



COMPAGNIE GENERALE DE GEOPHYSIQUE
(ISIN : 0000120164 – NYSE : GGY)

CGG withdraws its offer to PGS

Paris, 5th October 2004

On September 1, 2004, CGG made an offer to the Board of Directors of PGS for the acquisition of the PGS seismic business for a total consideration of \$900 million, including \$800 million in cash and \$100 million in CGG shares.

Following the immediate rejection of this offer by PGS, CGG and its counsel have sought clarification from PGS on the main issues which it believed justified this negative response, with a view to the possibility of addressing such concerns by means of adequately adjusted proposals.

The conclusion of this exchange is that, unfortunately, the gap existing between the two parties, in particular concerning the valuation of the transaction under consideration and further exacerbated by the perception of recently improving seismic markets, is far in excess of what can be reasonably expected to be bridged under a final negotiation process.

As a consequence, CGG has decided to withdraw its offer of a potential combination with PGS seismic services, and will continue to pursue strategic alternatives aimed at creating value for its shareholders.

The Compagnie Générale de Géophysique group is a global participant in the oilfield services industry, providing a wide range of seismic data acquisition, processing and geoscience services and software to clients in the oil and gas exploration and production business. It is also a global manufacturer of geophysical equipment.

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