

To the Shareholders of TGS-NOPEC Geophysical Company ASA

# NOTICE OF ORDINARY GENERAL MEETING 2007

The ordinary General Meeting of TGS-NOPEC Geophysical Company ASA will be held on June 6, 2007 at Shippingklubben, Haakon VII's gate 1, Oslo, at 10.00 hrs.

The Chairman of the Board of Directors Claus Kampmann will open the meeting, ref. the Public Limited Companies Act Section 5-12(1), and will register the shareholders present in person or by proxy, ref. Public Limited Companies Act Section 5-13.

The Board of Directors has proposed the following agenda:

**1 Election of a chairman of the meeting and election of a person to sign the minutes of the General Meeting together with the chairman**

**2 Approval of the notice and agenda for the meeting**

**3 Approval of the annual accounts and annual report, presentation of auditor's report, and the Board's proposal for the disposition of the annual results**

**4 Approval of the Auditor's fee**

The Board proposes a fee of USD 270,000 to the auditors to cover audit work undertaken for the group, of which NOK 490,000 is audit fee for the Company. Fees paid to the auditors for other services, including tax advice, amount to USD 270,000. These "other services" were mainly performed by the former auditor.

**5 Approval of Director's fee**

**5.1 July 2006 – June 2007**

The Nomination Committee proposes that the fee to the Directors for 2006 shall be composed of both directors' fee and restricted shares in the Company. It is proposed that the Chairman of the Board of Directors shall receive NOK 425,000 and 1,250 restricted shares in the Company. Each of the other Directors, other than the CEO, shall receive NOK 240,000 and 1,000 restricted shares in the Company. 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 June 6, 2008.

**5.2 Fees for the period July 2007 to June 2008**

The Nomination Committee proposes to decide now on the Directors' fee to apply for the period July 2007 till end of June 2008 and to be paid in July 2008. It is proposed that the Chairman of the Board of Directors shall receive NOK 450,000 and 1,250 restricted shares in the Company. Each of the other Directors, other than the CEO, shall receive NOK 255,000 and 1,000 restricted shares in the Company. 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 June 6, 2009.

This proposal reflects the Nomination Committee's desire to have the issue of director's fee settled at the beginning of their term of service, with the current meeting being the point of transition. The Nomination Committee believes this structure is necessary in order to attract qualified Directors to the Board in the future.

**6 Approval of compensation to the members of the Nomination Committee for the period July 2006 to June 2007**

The Nomination Committee proposes that the fee to the members of the Nomination Committee shall be NOK 4,400 per meeting to each member to compensate for time spent for the works of the Committee. The fee paid to the members of the Nomination Committee was NOK 2,200 per meeting in the previous year.

**7 Election of Directors**

The Nomination Committee proposes that the following persons are elected to the Board and to serve as directors until the shareholders meeting in 2008:

Claus Kampmann, Chairman, Independent Director

Age 57. Past President Geco-Prakla, VP Personnel Schlumberger Ltd. First elected in 2002, became Chairman in 2004.

Henry H. Hamilton III, CEO/Director

Age 47. Shell Oil Company, former VP & GM of North and South America for Schlumberger's Geco-Prakla, joined TGS as CEO in 1995. First elected in 1998.

Arne-Kristian Maeland, Independent Director

Age 53. Phillips Petroleum, Geco Geophysical, co-founder and former CFO of VMETRO. First elected in 2001.

Dr. Colette Lewiner, Independent Director

Age 62. Assistant professor at Paris University, Executive Vice President at Electricité de France, Chairperson and CEO of SGN-Eurisys. Presently Vice President and Global Leader of the Energy, Utilities and Chemical sector at Cap Gemini. First elected in 2006.

Kathleen Ruth Arthur, Independent Director

Age 53. Chevron Corporation, former Vice President Exploration and Production Deep Water Gulf of Mexico. First elected in 2006.

Elisabeth Harstad, Independent Director (new)

Age 49. Elisabeth Harstad is Senior Vice President and Managing Director of Det Norske Veritas (DNV) Research and Innovation. She received a Master of Science degree from the Technical University of Trondheim (NTNU) in 1980 and has worked in various positions in DNV since 1981 interrupted by one year as research and industry co-ordinator at Neste Petroleum AS in 1992. She is a non-executive director on the board of Yara International ASA and the board of D&F Group.

**8 Election of members to the Nomination Committee**

The Board proposes that the following 3 members be elected to serve as members of the Nomination

Committee from June 2007 and for a period of two years.

Nils B. Gulnes, committee chairman (new)

Age 71. Former Deputy Director General, Norwegian Ministry of Industry, Oilsection, Senior VP at Den norske Creditbank, Managing Director of Amerada Hess Norway, currently Lawyer at Lawfirm Grette DA. Served as TGS Director from June 2002 through June 2007.

Jarl Ulvin, member

Age 45. Director of Investments at Odin Fund Management AS, MBA and AFA. Background as financial analyst and portfolio manager at several insurance companies and investment banks. First elected to committee in 2005.

Tor Himberg-Larsen, member

Age 63. Sr. Vice President at DnB NOR Bank-Corporate Finance Division, member of Norwegian Bar Association since 1973. First elected to committee in 2005.

**9 Resolution to give authority to the Board of Directors to acquire the Company's 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 will expire June 14, 2007, the Board of Directors proposes that the shareholders resolve to replace it with a new authority to expire June 6, 2008.

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

The Board of Directors proposes the following resolution:

- 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 par value of NOK 15,000,000, provided that the total amount of own shares at no time exceeds 10% of the Company's share capital.
- 2 The lowest price to be paid per share shall be NOK 0.25 and the highest price to be paid per share shall be the price as quoted on the stock exchange at the time of the acquisition plus 5%.
- 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.
- 4 This authority shall be valid for 12 months from the resolution by the Shareholders' Meeting, to June 6, 2008.

## 10 Reduction of share capital by cancellation of treasury shares

The Board of Directors has pursuant to the authority granted by last years ordinary shareholder meeting purchased own shares during the course of 2006 and 2007. The Board may acquire own shares up to the date of the general meeting and the number of treasury shares acquired may therefore change between the date of the call and the meeting.

The Board therefore proposes that the Company shall cancel all the treasury shares that the Company holds at the date of the general meeting and that the share capital shall be reduced accordingly. The reduction of the share capital does not involve payments from the Company since the treasury shares will be cancelled.

The auditor will at the meeting or immediately before give his confirmation that there will be sufficient restricted equity left in the Company after the reduction of capital.

The Board proposes that the shareholders make the following resolution:

*"The share capital shall be reduced by the number of treasury shares held by the Company at the time of the general meeting multiplied with the value of each share NOK 0.25 by cancellation of the treasury shares held by the Company at this date."*

The Articles § 5 shall be changed to read:

*"The Company's share capital is NOK [•]<sup>1</sup> fully paid up and issued in [•] shares of NOK 0.25 each to named shareholders."*

The change of the articles shall take effect from the point in time when the capital reduction becomes effective upon registration in the Norwegian Company Registry.

## 11 The Board of Director's declaration relevant to the guidelines for determination of compensation to executive managers

The Board invites the shareholders to cast an advisory vote on the forward looking guidelines or policy for determination of compensation to executive managers in the Company as set out in the Board of Directors' annual report (on page 10 in the English version of the annual report and on page 7 in the Norwegian version).

## 12 Approval of stock option plan and resolutions to issue free-standing warrants

The Board proposes that the shareholders approve a stock option plan also for 2007. In 2006 the shareholders approved a resolution to issue in total up to 1,200,000 warrants securing the stock option plan for 2006. The Board granted 752,000 stock options secured by warrants under this authority in 2006.

There are currently outstanding 2,574,000 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 2007 follows the same principles as for previous years, but is limited to 900,000 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 2008. The stock options can be exercised over a period of 5 years so that ¼ of the options can be exercised on the first anniversary after grant date, ½ on the second anniversary after grant date, ¾ 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 June 6, 2012, and will expire thereafter.

The Board proposes 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 June 30, 2008:

- 1 The shareholders approve the 2007 stock option plan.
- 2 The Company shall issue minimum 20,000 and maximum 900,000 warrants to give the right to subscribe for minimum 20,000 and maximum 900,000 shares, at a face value of NOK 0.25 each.
- 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.
- 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 June 30, 2008. The employees shall not pay for the warrants issued.
- 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 price of the shares the day before the stock options are granted.
- 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 June 6, 2012.
- 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 Shares issued on the basis of the warrants shall give right to dividends declared following the date the shares are issued.
- 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.

## 13 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 2006 to increase the share capital will expire on June 14 this year, the Board proposes a new authority. The Board proposes that the new authority to the Board to increase the share capital with up to 10% 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 proposes 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 NOK 2,672,238 by issuance of up to 10,688,952 new shares, each at the par value of NOK 0.25.<sup>2</sup>
- 2 This authority shall be valid until June 6, 2008.
- 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.

### Attendance

Shareholders wishing to be represented by a proxy holder can give proxy to a named person or in blanco. In the latter case the Company will appoint the Chairman or the CEO as proxy holder. Please use the enclosed form of proxy. The proxy must be presented at the General Meeting.

Shareholders wishing to attend the General Meeting, either in person or by proxy, are requested to send in the enclosed form of registration to the Company on telefax number: +47 66 76 99 15, attention Chief Financial Officer Arne Helland, no later than June 4, 2007. This is due to the practical carrying out of the General Meeting.

Questions may be addressed to Arne Helland at telephone +47 66 76 99 00.

May 16, 2007



The Board of Directors of  
TGS-NOPEC Geophysical Company ASA

<sup>1</sup> The final figures will be inserted once we have the number of treasury shares resolved for cancellation in the meeting.

<sup>2</sup> The numbers in 13.1 will be changed to reflect 10 % of the new sharecapital ref. resolution 10 above.

# PROXY

The undersigned shareholder in TGS-NOPEC Geophysical Company ASA hereby gives

*Name of proxy holder or without a name (in blanco)*

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Proxy to attend the General Meeting of the Company at 6th June 2007 and cast vote for the shares.

Number of shares:

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Date:

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Name of the shareholder:

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Signature by the shareholder:

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# FORM OF REGISTRATION

The undersigned shareholder in TGS-NOPEC Geophysical Company ASA will attend the General Assembly of the Company at 6 June 2007 and cast vote for the shares.

Name of the shareholder:

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Attending representative:

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(Is to be filled out if the shareholder is an organisation or if the shareholder meets by proxy.)

Number of shares:

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Signature:

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Place/date:

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Signature:

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(repeat in capital letters):

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