

## **Minutes from Ordinary General Meeting**

On 15 June 2005 the ordinary general meeting took place in TGS-NOPEC Geophysical Company ASA (the " Company") at Shippingklubben, Haakon VII's gate 1, in Oslo at 10 hrs.

The following was on the agenda:

### **1 OPENING OF THE GENERAL MEETING**

The general meeting was opened by the chairman of the Board of Directors, Claus Kampmann who briefly explained how the meeting would proceed.

He presented a list over shareholders present, showing that of in total 25,789,632 shares, in total 5 209 487 and votes were present, of which 3 634 946 shares were present by the shareholder in person, and 1 574 541 shares were present by proxy.

### **2 ELECTION OF CHAIRMAN OF THE MEETING AND ELECTION OF A PERSON TO SIGN THE MINUTES FOR THE GENERAL MEETING**

Claus Kampmann was unanimously elected to chair the meeting, and Lill Aafos from Folketrygdfondet was elected to sign the minutes from the general meeting together with the chairman of the meeting.

### **3 APPROVAL OF THE NOTICE AND THE AGENDA OF THE MEETING**

The chairman asked if there were any comments to the notice or the agenda for the meeting. There were no comments, and the notice and the agenda were unanimously approved.

### **4 APPROVAL OF ANNUAL ACCOUNTS AND ANNUAL REPORT, PRESENTATION OF AUDITOR'S REPORT AND RESOLUTION RELEVANT TO DISTRIBUTION OF DIVIDEND**

The financial director of the company explained the 2004 results and described the Board's proposal for how to distribute the annual profit, hereunder that it would be proposed that dividend would not be paid out for 2004. There were no comments to the proposal and the proposal was unanimously approved.

### **5 DETERMINATION OF DIRECTORS FEE**

The Board has proposed that the fee to the Directors shall be composed of both directors' fee and restricted shares in the Company. The covers the period from July 2004 until end of June 2005. It is proposed that the Chairman of the Board of Directors shall receive NOK 250,000 and 1,350 restricted shares in the Company. Each of the other Directors, other than the CEO, shall receive NOK 150,000 and 900 restricted shares in the Company. Other than the CEO and the chairman, the Directors shall each receive an additional compensation of NOK 75,000 for their service on committees of the Board. The Board of Directors shall use shares acquired in the Company through the authority given for that purpose and shall procure that the correct number of shares are transferred to the Chairman and Directors. No consideration shall be paid for the shares but the Chairman and the Directors cannot sell any of these shares before 15 June 2006.

## **6 APPROVAL OF AUDITORS FEE**

The Board has proposed a fee of USD 160,000 to the auditors to cover audit work undertaken for the entire group, of which NOK 300,000 is audit fee for the Company. Fees paid to the auditor for other services amount to USD 68,000.

The proposal was approved.

## **7 RESOLUTION TO GIVE AUTHORITY TO THE BOARD OF DIRECTORS TO ACQUIRE THE COMPANY'S OWN SHARES**

On the basis that the authority given to the Board of Directors last year to purchase up to 10 % of the shares in the Company has been used and will expire 16 June 2005, the Board of Directors proposed that the shareholders resolve to replace it with a new authority to expire 15 June 2006.

The Board of Directors has proposed that the shareholders grant the Board of Directors a new authority to acquire the Company's own shares for an aggregate face value of NOK 15,000,000, provided that the face value of the aggregate holding of the Company's shares at no time shall exceed 10 % of the Company's share capital. The limit for the aggregate face value is proposed on the background that the Board of Directors shall have the possibility to acquire own shares several times provided the necessary number of already purchased shares are sold.

The Board of Directors proposed the following resolution:

- 7.1 *The Board of Directors of the Company is hereby authorised to acquire, on behalf of the Company, the Company's own shares for an aggregate face value of NOK 15,000,000, provided that the aggregate face value of own shares shall at no time exceeds 10 % of the Company's share capital.*
- 7.2 *The lowest price to be paid per share shall be NOK 1 and the highest price NOK 1000 always provided that the price to be paid per share shall not be higher than the price as quoted on the stock exchange at the time of the acquisition plus 5 %.*
- 7.3 *Acquisition and sale of the Company's own shares can take place in the manner which the Board of Directors considers to be in the Company's best interest, but not through subscription of new shares.*
- 7.4 *This authority shall be valid for 12 months from the resolution by the Shareholders' Meeting, to 15 June 2006.*

The proposal was approved by more than 2/3 majority in favour.

## **8 APPROVAL OF STOCK OPTION PLAN AND RESOLUTIONS TO ISSUE FREE-STANDING WARRANTS**

The Board has proposed that the shareholders approve a stock option plan also for 2005. In 2003 the shareholders approved a resolution to issue in total 1,000,000 warrants securing the stock option plan for 2003, and last year the shareholders approved a resolution to issue in total up to 500,000 warrants securing the stock option plan for 2004.

There are currently outstanding 1,218,250 stock options/warrants giving right to purchase the same number of shares in the Company that have been granted and subscribed for but not yet exercised

The stock option plan for 2005 follows the same principles as for previous years, but is limited to 400,000 options. The plan is to be administered by the Board and the Managing Director. Stock

options will be granted to key employees, the number of stock options will be resolved by the Board, the strike price will be the closing price quoted on the Oslo Stock Exchange the day before grant date and the grant period will last until end of June 2006. The stock options can be exercised over a period of 5 years so that 25 % of the options can be exercised on the first anniversary after grant date, 50 % on the second anniversary after grant date, 75 % on the third anniversary after grant date and all or remaining options on the fourth anniversary four years after grant date; all to be exercised before 15 June 2010, and will expire thereafter. The Chairman explained that the plan is a conservative proposal compared to option programs in other similar companies.

The Board has proposed that the Company shall secure the options to be granted by a shareholders' resolution to issue free-standing warrants; to be subscribed for by the optionees/key-employees prior to 30 June 2006:

- 8.1 *The shareholders approve the 2005 stock option plan.*
- 8.2 *The Company shall issue minimum 20,000 and maximum 400,000 warrants to give the right to subscribe for minimum 20,000 and maximum 400,000 shares, at a face value of NOK 1 each.*
- 8.3 *The warrants may be subscribed for by employees who are granted and enter into stock option agreements with the Company and the existing shareholders shall not have preferred rights to subscribe for warrants pursuant to the Public Limited Companies Act.*
- 8.4 *Warrants shall be subscribed for on a subscription form when entering into and signing the stock option agreements to take place at the latest 30 June 2006. The employees shall not pay for the warrants issued.*
- 8.5 *The price to be paid for the shares issued on the basis of the warrants shall be the price as set out in the underlying stock option agreements which constitute the basis for subscription of the warrants, and which shall be the closing stock exchange value of the shares the day before the stock options are granted.*
- 8.6 *The right to request the issuance of shares under the warrants follows from the separate option agreements but so that no warrant can be exchanged for shares later than 15 June 2010.*
- 8.7 *The holder of the warrant shall not have rights as shareholder with regard to capital increase, capital reductions, new resolutions on issue of warrants, dissolution, merger, demerger or reorganisation, except with respect to shares that have been issued to and paid for by the warrant holder.*
- 8.8 *Shares issued on the basis of the warrants shall give right to dividends declared following the date the shares are issued.*
- 8.9 *As part of the employee share option plan neither the options nor the warrants can be transferred other than as provided for in the underlying share option agreements and any outstanding warrants shall be transferred back to the Company as and when the right to exercise the right to request shares in exchange for the warrants is lost pursuant to the underlying share option agreement.*

Proposal approved by more than **2/3** majority in favour and 661 078 votes against according to proxy..

## **9 RESOLUTION TO GIVE THE BOARD OF DIRECTORS A NEW AUTHORITY TO INCREASE THE SHARE CAPITAL**

On the basis that the previous authority given to the Board of Directors in the ordinary shareholders meeting in June 2004 to increase the share capital will expire on 16 June this year, the Board has proposed a new authority. The Board has proposed that the new authority to the

Board to increase the share capital with up to 20 % of the current issued and paid up share capital shall include the right to issue shares in connection with mergers and acquisitions and be valid for a period of one year.

The Board has proposed the following resolution:

- 1 *The Board is hereby, with reference to the Public Limited Companies act section 10-14, given authority to increase the share capital of the company with up to NOK 5,155,926 by issuance of 5,155,926 new shares, each at the face value of NOK 1.*
- 2 *This authority shall be valid until 15 June 2006.*
- 3 *The Board of Directors may resolve that the shareholders shall not have their pre-emption rights to subscribe for the new shares as stipulated in the Public Limited Companies Act section 10-14.*
- 4 *This authority will include capital increase by issuance of new shares both against payment in cash and against payment in kind.*
- 5 *This authorisation can be used in connection with a merger in accordance with the Public Limited Companies Act section 13-5.*
- 6 *This resolution shall be registered in the Company Registry.*

Proposal approved by 2/3 majority in favour.

#### **10 NOMINATION COMMITTEE-AMENDMENT OF THE ARTICLES OF ASSOCIATION §6**

The Board has proposed that the current § 6 of the articles of association of the Company shall be amended to provide for a nomination committee consisting of three members who shall be elected by and amongst the shareholders to serve for a period of 2 years. The nomination committee shall nominate directors to the board in a written nomination report to the shareholders and shall recommend the remuneration payable to the directors. The chairman explained about the instruction from the board relevant to the works of the committee.

The Board has proposed the following new wording of § 6:

*The Board of Directors shall consist of from 6 to 10 directors who shall serve for a period of one year.*

*The nomination of directors to the board, and the remuneration payable to the directors, shall be prepared by a nomination committee consisting of one chairman and two members elected by and amongst the shareholders and who shall serve for a period of 2 years.*

Proposal approved by 2/3 majority in favour.

#### **11 ELECTION OF MEMBERS TO THE NOMINATION COMMITTEE**

The Board has proposed the following three candidates to be elected to serve at the nomination committee for a period of two years:

David Worthington, chairman

Jarl Ulvin, member

Tor Himberg Larsen, member – committee elected

## **12 ELECTION**

The Board proposes on the basis of the recommendation from the nominating and corporate governance committee that the following persons are elected to the Board and to serve as directors until the shareholders meeting in 2006:

Claus Kampmann, chairman

David Worthington, director

Henry H. Hamilton, director

Arne-K. Mæland, director

Nils B. Gulnes, director

Rabbe E. Lund, director

The Board was elected.

## **13 MISCELLANEOUS**

The chairman asked if there were other matters to be discussed. No further issues were raised and the meeting was adjourned.

Oslo, 15 June 2005

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Claus Kampmann

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Lill Aafos

Enclosure: List over s hares present, shareholders and votes.