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VERITAS DGC INC  
Form 10-Q  
December 12, 2001

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

(MARK ONE)

[X]

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED OCTOBER 31, 2001

OR

[ ]

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-7427

VERITAS DGC INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or  
organization)

76-0343152

(I.R.S. Employer Identification Number)

10300 TOWN PARK  
HOUSTON, TEXAS

(Address of principal executive offices)

77072

(Zip Code)

(832) 351-8300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH -----
Common Stock, \$.01 par Value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

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APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of the Company's common stock, \$.01 par value, outstanding at November 30, 2001 was 32,440,470 (including 1,484,914 Veritas Energy Services Inc. exchangeable shares which are identical to the Common Stock in all material respects).

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VERITAS DGC INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
UNAUDITED

	THREE MONTHS ENDED OCTOBER 31,	
	2001	2000
	(In thousands)	
Revenues .....	\$ 121,378	\$ 111,378
Costs and expenses:		
Cost of services .....	80,338	76,338
Research and development .....	2,839	2,839
Depreciation and amortization .....	17,238	17,238
Selling, general and administrative .....	5,836	5,836
Operating income .....	15,127	10,127
Interest expense .....	3,535	3,535
Other income .....	(915)	(1,915)
Income before provision for income taxes .....	12,507	8,507
Provision for income taxes .....	4,862	3,862
Net income .....	\$ 7,645	\$ 5,645
Other comprehensive income (loss) (net of tax, \$0 in all periods)		
Foreign currency translation adjustments .....	(1,504)	(1,504)
Unrealized gain (loss) on investments - available for sale .....	(509)	2,509
Unrealized gain on foreign currency hedge .....	152	152
Total other comprehensive income (loss) .....	(1,861)	(1,861)
Comprehensive income .....	\$ 5,784	\$ 5,784
PER SHARE:		
BASIC:		
Net income per common share .....	\$ .24	\$ .24
Weighted average common shares .....	32,321	27,321
DILUTED:		
Net income per common share .....	\$ .24	\$ .24
Weighted average common shares .....	32,458	28,458

See Notes to Consolidated Financial Statements

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VERITAS DGC INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

Current assets:	
Cash and cash equivalents .....	
Accounts and notes receivable (net of allowance for doubtful accounts: October \$1,229; July \$709) .....	
Materials and supplies inventory .....	
Prepayments and other .....	
Income taxes receivable .....	
Investments -- available for sale .....	
Total current assets .....	
Property and equipment .....	
Less accumulated depreciation .....	
Property and equipment -- net .....	
Multi-client data library .....	
Investment in and advances to joint ventures .....	
Goodwill (net of accumulated amortization: October \$6,813; July \$6,844) .....	
Deferred tax asset .....	
Long term notes receivable .....	
Other assets .....	
Total .....	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable -- trade .....	
Accrued interest .....	
Other accrued liabilities .....	
Total current liabilities .....	
Non-current liabilities:	
Long-term debt .....	
Deferred tax liability .....	
Other non-current liabilities .....	
Total non-current liabilities .....	
Stockholders' equity:	
Common stock, \$.01 par value; authorized: 40,000,000 shares; issued: 30,965,790 shares at October and 30,920,550 shares at July (excluding Exchangeable Shares of 1,484,914 at October and 1,484,948 at July) .....	
Additional paid-in capital .....	
Accumulated earnings (from August 1, 1991 with respect to Digicon Inc.) .....	
Accumulated other comprehensive income:	
Cumulative foreign currency translation adjustment .....	

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Unrealized loss on investments -- available for sale .....	
Unrealized loss on foreign currency hedge .....	
Unearned compensation .....	
Treasury stock, at cost; 66,392 shares at October and 65,296 at July .....	
 Total stockholders' equity .....	
 Total .....	

See Notes to Consolidated Financial Statements

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VERITAS DGC INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
UNAUDITED

	THREE MONTHS ENDED OCTOBER 31, 2001	THREE MONTHS ENDED OCTOBER 31, 2000
	-----	-----
	2001	2000
	-----	-----
	(IN THOUSANDS)	
Operating activities:		
Net income .....	\$ 7,645	\$ 10,000
Non-cash items included in net income:		
Depreciation and amortization (other than multi-client) .....	17,238	17,238
Amortization of multi-client library .....	25,970	25,970
Gain on disposition of property and equipment .....	(339)	(339)
Equity in loss of 50% or less-owned companies and joint ventures ....	60	60
Deferred taxes .....	(1)	(1)
Amortization of unearned compensation .....	203	203
Change in operating assets/liabilities:		
Accounts and notes receivable .....	(1,559)	(1,559)
Materials and supplies inventory .....	5,369	5,369
Prepayments and other .....	(1,771)	(1,771)
Income tax receivable .....	(1,709)	(1,709)
Accounts payable and other accrued liabilities .....	(19,326)	(19,326)
Income taxes payable .....	117	117
Other non-current liabilities .....	(165)	(165)
Other .....	(165)	(165)
	-----	-----
Total cash provided by operating activities .....	31,732	31,732
Investing activities:		
Increase in restricted cash investments .....	(56,290)	(56,290)
Investment in multi-client library .....	(20,298)	(20,298)
Purchase of property and equipment .....	548	548
Sale of property and equipment .....	548	548
	-----	-----
Total cash used by investing activities .....	(76,040)	(76,040)
Financing activities:		
Payments of long-term debt .....	(76,040)	(76,040)

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Net proceeds from sale of common stock .....	554	
	-----	
Total cash provided by financing activities .....	554	
Currency loss on foreign cash .....	(169)	
	-----	
Change in cash and cash equivalents .....	(43,923)	
Beginning cash and cash equivalents balance .....	69,218	
	-----	
Ending cash and cash equivalents balance .....	\$ 25,295	\$
	=====	==

See Notes to Consolidated Financial Statements

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VERITAS DGC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
UNAUDITED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION

The accompanying consolidated financial statements include our accounts and the accounts of majority-owned domestic and foreign subsidiaries. Investment in an 80% owned joint venture is accounted for on the equity method due to provisions in the joint venture agreement that give minority shareholders the right to exercise control. All material intercompany balances and transactions have been eliminated. All material adjustments consisting only of normal recurring adjustments that, in the opinion of management are necessary for a fair statement of the results for the interim periods have been reflected. These interim financial statements should be read in conjunction with our annual consolidated financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141 (Business Combinations) and SFAS No. 142 (Goodwill and Other Intangible Assets). We adopted SFAS No. 141 upon its issuance, and we adopted SFAS No. 142 as of August 1, 2001. The main effect of SFAS No. 141 is to require purchase accounting be used in all future business combinations, disallowing the pooling-of-interests method allowed under APB Opinion No. 16. SFAS No. 142 defines the booking and subsequent treatment of goodwill and other intangible assets derived from business combinations and supersedes APB Opinion No. 17. This statement requires us to discontinue amortization of goodwill and requires

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that we test goodwill and other intangible assets for impairment in a specific manner on an annual basis or when certain events trigger such a test. Management expects to complete its evaluation of impairment of goodwill in January 2002. The prior year's first quarter includes \$0.3 million (\$0.01 per share) for goodwill amortization.

In August 2001, the Financial Accounting Standards Board issued SFAS No. 143 (Asset Retirement Obligations). This standard requires that obligations associated with the retirement of a tangible long-lived asset be recorded as a liability when those obligations are incurred with the liability being initially measured at fair value. We will adopt the use of this accounting statement in fiscal 2003. We have not yet completed our evaluation of the effect of this statement on our accounting practices.

In October 2001, the Financial Accounting Standards Board issued SFAS No. 144 (Accounting for the Impairment or Disposal of Long Lived Assets). This standard develops one accounting model for long-lived assets that are to be disposed of by sale, requiring such assets to be measured at the lower of book value and fair value less cost to sell. The standard also provides guidance on the recognition of liabilities for the obligations arising from disposal activities. We will adopt the use of this accounting statement in fiscal 2003. We have not yet completed our evaluation of the effect of this statement on our accounting practices.

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VERITAS DGC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
UNAUDITED

2. OTHER COSTS AND EXPENSES

Other costs and expenses consist of the following:

	THREE MONTH OCTOBER
	----- 2001 ----- (IN THOU
Interest income	\$ (849)
Net gain on disposition of property and equipment.....	(339)
Net foreign currency exchange loss.....	232
Loss from unconsolidated subsidiary.....	60
Other.....	(19)
	-----
Total.....	\$ (915) =====

3. EARNINGS PER COMMON SHARE

Earnings per common share -- basic and earnings per common share -- diluted are computed as follows:

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	THREE MONTHS ENDED OCTOBER 31,
	2001
	(IN THOUSANDS, EXCEPT PER SHARE)
Net income.....	\$ 7,645 =====
Basic:	
Weighted average common shares (including exchangeable shares)..	32,321 =====
Net income per share.....	\$ .24 =====
Diluted:	
Weighted average common shares (including exchangeable shares)..	32,321
Shares issuable from assumed conversion of:	
Options.....	137 -----
Total.....	32,458 =====
Net income per share.....	\$ .24 =====

The following options to purchase common shares have been excluded from the computation assuming dilution because the options' exercise price exceeded the average market price of the underlying common shares.

	THREE MONTHS ENDED OCTOBER 31,	
	2001	2000
Number of options.....	1,499,197	2,000,000
Exercise price range.....	\$14.5625 - \$55.125	\$27.8125 - \$55.125
Expiring through.....	March 2011	A

4. UNREALIZED LOSS ON INVESTMENTS -- AVAILABLE FOR SALE

In April 1999, we exchanged a \$4.7 million account receivable from Miller Exploration Company ("Miller"), a publicly traded company, for a long-term note receivable bearing 18% interest. Effective October 15, 2000, the note bears interest at 9 3/4%. Interest is paid in Miller common stock warrants, with an exercise price of \$0.01 per share, in advance, at six-month intervals.

OCTOBER 31, 2001			JULY 31, 2001		
(IN THOUSANDS)					
COST	UNREALIZED	FAIR	COST	UNREALIZED	FAIR



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	BASIS	(LOSS) /GAIN	VALUE	BASIS	(LOSS) /GAIN	V
	-----	-----	-----	-----	-----	---
Miller stock and warrants....	1,501	(524)	977	1,501	(14)	

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VERITAS DGC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
UNAUDITED

5. HEDGE TRANSACTION

In March 2001, we entered into a contract requiring payments in Norwegian kroner to charter the seismic vessel M/V Seisquest. The contract requires 36 monthly payments commencing on June 1, 2001. To protect our exposure to exchange rate risk, we entered into multiple forward contracts as cash flow hedges effectively locking our exchange rate for Norwegian kroner to the U.S. dollar. The unrealized loss on the hedge transaction is summarized below:

	OCTOBER 31, 2001			JULY 31, 2001		
	FORWARD	UNREALIZED	FAIR VALUE	FORWARD	UNREALIZED	FAIR VALUE
	VALUE	LOSS	-----	VALUE	LOSS	-----
	-----	-----	-----	-----	-----	-----
	(IN THOUSANDS)					
Forward contracts	\$ 8,123	\$ (268)	\$ 7,855	\$ 9,183	\$ (421)	\$ 8,762

6. SEGMENT INFORMATION

We have two segments, land and marine operations, both of which provide geophysical products and services to the petroleum industry. The two segments have been aggregated, as they are so similar in their economic characteristics and the nature of their products, production processes and customers. A reconciliation of the reportable segments' results to those of the total enterprise is given below.

	THREE MONTHS ENDED OCTOBER 31, 2001			THREE MO OCTOBER	
	SEGMENTS	CORPORATE	TOTAL	SEGMENTS	CO
	-----	-----	-----	-----	-----
	(DOLLARS IN THOUSANDS)				
Revenue.....	121,378		121,378	111,299	
Operating income.....	22,813	(7,686)	15,127	17,942	
Net income (loss) before income tax...	23,511	(11,004)	12,507	19,325	

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### 7. SUBSEQUENT EVENT

On November 26, 2001, Petroleum Geo-Services ASA, a Norwegian public limited liability company ("PGS"), Veritas DGC Inc., a Delaware corporation ("Veritas"), Venus I, a Cayman Islands exempted company and a direct, wholly owned subsidiary of Veritas ("Caymanco"), Venus Holdco Inc., a Delaware corporation and an indirect, wholly owned subsidiary of Caymanco ("Veritas Holdco"), and Venus Mergerco Inc., a Delaware corporation and a direct, wholly owned subsidiary of Veritas Holdco ("Veritas Merger Sub"), entered into an Agreement and Plan of Merger and Exchange Agreement (the "Agreement"), whereby, subject to the conditions stated therein, (i) Caymanco will make an offer (the "Exchange Offer") to issue ordinary shares, par value \$0.01 per share, of Caymanco ("Caymanco Shares") in exchange for the issued and outstanding ordinary shares, nominal value NOK 5 per share, of PGS ("PGS Shares") and all issued and outstanding American Depositary Shares representing such PGS Shares ("PGS ADSs"), at an exchange ratio of 0.47 Caymanco Shares for each PGS Share and each PGS ADS; and (ii) immediately following the closing of the Exchange Offer, Veritas Merger Sub will be merged with and into Veritas (the "Merger" and, together with the Exchange Offer, the "Combination"), pursuant to which shares of common stock, par value \$0.01 per share, of Veritas ("Veritas Common Stock") will be converted into Caymanco Shares on a one-for-one basis and certain shares that are exchangeable for shares of Veritas Common Stock will become exchangeable for Caymanco Shares. Upon closing of the Combination, which is anticipated to occur in April 2002, PGS and Veritas will become subsidiaries of Caymanco. PGS shareholders will hold approximately 60% of the shares to be issued by Caymanco, and Veritas shareholders will hold approximately 40% of such shares.

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### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors. These factors are more fully described in other reports filed with the Securities and Exchange Commission, including our fiscal year 2001 Form 10-K, and include changes in market conditions in the oil and gas industry as well as declines in prices of oil and gas.

#### RESULTS OF OPERATIONS

THREE MONTHS ENDED OCTOBER 31, 2001 COMPARED WITH THREE MONTHS ENDED OCTOBER 31, 2000

Revenues. Revenues increased by 9%, from \$111.3 million to \$121.4 million. Multi-client revenues decreased 15% from \$61.2 million to \$52.3 million as a result of lower activity on new programs in the current quarter. Contract revenues increased 38%, from \$50.1 million to \$69.1 million primarily due to additional crews working in South America and Canada.

Operating Income. Operating income increased by 45%, from \$10.4 million to \$15.1 million. Cost of services as a percentage of revenue decreased from 68% to 66% due to improved contract pricing and better operating performance. Research and development increased by 27%, from \$2.2 million to \$2.8 million due to increased investment in new technology.

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Other income. Other income decreased by \$0.6 million, from \$1.5 million to \$0.9 million. This is primarily the result of \$0.7 million in fixed asset gains in the prior year's first quarter compared to \$0.3 million in the current quarter. In addition, interest income decreased by \$0.2 million as a result of the decrease in cash, from \$90.4 million in October 2000 to \$25.3 million in October 2001.

Provision for income taxes. Income taxes increased from \$3.3 million to \$4.9 million as a result of our higher earnings in the current quarter with the effective income tax rate remaining essentially flat.

### LIQUIDITY AND CAPITAL RESOURCES

#### SOURCES AND USES

Our internal sources of liquidity are cash, cash equivalents and cash flow from operations. External sources include public financing, equity sales, the unutilized portion of a revolving credit facility, equipment financing and trade credit. We believe that these sources of funds are adequate to meet our liquidity needs for fiscal 2002.

Net cash provided by operating activities increased from \$17.6 million in the first quarter of 2001 to \$31.7 million in 2002. Net income increased from \$5.0 million to \$7.6 million. In addition, net cash used by working capital decreased from \$35.6 million to \$19.0 million. This is primarily due to a decrease in accounts receivable as a result of increased collections on trade receivables. This is offset by a decrease in accounts payable as a result of large payments occurring in the current quarter.

Net cash used by investing activities increased from \$58.5 million in the first quarter of 2001 to \$76.0 million in 2002 due to higher capital spending. We require significant amounts of working capital to support our operations and fund our research and development program. Our capital expenditure budget for fiscal 2002 is approximately \$100.0 million, which includes expenditures of approximately \$60 million to expand or upgrade our marine fleet. We also planned approximately \$170.0 million in gross additions to our data library and planned \$11.1 million for research and development spending in fiscal 2002.

We will require substantial cash flow to continue our investment in multi-client library, complete our capital expenditure and research and development programs and meet our principal and interest obligations with respect to outstanding indebtedness. While we believe that we have adequate sources of funds to meet our liquidity needs, our ability to meet our obligations depends on our future performance, which, in turn, is subject to many factors beyond our control. Key internal factors affecting future results include utilization levels of acquisition and processing assets and the level of multi-client

data library licensing, all of which are driven by the external factors of exploration spending and, ultimately, underlying commodity prices.

Net cash provided by financing activities decreased from \$88.2 million in the first quarter of 2001 to \$0.6 million in 2002. The prior year includes proceeds from a stock offering of \$82.4 million. As of October 31, 2001, we had \$135.0 million in senior notes outstanding due in October 2003. These notes contain a change of control provision allowing the holders to require us to call the notes

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under certain conditions. We also have a revolving credit facility due August 2003 from commercial lenders that provides U.S. advances up to \$80.0 million and non-U.S. advances up to \$20 million. Advances bear interest, at our election, at LIBOR plus a margin or prime rate plus a margin. These margins are based on either certain of our financial ratios or our credit rating. At October 31, 2001 the LIBOR margin was 1.25% and the prime rate margin was 0%. As of October 31, 2001, there were no outstanding advances under the credit facility, but \$7.2 million of the credit facility was utilized for letters of credit, leaving \$92.8 million available for borrowings.

### OTHER

On November 26, 2001, we entered into an Agreement and Plan of Merger and Exchange Agreement with Petroleum Geo-Services ASA and other parties. Upon closing of the transactions contemplated by that agreement, which is anticipated to occur in April 2002, Veritas DGC Inc. and Petroleum Geo-Services ASA will become subsidiaries of a new holding company. See Note 7 of the Notes to Consolidated Financial Statements.

Since our quasi-reorganization on July 31, 1991 with respect to Digicon Inc., the tax benefits of net operating loss carryforwards existing at the date of the quasi-reorganization have been recognized through a direct addition to additional paid-in capital, when realization is more likely than not. Additionally, the utilization of the net operating loss carryforwards existing at the date of the quasi-reorganization is subject to certain limitations. For the three months ended October 31, 2001, we recognized \$1.1 million related to these benefits.

We receive some account receivable payments in foreign currency. We currently do not conduct a hedging program because we do not consider our current exposure to foreign currency fluctuations to be significant, although we have hedged certain future charter payments to be made in a foreign currency.

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141 (Business Combinations) and SFAS No. 142 (Goodwill and Other Intangible Assets). We adopted SFAS No. 141 upon its issuance, and we adopted SFAS No. 142 as of August 1, 2001. The main effect of SFAS No. 141 is to require purchase accounting be used in all future business combinations, disallowing the pooling-of-interests method allowed under APB Opinion No. 16. SFAS No. 142 defines the booking and subsequent treatment of goodwill and other intangible assets derived from business combinations and supersedes APB Opinion No. 17. This statement requires us to discontinue amortization of goodwill and requires that we test goodwill and other intangible assets for impairment in a specific manner on an annual basis or when certain events trigger such a test. Management expects to complete its evaluation of impairment of goodwill in January 2002. The prior year's first quarter includes \$0.3 million (\$0.01 per share) for goodwill amortization.

In August 2001, the Financial Accounting Standards Board issued SFAS No. 143 (Asset Retirement Obligations). This standard requires that obligations associated with the retirement of a tangible long-lived asset be recorded as a liability when those obligations are incurred with the liability being initially measured at fair value. We will adopt the use of this accounting statement in fiscal 2003. We have not yet completed our evaluation of the effect of this statement on our accounting practices.

In October 2001, the Financial Accounting Standards Board issued SFAS No. 144 (Accounting for the Impairment or Disposal of Long Lived Assets). This standard develops one accounting model for long-lived assets that are to be disposed of by sale, requiring such assets to be measured at the lower of book value and fair value less cost to sell. The standard also provides guidance on the recognition of liabilities for the obligations arising from disposal activities.

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We will adopt the use of this accounting statement in fiscal 2003. We have not yet completed our evaluation of the effect of this statement on our accounting practices.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES REGARDING MARKET RISK

At October 31, 2001, we had limited market risk related to foreign currencies. In March 2001, we entered into a contract requiring payments in Norwegian kroner to charter the seismic vessel M/V Seisquest. The contract requires 36 monthly payments commencing on June 1, 2001. To protect our exposure to exchange rate risk, we entered into multiple forward contracts as cash flow hedges fixing our exchange rates for Norwegian kroner to the U.S. dollar. The total fair value of the open forward contracts at October 31, 2001 in U.S. dollars is \$7.9 million.

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## PART II. OTHER INFORMATION

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

#### a) EXHIBITS FILES WITH THIS REPORT:

EXHIBIT NO. -----	DESCRIPTION -----
2-A	-- Agreement and Plan of Merger and Exchange Agreement dated November 26, 2001, among Petroleum Geo-Services ASA, Veritas DGC Inc., Venus I, Venus Holdco Inc. and Venus Mergerco Inc. (Exhibit 2.1 to Veritas DGC Inc.'s Current Report on Form 8-K filed November 28, 2001 is incorporated herein by reference.)
3-A	-- Restated Certificate of Incorporation with amendments Of Veritas DGC Inc. dated August 30, 1996. (Exhibit 3.1 to Veritas DGC Inc.'s Current Report on Form 8-K filed September 16, 1996 is incorporated herein by reference.)
3-B	-- Certificate of Ownership and Merger of New Digicon Inc. And Digicon Inc. (Exhibit 3-B to Digicon Inc.'s Registration Statement No. 33-43873 dated November 12, 1991 Is incorporated herein by reference.)
3-C	-- By-laws of New Digicon Inc. dated June 24, 1991. (Exhibit 3-C to Digicon Inc.'s Registration Statement No. 33-43873 dated November 12, 1991 is incorporated herein by Reference.)
3-D	-- Certificate of Amendment to Restated Certificate of Incorporation of Veritas DGC Inc. dated September 30, 1999. (Exhibit 3-D to Veritas DGC Inc.'s For 10-K for the year ended July 31, 1999 is incorporated herein by reference.)
3-F	-- By-laws of Veritas DGC Inc. as amended and restated March 7, 2000 (Exhibit 3-E to Veritas DGC Inc.'s Form 10-Q for the quarter ended January 31, 2000 is incorporated herein by reference)

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- 4-A -- Specimen certificate for Senior Notes (Series A). (Included as part of Section 2.2 of Exhibit 4-B to Veritas DGC Inc.'s Registration Statement No. 333-12481 dated September 20, 1996 is incorporated herein by reference.)
  - 4-B -- Form of Trust Indenture relating to the 9 3/4% Senior Notes due 2003 of Veritas DGC Inc. between Veritas DGC Inc. and Fleet National Bank, as trustee. (Exhibit 4-B to Veritas DGC Inc.'s Registration Statement No. 333-12481 dated September 20, 1996 is incorporated herein by reference.)
  - 4-C -- Specimen Veritas DGC Inc. Common Stock certificate. (Exhibit 4-C to Veritas DGC Inc.'s Form 10-K for the year ended July 31, 1996 is incorporated herein by reference.)
  - 4-D -- Rights Agreement between Veritas DGC Inc. and ChaseMellon Shareholder Services, L.L.C. dated as of May 15, 1997. (Exhibit 4.1 to Veritas DGC Inc.'s Current Report on form 8-K filed May 27, 1997 is incorporated herein by reference.)
  - 4-E -- Form of Restricted Stock Grant Agreement. (Exhibit 4.8 to Veritas DGC Inc.'s Registration Statement No. 333-48953 dated March 31, 1998 is incorporated herein by reference.)
  - 4-F -- Restricted Stock Plan as amended and restated March 7, 2000. (Exhibit 4-F to Veritas DGC Inc.'s Form 10-Q for the quarter ended April 30, 2000 is incorporated herein by reference.)
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- 4-G -- Key Contributor Incentive Plan as amended and restated March 9, 1999. (Exhibit 4.9 to Veritas DGC Inc.'s Registration Statement No. 333-74305 dated March 12, 1999 is incorporated herein by reference.)
  - 4-H -- Specimen for Senior Notes (Series C). (Exhibit 4-K to Veritas DGC Inc.'s Form 10-Q for the quarter ended January 31, 1999 is incorporated herein by reference.)
  - 4-I -- Indenture relating to the 9 3/4% Senior Notes due 2003, Series B and Series C of Veritas DGC Inc. between Veritas DGC Inc. and State Street Bank and Trust Company dated October 28, 1998. (Exhibit 4.3 to Veritas DGC Inc.'s Current Report on Form 8-K dated November 12, 1998 is incorporated herein by reference.)
  - \*10-A Amended and Restated Employment Agreement between Veritas DGC Inc. and Matthew D. Fitzgerald.
  - \*10-B Amendment No. 1 to Amended and Restated Employment Agreement between Veritas DGC Inc. and Matthew D. Fitzgerald.
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  - \*10-D Amendment No. 1 to Amended and Restated Employment Agreement between Veritas DGC Inc. and Stephen J. Ludlow.

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\*10-E Amended and Restated Employment Agreement between Veritas DGC Inc. and David B. Robson.  
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\* Management remuneration contracts filed in this Form 10-Q.

b) REPORTS ON FORM 8-K

We did not file a Form 8-K during the quarter ended October 31, 2001. On November 28, 2001 we filed a Form 8-K regarding the proposed combination of Veritas DGC Inc. and Petroleum Geo-Services ASA.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 12th day of December 2001.

VERITAS DGC INC.

By: /s/ David B. Robson

-----  
DAVID B. ROBSON  
Chairman of the Board and Chief Executive Officer

/s/ Matthew D. Fitzgerald

-----  
MATTHEW D. FITZGERALD  
Executive Vice President, Chief Financial Officer  
and Treasurer

## EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
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