ANNUAL REPORT 2001

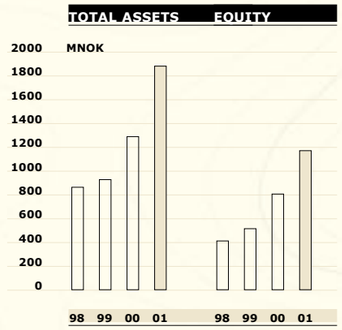
TGS NOPEC
GEOPHYSICAL COMPANY

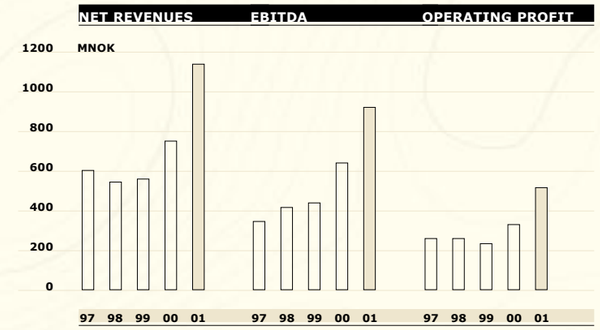
CONTENTS

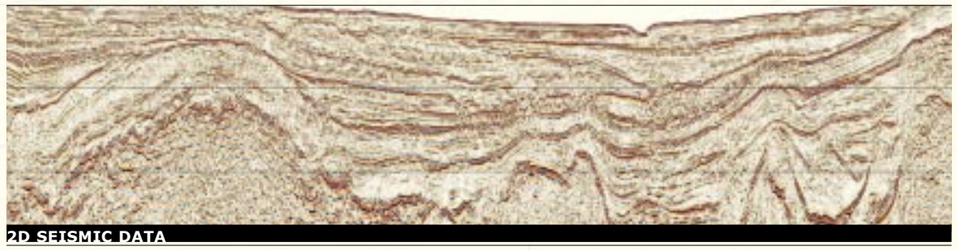
THE KEY FIGURES

(In MNOK apart from EPS and ratios)

YEAR	2001	2000	1999	1998	1997
Net Operating Revenues	1 155,6	773,6	587,5	558,6	603,7
Operating Profit	523,1	349,1	237,2	267,2	273,2
Write down of Vessels			29,6		
Pre-tax Profit	515,8	330,4	193,1	273,9	268,8
Net Income	341,8	214,9	119,2	176,9	180,4
EBITDA	934,7	622,6	436,5	410,0	362,0
EBITDA Margin	81%	80%	74%	73%	60%
EBIT	523,1	349,1	207,6	267,2	273,2
EBIT Margin	45%	45%	35%	48%	45%
Return on average Capital employed (ROCE) (pretax)	45%	41%	31%	54%	
Earnings per Share	13,99	8,85	4,97	7,46	7,92
Earnings per Share fully diluted	13,23	8,45	4,92	7,46	7,92
Total Assets	1 897,2	1 304,9	948,7	871,7	
Shareholders Equity	1 179,8	806,3	547,6	415,1	
Equity Ratio	62%	62%	58%	48%	
Multi-Client Library					
Opening Balance	439,1	324,0	203,0	129,3	
Investment	819,5	370,8	300,8	192,2	
Amortization	-393,3	-255,8	-179,8	-118,5	
Net Book Value Ended	865,3	439,1	324,0	203,0	
Line Km 2D in Library	1,68 mill	1,55 mill	1,38 mill	1,18 mill	
Square Km 3D in Library	77 100	82 100	78 400	65 400	

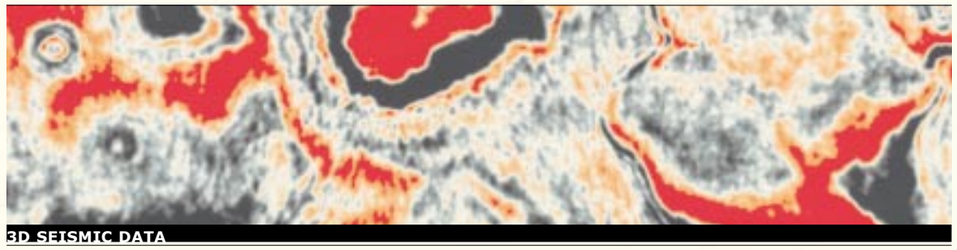






2D SEISMIC DATA

2D seismic is the most widely used exploration tool. With a library of approximately 1,7 million kms, offering multi-client 2D data to the industry is a core business of TGS-NOPEC.

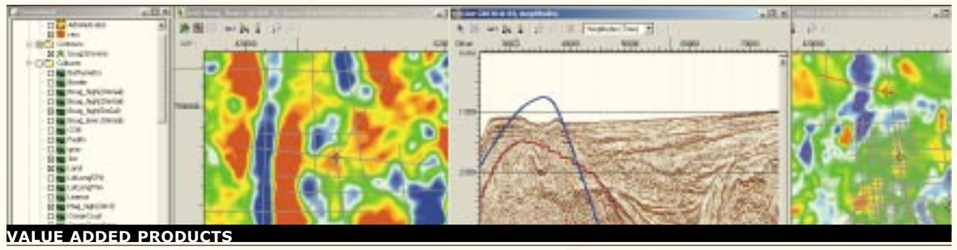


3D SEISMIC DATA

3D seismic is a more expensive exploration tool used selectively in mature exploration areas. Investment in multi-client 3D surveys requires careful planning and an extensive seismic 2D data base to pick the right place at the right time.

GRAVITY AND MAGNETIC DATA

TGS-NOPEC offers magnetic and gravity products and services. Used for initial investigation among oil companies in frontier areas and ideal for TGS-NOPEC when planning 2D programs.



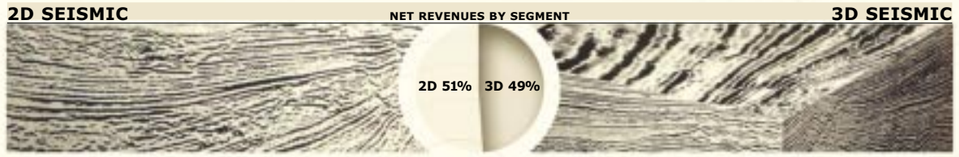
VALUE ADDED PRODUCTS

Integration of gravity/magnetic and seismic data into a geophysical atlas is one of the TGS-NOPEC value added products. In addition, these products serve as excellent marketing tools.

TGS-NOPEC is a leading global provider of non-exclusive seismic data and associated products to the oil and gas industry. Oil companies use this seismic data to explore for and develop oil and gas deposits. TGS-NOPEC specializes in the planning, acquisition, processing, interpretation, and marketing of marine non-exclusive surveys worldwide. With 166 employees located at offices in Oslo, Houston, London, and Perth, the Company places a strong emphasis on providing high quality seismic data and the highest level of service to the industry.

A WORLDWIDE PLAYER

TGS-NOPEC's existing seismic library contains approximately 1,7 million line kms of 2D data and over 77 000 square kms of 3D data.



TGS-NOPEC 3D net revenues grew dramatically in 2001 as a result of the company's 3D investment strategy. For 2001, 3D net revenues represented 49% of all net revenues.

TGS-NOPEC'S MULTI-CLIENT MODEL INCREASES THE PROFIT POTENTIAL

The TGS-NOPEC business model emphasizes investing directly into multi-client data as opposed to the capital intensive tools and equipment used to generate the data. As such, the Company is a net user of existing industry capacity, making investment decisions based on the merits of each individual multi-client project instead of the need to keep costly assets utilized. The model continues to yield superior financial results for TGS-NOPEC.

HENRY H. HAMILTON CEO

Henry H.(Hank) Hamilton III has 21 years of experience in the industry and has held employment with Shell Oil Company and Schlumberger. He joined TGS in 1995.

DEAR FELLOW SHAREHOLDER:

During 2001, TGS-NOPEC solidified its position as perhaps the most successful seismic company in the business, clearly outperforming the industry in all key measures of growth and profitability. Our net revenues grew by 49%, our net income 59%, our equity 46%, and our return on average capital employed (ROCE) increased to an astonishing 45%, up from 41% in 2000. In a nutshell, our company continued to deliver true profitable growth, without sacrificing margins or increasing debt levels. Our share price appreciated 18% over the course of the year, in sharp contrast with most stocks in our sector that lost value during the same period.

While these financial accomplishments are impressive, they do not begin to tell the whole story. Our industry's prosperity remains linked to the world's oil and gas economy, and we were reminded once again in 2001 how tumultuous this environment can be. The global economy slowed significantly over the first three quarters of the year, and the events of September 11 created even more uncertainty. OPEC's ability to control world oil prices was severely tested, and natural gas markets in North America responded sharply to the shifts in local supply and demand. As a result, WTI crude oil prices fell from over $32 per barrel during January to below $18 in November. North American natural gas prices fell from historical highs of $10 per mcf in February to around $2,50 at year's end. These price swings forced our customers to once again closely examine costs and re-prioritize exploration and production projects.

Although the cyclical and uncertain nature of energy markets creates tremendous challenges to companies in our industry, the TGS-NOPEC strategy is uniquely designed to encompass all phases of the inevitable ups and downs, thereby producing superior returns over the long term. We depend upon a close service relationship with our customers, an expert knowledge of the drivers in the seismic business, and a long history of educated risk-taking to make discretionary investments in our data library. We do not aspire to dominate every sector of the global seismic marketplace. Instead we focus on capturing the most profitable opportunities within our core business and executing those projects with precision. There is no doubt today that our business model is working.

We invested a record NOK 487 million into new projects for our data library in 2001, up approximately 31% from 2000 levels. As planned, most of this increase occurred in the 3D sector, where we actively pursued the strategy developed early in 1999 to steadily increase our equity participation in the global 3D market segment. New 3D projects in Australia, northwest Europe, and the Gulf of Mexico headlined this activity.

On top of our investments in new projects, we concluded three separate transactions totaling approximately NOK 333 million during 2001 to purchase our partner's interest in 23 400 square kilometers of 3D and 435 000 kilometers of 2D seismic data, all located in the Gulf of Mexico. Prior to these transactions, we had roughly a 20% interest in the 3D surveys and a 50% interest in the 2D surveys. Today we have 100% ownership of these projects and full control to develop additional derivative products from the data. Capitalizing on these opportunities represented a giant leap forward, especially with respect to our 3D growth strategy. Although two of the transactions were not completed until December, their effect, when combined with increased investments in new 3D surveys was dramatic; annual 3D net revenues more than tripled, representing 49% of total net revenues in 2001, compared to 24% of net revenues in 2000.

DAVID W. WORTHINGTON Chairman

David W. Worthington was one of the original founders of TGS in the early 80's. Prior to that, he spent 13 years with Shell Oil Company.

In March 2001, we completed the purchase of Symtronix, a privately held Houston-based company founded in 1993. The Symtronix expertise in seismic data loading and format conversions has enabled us to broaden our service offerings to customers and grow the revenue stream from previous investments in our data library. Efficiencies in the process of putting our seismic data in the hands of the ultimate user are clearly adding value for our shareholders and our customers.

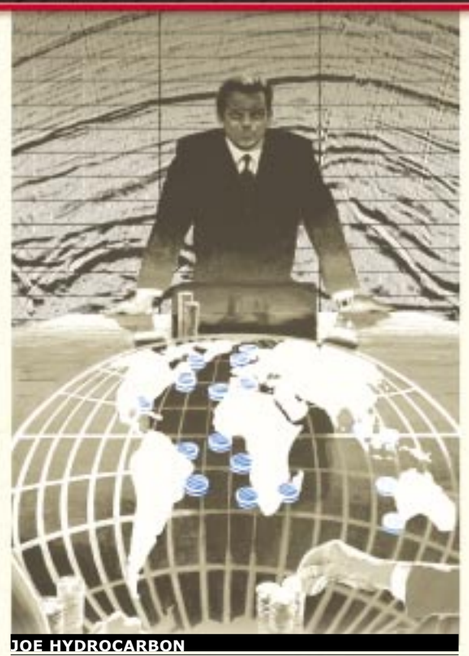
Uncertainties in near term oil and gas prices lead us to believe that 2002 exploration and production spending is not likely to increase significantly above 2001 levels. In fact, industry analysts expect declines in domestic U.S. spending to be somewhat offset by increases in the international sector. Nonetheless, we have consistently demonstrated the ability to increase market share, and with our track record of generating outstanding returns on investment, we see excellent opportunity to do so again in 2002. We plan to continue organic growth by increasing investments in new seismic data while targeting specific merger and acquisition opportunities that will add breadth to our product and service offerings. Perhaps the most compelling case for growth comes from the trend among major oil companies to outsource activity, creating an accelerating demand for services from companies like TGS-NOPEC. We remain committed to delivering results.

Henry H. Hamilton
Chief Executive Officer

David W. Worthington
Chairman

QUEST FOR HYDROCARBONS WORLDWIDE

TGS-NOPEC is a global provider of non-exclusive seismic data and associated products to the oil and gas industry. Because we are global, our activities encompass geographic areas that range from truly frontier exploration regions to mature provinces. Our non-exclusive data is similarly diverse. The company has almost 1 700 000 kilometers of 2D seismic and over 77 000 square kilometers of 3D seismic in addition to thousands of kilometers of gravity and magnetic data. In addition, we have combined these basic data sets with other geologic information to create a large number of derivative products. Among these are depth migration images, amplitude versus offset studies, structual, stratigraphic and lithologic interpretation, and regional velocity studies. Depending on the situation, any and all of these products are used by our clients to explore for hydrocarbons. Here are a few examples of how our non-exclusive products are used in that effort.



JOE HYDROCARBON

The problem is trying to determine where in the world to explore for hydrocarbons.

FRONTIER REGIONS:

"Joe Hydrocarbon", VP of Worldwide Exploration for Global Oil & Gas, has a problem. The problem is one of trying to determine where in the world to explore for hydrocarbons. Advances in drilling technology have now made it feasible to drill in water depths of 10 000 feet or more. This has opened up huge new regions of the world for exploration by Joe and his competitors. A quick review of a world map highlights frontier areas that have acreage available for leasing over the next year. Lease rounds are planned in such diverse frontier regions as Israel, New Zealand, Morocco, Portugal and Greenland as well as the more mature Exploration and Production (E&P) stalwarts such as the Gulf of Mexico and the North Sea. Joe knows that the financial terms and tax policies for many of these new frontier areas are attractive but what he doesn't know is if there are any legitimate hydrocarbon prospects there. Being frontier basins, these basins have had few wells drilled and there hasn't been a lot of research done on them. Luckily for Joe, new high quality two-dimensional seismic data is available in these regions, courtesy of TGS-NOPEC Geophysical. In the matter of a few days Joe is able to see data examples and license data from several of the regions. Within weeks, Joe's staff explorationists have determined that there are indeed good prospects in the regions and are busily engaged in preparing bids for the upcoming lease round.

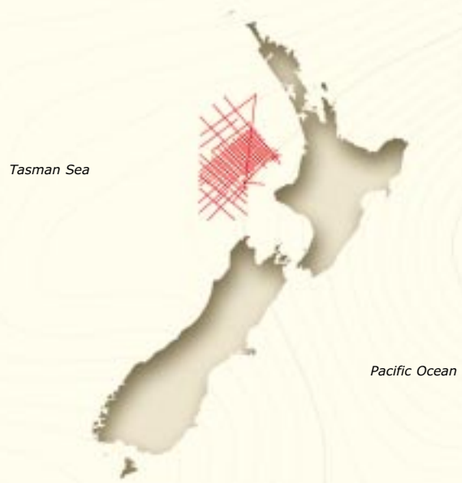
LEASE ROUNDS-2002

The boxes highlight areas with planned lease rounds in 2002.

Although greatly simplified, this story describes a process that happens again and again each year as oil companies try to find new reserves to replace what they have produced in the past year. TGS-NOPEC plays a key role in this process by providing access to low cost, high quality two-dimensional seismic in frontier regions. Two-dimensional ("2D") seismic records earth features essentially in a vertical plane only. For marine 2D seismic, a single streamer is towed behind the seismic ship and each transect records one seismic line. Typically, the 2D seismic lines are acquired as a series of transects in a grid like pattern. The distance between parallel lines can be as little or as great as desired but in frontier regions is often on the order of 2-4 kilometers. This data is often very attractive in frontier regions because the data is of relatively low cost and high quality. It provides an excellent framework for explorationists to determine the geologic merits of a

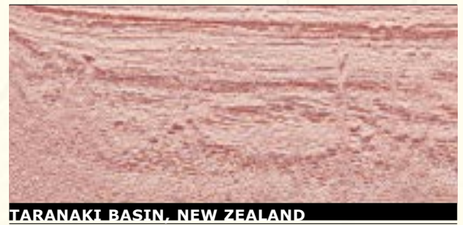
PAUL GILLERAN, ASIA/PACIFIC REGION

Paul has over 20 years commercial experience in the seismic industry. He joined NOPEC in 1997 and is now General Manager for the Asia/Pacific region.



TARANAKI BASIN, NEW ZEALAND

TGS-NOPEC seismic coverage, Taranaki Basin, New Zealand.



TARANAKI BASIN, NEW ZEALAND

Seismic example from the Taranaki Basin, New Zealand.

basin and is used to map prospects for potential bidding in upcoming lease rounds. A perfect case in point can be had in the Taranaki Basin of New Zealand. Paul Gilleran, General Manager for the Asia/Pacific region, describes the process that led to the Taranaki survey. "During late 2000 we formed a cooperation agreement with the Institute of Geologic and Nuclear Sciences (GNS) in New Zealand to review the deepwater extension of the Taranaki Basin, New Zealand's first hydrocarbon-producing province. Our team, with the help of the GNS, reviewed legacy geologic and geophysical data, focused in on an area and planned the survey. In early 2001, having found favorable response from the exploration community, TGS-NOPEC applied for and was granted Petroleum Exploration Permit PPP-3846 by the New Zealand Governments Crown Minerals. This allowed us to acquire, process and interpret the planned survey. Acquisition was completed in August 2001 and the interpretation report in May 2002. The survey has successfully elucidated the structural development of the basin and helped define the size and nature of petroleum traps. Crown Minerals, TGS-NOPEC, the oil companies and GNS are all encouraged and excited by the results of the survey in this frontier basin." Clyde Bennett, Manager of the Petroleum Unit for Crown Minerals, Ministry of Economic Development, comments on TGS-NOPEC's activities in New Zealand. "The New Zealand Government is very pleased with the commitment being shown by TGS-NOPEC to further the understanding of the petroleum potential of the Deepwater Taranaki region. TGS-NOPEC's 6 400 kilometer seismic acquisition and interpretation programme will add materially to the existing knowledge of the petroleum resource potential of the under-explored region and in conjunction with the acquisition programme, the New Zealand government is planning to advertise a petroleum exploration permit bidding round over the Deepwater Taranaki region in late 2002. The newly acquired seismic data and the subsequent interpretation package will form the basis for designing block size and location in the coming bidding round."

PIERRE BENICHOU, AFRICA/MIDDLE EAST/FAR EAST

Pierre joined TGS-NOPEC in 2000, coming from Compagnie Generale de Geophysique (CGG). He is now President of the Africa/Middle East/Asia-Pacific region.

OFFSHORE SIERRA LEONE

TGS-NOPEC seismic coverage, offshore Sierra Leone.

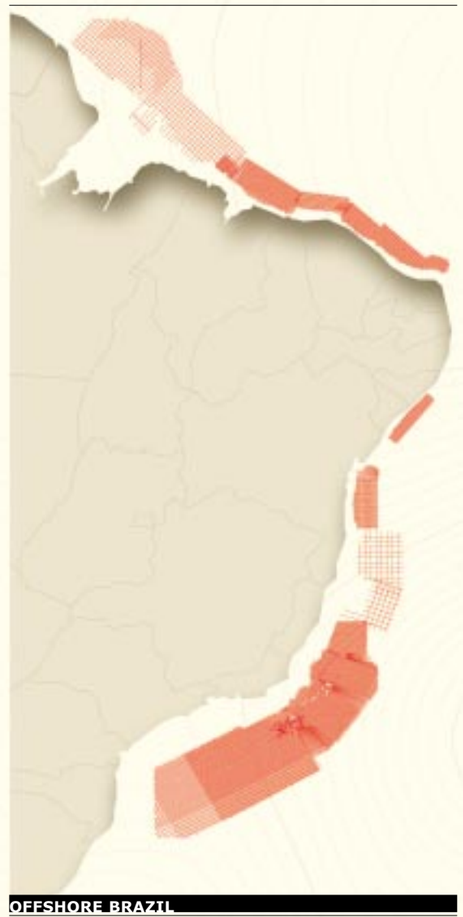
OFFSHORE SIERRA LEONE

Seismic example from offshore Sierra Leone.

Pierre Benichou, President of Africa, Middle East, and Asia-Pacific for TGS-NOPEC has put together an impressive array of programs in frontier areas including Sierra Leone, Liberia, and Morocco. "There is a tremendous amount of hydrocarbon potential in frontier areas worldwide", according to Benichou. "However, most E&P companies require modern seismic data to even consider such areas. TGS-NOPEC plays a key role in providing such data and also assists local governments in promoting their bid rounds." Mr. Victor George, Special Assistant to the President of Sierra Leone, acknowledged TGS-NOPEC's role in the country's offshore exploration effort. "The Government of Sierra Leone would like to thank TGS-NOPEC for its assistance in updating its Petroleum Laws and Model Petroleum Agreement as well as for organizing the offshore bid round and promoting the round to the industry. This bid round would not have been possible without TGS-NOPEC acquiring 5 500 kilometers of seismic data offshore Sierra Leone to investigate the geological potential of the Area."

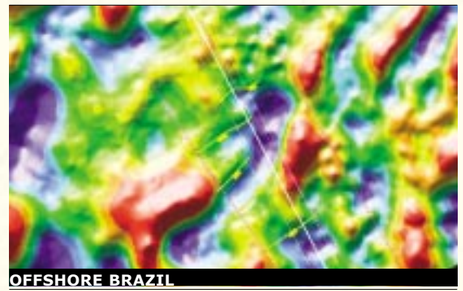
EMERGING REGIONS:

Emerging regions are those areas where commercial hydrocarbons have been discovered but for one reason or another few oil and gas companies historically have operated there. Generally, the region begins to "emerge" when some landmark event (usually political) occurs that allows or encourages increased participation by international oil companies. Areas such as Brazil and Eastern Canada fall into this category. As oil companies move into emerging regions, they must first come up to speed on the geology of the basin itself. Here again, TGS-NOPEC's broad regional coverage of 2D seismic is invaluable. Other TGS-NOPEC datasets such as gravity data and magnetic data are also in demand in such regions. Piet Van Mastrigt, Senior Geophysicist at Shell Oil, believes that the



OFFSHORE BRAZIL

TGS-NOPEC seismic coverage, offshore Brazil. TGS-NOPEC and joint venture partner WesternGeco have acquired over 200 000 kilometers of seismic coverage in the area.



OFFSHORE BRAZIL

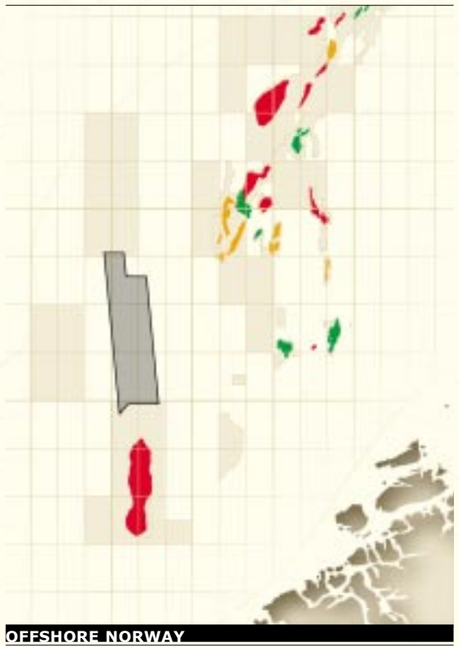
Gravity data example, offshore Brazil.

business relationship in Brazil between TGS-NOPEC and Shell has been excellent. "The TGS-NOPEC data has proved to be invaluable for Shell. It has provided the regional framework necessary to explore for hydrocarbons in Brazil. The data has provided benefits for licensing rounds, and rapidly evaluating other opportunities as they become available."

As oil companies begin acquiring leases through bid rounds, there will be an increasing demand for three-dimensional seismic to precisely delineate prospects and to select actual drill locations. Three-dimensional (3D) seismic is similar to 2D seismic in that vertical planes of earth information are originally recorded. However, the density of data recorded is much greater in 3D seismic. Whereas 2D seismic may be acquired in line spacings of a kilometer or more, 3D seismic is recorded at line spacings of as little as 25 meters. Because of the short separation between lines, it is feasible for a seismic ship to tow multiple streamers and to record multiple seismic lines with each vessel transect. Using modern migration algorithms, this dense data can be processed to yield a three- dimensional volume of data. While 2D data is often sufficient for regional geology and for lease bidding, 3D seismic is the desired data type to determine actual well locations. In emerging regions, the first 3D surveys acquired are primarily for proprietary 3D surveys over oil companies' leased acreage. Proprietary surveys are owned only by the oil company itself. However, as the emerging region continues to develop and more oil companies participate, it will eventually be economically justifiable to acquire multi-client 3D seismic in the emerging region. The trick for the seismic company is to determine when the client base is sufficient and the demand strong enough to justify the risk in acquiring the multi-client 3D survey.

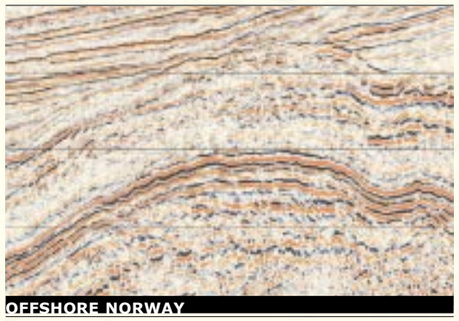
MATURE REGIONS:

Although there is a lot of glamour to exploration in frontier and emerging regions, a lot of oil is actually found in proven mature areas such as the North Sea and the Gulf of Mexico. In these areas, 2D seismic is still used but multi-client 3D seismic data is cost effective in many cases. A recently acquired TGS-NOPEC survey in the Norwegian sector of the North Sea called Grip High is a good example of how 2D and 3D seismic



OFFSHORE NORWAY

Grip High 3D Survey, offshore Norway.



OFFSHORE NORWAY

3D seismic example from Grip High Survey, Norway.

JØRN B. CHRISTIANSEN, SCANDINAVIA

Jørn joined NOPEC 17 years ago, coming from Norsk Hydro. He is now V.P. Marketing, Scandinavia.

KJELL E. TROMMESTAD, EUROPE

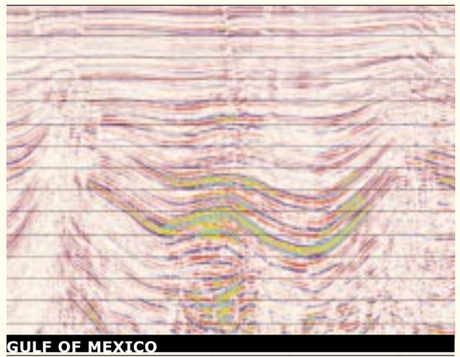
Kjell has 11 years experience within NOPEC and TGS-NOPEC and 7 years oil company experience. He is now V.P. & General Director, Europe.

can complement one another. Jørn Christiansen, V.P. Marketing, Scandinavia for TGS-NOPEC explains, "We relied on our 2D experience in this area to improve quality and efficiency and to best define the location for our 3D survey. This knowledge permitted us to tie-in to known fields, allowing us to secure clients owning those fields as well as to acquire data over nearby prospective sites." Geir Drivenes, Chief Geophysicist of Enterprise Oil Norway, says, "Proposals from TGS-NOPEC are always carefully considered in Enterprise Oil and the Grip High 3D made no exception. Simultaneously, in the other end of the chain TGS-NOPEC represents the innovative part of the seismic contractor environment. We have the impression that projects developed in TGS-NOPEC always are based on extensive geological knowledge. With success, they are guiding oil companies into new exploration areas." Kjell Trommestad, General Manager of TGS-NOPEC in Europe, agrees. "Our extensive 2D database helps us generate multi-client 3D projects that are well positioned geologically and in demand by our clients."

In the even more mature Gulf of Mexico, 3D surveys tend to be even larger and derivative products become quite important as companies try to squeeze more and more hydrocarbons from the region. A derivative product is created by combining basic geophysical data with other geologic or petrophysical information to effectively yield a new product. One of the most common derivative products is Amplitude Variation with Offset ("AVO") processing. AVO is the variation in the amplitude of a seismic reflection with source-geophone distance. In combination with petrophysical information, AVO can help clients determine the likelihood that hydrocarbons are present in a given prospect, before it is drilled. Peter Bennion, VP of Processing at TGS-NOPEC's Houston office, comments on AVO technology. "In many areas of the world, including the Gulf of Mexico, AVO is an important tool to use. The AVO products, often created at the time the seismic data is conventionally processed, include Angle-Limited Stacks plus Intercept, Gradient and Poisson's Ratio. While the data can be used in this form to predict some rock properties, better results can be obtained if they are calibrated by cross-plotting with information taken from producing wells. These methods can provide cost-effective and timely ways to predict the fluid content of the reservoir." Other common derivative products that are generated from TGS-NOPEC data include structural interpretations that help oil companies determine structural traps to drill, stratigraphic and lithologic interpretations that

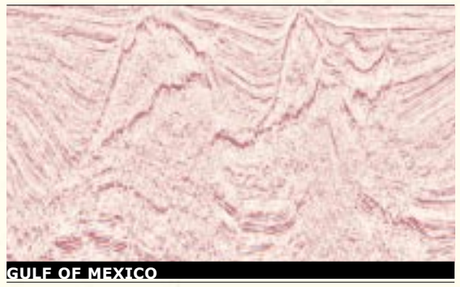
PETER BENNION, HOUSTON PROCESSING

Peter was part of the management group in BiPS, a processing company in England acquired in 1998. He moved over the Atlantic to Houston in 2000 to assume new challenges within the Company. He is now V.P. Processing & Data Management.



GULF OF MEXICO

Derivative Product. AVO Attribute Stack, Gulf of Mexico.



GULF OF MEXICO

Derivative Product. Pre-stack Depth Migration from Mississippi Canyon 3D Survey, Gulf of Mexico.

help oil companies determine the presence of good reservoir rock, and velocity interpretations that help oil companies determine the regional velocity trends of sediments.

DEPTH IMAGING:

One derivative product that has quickly become very important in the industry is depth migration. Depth migration is a data processing technique that attempts to place seismic reflectors in their true depth perspective. Basic seismic data is combined with detailed subsurface information including lithologic and velocity information to yield the depth migration. However, since such detailed subsurface information is rarely fully known, the technique requires numerous steps or iterations to yield the final result. Theoretically, depth migration has been understood for years but only recently has computer horsepower become sufficient to run depth migration algorithms on large seismic surveys. Depth migration is particularly useful in areas where large lateral variations in velocity exist. Salt structures present such a velocity contrast when compared to normal sediments. Since many of the world's great oil fields are associated with salt, it is easy to understand why oil and gas companies want depth migration algorithms run to help them see around and even beneath salt bodies. But there is a significant impediment in that depth migration remains a very expensive processing technique. Many oil companies are hesitant to pay for proprietary depth processing on a large scale. However, large data owners like TGS-NOPEC can do quality depth migration processing on their datasets and then license the resulting product to many clients. In this manner, the cost of the depth processing is spread out over numerous parties rather than each oil company paying for the full cost of depth processing itself.

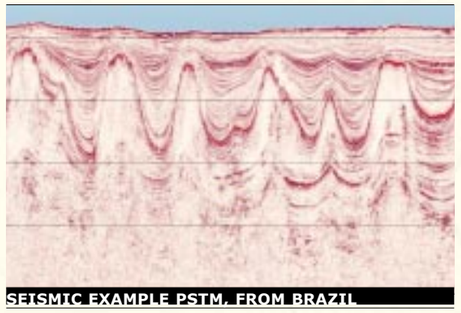
One of the most spectacular regions of salt development in the world is in the Mississippi Canyon region of the Gulf of Mexico. TGS-NOPEC initially acquired a large multi-client 3D in the region in 1999/2000 and processed the data with pre-stack time migration. According to Kim Abdallah, VP of Marketing, North & South America, it was an easy decision to apply depth migration processing to the survey. "A lot of oil and gas has been discovered in Mississippi Canyon and there is naturally a lot of client interest in the region. However, the area is complex and our clients were eager for any technology that would help them better image geologic structures, particularly below salt. Depth migration served this purpose very well. The fact that the project was done in multi-client fashion also made it economical for companies to acquire the depth migration over large, regional areas rather than on a prospect-by-prospect basis."

But depth migration processing is not limited to application only on 3D data. It is also quite effective and in demand on 2D datasets in many parts of the world. The technique has proven popular in Brazil and Eastern Canada. The Campos and Santos basins of Brazil have large amounts of salt and accurately understanding the structural relationship between the salt and the surrounding sediments is essential. Pre-stack depth imaging of 2D data beautifully illustrates the prospectivity of these areas.

As the above examples demonstrate, TGS-NOPEC has an extensive database of seismic data and derivatives to meet E&P company needs all over the world. It is our firm belief that differentiation and value in the seismic business are achieved by having high quality seismic data in the right place at the right time. Our goal is to provide our clients with quality data where they want it, when they want it, and at an efficient (multi-client) price. Seismic data and derivative products are the tools of the trade that E&P companies must have in order to provide oil and gas to an energy-hungry world. And we are proud to play a major role in helping our clients succeed in this endeavor.

KIM ABDALLAH, NORTH AND SOUTH AMERICA

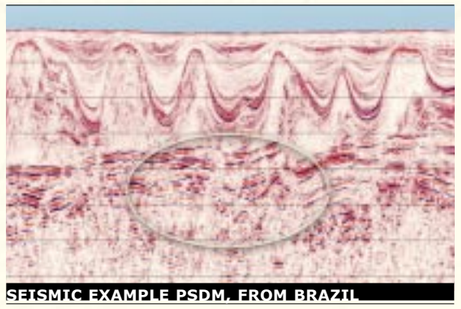
Kim joined TGS in 1989 coming from GECO Geophysical Company. He is now V.P. Sales & Project Development for the Americas.



SEISMIC EXAMPLE PSTM, FROM BRAZIL

Pre-stack Time Migration example, offshore Brazil.

The figures compares pre-stack time (above) and pre-stack depth (below) migrations of the same seismic line. The ellipse highlights sub-salt reflectors that have been better imaged by the pre-stack depth migration method.



SEISMIC EXAMPLE PSDM, FROM BRAZIL

Pre-stack Depth Migration example, offshore Brazil.

REPORT FROM THE BOARD OF DIRECTORS

TGS-NOPEC Geophysical Company ASA is a leading player in the global non-exclusive seismic market, with ongoing operations in North and South America, Europe, Africa, Asia, and Australia. The Company's marketed seismic library contains approximately 1,7 million line kilometers of 2D data and approximately 77 000 square kilometers of 3D data. The Parent Company is located in Nærsnes, Norway, and the main subsidiary in Houston, Texas, U.S.A. All financial statements in this report are presented on the basis of a "going concern" valuation.

RESULTS FROM OPERATIONS

Bolstered by a steady improvement in oil company exploration spending during the first three quarters of the year, TGS-NOPEC achieved a record financial performance in 2001. The September 11 terrorist attacks in the USA created a period of disruption in the industry and at least temporarily slowed exploration activity. Throughout the year, TGS-NOPEC accelerated its determined strategy to plan, develop, and invest in discretionary, well-placed seismic surveys designed to complement our customers' exploration programs. As a result, we increased investments in multi-client seismic surveys by 121% over 2000 levels to a record NOK 819,5 million. This sum includes three major purchases of partner interests in surveys in the Gulf of Mexico totaling approximately NOK 333 million. Our customers provided approximately 49% in average pre-financing for our new projects, a figure well in excess of current industry averages.

As the Company's growth rate, profit margin, and return on capital clearly surpassed industry norms during 2001, the Board is very pleased with the annual operational results. Highlights of this performance include:

- Earnings per Share increased 58% to a record NOK 13,99 (NOK 13,23 fully diluted) for 2001 compared to NOK 8,85 (NOK 8,45 fully diluted) in 2000.
- Net Revenues increased 49% to a record NOK 1 155,6 million.
- Net Late Sales from the Multi-Client library increased 59% over 2000 levels to a record of NOK 872,7 million.
- EBITDA from operations grew 50% to a record of NOK 934,7 million, representing 81% of Net Revenues.
- Return on Average Capital Employed increased to 45%, up from 41% in 2000.
- Shareholders Equity grew 46% to NOK 1 179,8 million, representing 62% of the Balance Sheet at year's end.

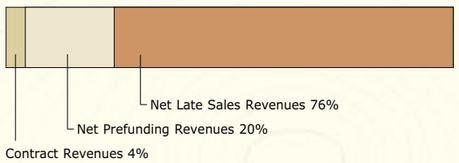
SEGMENT INFORMATION

The Company's main business is developing, managing, conducting, and selling non-exclusive seismic surveys. This activity accounted for 96% of the Company's business during the year 2001. Record Late Sales of library data combined with solid Early Participant support of new projects provided TGS-NOPEC with its strongest annual revenue base ever.

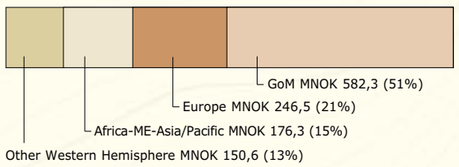
While the Gulf of Mexico and the North Sea continue to be very important markets for the Company, recent investments in other markets such as Africa, and the Mediterranean region continue to broaden our geographic revenue distribution.

TGS-NOPEC added 130 000 kilometers of new 2D and over 3 500 square kilometers of new 3D to its marketed library of multi-client seismic data during 2001. In keeping with its stated growth strategy, the Company sharply ramped up investments in 3D projects and in added value products developed from its existing data library. A very significant part of the 3D investments took place through purchases of partner interests in existing surveys in the Gulf of Mexico. The Company acquired 100% ownership in 23 400 square kilometers of 3D and 435 000 kilometers of 2D while relinquishing its minority interest in approximately 8 500 square kilometers of 3D as a part of the compensation for these purchases. The Board expects these investments to position the Company to capture a growing market share of seismic spending.

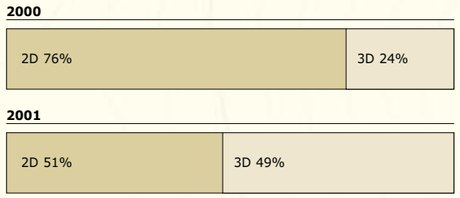
PREFUNDING, LATE SALES & CONTRACT REVENUES



GEOGRAPHICAL NET REVENUES



NET REVENUES BY SEGMENT 2000 VS 2001



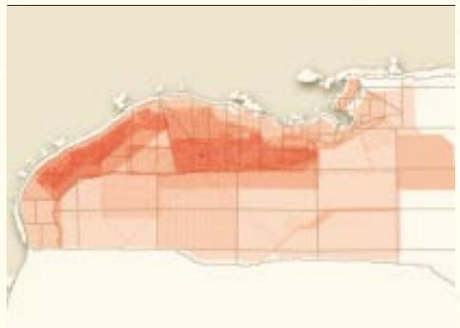
TGS-NOPEC's 3D revenues grew dramatically in 2001 as a result of the 3D investment strategy.

VESSEL COMMITMENTS

The Company currently operates two seismic vessels on a long-term basis:

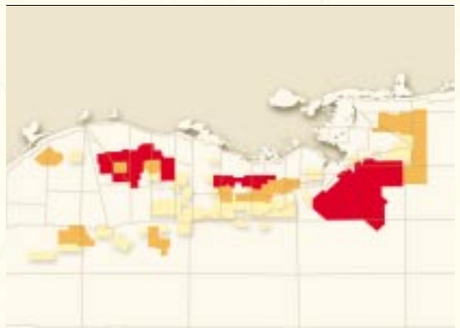
- **The MV Northern Access**
  (5+5 year bare-boat charter with initial term expiring November 2002 and option term expiring November 2007)
- **The Zephyr-1**
  (full-operation hire expiring September 2003)

The Company charters additional vessels from time to time and also hires vessels on a short term or project-by-project basis. In early 2002, the Company hired SMNG's S/V Akademik Lazarev for a project in the Gulf of Mexico.



TGS-NOPEC'S 2D COVERAGE IN THE GULF OF MEXICO

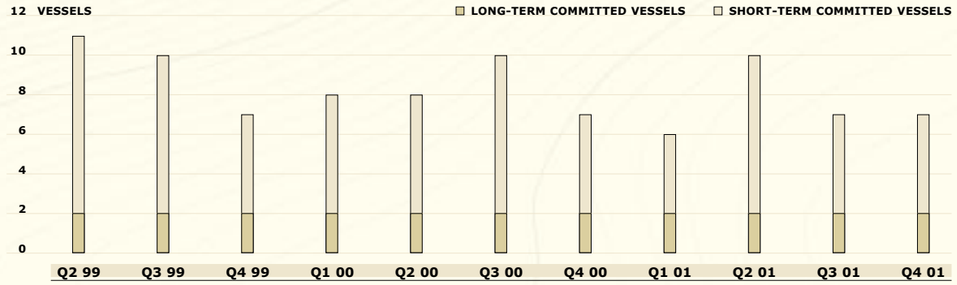
Total coverage is 564 000 kilometers. 88% of this (494 000 kilometers) is owned 100% by TGS-NOPEC.



TGS-NOPEC'S 3D COVERAGE IN THE GULF OF MEXICO

The red areas are owned 100%. The orange areas are Joint Ventures and the yellow areas are brokered data.

A NET USER OF VESSELS



TGS-NOPEC has only 2 long-term charters and charters the majority of the capacity needed on a project-by-project basis.

ORGANIZATION AND STAFF

As of December 31, 2001, the Company had 97 employees in the U.S.A, 28 employees in Norway, 30 employees in the UK, 6 employees in Australia and 5 employees aboard the vessels, totaling 166 employees. The average number of employees during 2001 was 169.

The Company is organized with emphasis on regional responsibility through local management teams. The CEO is based in Houston while the CFO and the vessel management function are located in Norway.

The Board considers the working environment in the Company to be excellent.

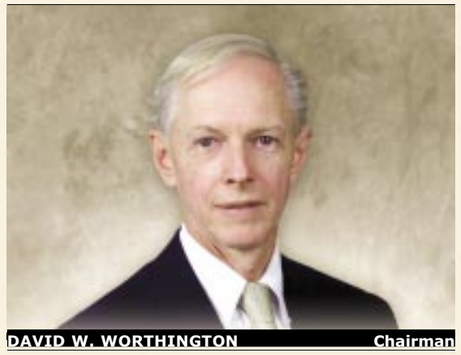
INVESTMENTS, CAPITAL AND FINANCING

The Company is listed on the Main List on the Oslo Stock Exchange. No new equity was raised in the market during 2001. The Board does not anticipate any new equity issues during 2002, apart from issues of stock options to employees, unless to finance an acquisition of another company or a major business opportunity. During 2001, the Company invested NOK 819,5 million in its seismic library, and recorded NOK 19,8 million in additional capital expenditures. The Company financed all its investments through its own cash.

In March 2001, the Company purchased Symtronix Corporation for approximately USD 750 000. A portion of the purchase price was paid in cash and the rest was paid with shares of TGS-NOPEC stock. Prior to the purchase, Symtronix was a privately held Houston-based company providing a variety of data management services to the oil and gas industry. Symtronix, founded in 1993, specializes in seismic data loading and format conversions using numerous software platforms.

In February 2001, the Company purchased 42 500 of its own shares over the Oslo Stock Exchange to use as payment for the shares in Symtronix Corporation under the authorization given to the Board at the Annual Shareholders' meeting on June 7th, 2000. After the Symtronix transaction, the Company held 4 866 of its own shares. At the Annual Shareholders' meeting on June 12th, 2001, the Board was authorized to acquire, on behalf of the Company, an aggregate number of the Company's shares for an aggregate par value of NOK 15 million provided that the total amount of Company-owned shares at no time exceeded 10% of the Company's share capital (see Notes to the Financial Statements). In February 2002, the Company repurchased 80 000 of its own shares. Balance held after these transactions is 84 866 shares.

Because of the extremely cyclical nature of the oil services industry, the Board places emphasis on



DAVID W. WORTHINGTON — Chairman

Mr. Worthington was one of the original founders of TGS in the early 80's. Prior to that, he spent 13 years with Shell Oil Company.

HENRY H. HAMILTON — CEO

Mr. Hamilton III has 21 years of experience in the industry and has held employment with Shell Oil Company and Schlumberger. He joined TGS in 1995.

STEVEN E. LAMBERT

Mr. Lambert is one of the founders of TGS and served as V.P. Finance and Administration for TGS from 1983 till 1998. Prior to that, he served with KPMG, Placid Oil Company and Turbo Resources Ltd.

JAN W. GORGAS

Mr. Gorgas has more than 28 years of experience in the petroleum industry, out of which 15 years in Saga Petroleum.

FRODE SANDNES

Mr. Sandnes joined the Board in 1999 and has 20 years experience in the industry. Since January 2002, Mr. Sandnes has become an employee of TGS-NOPEC.

ARNE K. MÆLAND

Mr. Mæland served 5 years in Phillips Petroleum and 2 years in Geco Geophysical before becoming co-founder and CFO of VMETRO for 15 years.

maintaining significant cash holdings and a strong balance sheet. As a result of the healthy cash flow generated from operations, the Company's cash holdings grew during the year to NOK 272 million as of December 31st, 2001, exceeding its interest-bearing debt level by NOK 117 million.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Company interacts with the external environment through the collection of seismic data and operation of vessels. The Company continues to work actively on measures to minimize any impact on the environment and to keep operations within the limits of all appropriate regulations and public orders. No personnel injuries were registered during 2001, and absence due to sickness was less than 2% of the total work hours.

OUTLOOK FOR 2002 – POISED FOR GROWTH

- Annual global exploration and production expenditures are generally expected to stay at 2001 levels.
- The Company is well positioned to capture additional market share and materially benefit from any upswing in exploration spending.
- The Company expects to increase its investments in new multi-client seismic and associated products by 15-25% over 2001 levels, not including the 2001 purchase of partner interests.

APPLICATION OF PROFIT

The Group profit of NOK 341 850 000 is allocated to Other Equity.

It is proposed that the Parent Company's Net Income be applied as follows:

Allocated to Other Equity	NOK 72 283 000
Total	NOK 72 283 000

Nærsnes, 27 March 2002

David W. Worthington
Chairman

Henry H. Hamilton
CEO

Steven E. Lambert

Jan W. Gorgas

Frode Sandnes

Arne K. Mæland

Parent Company			Year ended 31 December		GROUP		
2001	2000	1999	All amounts in NOK 000's	Note	2001	2000	1999
628 651	357 209	259 605	Sales	2,11,12	1 298 982	817 686	617 300
-135 817	-31 529	-15 135	Revenue Sharing		-143 355	-44 051	-29 803
492 834	325 680	244 470	Net operating Revenues		1 155 627	773 635	587 497
45 012	6 504	31 257	Materials		48 915	17 141	17 865
245 803	162 944	110 622	Amortization		393 280	255 780	179 775
25 670	19 464	19 406	Personnel Costs	14	115 345	88 960	70 731
5 018	5 099	8 007	Depreciation	4	18 262	17 708	19 543
38 353	34 143	54 587	Other Operating Expenses	7	56 690	44 939	62 393
		29 616	Write-down of Vessels				29 616
132 978	97 526	-9 025	Operating Profit		523 135	349 107	207 575
10 012	4 765	2 281	Financial Income		15 918	13 979	10 608
-42 558	-51 758	-32 527	Financial Expenses		-23 277	-32 719	-25 113
100 432	50 533	-39 271	Profit before Taxes		515 776	330 367	193 070
28 150	14 592	-10 996	Taxes	16	173 926	115 443	73 886
72 283	35 942	-28 274	Net Income		341 850	214 924	119 184
			Earnings per Share (NOK)	9	13,99	8,85	4,97
			Earnings per Share, diluted (NOK)	9	13,23	8,45	4,92
			Profit (loss) for the Year is allocated as follows:				
72 283	35 942	-28 274	To Other Equity		341 850	214 924	119 184
72 283	35 942	-28 274	Total Allocated		341 850	214 924	119 184