CGGVeritas Announces 2010 Fourth Quarter and Full Year Results

2010 Revenue at $2.9 billion, Operating Income of $220 million Before One-off Charges

Strong Fourth Quarter with Revenue up 21% to $905 million

Operating Income Before One-off Charges up 118% to $120 million

and Free Cash Flow at $105 million

PARIS, France – February 25th 2011– CGGVeritas (ISIN: 0000120164 – NYSE: CGV) Board of Directors approved on February 24, 2011 the 2010 financial statements of the Company, on which the independent auditors are in the process of completing their audit procedures. All comparisons stated here below are made on a year-on-year basis unless stated otherwise.

Fourth Quarter 2010 Results: a particularly strong performance

- Group revenue was $905 million, up 21% year-on-year and up 38% sequentially with robust activity in Sercel and very strong multi-client sales.
- Before one-off charges, Group operating income climbed to $120 million, increasing the margin to 13%:
  - Sercel margins reached 36%, in an equipment market characterized by increasing demand for high resolution surveys.
  - Services margin was 5% with strong year end multi-client sales, highlighting globally increasing interest for future exploration programs and the long term value of our wide azimuth data in the Gulf of Mexico.
- As announced on December 16th, our performance plan led to restructuring charges of $37 million and impairment of our multi-client library net book value by $94 million. After these one-off charges of $131 million, net income was a loss of $35 million.
- Up 31%, operational cash flow rose to $283 million. After capital expenditure and financial costs, our free cash flow was positive at $105 million.

2010 Results: reflect a strengthening seismic market and lingering marine overcapacity

- Group revenue was $2.9 billion, down 7% from 2009:
  - Sercel achieved excellent performance with sales up 17%.
  - Services, which were impacted by events in the Gulf of Mexico and continued oversupply in the marine market, were down 12%. A low point was reached in the third quarter followed by a particularly strong seasonal effect in the fourth quarter.
- Before one-off charges, group operating income was $220 million, a 8% margin:
  - Sercel significantly strengthened and delivered a 29% operating margin.
  - Services delivered a 2% operating margin.
- After one-off charges, net income was a loss of $59 million.
- 2010 Free Cash Flow was negative at $108 million including $32 million related to the 2009 fleet adjustment plan.
- Net debt to equity ratio was 41%.
- Backlog was relatively stable year-on-year as we entered 2011 at $1.45 billion.

2010 Post Closing Events:

- Issuance of a €360 million 2016 convertible 1.75% bond on January 19th 2011.
- Completion of Norfield transaction: CGGVeritas became the full owner of the 3D Voyager, sold the 2D Venturer, and was no longer a shareholder of Norfield.
- Beginning of the year marked by the evolution of security concerns in North Africa, piracy risks in the Indian Ocean and higher than usual operational maritime interruptions.

2011 Outlook:

- E&P spending expected to grow in 2011 with exploration increasing significantly:
  - Sercel: equipment market should grow around 5 to 10%.
  - Services: contract market should be up around 15 to 20% in volume, progressively absorbing marine oversupply in the second half of the year.
- Performance plan which is anticipated to generate $150 million in operating income by end 2012 will produce its first effects:
  - A positive impact that should reach $75 million in 2011.
  - Shipyard time and vessel upgrades are anticipated to impact utilization rates of the fleet early in the year, particularly in the first quarter, before progressively strengthening them going forward.
- Group Capex expected to be around $600 million:
  - Capex for multi-client targeted at $300 million in 2011. Prefunding should be around 80% for the full year.
  - Multi-client amortization should be around 60% vs. 51% in 2010 given our increased onshore shale gas investments which are anticipated to be approximately 50% of multi-client Capex in 2011.
- In this context and with constant marine pricing, we confirm the objective of generating positive free cash flow in 2011.

CGGVeritas CEO, Jean-Georges Malcor commented:

"I am pleased to announce that our results this quarter were above expectations based on sustained marine utilization, solid processing performance, particularly high Sercel deliveries and record level multi-client sales, confirming the positive market signs we saw last quarter.

For the year, our overall results reflected the continued challenging contract market conditions as the impact of marine overcapacity was prolonged by the dramatic reduction of Gulf of Mexico activity.

Looking forward, Sercel should continue to deliver excellent performance while Services should see the market strengthening and progressively absorbing marine oversupply in the second half of 2011.

With a focus on performance improvements, costs reduction and differentiation, both technological and commercial, we have launched an ambitious plan to significantly upgrade our fleet, commercialize our breakthrough marine broadband solution BroadSeis and strengthen our balance sheet as exemplified by our convertible bond issue.

With these plans and our continuous commitment to our clients, the motivation of our people, and our dedication to HSE across all activities, I am more confident than ever that we are building a solid foundation for the future".

Fourth Quarter 2010 Financial Results

Fourth Quarter 2010 key figures

In million $	Third Quarter 2010	Fourth Quarter 2010	Fourth Quarter 2009
Group Revenue	**656**	**905**	**748**
Sercel	247	284	215
Services	461	651	562
Group Operating Income before restructuring costs and Impairment of intangible assets	**27**	**120**	**55**
Margin	*4%*	*13%*	*7%*
Sercel	74	101	39
Margin	*30%*	*36%*	*18%*
Services	-17	35	22
Margin	*-4%*	*5%*	*4%*
Net Income before restructuring costs and Impairment of intangible assets	**-33**	**53**	**5**
Margin	*-5%*	*6%*	*1%*
Net Income	**-33**	**-35**	**-411**
Cash Flow from Operations	**82**	**283**	**215**

Revenue

Group revenue was up 21% in $ and up 35% in € year-on-year. Sequentially, Group revenue was up 38% in $ mainly due to the increase of Sercel equipment deliveries and multi-client sales.

In millions	Third Quarter 2010 ($)	Fourth Quarter 2010 ($)	Fourth Quarter 2009 ($)	Fourth Quarter 2010 (€)	Fourth Quarter 2009 (€)
Group Revenue	**656**	**905**	**748**	**672**	**500**
Sercel Revenue	247	284	215	210	144
Services Revenue	461	651	562	484	375
Eliminations	-51	*-30*	-29	*-22*	-19
Marine contract	173	207	173	154	110
Land contract	82	106	81	79	54
Processing	94	108	104	80	70
Multi-client	112	230	203	172	141
MC marine	77	178	164	133	114
MC land	35	52	39	39	27

Sercel

Year-on-year, revenue was up 32% in $ and 45% in €. Sequentially, revenue was up 15% in $. Operating margin increased 6 points to 36%, a particularly strong result. Deliveries of land channels increased sequentially 40% and marine equipment sales remained high with a 14% increase in streamer deliveries**.** Internal sales represented 11% of revenue.

Services

Year-on-year, revenue was up 16% in $ and 30% in €. Sequentially revenue was up 42% in $ and operating margin was 5% with strong multi-client sales and increased land and marine contract activity.

- Marine contract revenue was up 20% year-on-year in $ and 40% in € due to increased vessel utilization rates. Sequentially, revenue was up 20% in $ with vessel availability[1] at 84% and production[2] at 92% in the continued low priced market. 91% of the 3D fleet operated on contract, 9% on multi-client. During the quarter, we signed a term sheet with Petrovietnam Technical Services Corporation (PTSC) to create a 2D/3D marine joint venture to operate 2D and 3D marine seismic vessels, primarily in Vietnamese waters. The Endeavour and Master entered into shipyard for 4 months for engine and streamer configuration upgrades. The Vision transited from Gulf of Mexico to India.

- Land contract revenue was up 30% year-on-year in $ and up 46% in €. Sequentially revenue was up 29% in $ with higher activity in North America, both in the lower 48 and Canada, as well as in the Middle East and Latin America. The quarter was marked by an encouraging strong start of the Canada winter season, driven by oil sand multi-component projects. Also during the quarter we started jungle operations in Latin America and various 4D and microseismic projects.

- Processing & Imaging revenue was up 4% year-on-year in $ and up 15% in €. Sequentially revenue was up 16% in $ and profitability remained strong. Growing data volumes, client proximity and technology differentiation remain key drivers for future growth.

- Multi-client revenue was up 13% year-on-year in $ (22% in €) and up 104% in $ sequentially. This particularly strong performance was mainly fueled by high marine sales worldwide, including sales in the Gulf of Mexico and Brazil. Capex was at $57 million (€42 million) with a prefunding ratio of 146% confirming the long term value of our wide-azimuth data. The amortization rate averaged 47%, with 60% in land and 43% in marine. After a $94 million one-off adjustment to the Canadian and narrow azimuth Gulf of Mexico library, Net Book Value at the end of December was $603 million.

  Multi-client marine revenue was $178 million (€133 million), up sequentially 130% in $. Capex was $27 million (€20 million). Prefunding was $61 million (€45 million) corresponding to a very high prefunding rate of 223%. After-sales worldwide were very strong at $117 million (€88 million), a strong sequential increase globally highlighting the confidence of our clients in their 2011 exploration programs.

  Multi-client land revenue was $52 million (€39 million), up sequentially 47% in $. Capex this quarter was at $30 million (€22 million) reflecting our continued programs to extend our shale gas footprint in the Haynesville and Marcellus basins. Prefunding was $23 million (€17 million), or 77%. After-sales were $29 million (€22 million).

[1] - The ***vessel availability rate***, a metric measuring the structural availability of our vessels to meet demand; this metric is related to the entire fleet, and corresponds to the total vessel time reduced by the sum of the standby time, the shipyard time and the steaming time (the "available time"), all divided by total vessel time;

[2] - The ***vessel production rate***, a metric measuring the effective utilization of the vessels once available; this metric is related to the entire fleet, and corresponds to the available time reduced by the operational downtime, all then divided by available time.

Group EBITDAs before restructuring and impairment was $326 million (€243 million), a margin of 36% compared to 33 % in the fourth quarter 2009 and 24 % in the third quarter 2010.

In millions / before Restructuring & Impairment	Third Quarter 2010 ($)	Fourth Quarter 2010 ($)	Fourth Quarter 2009 ($)	Fourth Quarter 2010 (€)	Fourth Quarter 2009 (€)
Group EBITDAs	**157**	**326**	**248**	**243**	**167**
Margin	*24%*	*36%*	*33%*	*36%*	*33%*
Sercel EBITDAs	86	115	51	85	34
Margin	*35%*	*41%*	*24%*	*41%*	*24%*
Services EBITDAs	99	224	202	167	135
Margin	*22%*	*34%*	*36%*	*34%*	*36%*

Group EBITDAs after restructuring and impairment was $294 million (€219 million).

Group Operating Income before restructuring and impairment was $120 million (€90 million), a margin of 13%, three times higher than in the third quarter 2010 mainly due to the excellent performance of Sercel and multi-client.

In millions / before Restructuring & Impairment	Third Quarter 2010 ($)	Fourth Quarter 2010 ($)	Fourth Quarter 2009 ($)	Fourth Quarter 2010 (€)	Fourth Quarter 2009 (€)
Group Operating Income	**27**	**120**	**55**	**90**	**35**
Margin	*4%*	*13%*	*7%*	*13%*	*7%*
Sercel Op. Income	74	101	39	75	26
Margin	*30%*	*36%*	*18%*	*36%*	*18%*
Services Op. Income	-17	35	22	26	13
Margin	*-4%*	*5%*	*4%*	*5%*	*4%*

Group Operating Income after restructuring and impairment was a loss of $11 million (€9 million).

Financial Charges
Financial charges were $36 million (€27 million).

Taxes
Taxes were positive at $9 million (€7 million) as a result of the activation of differed taxes.

Group Net Income before restructuring and impairment was $53 million (€40 million), compared to $5 million (€3 million) last year, resulting in an EPS of €0.25 per ordinary share and $0.34 per ADS.

Group Net Income after restructuring and impairment was a loss of $35 million (€26 million), compared to a loss of $411 million (€296 million) in the fourth quarter of 2009, resulting in an EPS of €-0.18 per ordinary share and $-0.24 per ADS.

Cash Flow

Cash Flow from Operations

Cash flow from operations increased 31% year on year to $283 million (€212 million).

Capex

Global Capex was $116 million (€85 million) this quarter.

- Industrial Capex was $59 million (€44 million)
- Multi-client Capex was $57 million (€42 million)

In million $	Fourth Quarter 2010	Fourth Quarter 2009
Capex	116	117
Industrial	59	58
Multi-client	57	58

Free Cash Flow

After financial interests paid during the quarter, free cash flow was positive at $105 million compared to $38 million in the fourth quarter of 2009.

Fourth Quarter 2010 Comparisons with Fourth Quarter 2009

Consolidated Income Statement In millions	Third Quarter 2010 ($)	Fourth Quarter 2010 ($)	Fourth Quarter 2009 ($)	Fourth Quarter 2010 (€)	Fourth Quarter 2009 (€)
Exchange rate euro/dollar	*1.266*	*1.329*	*1.482*	*1.329*	*1.482*
Operating Revenue	656.3	905.0	747.8	672.4	499.9
Sercel	*246.9*	*283.7*	*215.0*	*209.8*	*144.4*
Services	*460.8*	*651.3*	*561.8*	*484.4*	*374.8*
Elimination	*-51.1*	*-30.2*	*-29.1*	*-21.8*	*-19.4*
Gross Profit	**102.4**	**208.8**	**166.8**	**155.5**	**110.8**
Operating Income	**26.5**	**119.9**	**54.6**	**89.8**	**35.2**
Sercel	*74.0*	*101.0*	*38.8*	*75.1*	*25.6*
Services	*-16.5*	*34.7*	*22.4*	*26.2*	*13.2*
Corporate and Elimination	*-31.0*	*-15.8*	*-6.6*	*-11.5*	*-3.6*
Net Financial Costs	**-45.4**	**-36.4**	**-42.4**	**-27.0**	**-28.6**
Income Tax	**-13.0**	**-27.5**	**-6.9**	**-20.6**	**-3.6**
Deferred Tax on Currency Translation	**0.9**	**-6.1**	**-4.4**	**-4.7**	**-3.4**
Income from Equity Investments	**-1.5**	**3.4**	**4.3**	**2.6**	**3.0**
Net Income	**-32.6**	**53.2**	**5.2**	**40.2**	**2.6**
Earnings per share (€) / per ADS ($)	**-0.23**	**0.34**	**0.02**	**0.25**	**0.01**
EBITDAs	**156.8**	**325.6**	**248.3**	**242.9**	**166.6**
Sercel	*86.1*	*115.0*	*50.9*	*85.4*	*33.8*
Services	*99.2*	*223.6*	*201.9*	*166.8*	*135.0*
Industrial Capex	*106.9*	59.3	58.4	*43.6*	*38.7*
Multi-client Capex	*61.7*	57.0	*58.0*	*41.9*	*37.5*

Fourth Quarter 2010 Key Figures

In millions	Fourth Quarter 2010 ($)	variation	Fourth Quarter 2009 ($)	Fourth Quarter 2010 (€)	variation	Fourth Quarter 2009 (€)
Group EBITDAs						
Before restructuring costs	326	*31%*	248	243	*46%*	167
Margin	*36%*		*33%*	*36%*		*33%*
Restructuring cash costs	-32		-20	-24		-14
After restructuring costs	294	*29%*	228	219	*43%*	153
Margin	*32%*		*31%*	*32%*		*31%*
Group Operating Income						
Before non-recurring	120	*120%*	55	90	*155%*	35
Margin	*13%*		*7%*	*13%*		*7%*
Restructuring cash costs	-37		-59	-28		-41
Intangible assets impairment	-94		-389	-70		-279
After non-recurring	-11	*-97%*	-393	-9	*-97%*	-285
Margin	*-1%*		*-53%*	*-1%*		*-53%*
Group Net Income						
Before non-recurring	53	929%	5	40	1458%	3
Margin	*6%*		*1%*	*6%*		*1%*
Net restructuring costs	-26		-55	-19		-39
Net Intangible assets impairment	-62		-361	-47		-260
After non-recurring	-35	*-92%*	-411	-26	*-91%*	-296
Margin	*-4%*		*-55%*	*-4%*		*-55%*
Earnings per share (€) / per ADS ($)						
Before non-recurring	0.34	*1325%*	*0.02*	0.25	*2500%*	0.01
After non-recurring	-0.24	*-91%*	*-2.73*	-0.18	*-91%*	-1.97

2010 Financial Results

Group Revenue

Group Revenue was down 7% in $ and 2% in € year-on-year, reflecting the strengthening performance of Sercel, up 17% in $ and the decrease in Services down 12% penalized by the impact of the Gulf of Mexico and by overcapacity in contract marine.

In millions	2010 ($)	2009 ($)	2010 (€)	2009 (€)
Group Revenue	**2 904**	**3 109**	**2 186**	**2 233**
Sercel Revenue	1 000	858	754	616
Services Revenue	2 083	2 379	1 567	1 708
Eliminations	*-178*	*-127*	*-134*	*-91*
Marine contract	778	1 078	585	774
Land contract	381	382	287	274
Processing	389	403	293	290
Multi-client	534	515	402	370
MC marine	388	414	292	297
MC land	146	102	110	73

Sercel

Sercel sales were up 17% in $ and 22% in €. Marine sales increased significantly due to Sentinel® solid steamer demand for new builds and vessel upgrades for increased resolution surveys.

Services

Revenue was down 12% in $ and 8% in €. Challenging contract market conditions remained as overcapacity was prolonged by the reduction of activity in the Gulf of Mexico. The vessel availability rate for the full year 2010 was 88% and the production rate was 91%.

Multi-client revenue was up 4% in $ and 9% in € with Capex reduced 9% as planned in $ to $291 million (€219 million). The prefunding rate in 2010 was high at 85%, respectively 83% in marine and 90% in land. The amortization rate was 51%.

Group EBITDAs before restructuring and impairment was $824 million (€620 million), a margin of 28%.

In millions / before Restructuring and Impairment	YTD 2010 ($)	YTD 2009 ($)	YTD 2010 (€)	YTD 2009 (€)
Group EBITDAs	**824**	**992**	**620**	**716**
margin	*28%*	*32%*	*28%*	*32%*
Sercel EBITDAs	341	228	257	164
margin	*34%*	*27%*	*34%*	*27%*
Services EBITDAs	580	834	436	599
margin	*28%*	*35%*	*28%*	*35%*

Group EBITDAs after restructuring and impairment was $792 million (€596 million).

Group Operating Income before restructuring and impairment was $220 million (€166 million), a margin of 8% and including the impact of non-current items such as disposal of assets and reduction of liabilities in the second quarter. Sercel delivered a strong operational performance with a 29% operating margin. Services operating margin was reduced to 2% impacted by low marine prices.

In millions / before Restructuring & Impairment	YTD 2010 ($)	YTD 2009 ($)	YTD 2010 (€)	YTD 2009 (€)
Group Operating Income	**220**	**309**	**166**	**222**
Margin	*8%*	*10%*	*8%*	*10%*
Sercel Op. Income	290	186	219	134
Margin	*29%*	*22%*	*29%*	*22%*
Services Op. Income	37	203	28	146
Margin	*2%*	*9%*	*2%*	*9%*

Group Operating Income after restructuring and impairment was $89 million (€67 million).

Financial Charges

Financial charges were $140 million (€106 million).

Other financial income was $11 million (€9 million) following changes in the currency exchange rate.

Net Income before restructuring and impairment was $29 million (€22 million). EPS was €0.08 per ordinary share and $0.10 per ADS.

Net Income after restructuring and impairment was a loss of $59 million (€44 million). EPS was €-0.36 per ordinary share and $-0.48 per ADS.

Cash Flow

Cash Flow from Operations

Cash flow from operations was $598 million (€450 million).

Capex

Global Capex was $591 million (€445 million), stable year-on-year.

- Industrial Capex was $300 million (€226 million)
- Multi-client Capex was $291 million (€219 million)

In million $	YTD 2010	YTD 2009
Capex	591	586
Industrial	300	267
Multi-client	291	319

Free Cash Flow

After financial interests paid during the year, free cash flow was negative at $108 million.

Balance Sheet

Group gross debt was $1.985 billion (€1.486 billion), at the end of December 2010.

Debt includes a capital lease of $102 million (€77 million) corresponding to the construction of new facilities for our services divisions in France.

With $449 million (€336 million), in available cash, Group net debt was $1.536 billion (€1.150 billion).

Net debt to equity ratio, at the end of December 2010, was 41%.

2010 Comparisons with 2009

Consolidated Income Statement In millions	YTD 2010 ($)	YTD 2009 ($)	YTD 2010 (€)	YTD 2009 (€)
Exchange rate euro/dollar	*1.329*	*1.392*	*1.329*	*1.392*
Operating Revenue	2 904.2	3 109.2	2 186.1	2 233.2
Sercel	*999.6*	*858.0*	*753.6*	*616.2*
Services	*2 082.9*	*2 378.5*	*1 566.9*	*1 708.4*
Elimination	*-178.3*	*-127.2*	*-134.4*	*-91.5*
Gross Profit	**588.7**	**738.3**	**443.1**	**530.2**
Operating Income	**220.2**	**309.2**	**165.7**	**222.2**
Sercel	*290.4*	*186.3*	*218.9*	*133.8*
Services	*37.4*	*203.3*	*28.2*	*146.1*
Corporate and Elimination	*-107.6*	*-80.3*	*-81.4*	*-57.7*
Net Financial Costs	**-128.9**	**-161.9**	**-97.0**	**-116.3**
Income Tax	**-52.1**	**-56.0**	**-39.3**	**-40.2**
Deferred Tax on Currency Translation	**-8.9**	**6.9**	**-6.6**	**5.0**
Income from Equity Investments	**-1.0**	**11.6**	**-0.7**	**8.3**
Net Income	**29.4**	**109.7**	**22.2**	**78.8**
Earnings per share (€) / per ADS ($)	**0.10**	**0.68**	**0.08**	**0.49**
EBITDAs	**824.3**	**991.8**	**620.5**	**715.8**
Sercel	*340.5*	*228.4*	*256.7*	*164.1*
Services	*579.8*	*833.7*	*436.1*	*598.8*
Industrial Capex	300.1	*266.9*	*225.9*	191.8
Multi-client Capex	291.3	*319.3*	*219.3*	229.3

2010 Key Figures

In millions	2010 ($)	*variation*	2009 ($)	2010 (€)	*variation*	2009 (€)
Group EBITDAs						
Before restructuring costs	824	*-17%*	992	620	*-13%*	716
margin	*28%*		*32%*	*28%*		*32%*
Restructuring cash costs	-32		-75	-24		-50
After restructuring costs	792	*-14%*	917	596	*-9%*	659
margin	*27%*		*30%*	*27%*		*30%*
Group Operating Income						
Before non-recurring	220	*-29%*	309	166	*-25%*	222
margin	*8%*		*10%*	*8%*		*10%*
Restructuring costs	-37		-144	-28		-103
Intangible assets impairment	-94		-389	-70		-279
After non-recurring	89	*-140%*	-224	67	*-142%*	-161
margin	*3%*		*-7%*	*3%*		*-7%*
Group Net Income						
Before non-recurring	29	*-73%*	110	22	*-72%*	79
margin	*1%*		*4%*	*1%*		*4%*
Net restructuring costs	-26		-110	-19		-79
Net Intangible assets impairment	-62		-360	-47		-259
After non-recurring	-59	*-84%*	-360	-44	*-83%*	-259
margin	*-2%*		*-12%*	*-2%*		*-12%*
Earnings per share (€) / per ADS ($)						
Before non-recurring	0.10	*-85%*	*0.68*	0.08	*-84%*	0.49
After non-recurring	-0.48	*-80%*	*-2.44*	-0.36	*-79%*	-1.75

Other Information

- Jean-Georges Malcor, CEO**,** will comment on the results today, February 25th, during a public presentation at 9:30 AM – at the Auditorium Etoile St Honoré – 21, 25, rue Balzac Paris 8ème.
- An English language conference call is scheduled today February 25th at 3:00 PM (Paris time) – 2:00 PM (London time) – 8:00 AM (US CT) – 9:00 AM (US ET).
- To take part in the English language conference, simply dial five to ten minutes prior to the scheduled start time.

    - US Toll-Free 1 877 485 3104
    - International call-in 1 201 689 8579
    - Replay 1 877 660 6853 & 1 201 612 7415 - ACCT#356 – ID#365959

    You will be connected to the conference: "CGGVeritas Q4 & Full Year 2010 results".

Copies of the presentation are posted on the Company website and can be downloaded.

The conference call will be broadcast live on the CGGVeritas website **www.cggveritas.com** and a replay will be available for two weeks thereafter.

About CGGVeritas

CGGVeritas (www.cggveritas.com) is a leading international pure-play geophysical company delivering a wide range of technologies, services and equipment through Sercel, to its broad base of customers mainly throughout the global oil and gas industry. CGGVeritas is listed on the Euronext Paris SA (ISIN: 0000120164) and the New York Stock Exchange (in the form of American Depositary Shares, NYSE: CGV).

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The information included herein contains certain forward-looking statements within the meaning of Section 27A of the securities act of 1933 and section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect numerous assumptions and involve a number of risks and uncertainties as disclosed by the Company from time to time in its filings with the Securities and Exchange Commission. Actual results may vary materially.

CGGVeritas

2010

CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

amounts in millions of	December 31, 2010 €	December 31, 2010 US$ (1)
ASSETS		
Cash and cash equivalents	335.9	448.8
Trade accounts and notes receivable, net	694.9	928.5
Inventories and work-in-progress, net	264.5	353.4
Income tax assets	85.1	113.7
Other current assets, net	121.1	161.8
Assets held for sale, net	72.5	97.0
Total current assets	**1,574.0**	**2,103.2**
Deferred tax assets	135.4	180.9
Investments and other financial assets, net	26.5	35.4
Investments in companies under equity method	73.4	98.0
Property, plant and equipment, net	781.7	1,044.5
Intangible assets, net	721.4	963.9
Goodwill	2,012.0	2,688.5
Total non-current assets	**3,750.4**	**5,011.2**
TOTAL ASSETS	**5,324.4**	**7,114.4**
LIABILITIES AND EQUITY		
Bank overdrafts	4.5	6.1
Current portion of financial debt	74.5	99.5
Trade accounts and notes payable	295.5	394.8
Accrued payroll costs	109.3	146.0
Income taxes liability	62.1	82.9
Advance billings to customers	24.8	33.2
Provisions – current portion	41.8	55.8
Other current liabilities	196.4	262.5
Total current liabilities	**808.9**	**1,080.8**
Deferred tax liabilities	116.7	155.9
Provisions – non-current portion	87.7	117.2
Financial debt	1,406.6	1,879.5
Other non-current liabilities	34.6	46.3
Total non-current liabilities	**1,645.6**	**2,198.9**
Common stock 228,141,797 shares authorized and 151,506,109 shares with a €0.40 nominal value issued and outstanding at December 31, 2010 and 151,146,594 at December 31, 2009	60.6	81.0
Additional paid-in capital	1,967.9	2,629.5
Retained earnings	880.5	1,176.5
Treasury shares	(13.8)	(18.4)
Net income (loss) for the period – Attributable to the Group	(54.6)	(72.9)
Income and expense recognized directly in equity	(3.4)	(4.6)
Cumulative translation adjustment	(25.1)	(33.6)
Equity attributable to owners of CGGVeritas SA	**2,812.1**	**3,757.5**
Non controlling interests, presented within equity	57.8	77.2
Total equity	**2,869.9**	**3,834.7**
TOTAL LIABILITIES AND EQUITY	**5,324.4**	**7,114.4**

(1) Dollar amounts represent euro amounts converted at the exchange rate of US$1.336 per € on the balance sheet date.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS

except per share data, amounts in millions of	December 31, 2010 €	December 31, 2010 US$ (1)
Operating revenues	**2,186.1**	**2,904.2**
Other income from ordinary activities	3.3	4.3
Total income from ordinary activities	**2,189.4**	**2,908.6**
Cost of operations	(1,746.3)	(2,319.9)
Gross profit	**443.1**	**588.7**
Research and development expenses, net	(57.0)	(75.7)
Marketing and selling expenses	(61.7)	(81.9)
General and administrative expenses	(168.4)	(223.8)
Other revenues (expenses), net	(88.8)	(118.0)
Operating income	**67.2**	**89.3**
Expenses related to financial debt	(107.9)	(143.3)
Income provided by cash and cash equivalents	2.4	3.2
Cost of financial debt, net	**(105.5)**	**(140.1)**
Other financial income (loss)	8.5	11.2
Income of consolidated companies before income taxes	**(29.8)**	**(39.6)**
Deferred taxes on currency translation	(6.6)	(8.8)
Other income taxes	(6.9)	(9.1)
Total income taxes	**(13.5)**	**(17.9)**
Net income from consolidated companies	**(43.3)**	**(57.5)**
Equity in income of investees	(0.7)	(1.0)
Net income	**(44.0)**	**(58.5)**
Attributable to :		
Owners of CGGVeritas SA	(54.6)	(72.6)
Non controlling interests	10.6	14.1
Weighted average number of shares outstanding	151,342,529	151,342,529
Dilutive potential shares from stock-options	344,540	344,540
Dilutive potential shares from free shares	305,290	305,290
Adjusted weighted average number of shares and assumed option exercises when dilutive	151,992,360	151,992,360
Net income (loss) per share attributable to owners of CGGVeritas SA		
Basic	(0.36)	(0.48)
Diluted	(0.36)	(0.48)

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.328 per €.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS

	Three months ended December 31, 2010	
except per share data, amounts in millions of	**€**	**US$ (1)**
Operating revenues	**672.4**	**905.0**
Other income from ordinary activities	0.8	1.1
Total income from ordinary activities	**673.2**	**906.0**
Cost of operations	(517.7)	(697.2)
Gross profit	**155.5**	**208.8**
Research and development expenses, net	(11.8)	(16.0)
Marketing and selling expenses	(16.5)	(22.3)
General and administrative expenses	(36.3)	(49.3)
Other revenues (expenses), net	(99.6)	(132.2)
Operating income	**(8.7)**	**(11.0)**
Expenses related to financial debt	(27.2)	(36.7)
Income provided by cash and cash equivalents	0.5	0.6
Cost of financial debt, net	**(26.7)**	**(36.1)**
Other financial income (loss)	(0.3)	(0.3)
Income of consolidated companies before income taxes	**(35.7)**	**(47.4))**
Deferred taxes on currency translation	(4.7)	(6.1)
Other income taxes	11.8	15.5
Total income taxes	**7.1**	**9.4**
Net income from consolidated companies	**(28.6)**	**(38.1)**
Equity in income of investees	2.6	3.4
Net income	**(26.0)**	**(34.7)**
Attributable to :		
Owners of CGGVeritas SA	(27.6)	(36.9)
Non controlling interests	1.6	2.2
Weighted average number of shares outstanding	151,445,679	151,445,679
Dilutive potential shares from stock-options	356,237	356,237
Dilutive potential shares from free shares	305,290	305,290
Adjusted weighted average number of shares and assumed option exercises when dilutive	152,107,206	152,107,206
Net income (loss) per share attributable to owners of CGGVeritas SA		
Basic	(0.18)	(0.18)
Diluted	(0.18)	(0.18)

(1) Corresponding to the twelve months ended December 31 less the nine months ended September 30, 2010 in US dollars.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

amounts in millions of	Year ended December 31, 2010 €	US$ (1)
OPERATING		
Net income (loss)	(44.0)	(58.5)
Depreciation and amortization	238.0	316.2
Multi-client surveys amortization	276.2	366.9
Variance on provisions	(19.7)	(26.2)
Expense & income calculated on stock-option	14.8	19.7
Net gain on disposal of fixed assets	-	-
Equity in income of affiliates	0.7	0.9
Dividends received from affiliates	2.4	3.2
Other non-cash items	(13.3)	(17.7)
Net cash including net cost of financial debt and income taxes	**455.1**	**604.6**
Less net cost of financial debt	105.5	140.2
Less income taxes expenses	13.5	17.9
Net cash excluding net cost of financial debt and income taxes	**574.1**	**762.7**
Income taxes paid	(73.2)	(97.2)
Net cash before changes in working capital	**500.9**	**665.4**
- change in trade accounts and notes receivables	(69.0)	(91.7)
- change in inventories and work-in-progress	(26.8)	(35.6)
- change in other currents assets	(18.9)	(25.1)
- change in trade accounts and notes payable	84.2	111.9
- change in other current liabilities	(9.5)	(12.6)
Impact of changes in exchange rate	(10.9)	(14.5)
Net cash provided by operating activity	**450.0**	**597.8**
INVESTING		
Total purchases of tangible and intangible assets (including variation of fixed assets suppliers)	(210.4)	(279.5)
Increase in multi-client surveys	(219.3)	(291.3)
Proceeds from disposals of tangible and intangible	4.5	6.0
Total net proceeds from financial assets	4.5	6.0
Total net acquisition of investments	(0.5)	(0.7)
Impact of changes in consolidation scope	(1.7)	(2.3)
Variation in loans granted	1.9	2.5
Variation in subsidies for capital expenditures	0.1	0.1
Variation in other financial assets	2.3	3.1
Net cash used in investing activities	**(418.6)**	**(556.1)**
FINANCING		
Repayment of long-term debts	(50.0)	(66.4)
Total issuance of long-term debts	2.2	3.0
Reimbursement on leasing	(56.6)	(75.2)
Change in short-term loans	1.5	2.0
Financial interest paid (2)	(101.4)	(134.7)
Net proceeds from capital increase		
- from shareholders	2.1	2.8
- from non-controlling interests of consolidated companies	-	-
Disposal (acquisition) of treasury shares	(3.0)	(4.0)
Dividend paid to non-controlling interests	(2.6)	(3.5)
Net cash provided by (used in) financing activities	**(207.8)**	**(276.0)**
Effects of exchange rate changes on cash	32.0	0.8
Net increase (decrease) in cash and cash equivalents	**(144.4)**	**(233.5)**
Cash and cash equivalents at beginning of year	**480.3**	**691.9**
Cash and cash equivalents at end of period	**335.9**	**458.4**

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.328 per € (except cash and cash equivalents balances converted at the closing exchange rate of US$1.336 per € at December 31, 2010 and of US$1.441 per € at December 31, 2009).

(2) Includes US$4.5 million related to issuing fees in the year ended December 31, 2010 (amendment of Term Loan B).

ANALYSIS BY OPERATING SEGMENT

(in millions of euros)	Year ended December 31, 2010			
	Services	Equipment	Eliminations and Adjustments	Consolidated Total
Revenues from unaffiliated customers	**1,566.9**	**619.2**	**-**	**2,186.1**
Inter-segment revenues	0.7	134.4	(135.1)	-
Operating revenues	**1,567.6**	**753.6**	**(135.1)**	**2,186.1**
Other income from ordinary activities	-	3.3	-	3.3
Total income from ordinary activities	**1,567.6**	**756.9**	**(135.1)**	**2,189.4**
Operating income (loss)	**(68.6)**	**217.2**	**(81.4)**	**67.2**

(in millions of US$)	Year ended December 31, 2010			
	Services (1)	Equipment(2)	Eliminations and Adjustments	Consolidated Total (3)
Revenues from unaffiliated customers	**2,082.9**	**821.3**	**-**	**2,904.2**
Inter-segment revenues	0.9	178.3	(179.2)	-
Operating revenues	**2,083.8**	**999.6**	**(179.2)**	**2,904.2**
Other income from ordinary activities	-	4.4	-	4.4
Total income from ordinary activities	**2,083.8**	**1,004.0**	**(179.2)**	**2,908.6**
Operating income (loss)	**(91.5)**	**288.2**	**(107.4)**	**89.3**

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.329 per € in 2010.
(2) Dollar amounts were converted at the average exchange rate of US$1.326 per € for the Equipment segment.
(3) Dollar amounts for the Consolidated total were converted at the rate of US$1.328 per €, corresponding to the weighted average based on each segment's operating revenues.

ANALYSIS BY OPERATING SEGMENT

(in millions of euros)	Three months ended December 31, 2010			
	Services	Equipment	Eliminations and Adjustments	Consolidated Total
Revenues from unaffiliated customers	**484.4**	**188.0**	**-**	**672.4**
Inter-segment revenues	0.2	21.8	(22.0)	-
Operating revenues	**484.6**	**209.8**	**(22.0)**	**672.4**
Other income from ordinary activities	-	0.8	-	0.8
Total income from ordinary activities	**484.6**	**210.6**	**(22.0)**	**673.2**
Operating income (loss)	**(70.6)**	**73.3**	**(11.4)**	**(8.7)**

(in millions of US$)	Three months ended December 31, 2010 (1)			
	Services	Equipment	Eliminations and Adjustments	Consolidated Total
Revenues from unaffiliated customers	**651.3**	**253.7**	**-**	**905.0**
Inter-segment revenues	0.2	30.0	(30.2)	-
Operating revenues	**651.5**	**283.7**	**(30.2)**	**905.0**
Other income from ordinary activities	-	1.0	-	1.0
Total income from ordinary activities	**651.5**	**284.7**	**(30.2)**	**906.0**
Operating income (loss)	**(94.1)**	**98.6**	**(15.5)**	**(11.0)**

(1) Corresponding to the twelve months ended December 31, 2010 in US dollars less nine months ended September 30 in US dollars.