

## **Fox Paine to Acquire Paradigm Geophysical in US\$100 Million Cash Transaction**

**San Francisco, London and New York, May 22, 2002** -- Paradigm Geophysical Ltd. ("Paradigm") (NASDAQ; TASE: PGEO), a provider of information technology and services to the oil and gas exploration and production industry worldwide, announced today that its Board of Directors approved a definitive agreement whereby Paradigm would be acquired by Paradigm Geotechnology BV in a merger transaction valued at approximately \$100 million. Paradigm Geotechnology BV, a company formed to invest in energy related technology and services firms, is controlled by Fox Paine & Company, LLC ("Fox Paine"), a San Francisco-based private equity firm.

Under the terms of the agreement, the outstanding shares of Paradigm Geophysical will be converted into the right to receive US\$5.15 per share in cash, a premium of 37.8% over Paradigm's average closing price of \$3.74 over the ninety-day period ending May 21, 2002. Shareholders owning in excess of 42% of Paradigm's shares have agreed to vote in favor of the transaction. The transaction is expected to close in August 2002.

Saul A. Fox, Chairman of Paradigm Geotechnology BV and Fox Paine's Chief Executive, commented, "Our firm's principals have been active investors in the oil and gas and power industries since the mid-1980s and understand the significance of Paradigm's industry leading products and services, which enhance its customers more efficient discovery and recovery of oil and gas resources. We are pleased to be associated with the Paradigm management team, led by Mr. Eldad Weiss, who has built a dynamic, global operation serving the petroleum exploration and production industry in 18 different countries worldwide."

Eldad Weiss, Chairman and CEO of Paradigm, stated, "This transaction is a vote of confidence in our people, products and customer relationships. Going forward as a private company facilitates the long-term growth of our business. Fox Paine's financial capacity and the long-term strategic outlook will enable us to aggressively pursue our corporate goals of delivering superior technologies to our customers, expanding through acquisitions and widening our range of products and services for the oil and gas industry."

The proposed transaction is subject to customary closing conditions, including approval by Paradigm's shareholders and certain regulatory approvals. Tanner & Company acted as financial advisor to Paradigm Geophysical. Reliance Capital served as mergers and acquisitions advisor to Paradigm Geotechnology BV and Fox Paine.

**About Fox Paine:**

Fox Paine & Company, LLC manages investment funds in excess of \$1.5 billion, providing equity capital for corporate acquisitions, company expansion and growth programs and management buyouts. The Fox Paine funds are managed on behalf of over 50 leading international financial institutions, including major governmental and corporate pension systems, Fortune 100 companies, major life and property & casualty insurance and reinsurance companies, money center and super regional commercial banks, investment banking firms, and university endowments. Fox Paine was founded in 1997 by Saul A. Fox, a former general partner of Kohlberg Kravis Roberts & Co., and W. Dexter Paine, III, a former general partner of Kohlberg & Co. More information about Fox Paine can be found at <http://www.foxpaine.com>.

**About Paradigm Geotechnology BV:**

Paradigm Geotechnology BV is a private company, with offices in London and the Netherlands, formed to invest in energy related technology and services firms. Paradigm Geotechnology is controlled by Fox Paine & Company, LLC.

**About Paradigm:**

Paradigm Geophysical provides information solutions to the leaders of the oil and gas industry worldwide, offering technical software solutions and product-driven services to companies involved in the exploration and production of oil and gas and to oilfield service companies. The company has a global network of sales, service and user support with 21 offices in 18 countries, serving all major oil- and gas-producing provinces in the world.

*Safe Harbor statement: Certain statements contained in this press release are forward-looking in nature. These statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof or comparable terminology, or by discussions of strategy. The company's business and operations are subject to a variety of risks, and uncertainties and other factors. Consequently, actual results may materially differ from those projected stated by any forward-looking statements. Such risks, uncertainties and other factors that could cause actual results to differ from those projected include, but are not limited to, the following: (1) future capital expenditures by oil and gas companies (2) fluctuations and absolute levels of international oil prices, (3) the need for increased Company investment to support product and new services introductions, (4) the company's ability to raise needed additional capital, (5) rapid technological changes that could make the company's products less desirable or obsolete, (6) market acceptance of the Company's products and services, (7) changes in product sales mix (8) product transitions by the Company and its competitors, (9) the impact of competitive products and pricing, (10) currency fluctuations. These as well as other risks and uncertainties, are discussed in greater detail in the Company's filings with the Securities and Exchange Commission, including its most recent 20-F filed on June 26, 2000, its 1999 Annual Report and its regular Quarterly Reports. The company makes no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date any such statement is made.*

**Contacts****For Paradigm Geophysical Ltd.**

Investor Relations

Phone: +972-9-970-9306

Fax: +972-9-970-9319

Email: [ir@paradigmgeo.com](mailto:ir@paradigmgeo.com)

or

The Ruth Group

Denise Roche

Phone: +1-646-536-7008

Fax: +1-646-536-7100

Email: [droche@theruthgroup.com](mailto:droche@theruthgroup.com)

**For Fox Paine**

Joele Frank, Wilkinson Brimmer Katcher

Andy Brimmer / Nina Covalesky

Phone: +1-212-355-4449

Fax: +1-212-355-4554

Email: [nc@joelefrank.com](mailto:nc@joelefrank.com)

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