Fugro to Divest Majority of Geoscience Division

Fugro NV (The Netherlands) and CGGVeritas (France) have entered into an agreement under which CGGVeritas will acquire Fugroâ€™s Geoscience division, excluding the multi-client library and Ocean Bottom Nodes business, for a total cash consideration of EUR1.2 billion. The two companies are to enter into a Seabed Geophysics joint venture which includes Fugroâ€™s and CGGVeritasâ€™s ocean bottom nodes businesses and CGGVeritasâ€™s transition zone, ocean bottom cable and permanent reservoir monitoring activities.

The transaction is a result of Fugro's review of the options regarding its marine streamer seismic data acquisition business and associated activities, as announced on 30 May 2012. This divestment allows Fugro to exit the capital intensive and volatile seismic segment of the oil and gas exploration market where it does not have a leading market position. Also, most seismic companies have indicated fleet expansion plans in the immediate future, creating a clear window of opportunity for Fugro to enter into this transaction. The transaction includes seven vessels, including four 12+ (up to 16) streamer vessels equipped with Sercel products, and services from 13 data processing centres. Also, airborne geophysical survey capability is included.

As part of the transaction, Fugro and CGGVeritas will form three strategic partnerships: the creation of a Seabed Geophysics joint venture - a global leader in seabed geophysics, a non-exclusive sales agreement for Fugro's existing multi client library and a global strategic technological and commercial partnership. These partnerships will benefit from the positions both parties have in their respective markets.

Fugro will make a cash payment of EUR225 million to CGGVeritas in order to achieve a 60% controlling interest in the Seabed Geophysics joint venture. The revenue in the first year of operation of the joint venture is expected to reach around EUR400 million, excluding capacity expansion. By combining the strengths of both companies, the Seabed Geophysics joint venture will have an immediate market leading position in seabed geophysical activities, and will benefit from a good synergy with Fugro's subsea activities.

Fugro's multi client library will remain with Fugro. Revenues will benefit, through a non-exclusive sales and marketing agreement, operated by CGGVeritas, from the larger combined global sales force and broad range of client contacts. All multi-client personnel will be transferred to CGGVeritas. Fugro will retain the right to enter into non-exclusive agreements as well as an outright sale of (all or parts of) the library to other parties. This provides Fugro with maximum flexibility to unlock the value of its library. Fugro will not further invest in the seismic multi client library.

The strategic partnership includes a global technical and commercial agreement, under which CGGVeritas and Fugro grant each other preferred supplier status for selected products and services required for the operation of their respective businesses. Parties will also pursue opportunities related to the launch of new technologies. The partnership will provide revenue enhancing opportunities to both Fugro and CGGVeritas.

The purchase price of EUR1.2 billion will be paid in cash to Fugro. CGGVeritas intends to finance the transaction via a bridge loan (2/3 of the consideration) committed by its banking group and a rights issue (1/3 of the consideration). In the event market circumstances do not allow execution of the rights issue prior to closing, a vendor loan of EUR335 million with a maximum maturity of three years and supported by a collateral arrangement, will be issued to CGGVeritas by Fugro.

The transaction involves the transfer of approximately 2,500 Fugro employees located around the world. CGGVeritas has agreed to honour all existing labour rights and agreements. Fugro will undertake appropriate consultation procedures with employee representatives.

Timing and Conditions: The final purchase price is subject to working capital and other standard post-closing adjustments. The transaction is expected to close towards year end 2012 and is subject to antitrust and customary closing conditions.