

Annual Report 08



Performance ■ Innovation ■ People ■ Integrity



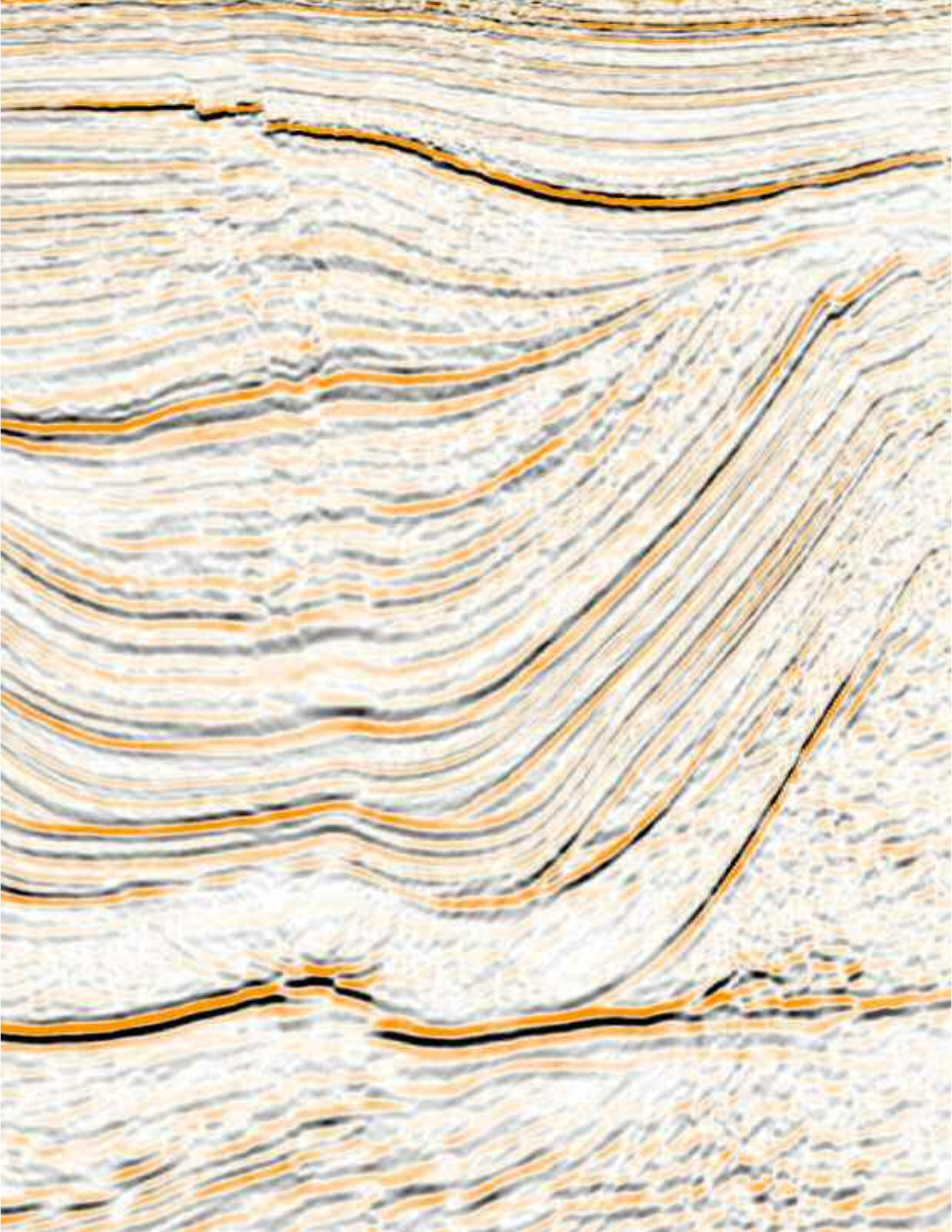




Table of contents

08

- 02** Chairman's message
- 04** Key figures
- 08** Overview of 2008
- 12** Sustainable development
- 16** Shareholder information

Chairman's message



In 2008, our second year as CGGVeritas, the Group achieved record performance despite a more challenging market during the last part of the year. We met all our financial objectives and grew at a rate above the market. Group revenue was up 18% in \$ supported by a 19% growth of Sercel external sales and a 17% growth of Services revenue. Sercel achieved an operating margin of 32%, above our 30% target and Services, including Argas, achieved an operating margin of 20%, in-line with our target.

Our net free cash flow reached \$452 million and we met our objective of lowering our net-debt-to-equity ratio to 35%, even with the acquisition of Wavefield. The acquisition of Wavefield, with their five newer high-end vessels, strong team and robust backlog, significantly strengthened our position and flexibility as the leading geophysical provider.

Overall, 2008 was a year of significant achievement for CGGVeritas. During the year, not only did we meet our objectives, but in Services, we continued to establish our position as the leader in high-end seismic services. We also advanced the technological and commercial leadership of Sercel, as the 428XL in land and the Sentinel Solid Streamer in marine further established their position as the industry benchmark, and through the addition of Optoplan seabed technology.

Looking forward into 2009 within the uncertainties of the global economic environment, although we expect the year to be more challenging, we entered with a strong backlog of near \$2 billion, with \$1.6 billion allocated to our 2009 business. We also have a solid balance sheet, low financial

leverage and long-term debt maturity – and with our strong investments over the past few years, we have the most recent and well balanced, high-end seismic portfolio in the industry.

We are well prepared to manage 2009 with a rigorous and disciplined approach to cost, capital and capacity management and expect to continue to generate a good level of net free cash flow throughout the year.

It is important though, to also take a long-term approach as oil and gas fundamentals remain quite strong. In 2009, while addressing short-term constraints, we will develop long-term opportunities through technology leadership and increasing R&D investments, the quality of our products and services and the value offered by the expertise of our personnel.

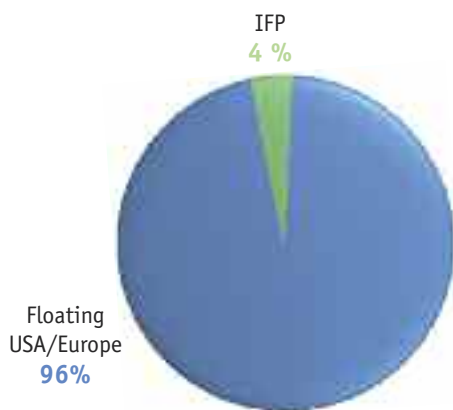
Over the past few years, CGGVeritas has grown to become the industry leader in geophysics and now, we enter 2009 in a strong position and well prepared to meet the challenges ahead of us and make CGGVeritas even stronger for the future.

A handwritten signature in black ink, appearing to read 'Robert Brunck', with a long horizontal line extending to the right.

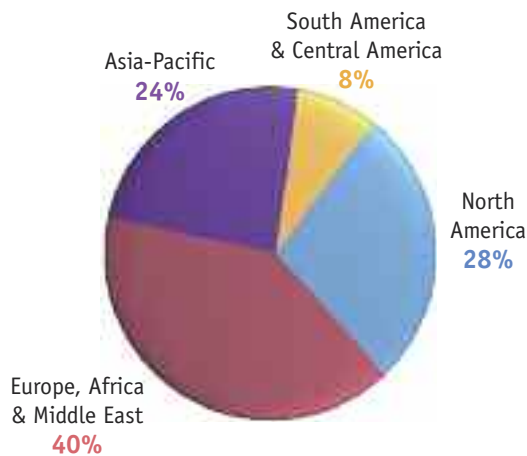
Robert Brunck
Chairman of the Board and CEO

Key figures

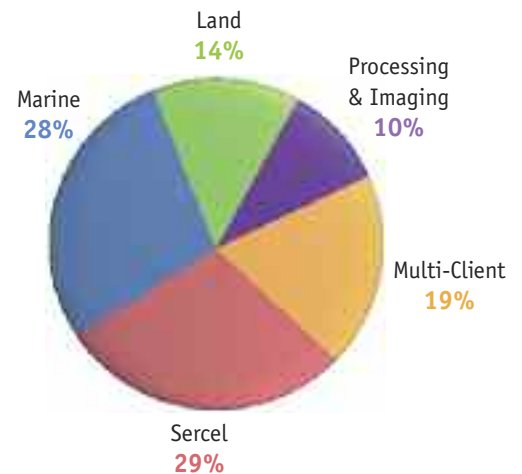
The financial performance of CGGVeritas was at record levels despite an increasingly challenging market near year end. Results were mainly driven by the continued leadership of Sercel and by contract marine performance, and multi-client sales in Services. Overall the record results in 2008 reflect the strong underlying longer-term oil and gas fundamentals and the leadership of CGGVeritas in the sector.



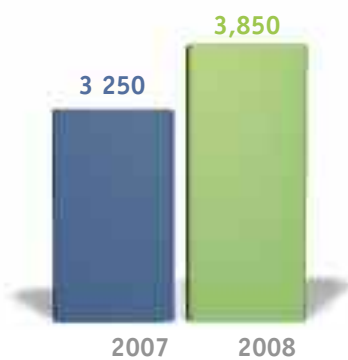
Breakdown of capital



Breakdown of revenue by region

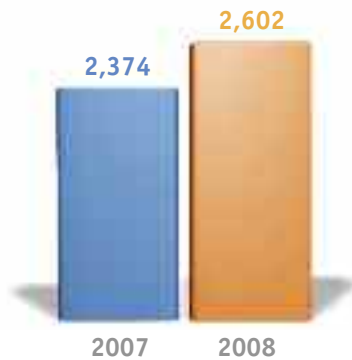


Breakdown of revenue by activity



Consolidated operating revenue (million dollars)

2,602 M€
Consolidated Operating revenue



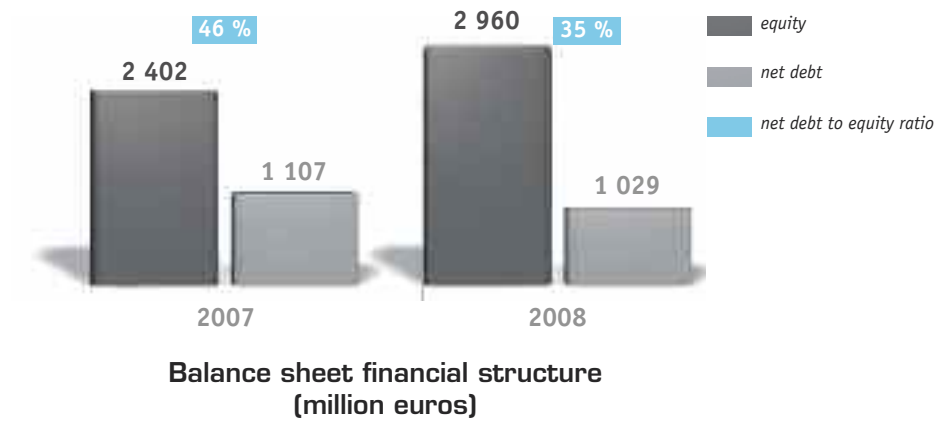
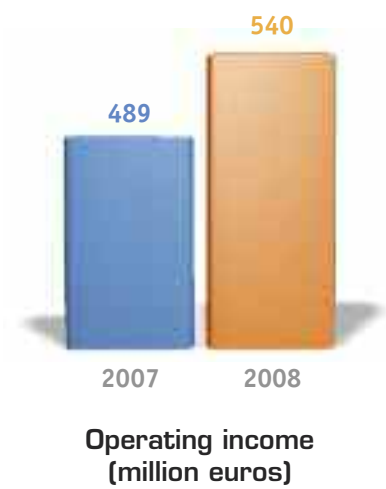
Consolidated operating revenue (million euros)

1,059 M€
EBITDAs



Number of employees

540 M€
Operating income



340 M€
Net income

35%
Debt ratio

866 M€
Net operating cashflow



Earth

Unlocking the Earth's secrets

CGGVeritas land crews operate all over the world, where, thanks to their deep and unique expertise, especially in high resolution high productivity solutions, they contribute to the advance of new hydrocarbon discovery and improved reservoir production. They are recognized for excellence in QHSE and their ability in extreme conditions, working in the arctic, desert, transitional zones and shallow waters.

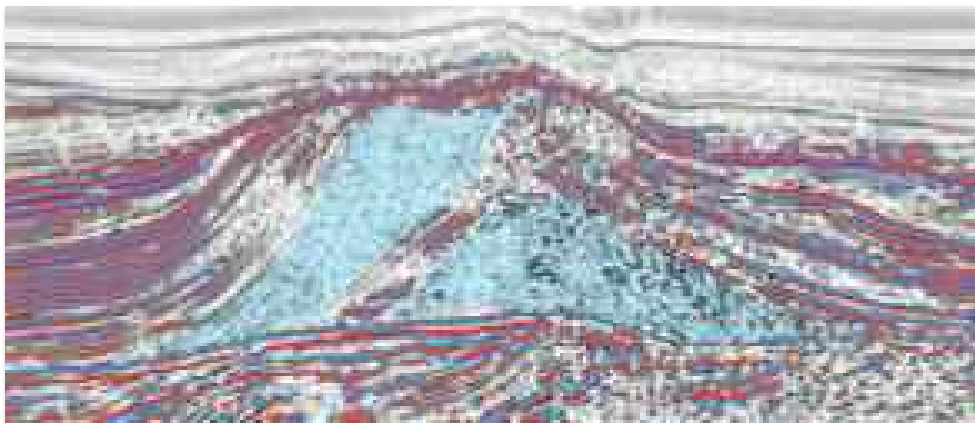


Sea

illuminating below the ocean's depths

As operator of the world's largest seismic fleet, deploying Sercel Sentinel solid streamers, delivering market-leading acquisition services, CGGVeritas is the benchmark marine seismic contractor and is recognized for its technological leadership in wide-azimuth acquisition. Our acquisition techniques and technologies along with our advanced interpretation and analysis abilities are vital to understanding complex geology, a key component in the discovery and production of natural resources.

Overview of 2008



Revenue:

In 2008, Group Revenue was \$3.850 billion, compared to \$3.251 billion in 2007. The 18% growth was mainly driven by Sercel sales, marine performance, and multi-client sales.

Sercel capitalized on a growing market and its leadership in technology to achieve 19% external sales growth to \$1.209 billion reaching a new record in revenue and market share.

Services grew 17% to \$2.718 billion, also at record levels, with strength across all business lines and especially high interest in our wide-azimuth programs in the Gulf of Mexico and strong marine contract performance in the second half of the year.

Technology:

April

SeaRay, the new seabed acquisition system based on the Sercel 408 and 428 product line and expertise in digital sensors, received growing acceptance from its customers.

August

Services undertook its first V1 land acquisition program in Egypt. V1 combines our unique HPVA technology with single vibrator operations to deliver an industry-leading solution for high-performance land seismic.

From the start CGGVeritas has been **creating value** for our customers through **innovation** and **leadership** in seismic equipment, acquisition services and imaging technology.



October

Services opened a new technology center in Villahermosa. This center will bring advanced imaging technology to seismic acquisition in Mexico including the Western Gulf of Mexico.

November

First successful production deployment of SeaPro Nav, Sercel's new comprehensive real-time positioning solution for towed marine geophysical surveying. It allows fully-braced positioning networks and streamer steering including multi-vessel support for undershooting and wide-azimuth techniques.

December

Sercel completes sea testing of Nautilus, a totally integrated system for control of seismic streamers, with excellent results.

Market Position:

February

With winter crews in operations, Services operated at the highest yearly levels of land acquisition activity in N. America with 16 crews working on contract and multi-client surveys in the Arctic and Rocky Mountain foothills. Preparations had also begun to acquire multi-client data in the Haynesville shale of Louisiana.

March

Sercel increased manufacturing capacity to meet growing demand for marine Sentinel solid streamers which have become the industry benchmark and preferred system for equipping vessels.

March

Processing and Imaging initiated a pre-stack depth migration of our unique Santos basin multi-client cluster survey in Brazil providing further insight into this hydrocarbon bearing pre-salt geology where the major Tupi discovery was made.

June

Sercel became the global leading supplier of geophones, fortifying its leadership across the broad range of seismic acquisition technology.

August

Services, through its regional joint-venture Ardiseis was awarded an industry first 40,000 channel count, ultra high-density high-resolution onshore seismic survey by Qatar Petroleum in the Dukhan field in Qatar.

Overview of 2008

September

Ardiseis was awarded a multi-year contract extension by Petroleum Development Oman to undertake a high-productivity high-density onshore seismic acquisition project in Oman. In addition to increasing the number of active vibrator fleets, the extension doubled crew capacity to 25,000 channels.

September

Marine achieved a worldwide vessel availability rate of 98% and a production rate of 90% in the third quarter as performance strengthened in the second half of the year.

October

The land equipment market reached record levels and Sercel sales outperformed market growth in particular due to increased market preference for the 428XL recording system.



October

Our Garden Banks wide-azimuth survey was ahead of schedule and Services began acquisition of Green Canyon, our third wide-azimuth multi-client survey in the Gulf of Mexico. Upon completion of these projects, scheduled for the first quarter of 2009, wide-azimuth coverage will total 1452 OCS blocks, equivalent to 33,832 sq km.

November

Two new processing and imaging centers were opened in Asia Pacific, one in Bangkok, where we specialize in land data processing and one in Beijing, where we specialize in multi-component data processing. This continued to further strengthen our presence in the region, where our unique CBM advanced technology had particular success in imaging fractured reservoirs.

Mergers & Acquisitions:

May

Sercel broadens its expertise in downhole applications with the acquisition of Metrolog, a leading provider of high pressure, high temperature gauges and other reservoir measurement technology to the oil and gas industry.

December

Sercel further extends its expertise in seismic navigation software through the acquisition of Quest Geo Solutions, a privately held company based in the UK, specializing in navigation, geodesy, and positioning solutions.

December

CGGVeritas announced the success of its voluntary exchange offer for Wavefield Inseis ASA, strengthening its fleet with newer high-end vessels, a strong management team and good backlog well into 2009.





Sustainable development and social responsibility

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



Our vision and values are communicated actively throughout our organization and included in our ethics chart and business conduct practices, formalizing our commitment to good governance principles.

We consider individual accountability as core to our ethical approach and pay particular attention to mobilizing employees through all communication means and training. Our employees also have direct access to the Ethics Committee and have at their disposal a multi-lingual reporting line available around the clock.

Responsibility: fully integrated in our business conduct

Putting employee health and safety above all

In order to ensure the safety of our employees, we use the most requiring standards for quality, health and safety at work, on all sites.

And we implement permanent improvement processes aimed at further reducing and better controlling exposure and mitigating risk. This applies to all personnel and to all third parties involved in our business from subcontractors to our clients and local communities.

Keeping our employees in good health and preventing risk exposure are two of our most important goals, and are key building blocks of our Health Management System in all countries where we live and conduct operations.

Letting employees grow and achieve their potential

Our capacity for innovation is critical to our performance, and we ensure that all employees have access to the highest level of training to develop their competencies. Our permanent training policy along with CGGVeritas University allows each employee to grow through an individualized career to achieve their full potential. Innovation is created from new and different

ideas. Our employee diversity combined with their expertise is what makes CGGVeritas strong and provides the platform for the development of our future experts and leaders. Training and career management are the two pillars of our Human Resources policy and form the fundamental bricks of synergy for our company's development.

Reducing the environmental impact of our business

Because the very nature of our activity takes us to the most diverse natural environments, managing the impact of our operations in these locations has become second nature for our personnel and is well anchored in our processes. CGGVeritas is implementing an Integrated Management System (IMS), known as PRISM, that is based on the concept of sustainable development.

Sustainable development policy

The CGGVeritas vision of being the leading international partner in the development of natural resources through geophysics cannot fully be a success globally and locally without a clear focus on sustainable development in its three key areas of environmental protection, social progress and economic development.

PRISM provides CGGVeritas with a differentiated methodology to gauge and continuously improve the effects of our activities in three pivotal areas: environmental protection, social progress and economic development.

In this respect, our footprint in all operations is accounted for and managed according to the most demanding environmental standards. And, as we continue to grow, all of our major projects such as the new offices or the new seismic vessels that we are building integrate right from the start, stringent environmental standards.

Leveraging our geophysical expertise for sustainable development

Through our earth science and geophysical expertise along with our continually growing knowledge of the subsurface geology, we participate in a wide range of projects well aligned with the ecological challenges of our time. Our know-how can assist with the optimization of natural resource production and advance areas such as CO₂ subsurface storage and water management.

Involving our partners in our process

With the view to extend our quality, health and safety practices as widely as possible, we ask our subcontractors and suppliers to

Gulf of Mexico



USA





commit to the fundamental principles of our Quality, Health, Safety and Environmental practices, as well as accept the terms and conditions of our Purchasing Code of Conduct and apply the international conventions of the Labor International Organization.

Our commitment towards the Community

Being a contributor to economic and social development

Our growth is based on leveraging local employment. In Services we create local partnerships and hire local personnel for the duration of our activity in that particular

Alaska



location, providing access to our full training capabilities as well as our QHSE practices and systems. In some locations these relationships stretch back over 50 years. In Sercel, we also employ a majority of nationals in all countries where we operate, thus sharing industrial know-how and building business relationships with local industry.

In addition to the training provided by our own CGGVeritas University, our company has entered into several partnerships with universities and other training centers. These partnerships take different forms from scholarships and access to our technology to passing on our expertise through guest lectures and training.

As we move forward in 2009, CGGVeritas will continue to strengthen its commitment to education in every country where we operate and to participate in various student programs of key international associations of geophysics.

Being a contributor to citizen well being

Year 2008 was declared International Year of Planet Earth by both UNESCO and IUGS. CGGVeritas, as the world leader of the geophysical industry, sponsored this initiative and participated in numerous events across the globe that focused on earth science and geophysics and how these sciences can best be utilized to meet the sustainable development challenges the world faces in the future.

Encouraging employee initiative

We encourage employee initiatives that contribute to addressing recognized sustainable development challenges, and many people throughout our company participate in events, meetings and projects spending their time to make the locations where they live and work a better place for future generations. CGGVeritas contributes financially to further support many of these initiatives around the globe.

Shareholder information

Stock Exchange Listing

CGGVeritas stock is listed in Compartment A (CAC Next 20) of Euronext Paris (code ISIN FR0000120164), and on the New York Stock Exchange in the form of American Depositary Shares (ADS), where one ADS represents one ordinary share since the five-for-one stock split on June 3rd 2008. ADS are issued by the Bank of New York Mellon and have been listed under the ticker symbol 'CGV' since January 15th 2007.

As of December 31st 2008, CGGVeritas stock was trading at €10.60 and one ADS was worth US\$14.99.

Share Capital

As of December 31st 2008, the Group's share capital totaled €60,247,083 comprising 150,617,709 shares with a face value of € 0.40.

2009 Annual Shareholders' Meeting

The Annual Shareholders' Meeting will take place on April 29th 2009 at 9:30am at the Auditorium Paris Centre Marceau, 12 avenue Marceau 75008 Paris, France.

Dividends

There are no plans to propose the payment of a dividend for the 2008 fiscal year at the Annual Shareholders' Meeting.

Paris Stock Exchange (Euronext)

Minimum 2008 share price: **€8.44**
Maximum 2008 share price: **€40.0 ***
Closing price, 31/12/2008: **€10.60**

New York Stock Exchange (NYSE)

Minimum 2008 share price: **\$10.50**
Maximum 2008 share price: **\$58.48**
Closing price, 31/12/2008: **\$14.99**

**(adjusted to five-for-one stock split)*

CGGVeritas share price



Investor Relations

A copy of the 2008 annual report filed with the Autorité des Marchés Financiers (AMF) and Form 20F as filed with the Securities and Exchange Commission (SEC) and other available company documents will be sent free of charge to any investor on written application to the CGGVeritas Investor Relations Department. Group financial information is also available on our website at www.cggveritas.com.

Statutory Auditors

Ernst & Young et Autres
41, rue Ybry – 92576
Neuilly-sur-Seine Cedex

Mazars et Guérard
61, rue Henri Regnault
92400 Courbevoie

This document has been drawn up for the general information of shareholders and its content shall in no way be seen as an offer to purchase or an incentive to acquire company shares. Nor does it constitute a company guarantee of the value of its shares.

CGGVeritas Investor Relations

Tour Maine-Montparnasse – 33, avenue du Maine – BP 191
75755 Paris Cedex 15
Tel.: +33 1 64 47 38 31 – Fax: +33 1 64 47 34 32
e-mail: invrel@cggveritas.com