	✓	✓	✓	x	x	✓
CGG Holding BV	✓	✓	✓	✓	x	x	x	x	x	x
CGG Holding I (UK) Ltd	✓	✓	✓	✓	✓	✓	✓	x	x	x
CGG Holding II (UK) Ltd	✓	✓	✓	✓	✓	✓	✓	x	x	x
CGG Holding III (UK) Ltd	x	x	x	x	57.35%	57.35%	57.35%	x	x	x
CGG Land (US) Inc	✓	✓	✓	✓	✓	✓	✓	x	✓	✓
CGG Marine BV	✓	✓	✓	✓	✓	✓	✓	x	✓	✓
CGG Marine (US) Inc	x	x	x	x	✓	✓	✓	x	x	x
CGG Marine Resources Norges AS	✓	✓	✓	✓	x	x	x	x	x	x
CGG Services (Canada) Inc	x	x	x	x	✓	✓	✓	x	✓	x
CGG Services (UK) Limited	x	x	x	x	✓	✓	✓	x	✓	x
CGG Services (US) Inc	✓	✓	✓	✓	✓	✓	✓	x	✓	✓
CGG Services SAS	x	x	x	x	✓	✓	✓	x	✓	x
Sercel Australia Pty Ltd	x	x	x	✓	x	x	x	x	x	x
Sercel Canada Ltd	x	x	x	✓	x	x	x	x	x	x
Sercel GRC Corp	✓	✓	✓	✓	✓	✓	✓	x	✓	✓
Sercel Inc	✓	✓	✓	✓	81.00%	81.00%	81.00%	x	✓	✓
Sercel Holding SAS	x	x	x	x	✓	✓	✓	x	x	x
Sercel SAS	x	x	x	x	✓	✓	✓	x	✓	x
Viking Maritime Inc	✓	✓	✓	✓	✓	✓	✓	x	x	✓
CGG services Norway AS	x	x	x	x	x	x	x	x	✓	x

SCHEDULE 9: PRESENTATION OF LISTED PEERS¹⁸⁸

9.1 Petroleum Geo-Services

Presentation

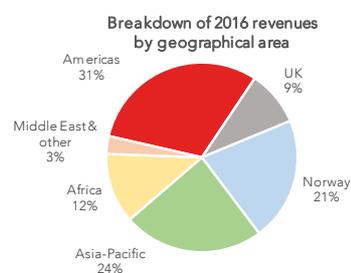
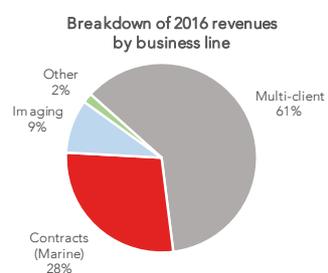
- Petroleum Geo-Services is a Norwegian company specializing in marine geophysics for the oil and gas industry. PGS provides a wide range of seismic services including data acquisition, processing and interpretation, and field evaluation.
- PGS has a fleet of eight vessels and employs almost 1,800 people.
- Petroleum Geo-Services's shares are listed on the Oslo Stock Exchange.

Ownership structure

Main shareholders

Dnb Asa	13.7%
Ferd As Invest	10.6%
<u>Other shareholders (< 5% of the capital)</u>	<u>75.8%</u>

Breakdown of revenues



9.2 Polarcus

Presentation

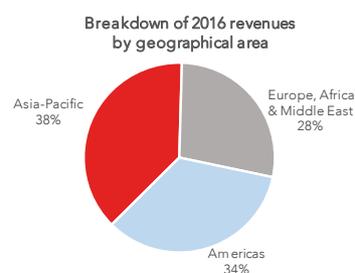
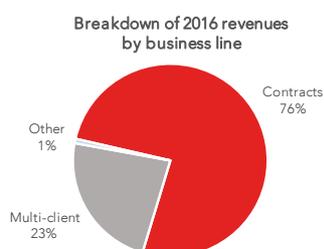
- Polarcus is an UAE-based company specializing in marine geophysics for the oil and gas industry. Polarcus provides seismic and multi-client data acquisition services.
- It has a fleet of seven 3D vessels and employs more than 400 people.
- Polarcus' shares are listed on the Oslo Stock Exchange.

Ownership structure

Main shareholders

Zickerman Carl-Peter	5.8%
<u>Other shareholders (< 5% of the capital)</u>	<u>94.2%</u>

Breakdown of revenues



¹⁸⁸Source: Bloomberg and registration documents.

9.3 Spectrum

Presentation

- Spectrum is a Norwegian company specializing in multi-client and 2D and 3D imaging services.
- It has a 2D seismic database covering 3.3 million kilometers worldwide. The company also has 165,000 km² of 3D data in the North Sea, Australia, Brazil, the Gulf of Mexico and the Eastern Mediterranean.
- Spectrum employs around 200 people.
- Spectrum's shares are listed on the Oslo Stock Exchange.

Ownership structure

Main shareholders

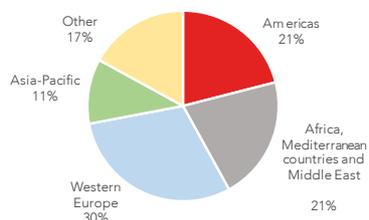
Altor Invest 1 As	14.7%
Altor Invest 2 As	14.7%
Seb	7.8%
Holberg Fondsforvalt	6.4%
Telinet Energi As	5.5%
Nordea Bank Ab	5.0%
Other shareholders (< 5% of the capital)	46.0%

Breakdown of revenues

Breakdown of 2016 revenues by business line



Breakdown of 2016 revenues by geographical area



9.4 TGS-NOPEC Geophysical

Presentation

- TGS is a Norwegian company specializing in multi-client services (onshore and offshore) and imaging services, and designs software that provides high-definition subsurface imaging. Its clients are oil and gas exploration and production companies.
- TGS has a 2D seismic database covering 2.8 million kilometers and has 563,467 km² of 3D data worldwide.
- TGS employs around 600 people.
- TGS' shares are listed on the Oslo Stock Exchange.

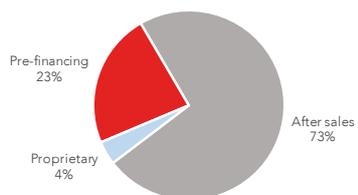
Ownership structure

Main shareholders

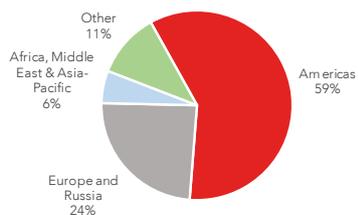
Folketrygdfondet	10.3%
Bny Mellon	8.7%
Other shareholders (< 5% of the capital)	81.0%

Breakdown of revenues

Breakdown of 2016 revenues by business line



Breakdown of 2016 revenues by geographical area



9.5 Dawson Geophysical

Presentation

- Dawson Geophysical is an American company that provides onshore seismic data acquisition and processing services.
- The company acquires and processes 2D data for the oil and gas industry.
- Dawson Geophysical's shares are listed on NASDAQ Stock Market LLC.

Ownership structure

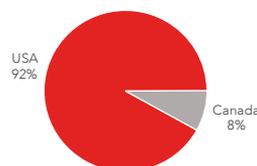
Main shareholders

Beddow Capital Manag	9.7%
Renaissance Technolo	7.4%
Dimensional Fund Adv	6.9%
Grace & White Incorp	5.3%
Other shareholders (< 5% of the capital)	70.8%

Breakdown of revenues

Business-line data not available

Breakdown of 2016 revenues by geographical area



9.6 Electromagnetic Geoservices

Presentation

- Electromagnetic Geoservices is a Norwegian company that provides electromagnetic services to oil and gas companies.
- Its technology allows it to provide services including offshore hydrocarbon detection, reconnaissance scanning in frontier areas, field identification and the recording and migration of 3D electromagnetic (3D CSEM) and magnetotelluric (MT) data.
- Electromagnetic Geoservices's shares are listed on the Oslo Stock Exchange.

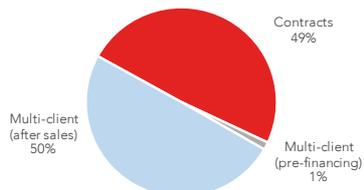
Ownership structure

Main shareholders

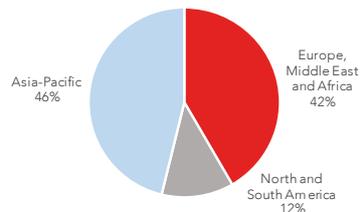
Siem Investments Inc	23.9%
Perestroika As	22.5%
Morgan Stanley	13.8%
Mscoc Equity Firm Acc	6.0%
Other shareholders (< 5% of the capital)	33.8%

Breakdown of revenues

Breakdown of 2016 revenues by business line



Breakdown of 2016 revenues by geographical area



9.7 John Wood Group

Presentation

- John Wood Group specializes in engineering and maintenance services related to systems and equipment used in the oil and gas and electricity industries.
- The company designs and produces submersible pumping, wellhead and pressure control systems.
- John Wood Group's shares are listed on the London Stock Exchange (FTSE 250 index).

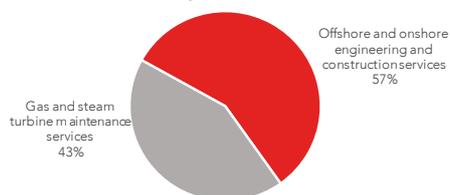
Ownership structure

Main shareholders

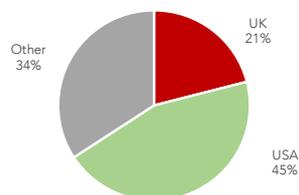
Blackrock	16.5%
Ameriprise Fin Grp	9.0%
Deutsche Bank Ag	7.9%
Kiltearn Partners LI	6.0%
Apg Asset Management	5.6%
Other shareholders (< 5% of the capital)	55.2%

Breakdown of revenues

Breakdown of 2016 revenues by business line



Breakdown of 2016 revenues by geographical area



9.8 Magseis

Presentation

- Magseis specializes in geophysical and marine seismic studies for oil and gas companies.
- The company develops its own marine automated seismic system (MASS) technology, which consists of subsea cables and sensor capsules and allows the automated downloading of marine data.
- Its technology allows the acquisition of high-quality data at water depths of 0-3,000 meters.
- Magseis's shares are listed on the Oslo Stock Exchange.

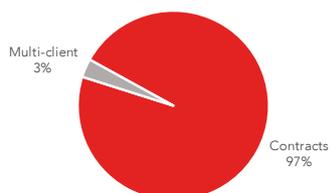
Ownership structure

Main shareholders

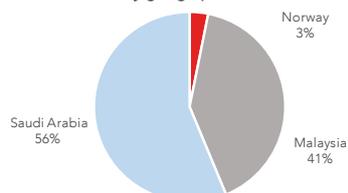
Anfar Invest As	9.9%
Westcon Group As	9.3%
Geo Innova As	7.5%
Clipper As	5.9%
Other shareholders (< 5% of the capital)	67.4%

Breakdown of revenues

Breakdown of 2016 revenues by business line



Breakdown of 2016 revenues by geographical area



9.9 Pulse Seismic

Presentation

- Pulse Seismic is a Canadian company that sells and distributes under license 2D and 3D seismic data for the oil and gas sector.
- The company has Canada's second largest library of seismic data.
- Pulse Seismic's shares are listed on the Toronto Stock Exchange.

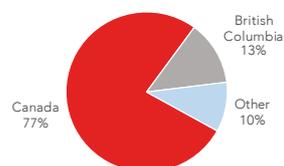
Ownership structure

Main shareholders	
Edgepoint Investment	16.2%
Ravenswood Investmen	14.9%
Invesco Ltd	10.6%
Burgundy Asset Manag	10.1%
<u>Other shareholders (< 5% of the capital)</u>	<u>48.3%</u>

Breakdown of revenues

Business-line data not available

Breakdown of 2016 revenues by geographical area



9.10 Seabird Exploration

Presentation

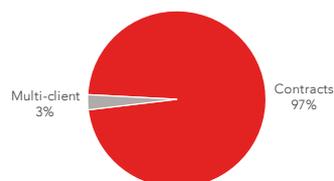
- Seabird Exploration provides 2D, 3D and 4D marine seismic data, along with products and services mainly for the hydrocarbons industry.
- The company has special expertise in shallow-water 3D towed streamers, high-resolution acquisition, 2D data and broadband acquisition technology.
- Seabird Exploration has a fleet of 6 vessels.
- Seabird's shares are listed on the Oslo Stock Exchange.

Ownership structure

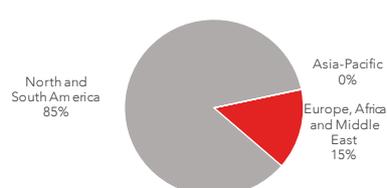
Main shareholders	
Perestroika As	5.0%
<u>Other shareholders (< 5% of the capital)</u>	<u>95.0%</u>

Breakdown of revenues

Breakdown of 2016 revenues by business line



Breakdown of 2016 revenues by geographical area



SCHEDULE 10: PERFORMANCE OF LISTED PEERS

Company	Schedule 9 Reference	Revenue growth %			EBITDA Margin %			EBIT Margin %		
		2017e	2018e	2019e	2017e	2018e	2019e	2017e	2018e	2019e
PETROLEUM GEO-SERVICES	9.1	8.5%	11.4%	15.7%	46.3%	51.9%	53.7%	(13.8%)	2.6%	9.8%
POLARCUS LTD	9.2	(24.2%)	28.0%	24.7%	11.3%	34.1%	37.7%	(32.1%)	4.9%	14.8%
SPECTRUM ASA	9.3	50.5%	18.7%	14.2%	80.5%	79.4%	79.9%	12.8%	22.8%	28.8%
TGS NOPEC GEOPHYSICAL CO ASA	9.4	6.7%	11.8%	12.3%	82.1%	82.6%	83.5%	18.6%	25.0%	29.7%
Median		7.6%	15.2%	14.9%	63.4%	65.7%	66.8%	(0.5%)	13.8%	21.8%
Mean		10.4%	17.5%	16.7%	55.0%	62.0%	63.7%	(3.6%)	13.8%	20.8%
DAWSON GEOPHYSICAL CO	9.5	17.0%	41.0%	n/a	(4.2%)	8.9%	n/a	(24.0%)	(6.2%)	n/a
ELECTROMAGNETIC GEOSERVICES	9.6	(14.1%)	53.7%	11.9%	1.1%	15.1%	24.5%	(47.3%)	(19.4%)	(3.5%)
WOOD GROUP (JOHN) PLC	9.7	16.0%	16.6%	4.7%	7.6%	7.9%	8.6%	4.5%	5.5%	6.5%
MAGSEIS AS	9.8	30.7%	50.3%	12.1%	35.4%	29.5%	34.9%	15.8%	11.7%	20.0%
PULSE SEISMIC INC	9.9	192.9%	(42.9%)	n/a	73.8%	77.1%	n/a	n/a	n/a	n/a
SEABIRD EXPLORATION PLC	9.10	(42.1%)	40.3%	n/a	(10.9%)	18.3%	n/a	(45.8%)	(8.5%)	n/a
Median regression sample		12.2%	23.4%	12.3%	23.3%	31.8%	37.7%	(13.8%)	4.9%	14.8%
Mean regression sample		24.2%	22.9%	13.6%	32.3%	40.5%	46.1%	(12.4%)	4.3%	15.1%

Bloomberg

Schedule 2

Form of investor letter

[Date]

CGG

Tour Maine-Montparnasse

33 Avenue du Maine

B. P. 191

75755 Paris Cedex 15

France

Attn: [Investor Relations]

Email: []

With a copy to:

[Insert Name of relevant financial intermediary through which the Warrants are held]

Ladies and Gentlemen:

In connection with our proposed exercise of the warrants (the “Warrants”) to purchase new ordinary shares (the “Shares”), of CGG S.A. (the “Company”), we confirm on our own behalf, or, on behalf of the person for whose account we are acting as a duly authorized fiduciary or agent, that:

- We are a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”).
- We understand and acknowledge that the Shares have not been and will not be registered under the Securities Act or with any State (as defined in the Securities Act) or other jurisdiction of the United States and that we will receive the Shares in a transaction exempt from the registration requirements of the Securities Act. We understand and acknowledge that the Shares are “restricted securities” (within the meaning of Rule 144(a)(3) under the Securities Act).
- We represent that we are acquiring the Shares for our own account (or for the account of a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act) for which we are acting as duly authorized fiduciary or agent and for which we have sole investment discretion and the full power and authority to make the acknowledgements, representations and agreements herein on behalf such account), in each case for investment and (subject, to the extent necessary, to the disposition of our property being at all times within our control) not with a view to any distribution of the Shares.
- We are aware that the Company prepares periodic reports and other information that is publicly available at <http://www.cgg.com>. We have read such information as we have deemed necessary, including the Company’s most recent annual report and interim reports, including the financial statements included therein.

- We have: (a) made our own assessment and satisfied ourselves concerning legal, regulatory, tax, business, currency, economic and financial considerations in connection herewith to the extent we deem necessary; (b) had access to review publicly available information concerning the Company that we consider necessary or appropriate and sufficient in making an investment decision; (c) reviewed such information as we believe is necessary or appropriate in connection with our exercise of the warrants; (d) had the opportunity to ask and have asked any queries regarding the Company and its affairs and the Shares and have received satisfactory answers from representatives of the Company thereto; and (e) made our investment decision based solely upon our own judgment, due diligence and analysis of the foregoing materials (and not upon any view expressed or information provided by or on behalf of the Company or any of its affiliates or any person acting on its behalf).
- We confirm that we have such knowledge and experience in financial, business and international investment matters as is sufficient for us to evaluate the merits and risks of purchasing the Shares. We are experienced in investing in securities of this nature and are aware that we may be required to bear, and are able to bear, the economic risk of, have adequate means of providing for our current and contingent needs, have no need for liquidity and are able to sustain a complete loss in connection with, the Shares. We are aware and understand that an investment in the Shares involves a considerable degree of risk and no U.S. federal or state or non-U.S. agency has made any finding or determination as to the fairness for investment or any recommendation or endorsement of any such investment.
- We understand and agree that none of the Shares may be transferred, sold, delivered, hypothecated or encumbered (collectively, a “transfer”) unless such transfer is made (a) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act, (b) pursuant to Rule 144 under the Securities Act (if available), (c) to the Company, (d) pursuant to an effective registration statement under the Securities Act, or (e) pursuant to another available exemption, if any, from registration under the Securities Act, in each case in compliance with all applicable laws. We agree to notify any transferee to whom we subsequently reoffer, resell, pledge or otherwise transfer the Shares of the foregoing restrictions on transfer. We acknowledge that no representation has been made as to the availability of the exemption provided by Rule 144 or any other exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Shares. So long as the Shares are listed on The New York Stock Exchange, Rule 144A is not available for the resale of any new Shares.
- We agree (a) that, for so long as the Shares are “restricted securities” (within the meaning of Rule 144(a)(3) under the Securities Act), we will take commercially reasonable steps to segregate such Shares from any other shares that we hold that are not restricted securities and (b) not to deposit the Shares in an unrestricted American Depositary Receipt facility.
- We understand that these representations and undertakings are required in connection with United States securities laws, acknowledge that the Company will rely upon the truth and accuracy of the representations, warranties and acknowledgements set forth herein, and irrevocably authorize the Company to produce this letter to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

Very truly yours,

By:

Name:

Title: