ION GEOPHYSICAL CORP
Form PRE 14A
December 08, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

ION GEOPHYSICAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

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SPECIAL MEETING OF STOCKHOLDERS

To be Held on February 1, 2016

December [   ], 2015

Dear ION Stockholders:

You are cordially invited to attend a Special Meeting of Stockholders (the "Special Meeting") of ION Geophysical Corporation (the "Company"), which will be held on Monday, February 1, 2016, at 10:30 a.m., Central Time, in the offices of the Company located at 2105 CityWest Boulevard, Suite 400, Houston, Texas 77042-2839.

During the Special Meeting, stockholders will vote on the following items:

1. An amendment to our Restated Certificate of Incorporation to (i) effect a reverse stock split of our common stock at a ratio selected by our Board of Directors (or any authorized committee of the Board of Directors) from within a range of between 1-for-5 and 1-for-15, inclusive, and, (ii) if and when the reverse stock split is effected, proportionately reduce the number of authorized shares of our common stock by the selected reverse split ratio;

2. An amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of our common stock from 200 million to 400 million; and

3. Subject to stockholder approval and implementation of the reverse stock split, certain amendments to the Company's 2013 Long-Term Incentive Plan to, if and when the reverse stock split is effected, increase (i) the total number of shares of our common stock available for issuance under the 2013 Long-Term Incentive Plan and (ii) the maximum number of such shares that may be granted in the form of full-value awards.

While approval of Proposals 1 or 2 will not be conditioned on the approval of any other proposals, the approval of Proposal 3 will be conditioned on the approval of Proposal 1. The accompanying Special Meeting Proxy Statement contains complete details on these proposals.

Your understanding of, and participation in, the Special Meeting is important, regardless of the number of shares you hold. To ensure your representation, we encourage you to vote your shares as soon as practicable.

Thank you for your continued support of ION Geophysical Corporation. We look forward to seeing you on February 1, 2016.

Sincerely,

R. Brian Hanson
President and Chief Executive Officer

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ION GEOPHYSICAL CORPORATION

2105 CityWest Boulevard, Suite 400
Houston, Texas 77042-2839
(281) 933-3339

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To be Held on February 1, 2016

ION Geophysical Corporation (the "Company") will hold a Special Meeting of Stockholders (the "Special Meeting") in the offices of the Company located at 2105 CityWest Boulevard, Suite 400, Houston, Texas 77042-2839, on Monday, February 1, 2016, at 10:30 a.m., Central Time, to:

1. Adopt an amendment to our Restated Certificate of Incorporation to (i) effect a reverse stock split of our common stock at a ratio selected by our Board of Directors (or any authorized committee of the Board of Directors) from within a range of between 1-for-5 and 1-for-15, inclusive, and, (ii) if and when the reverse stock split is effected, proportionately reduce the number of authorized shares of our common stock by the selected reverse split ratio;

2. Adopt an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of our common stock from 200 million to 400 million; and

3. Approve, subject to stockholder approval and implementation of the reverse stock split, certain amendments to the Company's 2013 Long-Term Incentive Plan to, if and when the reverse stock split is effected, increase (i) the total number of shares of our common stock available for issuance under the 2013 Long-Term Incentive Plan and (ii) the maximum number of such shares that may be granted in the form of full-value awards.

While approval of Proposals 1 or 2 will not be conditioned on the approval of any other proposals, the approval of Proposal 3 will be conditioned on the approval of Proposal 1.

ION's Board of Directors has set December 18, 2015 as the record date for the Special Meeting. This means that owners of ION common stock at the close of business on that date are entitled to receive this notice and vote at the Special Meeting and any adjournments or postponements of the Special Meeting. Each share of our common stock is entitled to one vote. As of the record date, there were [ ] shares of our common stock outstanding.

If you are the registered owner of shares of our common stock as of the record date, you may vote those shares by attending the Special Meeting and voting in person.

Your vote is very important, and your prompt cooperation in voting your proxy is greatly appreciated. If you are unable to attend the meeting, we urge you to vote by proxy in any one of the following three ways:

VIA THE INTERNET, which we encourage if you have Internet access, at the address shown on your proxy card;

BY TELEPHONE, using the toll-free telephone number shown on the proxy card; or

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BY MAIL, by completing, signing and returning the enclosed proxy card in the postage-paid envelope.

By Authorization of the Board of Directors,

Jamey S. Seely
Executive Vice President,
General Counsel and
Corporate Secretary

December [ ], 2015
Houston, Texas

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ION GEOPHYSICAL CORPORATION

2105 CityWest Boulevard, Suite 400
Houston, Texas 77042-2839
(281) 933-3339

PROXY STATEMENT

FOR SPECIAL MEETING OF STOCKHOLDERS
To be Held on February 1, 2016

GENERAL INFORMATION

This Special Meeting Proxy Statement ("Proxy Statement") is furnished to stockholders of ION Geophysical Corporation, a Delaware corporation (the "Company"), in connection with the solicitation of proxies by the Board of Directors (the "Board") for use at the Company's Special Meeting of Stockholders (the "Special Meeting") to be held on Monday, February 1, 2016, at 10:30 a.m., Central Time, in the offices of the Company located at 2105 CityWest Boulevard, Suite 400, Houston, Texas 77042-2839, and at any adjournments or postponements thereof.

The proxy materials, including this Proxy Statement and the proxy card, are first being distributed and made available on or about December [   ], 2015. The mailing address of our principal executive offices is 2105 CityWest Boulevard, Suite 400, Houston, Texas 77042-2839. All properly completed and returned proxies for the Special Meeting will be voted at the Special Meeting in accordance with the directions given in the proxy, unless the proxy is revoked before the Special Meeting. The proxies also may be voted at any adjournments or postponements of the Special Meeting.

As stated in the accompanying Notice of Special Meeting of Stockholders, we will hold the Special Meeting to:

1. Adopt an amendment to our Restated Certificate of Incorporation to (i) effect a reverse stock split of our common stock, par value $0.01 per share ("Common Stock"), at a ratio selected by our Board (or any authorized committee of the Board) from within a range of between 1-for-5 and 1-for-15, inclusive, and, (ii) if and when the reverse stock split is effected, proportionately reduce the number of authorized shares of our Common Stock by the selected reverse split ratio;

2. Adopt an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of our Common Stock from 200 million to 400 million; and

3. Approve, subject to stockholder approval and implementation of the reverse stock split, certain amendments to the Company's 2013 Long-Term Incentive Plan (the "2013 LTIP") to, if and when the reverse stock split is effected, increase (i) the total number of shares of our Common Stock available for issuance under the 2013 LTIP and (ii) the maximum number of such shares that may be granted in the form of full-value awards.

While approval of Proposals 1 or 2 will not be conditioned on the approval of any other proposals, the approval of Proposal 3 will be conditioned on the approval of Proposal 1.

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On August 11, 2015, we were notified by the New York Stock Exchange (the "NYSE") that the average closing price of the Common Stock had fallen below $1.00 per share over a period of 30 consecutive trading days, which is the minimum average share price required by the NYSE under Section 802.01C of the NYSE Listed Company Manual. We have six months following receipt of the NYSE's notice to regain compliance with the NYSE's minimum share price requirement. We can regain compliance at any time during the six-month cure period if on the last trading day of any calendar month during the cure period the Common Stock has a closing share price of at least $1.00 and an average closing share price of at least $1.00 over the 30 trading-day period ending on the last trading day of such month. Notwithstanding the foregoing, if we determine that we must cure the price condition by taking an action that will require approval of our stockholders, we may also regain compliance by: (i) obtaining the requisite stockholder approval by no later than our next annual meeting, (ii) implementing the action promptly thereafter and (iii) the price of the Common Stock promptly exceeding $1.00 per share, and the price remaining above that level for at least the following 30 trading days.

A delisting of the Common Stock from the NYSE would negatively impact us because it would: (i) reduce the liquidity and market price of the Common Stock; (ii) reduce the number of investors willing to hold or acquire the Common Stock, which could negatively impact our ability to raise equity financing; (iii) limit our ability to use a registration statement to offer and sell freely tradable securities, thereby preventing us from accessing the public capital markets, and (iv) impair our ability to provide equity incentives to our employees. The Board has adopted a proposed amendment to the Restated Certificate of Incorporation, and recommends that stockholders approve such amendment, for the purpose of increasing the price of our Common Stock in order to regain compliance with this listing requirement.

Only owners of record of our outstanding shares of Common Stock on December 18, 2015 are entitled to vote at the Special Meeting, or at any adjournment or postponement of the Special Meeting. Each owner of Common Stock on the record date is entitled to one vote for each share of Common Stock held. As of the record date, there were [ ] shares of Common Stock issued and outstanding.

Our Amended and Restated Bylaws (the "Bylaws") provide that business transacted at any special meeting of stockholders shall be limited to the purposes stated in a resolution approved by a majority of the Board or a committee designated for such purpose by the Board.

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting to be held on February 1, 2016: This Proxy Statement is available at: *www.iongeo.com* under "Investor Relations Investor Materials Annual Reports, Quarterly Reports & Proxy Statement."

You may vote your shares prior to the Special Meeting by following the instructions provided in this Proxy Statement and the enclosed proxy card.

When used in this Proxy Statement, "ION Geophysical," "ION," "Company," "we," "our," "ours" and "us" refer to ION Geophysical Corporation.

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ABOUT THE SPECIAL MEETING

What is a proxy and proxy statement?

A proxy is your legal designation of another person to vote the stock you own on your behalf. That other person is referred to as a "proxy." Our Board has designated R. Brian Hanson and James M. Lapeyre, Jr. as proxies for the Special Meeting. By completing and submitting the enclosed proxy card, you are giving Mr. Hanson and Mr. Lapeyre the authority to vote your shares in the manner you indicate on your proxy card. A proxy statement is a document that the regulations of the Securities and Exchange Commission ("SEC") require us to give you when we ask you to sign a proxy card designating individuals as proxies to vote on your behalf.

Who is soliciting my proxy?

Our Board is soliciting proxies on its behalf to be voted at the Special Meeting. All costs of soliciting the proxies will be paid by ION. Copies of solicitation materials will be furnished to banks, brokers, nominees and other fiduciaries and custodians to forward to beneficial owners of the Common Stock held by such persons. ION will reimburse such persons for their reasonable out-of-pocket expenses in forwarding solicitation materials. In addition to solicitations by mail, some of ION's directors, officers and other employees, without extra compensation, might supplement this solicitation by telephone, personal interview or other communication. ION has also retained Georgeson Inc. to assist with the solicitation of proxies from banks, brokers, nominees and other holders, for a fee not to exceed $11,000 plus reimbursement for out-of-pocket expenses. We may also ask our proxy solicitor to solicit proxies on our behalf by telephone for a fixed fee of $6.00 per phone call and $3.50 per telephone vote, plus reimbursement for expenses.

What are the voting rights of holders of Common Stock?

Each outstanding share of Common Stock is entitled to one vote on each matter considered at the Special Meeting.

What is the difference between a "stockholder of record" and a stockholder who holds stock in "street name"?

If your shares are registered directly in your name, you are a stockholder of record. If your shares are registered in the name of your broker, bank or similar organization, then you are the beneficial owner of shares held in street name.

Where will the Special Meeting be held?

The Special Meeting will be held on the 4th Floor of 2105 CityWest Boulevard in Houston, Texas.

Directions: The site for the meeting is located on CityWest Boulevard off of West Sam Houston Parkway South ("Beltway 8"), near the intersection of Beltway 8 and Briar Forest Drive. Traveling south on the Beltway 8 feeder road after Briar Forest Drive, turn right on Del Monte Drive. Enter Garage Entrance 3 on your immediate left. Advise the guard that you are attending the ION Special Meeting. You may be required to show your driver's license or other photo identification. The guard will then direct you where to park in the visitors section of the parking garage. The guard can also direct you to 2105 CityWest Boulevard, which is directly south of the garage. Once in the building, check in with the security desk and then take the elevators to the 4th floor.

What is the record date and what does it mean?

The record date for the Special Meeting is December 18, 2015. The record date is established by the Board as required by Delaware law (the state in which we are incorporated). Holders of Common

Stock at the close of business on the record date are entitled to receive notice of the meeting and vote at the meeting and any adjournments or postponements of the meeting.

How do I vote?

You may vote your shares in four different ways:

1. *Via the Internet.* You may vote your shares via the Internet by following the instructions on your proxy card. If you own your shares in "street name" or in a nominee account, you may place your vote through the Internet by following the instructions on the proxy card provided by your broker, bank or other holder of record.

2. *By Telephone.* You may vote your shares by telephone by calling the toll-free telephone number provided on the proxy card. If you own your shares in "street name" or in a nominee account, you may place your vote by telephone by following the instructions on the proxy card provided by your broker, bank or other holders of record.

3. *By Mail.* Mark your voting instructions on, and sign and date, the proxy card and return it to Jamey S. Seely, Executive Vice President, General Counsel and Corporate Secretary, ION Geophysical Corporation, 2105 CityWest Boulevard, Suite 400, Houston, Texas 77042-2839. If you mail your proxy card, Ms. Seely must receive it before the polls close at the Special Meeting.

4. *In Person.* You may deliver your completed proxy in person at the Special Meeting. If your shares are held in "street name" or a nominee account, you will need to obtain a proxy form from the institution that holds your shares in order to vote at the Special Meeting. The Board recommends that you vote by one of the three methods above even if you plan to attend the Special Meeting.

How do I revoke my proxy or change my voting instructions?

You may revoke your proxy or change your voting instructions in four ways:

1. *Submit voting instructions again by telephone or the Internet.* If you are a "street name" stockholder, you must follow instructions found on the voting instruction card provided by your broker or other "street" nominee, or contact your broker or other "street" nominee in order to revoke your previously given proxy.

2. *Submit a new proxy card bearing a later date than the one you wish to revoke.* A valid later-dated proxy will automatically revoke any proxy previously submitted by you. If you own your shares in "street name," because your broker or other "street" nominee is actually the record owner, you must obtain a new proxy card from the broker or other "street" nominee. If you are a holder of record, then you must obtain a new proxy card from ION's transfer agent, Computershare Investor Services, at1.888.360.9508. We must receive your new proxy card before the Special Meeting begins.

3. *Write to Jamey S. Seely, Executive Vice President, General Counsel and Corporate Secretary, ION Geophysical Corporation, 2105 CityWest Boulevard, Suite 400, Houston, Texas 77042-2839.* Your letter should contain the name in which your shares are registered, your control number, the date of the proxy you wish to revoke or change, your new voting instructions, if applicable, and your signature. Ms. Seely must receive your letter before the Special Meeting begins.

4. *Attend the Special Meeting and vote in person as described above (or by personal representative with an appropriate proxy*). Attendance at the meeting will not by itself revoke a previously granted proxy; to alter your prior instructions, you must vote your shares during the Special Meeting.

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What constitutes a quorum?

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock constitutes a quorum. We need a quorum of stockholders to hold a validly convened Special Meeting. If you have submitted your proxy, your shares will be counted toward the quorum. If a quorum is not present, the chairman may adjourn the meeting, without prior notice other than by announcement at the meeting, until the required quorum is present. As of the record date, [ ] shares of Common Stock were outstanding. Thus, the presence of the holders of Common Stock representing at least [ ] shares will be required to establish a quorum. Abstentions and broker non-votes will be counted for purposes of establishing a quorum.

What are my voting choices when voting on Proposal 1 and what vote is needed to approve Proposal 1?

In voting to approve the proposal to adopt an amendment to the Restated Certificate of Formation to effect a reverse stock split and, if and when such reverse stock split is effected, proportionately reduce the number of authorized shares of our Common Stock by the selected reverse split ratio, stockholders may vote in one of the following ways:

(a) for the proposal,

(b) against the proposal, or

(c) abstain from voting on the proposal.

The affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Special Meeting is required to adopt such amendment. An abstention has the same effect as a vote "against" the proposal.

The Board recommends a vote **"FOR"** this proposal.

What are my voting choices when voting on Proposal 2 and what vote is needed to approve Proposal 2?

In voting to approve the proposal to adopt an amendment to the Restated Certificate of Formation to increase the number of authorized shares of Common Stock from 200 million to 400 million, stockholders may vote in one of the following ways:

(a) for the proposal,

(b) against the proposal, or

(c) abstain from voting on the proposal.

The affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Special Meeting is required to adopt such amendment. An abstention has the same effect as a vote "against" the proposal.

The Board recommends a vote **"FOR"** this proposal.

What are my voting choices when voting on Proposal 3 and what vote is needed to approve Proposal 3?

In voting to approve amendments to the 2013 LTIP to, if and when the reverse stock split is effected, increase (i) the total number of shares of our Common Stock available for issuance under the

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2013 LTIP and (ii) the maximum number of such shares that may be granted in the form of full-value awards, stockholders may vote in one of the following ways:

(a) for the proposal,

(b) against the proposal, or

(c) abstain from voting on the proposal.

The proposal to approve the amendments to the 2013 LTIP requires a majority of the votes cast on the proposal, provided that the total votes cast on the proposal represents over 50% of the total number of outstanding shares of our Common Stock.

While stockholders may cast their votes separately on each of the proposals contained in this Proxy Statement, the approval of Proposal 3 will be conditioned on the approval of Proposal 1.

The Board recommends a vote **"FOR"** this proposal.

Could other matters be decided at the Special Meeting?

No. Our Bylaws provide that business transacted at any special meeting of stockholders shall be limited to the purposes stated in a resolution approved by a majority of the Board or a committee designated for such purpose by the Board.

What if a stockholder does not specify a choice for a matter when submitting their proxy?

Stockholders should specify their choice for each matter on their proxy. If no instructions are given, proxies that are properly submitted will be voted **"FOR"** the proposal to effect the reverse stock split and, if and when the reverse stock split is effected, proportionately reduce the number of authorized shares of our Common Stock by the selected reverse split ratio, **"FOR"** the proposal to increase the number of authorized shares of Common Stock and **"FOR"** the proposal to approve the amendments to the 2013 LTIP.

What are broker non-votes?

A broker non-vote occurs when the broker is unable to vote on a proposal because the proposal is not routine and the beneficial owner has not provided any voting instructions to the broker on that matter. NYSE rules determine whether proposals are routine or not routine. If a proposal is routine, a broker holding shares for an owner in street name may vote for the proposal without voting instructions. If a proposal is not routine, the broker may vote on the proposal only if the owner has provided voting instructions. If a broker does not receive voting instructions for a non-routine proposal, the broker will return a proxy card without a vote on that proposal, which is usually referred to as a "broker non-vote." The proposal to effect the reverse stock split and proportionately reduce the number of authorized shares of Common Stock by the selected reverse split ratio and the proposal to amend our 2013 LTIP are not considered to be routine matters under current NYSE rules, so your broker will not have discretionary authority to vote your shares held in street name on those matters. The proposal to increase the number of authorized shares of Common Stock from 200 million to 400 million is considered to be a routine matter on which brokers will be permitted to vote your shares without instructions from you.

Will I have electronic access to the proxy materials?

The proxy materials are posted on ION's Internet website at *www.iongeo.com* under "Investor Relations Investor Materials Annual Reports, Quarterly Reports & Proxy Statement."

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Except as otherwise set forth below, the following table sets forth information as of December 4, 2015, with respect to the number of shares of Common Stock owned by (i) each person known by us to be a beneficial owner of more than 5% of our Common Stock, (ii) each named executive officer and director of the Company and (iii) all of our directors and executive officers as a group. Except where information was otherwise known by us, we have relied solely upon filings of Schedules 13D and 13G to determine the number of shares of our Common Stock owned by each person known to us to be the beneficial owner of more than 5% of our Common Stock as of such date.

Name of Owner	Common Stock(1)	Rights to Acquire(2)	Restricted Stock(3)	Percent of Common Stock(4)
Invesco Ltd.(5)	31,797,788			19.4%
BGP Inc., China National Petroleum Corporation(6)	23,789,536			14.5%
BlackRock, Inc.(7)	12,011,354			7.3%
James M. Lapeyre, Jr.(8)	12,300,395	25,000	25,000	7.5%
Vanguard Group, Inc.(9)	8,491,811			5.2%
Laitram, L.L.C.(10)	8,719,645			5.3%
David H. Barr	94,000		25,000	*
R. Brian Hanson(11)	416,871	553,750	195,903	*
Hao Huimin	65,100		25,000	*
Michael C. Jennings	94,000		25,000	*
Franklin Myers	322,000	25,000	25,000	*
S. James Nelson, Jr.	114,000	25,000	25,000	*
John N. Seitz	143,895	25,000	25,000	*
Ken Williamson	95,443	435,500	90,010	*
Colin T. Hulme	37,968	97,500	39,610	*
Steven A. Bate	256,859	145,000	93,984	*
Christopher Usher	47,613	82,500	48,300	*
All directors and executive officers as a group (14 Persons)	**14,108,959**	**1,473,100**	**693,326**	**9.8%**

* Less than 1%

(1) Represents shares for which the named person (a) has sole voting and investment power or (b) has shared voting and investment power. Excluded are shares that (i) are unvested restricted stock holdings or (ii) may be acquired through stock option exercises.

(2) Represents shares of Common Stock that may be acquired upon the exercise of stock options held by our officers and directors that are currently exercisable or will be exercisable on or before December 31, 2015.

(3) Represents unvested shares subject to a vesting schedule, forfeiture risk and other restrictions. Although these shares are subject to risk of forfeiture, the holder has the right to vote the unvested shares unless and until they are forfeited.

(4) Assumes shares subject to outstanding stock options that such person has rights to acquire upon exercise, presently and on or before December 31, 2015, are outstanding.

(5) The address for Invesco Ltd. is 1555 Peachtree Street NE, Atlanta, Georgia 30309.

(6) The address for BGP Inc., China National Petroleum Corporation is No. 189 Fanyang Middle Road, ZhuoZhou City, HeBei Province 072750 P.R. China.

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(7) The address for BlackRock, Inc. is 55 East 52nd Street, New York, New York 10022. BlackRock, Inc. reported that ii has sole voting power with respect to 11,674,386 shares and sole dispositive power with respect to 12,011,354 shares.

(8) The shares of Common Stock held by Mr. Lapeyre include 1,491,037 shares that Mr. Lapeyre holds as a custodian or trustee for the benefit of his children, 8,719,645 shares owned by Laitram, 450,100 shares held by S&J Lapeyre, LLC, and 10,500 shares that Mr. Lapeyre holds as a co-trustee with his wife for the benefit of his children, in all of which Mr. Lapeyre disclaims any beneficial interest. Please read note 10 below. Mr. Lapeyre has sole voting power over only 1,654,113 of these shares of Common Stock.

(9) The address for The Vanguard Group is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355. The Vanguard Group reported that it has sole voting power with respect to 195,987 shares, sole dispositive power with respect to 8,311,424 shares and shared dispositive power with respect to 180,387 shares.

(10) The address for Laitram, L.L.C. is 220 Laitram Lane, Harahan, Louisiana 70123. Mr. Lapeyre is the President and Chief Executive Officer of Laitram. Please read note 8 above. Mr. Lapeyre disclaims beneficial ownership of any shares held by Laitram.

(11) The shares of Common Stock held by Mr. Hanson include 10,000 shares owned by Mr. Hanson's wife, in which Mr. Hanson disclaims any beneficial interest.

EXECUTIVE COMPENSATION

Introductory note: Under the rules of the SEC, because our stockholders will be taking action with respect to the 2013 LTIP at the Special Meeting, we are required to furnish the following information with respect to our executive compensation. In accordance with these rules, all information in the following "Executive Compensation" section of this Proxy Statement has been taken from our proxy statement for our 2015 Annual Meeting held May 20, 2015. The following discussion of executive compensation contains descriptions of various employee benefit plans and employment-related agreements. These descriptions are qualified in their entirety by reference to the full text or detailed descriptions of the plans and agreements, which are filed or incorporated by reference as exhibits to our annual report on Form 10-K for the year ended December 31, 2014.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides an overview of the Compensation Committee of our Board, a discussion of the background and objectives of our compensation programs for our senior executives, and a discussion of all material elements of the compensation of each of the executive officers identified in the following table, whom we refer to as our named executive officers:

Name	Title
R. Brian Hanson	President and Chief Executive Officer (our principal executive officer)
Kenneth G. Williamson	Executive Vice President and Chief Operating Officer, Commercialization Division
Colin T. Hulme	Executive Vice President, Ocean Bottom Services
Steven A. Bate	Executive Vice President and Chief Financial Officer (our principal financial officer)
Christopher T. Usher	Executive Vice President and Chief Innovation Officer, Innovation Division
Gregory J. Heinlein	Former Senior Vice President and Chief Financial Officer (our former principal financial officer)

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Executive Summary

General. The objectives and major components of our executive compensation program did not materially change from 2014 to 2015. While we regularly review and fine-tune our compensation programs, we believe consistency in our compensation program and philosophy is important to effectively motivate and reward top-level management performance and for the creation of stockholder value. We continue to provide our named executive officers with total annual compensation that includes three principal elements: base salary, performance-based annual incentive cash compensation and long-term equity-based incentive awards. Elements of our compensation program continue to be performance-based, and a significant portion of each executive's total annual compensation is at risk and dependent upon our Company's achievement of specific, measurable performance goals. Our performance-based pay is designed to align our executive officers' interests with those of our stockholders and to promote the creation of stockholder value, without encouraging excessive risk-taking. In addition, our equity programs, combined with our executive share ownership requirements, are designed to reward long-term stock performance.

Base salaries for several of our named executive officers were increased in January 2015, consistent with our usual base salary review process and practice. Payments under our annual bonus incentive plan for 2014 reflected our performance and the level of achievement of our 2014 plan performance goals. In 2014, the Compensation Committee determined that the bonus available for awards paid to our named executive officers under the 2014 plan should be based on our consolidated adjusted operating income and cash flow generation during the fiscal year. In early 2015, the Compensation Committee reviewed the Company's adjusted operating income and cash flow production and approved the bonus for each named executive based on individual and company performance. In approving the individual awards to our named executive officers in February 2015, the Compensation Committee noted that our named executive officers' efforts had enabled us to drive our financial performance during a challenging economic period for the seismic industry while, at the same time, improving our liquidity and positioning us to take advantage of the next upturn in the energy cycle. In addition, the Compensation Committee determined that each named executive officer had individually performed at or above the expected level and was a significant contributor to our overall financial performance for the year.

The annual grants made to our named executive officers under our long-term stock incentive plan on March 1, 2014 were generally consistent with grants made to named executive officers in previous years.

Consideration of Say-On-Pay Result. At our 2014 Annual Meeting of Stockholders held on May 21, 2014, our stockholders approved all of our director nominees and proposals, including a non-binding advisory ("say-on-pay") vote to approve the compensation of our executive officers. In the advisory executive compensation vote, over 98% of the votes cast on the proposal voted in favor of our executive compensation. Our general goal since our 2014 Annual Meeting has been to continue to act consistently with the established practices that were overwhelmingly approved by our stockholders. We believe that we have accomplished that goal. In addition, because our stockholders voted in a non-binding advisory vote held at our 2011 Annual Meeting in favor of our holding an advisory ("say-on-frequency") vote on executive compensation every year, we will continue to hold an annual advisory vote to approve the compensation of our named executive officers. When and if our Board determines that it is in the best interest of our Company to hold our say-on-pay vote with a different frequency, we will propose such a change to our stockholders at the next annual meeting of stockholders to be held following the 'Board's determination. Presently, under SEC rules, we are not required to hold another say-on-frequency vote again until our 2017 Annual Meeting of Stockholders.

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Corporate Governance

Compensation Committee

The Compensation Committee of our Board reviews and approves, or recommends to the Board for approval, all salary and other remuneration for our executive officers and oversees matters relating to our employee compensation and benefit programs. No member of the Compensation Committee is an employee of ION. The Board has determined that each member of the Compensation Committee satisfies the definition of "independent" as established in the NYSE corporate governance listing standards. In determining the independence of each member of the Compensation Committee, the Board considered all factors specifically relevant to determining whether the director has a relationship to our company that is material to the director's ability to be independent from management in the execution of his duties as a Compensation Committee member, including, but not limited to:

- the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by us to the director; and

- whether the director is affiliated with our company, a subsidiary or affiliate.

When considering the director's affiliation with us for purposes of independence, the Board considered whether the affiliate relationship places the director under the direct or indirect control of our company or its senior management, or creates a direct relationship between the director and members of senior management, in each case, of a nature that would impair the director's ability to make independent judgments about our executive compensation.

The Compensation Committee operates pursuant to a written charter that sets forth its functions and responsibilities. A copy of the charter can be viewed on our website at http://ir.iongeo.com/phoenix.zhtml?c=101545&p=irol-govhighlights. For a description of the responsibilities of the Compensation Committee, see "Item 1. Election of Directors Committees of the Board Compensation Committee" above.

During 2014, the Compensation Committee met in person or by conference call four times. In addition, the Compensation Committee took action by unanimous written consent, as permitted under Delaware law and our Bylaws, two times during 2014, primarily to approve individual non-executive employee grants of restricted stock and stock options. We believe that each of these individual grants made by unanimous written consent of the Compensation Committee complied with the applicable grant date requirements under Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic (ASC) 718, "Compensation Stock Compensation" ("ASC Topic 718").

Compensation Consultants

The Compensation Committee has the authority and necessary funding to engage, terminate and pay compensation consultants, independent legal counsel and other advisors in its discretion. Prior to retaining any such compensation consultant or other advisor, the Compensation Committee evaluates the independence of such advisor and also evaluates whether such advisor has a conflict of interest. During 2011, the Compensation Committee engaged Performensation Consulting, an equity compensation consulting firm, to provide advisory services with regard to the preparation of our 2011 proxy statement and to provide the Compensation Committee with analysis on the number of shares to propose to stockholders to add to our stock plan at our 2011 Annual Meeting for future grants to employees and directors. During 2011, the Compensation Committee also engaged Aon Hewitt as its consultant in connection with the promotion of Mr. Hanson to Chief Executive Officer. From 2012-2014, at the recommendation of our management, the Compensation Committee has approved and engaged Performensation Consulting to provide advisory services with regard to the preparation of our proxy statements.

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From 2011 to date, neither of Performensation Consulting nor Aon Hewitt has received compensation, or advised our Company or our executive officers, on matters outside the scope of their respective engagements by the Compensation Committee.

The Compensation Committee has considered the independence of Performensation Consulting in light of SEC rules and NYSE listing standards. Among the factors considered by the Compensation Committee were the following:

- other services provided to our Company by Performensation Consulting;
- the amount of fees paid by us as a percentage of Performensation Consulting's total revenues;
- policies or procedures maintained by Performensation Consulting that are designed to prevent a conflict of interest;
- any business or personal relationships between the individual consultants involved in the engagement and any member of the Compensation Committee;
- any of our Common Stock owned by the individual consultants involved in the engagement; and
- any business or personal relationships between our executive officers and Performensation Consulting or the individual consultants involved in the engagement.

The Compensation Committee discussed these considerations and concluded that the work of Performensation Consulting did not raise any conflict of interest.

Role of Management in Establishing and Awarding Compensation

On an annual basis, our Chief Executive Officer, with the assistance of our Human Resources department, recommends to the Compensation Committee any proposed increases in base salary, bonus payments and equity awards for our executive officers other than himself. No executive officer is involved in determining his own salary increase, bonus payment or equity award. When making officer compensation recommendations, our Chief Executive Officer takes into consideration compensation benchmarks, which include industry standards for similar sized organizations serving similar markets, as well as comparable positions, the level of inherent importance and risk associated with the position and function, and the executive's job performance over the previous year. See " *Objectives of Our Executive Compensation Programs Benchmarking*" and " *Elements of Compensation Base Salary"* below.

Our Chief Executive Officer, with the assistance of our Human Resources department and input from our executive officers and other members of senior management, also formulates and proposes to the Compensation Committee an employee bonus incentive plan for the ensuing year. For a description of our process for formulating the employee bonus incentive plan and the factors that we consider, see " *Elements of Compensation Bonus Incentive Plan*" below.

The Compensation Committee reviews and approves all compensation and awards to executive officers and all bonus incentive plans. With respect to equity compensation awarded to employees other than executive officers, the Compensation Committee reviews and approves all grants of restricted stock and stock options above 5,000 shares, generally based upon the recommendation of the Chief Executive Officer, and has delegated option and restricted stock granting authority to the Chief Executive Officer as permitted under Delaware law for grants to non-executive officers of up to 5,000 shares.

On its own initiative, at least once a year, the Compensation Committee reviews the performance and compensation of our Chief Executive Officer and, following discussions with the Chief Executive Officer and other members of the Board, establishes his compensation level. Where it deems appropriate, the Compensation Committee will also consider market compensation information from independent sources. See " *Objectives of Our Executive Compensation Programs Benchmarking*" below.

Certain members of our senior management generally attend most meetings of the Compensation Committee, including our Chief Executive Officer, our Senior Vice President Global Human Resources, and our Executive Vice President/General Counsel/Corporate Secretary. However, no member of management votes on items being considered by the Compensation Committee. The Compensation Committee and Board do solicit the views of our Chief Executive Officer on compensation matters, particularly as they relate to the compensation of the other named executive officers and the other members of senior management reporting to the Chief Executive Officer. The Compensation Committee often conducts an executive session during each meeting, during which members of management are not present.

Objectives of Our Executive Compensation Programs

General Compensation Philosophy and Policy

Through our compensation programs, we seek to achieve the following general goals:

- attract and retain qualified and productive executive officers and key employees by providing total compensation competitive with that of other executives and key employees employed by companies of similar size, complexity and industry of business;
- encourage our executives and key employees to achieve strong financial and operational performance;
- structure compensation to create meaningful links between corporate performance, individual performance and financial rewards;
- align the interests of our executives with those of our stockholders by providing a significant portion of total pay in the form of stock-based incentives;
- encourage long-term commitment to our Company; and
- limit corporate perquisites to seek to avoid perceptions both within and outside of our Company of "soft" compensation.

Our governing principles in establishing executive compensation have been:

Long-Term and At-Risk Focus. Compensation opportunities should be composed of long-term, at-risk pay to focus our management on the long-term interests of our Company. Base salary, annual incentives and employee benefits should be close to competitive levels when compared to similarly-situated companies.

Equity Orientation. Equity-based plans should comprise a major part of the at-risk portion of total compensation to instill ownership thinking and to link compensation to corporate performance and stockholder interests.

Competitive. We emphasize total compensation opportunities consistent on average with our peer group of companies. Competitiveness of annual base pay and annual incentives is independent of stock performance. However, overall competitiveness of total compensation is generally contingent on long-term, stock-based compensation programs.

Focus on Total Compensation. In making decisions with respect to any element of an executive officer's compensation, the Compensation Committee considers the total compensation that may be awarded to the executive officer, including salary, annual bonus and long-term incentive compensation. These total compensation reports are prepared by our Human Resources department and present the

dollar amount of each component of the named executive officers' compensation, including current cash compensation (base salary, past bonus and eligibility for future bonus), equity awards and other compensation. The overall purpose of these total compensation reports is to bring together, in one place, all of the elements of actual and potential compensation of our named executive officers so that the Compensation Committee may analyze both the individual elements of compensation (including the compensation mix) as well as the aggregate total amount of actual and projected compensation. In its most recent review of total compensation reports, the Compensation Committee determined that annual compensation amounts for our Chief Executive Officer and our other named executive officers remained generally consistent with the Compensation Committee's expectations. However, the Compensation Committee reserves the right to make changes that it believes are warranted.

Internal Pay Equity. Our core compensation philosophy is to pay our executive officers competitive levels of compensation that best reflect their individual responsibilities and contributions to our Company, while providing incentives to achieve our business and financial objectives. While comparisons to compensation levels at other companies (discussed below) are helpful in assessing the overall competitiveness of our compensation program, we believe that our executive compensation program also must be internally consistent and equitable in order for our Company to achieve our corporate objectives. Each year our Human Resources department reports to the Compensation Committee the total compensation paid to our Chief Executive Officer and all other senior executives, which includes a comparison for internal pay equity purposes. Over time, there have been variations in the comparative levels of compensation of executive officers and changes in the overall composition of the management team and the overall accountabilities of the individual executive officers; however, we and the Compensation Committee are satisfied that total compensation received by executive officers reflects an appropriate differential for executive compensation.

These principles apply to compensation policies for all of our executive officers and key employees. We do not follow the principles in a mechanistic fashion; rather, we apply experience and judgment in determining the appropriate mix of compensation for each individual. This judgment also involves periodic review of discernible measures to determine the progress each individual is making toward agreed-upon goals and objectives.

Benchmarking

When making compensation decisions, we also look at the compensation of our Chief Executive Officer and other executive officers relative to the compensation paid to similarly-situated executives at companies that we consider to be our industry and market peers a practice often referred to as "benchmarking." We believe, however, that a benchmark should be just that a point of reference for measurement but not the determinative factor for our executives' compensation. The purpose of the comparison is not to supplant the analyses of internal pay equity, total wealth accumulation and the individual performance of the executive officers that we consider when making compensation decisions. Because the comparative compensation information is just one of the several analytic tools that are used in setting executive compensation, the Compensation Committee has discretion in determining the nature and extent of its use. Further, given the limitations associated with comparative pay information for setting individual executive compensation, including the difficulty of assessing and comparing wealth accumulation through equity gains, the Compensation Committee may elect to not use the comparative compensation information at all in the course of making compensation decisions.

In most years, at least once each year, our Human Resources department, under the oversight of the Compensation Committee, reviews data from market surveys, independent consultants and other sources to assess our competitive position with respect to base salary, annual incentives and long-term incentive compensation. When reviewing compensation data in November 2014, we utilized data primarily from Radford salary surveys, the Mercer U.S. Compensation Planning Survey, TowersWatson executive salary survey and Frost's 2014 Oilfield Manufacturing and Services Industry Executive

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Compensation Survey ("OFMS Survey"). The survey information from most of these resources covered a broad range of industries and companies. However, the 2014 OFMS Survey compiled proxy compensation data from 53 oilfield services companies and survey results from the following 19 oilfield services companies:

Aker Solutions ASA	ION Geophysical Corporation
Baker Hughes, Inc.	National Oilwell Varco, Inc.
Bristow Group, Inc.	Newpark Resources, Inc.
C&J Energy Services, Inc.	Oil States International, Inc.
Core Laboratories NV	Shelf Drilling Offshore Holdings Ltd.
Ensco PLC	Superior Energy Services, Inc.
Saipem S.p.A.	T.D. Williamson Inc.
Exterran Holdings, Inc.	TETRA Technologies, Inc.
Helmerich & Payne, Inc.	Vantage Drilling Company
Hercules Offshore Services, Inc.	

Each year, the administrators of the OFMS Survey in their discretion make adjustments to the list of companies included in the survey. As a result, the above list of companies included in the 2014 OFMS Survey is slightly different from the list of companies included in the OFMS Survey for 2013 and previous years and will likely be different from the list of companies to be included in future OFMS Surveys.

The overall results of the compensation surveys provide the starting point for our compensation analysis. We believe that the surveys contain relevant compensation information from companies that are representative of the sector in which we operate, have relative size as measured by market capitalization and experience relative complexity in the business and the executives' roles and responsibilities. Beyond the survey numbers, we look extensively at a number of other factors, including our estimates of the compensation at our most comparable competitors and other companies that were closest to our Company in size, profitability and complexity. We also consider an individual's current performance, the level of corporate responsibility, and the employee's skills and experience, collectively, in making compensation decisions.

In the case of our Chief Executive Officer and some of our other executive officers, we also consider our Company's performance during the person's tenure and the anticipated level of compensation that would be required to replace the person with someone of comparable experience and skill.

In addition to our periodic review of compensation, we also regularly monitor market conditions and will adjust compensation levels from time to time as necessary to remain competitive and retain our most valuable employees. When we experience a significant level of competition for retaining current employees or hiring new employees, we will typically reevaluate our compensation levels within that employee group in order to ensure our competitiveness.

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Elements of Compensation

The primary components of our executive compensation program are as follows:

Below is a summary of each component:

Base Salary

General. The general purpose of base salary for our executive officers is to create a base of cash compensation for the officer that is consistent on average with the range of base salaries for executives in similar positions and with similar responsibilities at comparable companies. In addition to salary norms for persons in comparable positions at comparable companies, base salary amounts may also reflect the nature and scope of responsibility of the position, the expertise of the individual employee and the competitiveness of the market for the employee's services. Base salaries of executives other than our Chief Executive Officer may also reflect our Chief Executive Officer's evaluation of the individual executive officer's job performance. As a result, the base salary level for each individual may be above or below the target market value for the position. The Compensation Committee also recognizes that the Chief Executive Officer's compensation should reflect the greater policy- and decision-making authority that he holds and the higher level of responsibility he has with respect to our strategic direction and our financial and operating results. At December 31, 2014, our Chief Executive Officer's annual base salary was 48% higher than the annual base salary for the next highest-paid named executive officer and 60% higher than the average annual base salary for all of our other named executive officers. The Compensation Committee does not intend for base salaries to be the vehicle for long-term capital and value accumulation for our executives.

2014 Actions. In typical years, base salaries are reviewed at least annually and may also be adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities and changes in responsibilities, performance and contribution to ION, experience, impact on total compensation, relationship of compensation to other ION officers and employees, and changes in external market levels. Salary increases for executive officers do not follow a preset schedule or formula but do take into account changes in the market and individual circumstances.

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All of our named executive officers received an increase in base salary in January 2015, as described below:

Named Executive Officer	Action
R. Brian Hanson	In recognition of Mr. Hanson's performance during 2014, the Compensation Committee increased Mr. Hanson's base salary from $550,000 to $600,000, effective in January 2015. The 2014 OFMS Survey indicated that the median for CEO base salary for surveyed companies having annual revenues of less than $1 billion was $650,000.
Kenneth G. Williamson	In recognition of Mr. Williamson's performance during 2014, the Compensation Committee increased Mr. Williamson's annual base salary from $372,320 to $387,213, effective in January 2015. The 2014 OFMS Survey indicates that the average base salary of a Corporate Executive Vice President for surveyed companies having annual business unit revenues of less than $1 billion is $354,296.
Colin T. Hulme	In recognition of Mr. Hulme's performance in 2014, the Compensation Committee increased Mr. Hulme's annual base salary from $330,000 to $350,000, effective in January 2015. The 2014 OFMS Survey indicates that the average base salary of a Corporate Executive Vice President for surveyed companies having annual business unit revenues of less than $1 billion is $354,296.
Steven A. Bate	In recognition of Mr. Bate's job performance and his promotion to Chief Financial Officer during 2014, the Compensation Committee increased Mr. Bate's annual base salary from $309,000 to $375,000, effective in November 2014. The 2014 OFMS Survey indicates that the median of Chief Financial Officer base salary for surveyed companies having annual revenues of less than $1 billion is $400,000.
Christopher T. Usher	In recognition of Mr. Usher's performance during 2014, the Compensation Committee increased Mr. Usher's annual base salary from $364,000 to $378,560, effective in January 2015. The 2014 OFMS Survey indicates that the average base salary of a Corporate Executive Vice President for surveyed companies having annual business unit revenues of less than $1 billion is $354,296.

Bonus Incentive Plan

Our employee annual bonus incentive plan is intended to promote the achievement each year of the Company's performance objectives, the employee's particular business unit's performance objectives and to recognize those employees who contributed to the Company's achievements. The plan provides cash compensation that is at-risk on an annual basis by establishing bonus pools for each business unit contingent on achievement of annual business and operating objectives. The plan also provides for individual awards designed to reward Company and individual performance. This provides all participating employees the opportunity to share in the Company's performance through the achievement of established financial and individual objectives. The financial and individual objectives within the plan are intended to measure an increase in the value of our Company.

In recent years, we have adopted a bonus incentive plan with regard to each year. Performance under the annual bonus incentive plan is measured with respect to the designated plan fiscal year.

Payments under the plan are paid in cash in an amount reviewed and approved by the Compensation Committee and are ordinarily made in the first quarter following the completion of a fiscal year, after the financial results for that year have been determined.

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Our annual bonus incentive plan is usually consistent with our operating plan for the same year. In late 2013, we prepared a consolidated company operating budget for 2014 and individual operating budgets for each operating unit. The budgets took into consideration our views on market opportunities, customer and sale opportunities, technology enhancements for new products, product manufacturing and delivery schedules and other operating factors known or foreseeable at the time. The Board analyzed the proposed budgets with management extensively and, after analysis and consideration, the Board approved the consolidated 2014 operating plan. During late 2013, our Chief Executive Officer worked with our Human Resources department and members of senior management to formulate our 2014 bonus incentive plan, consistent with the 2014 operating plans approved by the Board.

At the beginning of 2014, the Compensation Committee approved our 2014 bonus incentive plan for executives and certain designated non-executive employees. The computation of awards generated under the plan is required to be approved by the Compensation Committee. In February 2015, the Compensation Committee reviewed the Company's actual performance against each of the plan performance goals established at the beginning of 2014 and evaluated the individual performance during the year of each participating named executive officer. The results of operations of the Company for 2014 and individual performance evaluations determined the appropriate payouts under the annual bonus incentive plan.

The Compensation Committee has discretion in circumstances it determines are appropriate to authorize discretionary bonus awards that might exceed amounts that would otherwise be payable under the terms of the bonus incentive plan. These discretionary awards can be payable in cash, stock options, restricted stock, restricted stock units or a combination thereof. Any stock options, restricted stock or restricted stock units awarded would be granted under one of our existing long-term equity compensation plans. The Compensation Committee also has the discretion, in appropriate circumstances, to grant a lesser bonus award, or no bonus award at all, under the bonus incentive plan.

As described above, our bonus incentive plans are designed for payouts that generally track the financial performance of our Company. The general intent of the plans is to reward key employees when the Company and the employee perform well and not reward them when the Company and the employee do not perform well. In most years when company financial performance is strong, cash bonus payments are generally higher. Likewise, when our financial performance is low as compared to our internal targets and plans, cash bonus payments are generally lower. There are occasionally exceptions to this general trend. For example, in 2008 and 2011, we achieved improved financial performance over the previous year, but average cash bonus awards under our annual bonus incentive plans were relatively lower because we did not achieve our internal financial and growth objectives for the relevant years. In 2012, we achieved improved financial performance over the previous year, but our average bonus award paid to our named executive officers remained at approximately the same level as 2011 because our internal financial objectives for 2012 were higher than in 2011. This history demonstrates a clear and consistent link between our executive officer bonus incentive compensation and our performance.

Below are general descriptions of our 2014 bonus incentive plan and our company performance criteria applicable to the plan.

2014 Bonus Incentive Plan. The purpose of the 2014 bonus incentive plan was to provide an incentive for our participating employees to achieve their highest level of individual and business unit performance and to align the employees to accomplish and share in the achievement of our Company's 2014 strategic and financial goals.

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The bonus program includes a three step process:

1. The total bonus pool is established in our annual operating plan based on approximate percentages of base salary and our expected headcount. As discussed below, the total bonus pool consists of a fixed portion available for awards to eligible employees regardless of the Company's financial performance, and a variable portion available for distribution to eligible employees only to the extent the Company satisfies the designated financial performance criteria (*i.e.*, consolidated adjusted operating income and cash flow).

2. The total bonus pool is allocated among our business units based on satisfaction of the designated financial performance criteria.

3. Once the bonus pool for each business unit is funded, individual bonuses are determined by business unit managers by evaluating each eligible employee's individual and team performance, and the computation of individual awards is approved by the Compensation Committee.

Although achievement of our cash flow and consolidated adjusted operating income targets establish a guideline funding level of the bonus pool available to our named executive officers, actual amounts paid to our named executive officers are at the discretion of the Compensation Committee based on its overall assessment of other qualitative and quantitative corporate and individual criteria, generally in accordance with the compensation philosophy and policy described above.

Designated employees, including our named executive officers, were eligible to participate in our 2014 bonus incentive plan. Under the 2014 plan, approximately 25% of the funds allocated for distribution were available for awards to eligible employees regardless of the Company's 2014 financial performance, and approximately 75% of the funds allocated for distribution were available for distribution to eligible employees only to the extent the Company satisfied the designated 2014 financial performance criteria. In addition, the 2014 plan was structured so that the total amount of funds available for distribution increased as the Company's financial performance and cash flow increased, up to a maximum funding level of 200%. As a result, the amount of total dollars available for distribution under the bonus incentive plan was largely dependent on the Company's achievement of financial objectives.

Our 2014 bonus incentive plan established a dual emphasis on 2014 target consolidated adjusted operating income and cash flow generation as the performance goals.

Consolidated adjusted operating income is equal to revenues minus expense related to manufacturing or costs of performing services, sales, marketing, research and development and general and administrative costs.

Cash flow generation is the cash ION records in its bank accounts globally, based on the collection of customer payments, offset by the payment of vendors, employee payroll, taxes, utilities, and similar matters, excluding cash from external funding arrangements and interest payments.

Cash flow generation and consolidated adjusted operating income were selected as the most appropriate performance goals for our 2014 plan because the Compensation Committee believed that cash flow generation and consolidated adjusted operating income were the best indicators of our Company's overall business trends and performance at that time and evidenced a direct correlation with the interests of our stockholders and our Company's performance. When determining whether financial targets have been achieved under the 2014 plan, the Compensation Committee has the discretion to modify or revise the targets as necessary to reflect any significant beneficial or adverse change that results in a substantial positive or negative effect on our performance as a whole, such as sales of assets, mergers, acquisitions, divestitures, spin-offs or unanticipated matters such as economic conditions, indicators of growth or recession in our business segments, nature of our operations or changes in or effect of applicable laws, regulations or accounting practices.

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Under the plan, every participating named executive officer other than our Chief Executive Officer had the opportunity to earn up to 200% of his target depending on performance of our Company against the designated performance goals and performance of the executive against personal criteria determined at the beginning of 2014 by our Chief Executive Officer. The Compensation Committee has the discretion to determine the amounts of individual bonus awards. Under separate terms approved by the Compensation Committee and contained in his employment agreement, Mr. Hanson, who served as our Chief Executive Officer during 2014, participated in the plan with potential to earn a target incentive payment of 75% of his base salary, depending on achievement of the Company's target consolidated performance goals and pre-designated personal critical success factors, and a maximum of 150% of his base salary upon achievement of the maximum consolidated performance goal and his personal goals. Our Chief Executive Officer typically carries a higher target and maximum bonus incentive plan percentage as compared to our other named executive officers as a result of his leadership role in setting company policy and strategic planning.

Performance Criteria. In 2014, the Compensation Committee approved a plan that placed equal importance on operating income and cash flow generation as the criteria for consideration of bonus awards to the named executive officers and other covered employees under our 2014 bonus incentive plan:

Threshold Operating Income	**Target Operating Income**	**Maximum Operating Income**
$31.0 million	$44.3 million	$53.2 million

Threshold Cash Flow Generation	**Target Cash Flow Generation**	**Maximum Cash Flow Generation**
$25.0 million	$50.0 million	$75.0 million

Where an employee is primarily involved in a particular business unit, the financial performance criteria under the bonus incentive plan are weighted toward the operational performance of the employee's business unit rather than consolidated company performance. The "*Non-Equity Incentive Plan Compensation*" column of the 2014 Summary Compensation Table below reflects the payments that our named executive officers earned and received under our 2014 bonus incentive plan, and the "*Bonus*" column of the same table reflects any discretionary cash bonus payments received by our named executive officers during 2014. Our 2014 cash flow generation exceeded the target performance criteria under our 2014 bonus incentive plan but our operating income did not meet the target criteria under the plan.

In addition to overall company performance, when considering the 2014 bonus incentive plan awards paid to our named executive officers, the Compensation Committee also considered the individual performances and accomplishments of each officer. For example, when considering the bonus award paid to Mr. Hanson, among the factors the Compensation Committee took into consideration was Mr. Hanson's effective leadership in our achievement of several important strategic objectives during the year, such as our further re-focusing the strategies and organization of the Company to prepare for the challenges associated with low oil prices, our development of our seabed strategy and management of the OceanGeo ocean-bottom joint venture. When considering the bonus award paid to Mr. Williamson, among the factors the Compensation Committee took into consideration were the 2014 financial performance of his GeoVentures Division and his efforts to reduce the amount of risk associated with the business portfolio. When considering the bonus award paid to Mr. Hulme, among the factors the Compensation Committee took into consideration were his management of the business and the positive financial results achieved in light of the new and start-up nature of OceanGeo. When considering the bonus award paid to Mr. Bate, among the factors the Compensation Committee took into consideration were the positive 2014 financial results of his efforts for the Company prior to becoming Chief Financial Officer and his promotion to Chief Financial Officer. When considering the bonus award paid to Mr. Usher, among the factors the Compensation Committee took into consideration were the 2014 financial results of his GeoScience Division and his role in reorganizing the Division into a broader group within the Company. When considering the bonus award paid to Mr. Heinlein, among the factors the Compensation Committee took into consideration was his progress towards goals prior to his departure. The total compensation paid to each named executive officer is set forth in the graph titled "*Summary Compensation Table*".

The Compensation Committee reviews the annual bonus incentive plan each year to ensure that the key elements of the plan continue to meet the objectives described above.

Long-Term Stock-Based Incentive Compensation

We have structured our long-term incentive compensation to provide for an appropriate balance between rewarding performance and encouraging employee retention and stock ownership. There is no pre-established policy or target for the allocation between either cash or non-cash or short-term and long-term incentive compensation; however, at executive management levels, the Compensation Committee strives for compensation to increasingly focus on longer-term incentives. In conjunction with the Board, executive management is responsible for setting and achieving long-term strategic goals. In support of this responsibility, compensation for executive management, and most particularly our Chief Executive Officer, tends to be weighted towards rewarding long-term value creation for stockholders. The below table illustrates the mix of total compensation received by Mr. Hanson, our CEO, and our other current named executive officers during 2014:

For 2014, there were three forms of long-term equity incentives utilized for executive officers and key employees: stock options, restricted stock and restricted stock units. Our long-term incentive plans have provided the principal method for our executive officers to acquire equity or equity-linked interests in our Company. Of the total stock option or restricted stock employee awards made by ION during 2014, 70% were in the form of stock options and 30% were in the form of restricted stock or restricted stock units. Our 2013 LTIP limits the number of awards we can grant under the plan in the form of full-value awards, such as restricted stock and restricted stock units, to 1,300,000 shares, or less than 35% of the total shares authorized for grant under the plan.

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Stock Options. Under our equity plans, stock options may be granted having exercise prices equal to the closing price of our stock on the date before the date of grant. In any event, all awards of stock options are made at or above the market price at the time of the award. The Compensation Committee will not grant stock options having exercise prices below the market price of our stock on the date of grant, and will not reduce the exercise price of stock options (except in connection with adjustments to reflect recapitalizations, stock or extraordinary dividends, stock splits, mergers, spin-offs and similar events, as required by the relevant plan) without the consent of our stockholders. Our stock options generally vest ratably over four years, based on continued employment, and the terms of our 2013 LTIP require stock options granted under that plan to follow that vesting schedule unless the Compensation Committee approves a different schedule when approving the grant. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents. New option grants normally have a term of ten years.

The purpose of stock options is to provide equity compensation with value that has been traditionally treated as entirely at-risk, based on the increase in our stock price and the creation of stockholder value. Stock options also allow our executive officers and key employees to have equity ownership and to share in the appreciation of the value of our stock, thereby aligning their compensation directly with increases in stockholder value. Stock options only have value to their holder if the stock price appreciates in value from the date options are granted.

Stock option award decisions are generally based on past business and individual performance. In determining the number of options to be awarded, we also consider the grant recipient's qualitative and quantitative performance, the size of stock option and other stock based awards in the past, and expectations of the grant recipient's future performance. In 2014, a total of 147 employees received option awards, covering 1,736,400 shares of our Common Stock. In 2014, the named executive officers received option awards for a total of 420,000 shares, or approximately 24% of the total options awarded in 2014.

Restricted Stock and Restricted Stock Units. We use restricted stock and restricted stock units to focus executives on our long-term performance and to help align their compensation more directly with stockholder value. Vesting of restricted stock and restricted stock units typically occurs ratably over three years, based solely on continued employment of the recipient-employee, and the terms of our 2013 LTIP require restricted stock and restricted stock units granted under that plan to follow that vesting schedule unless the Compensation Committee approves a different schedule when approving the grant. In 2014, 147 employees received restricted stock or restricted stock unit awards, covering an aggregate of 727,550 shares of restricted stock and shares underlying restricted stock units. The named executive officers received awards totaling 175,000 shares of restricted stock in 2014, or approximately 24% of the total shares of restricted stock awarded to employees in 2014.

Awards of restricted stock units have been made to certain of our foreign employees in lieu of awards of restricted stock. Restricted stock units provide certain tax benefits to our foreign employees as the result of foreign law considerations, so we expect to continue to award restricted stock units to designated foreign employees for the foreseeable future.

The Compensation Committee reviews the long-term incentive program each year to ensure that the key elements of this program continue to meet the objectives described above.

Approval and Granting Process. As described above, the Compensation Committee reviews and approves all stock option, restricted stock and restricted stock unit awards made to executive officers, regardless of amount. With respect to equity compensation awarded to employees other than executive officers, the Compensation Committee reviews and approves all grants of restricted stock, stock options and restricted stock units above 5,000 shares, generally based upon the recommendation of our Chief Executive Officer. Committee approval is required for any grant to be made to an executive officer in

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any amount. The Compensation Committee has granted to our Chief Executive Officer the authority to approve grants to any employee other than an executive officer of (i) up to 5,000 shares of restricted stock and (ii) stock options for not more than 5,000 shares. Our Chief Executive Officer is also required to provide a report to the Compensation Committee of all awards of options and restricted stock made by him under this authority. We believe that this policy is beneficial because it enables smaller grants to be made more efficiently. This flexibility is particularly important with respect to attracting and hiring new employees, given the increasingly competitive market for talented and experienced technical and other personnel in locales in which our employees work.

All grants of restricted stock, restricted stock units and stock options to employees or directors are granted on one of four designated quarterly grant dates during the year: March 1, June 1, September 1 or December 1. The Compensation Committee approved these four dates because they are not close to any dates on which earnings announcements or other announcements of material events would normally be made by us. For an award to a current employee, the grant date for the award is the first designated quarterly grant date that occurs after approval of the award. For an award to a newly hired employee who is not yet employed by us at the time the award is approved, the grant date for the award is the first designated quarterly grant date that occurs after the new employee commences work. We believe that this process of fixed quarterly grant dates is beneficial because it serves to remove any perception that the grant date for an award could be capable of manipulation or change for the benefit of the recipient. In addition, having all grants occur on a maximum of four days during the year simplifies certain fair value accounting calculations related to the grants, thereby minimizing the administrative burden associated with tracking and calculating the fair values, vesting schedules and tax-related events upon vesting of restricted stock and also lessening the opportunity for inadvertent calculation errors.

Beginning March 1, 2015, the Compensation Committee decided that all awards of restricted stock, stock options and share appreciation rights will be made in annual grants occurring on March 1 of each year. In 2014, the Company awarded annual equity grants on March 1. Prior to 2014, annual equity awards were made on December 1 of each year. After review and careful consideration by the Compensation Committee, the Company decided to continue the practice that began in 2014 of making annual awards on March 1 of each year. This date was selected because (i) it enables the Board and Compensation Committee to consider individual performance after the full year has been completed, (ii) it simplifies the annual budgeting process by having the expense resulting from the equity award incurred at the same time as incentive compensation and (iii) the date aligns with the time the Company normally pays annual incentive bonuses. Awards made in connection with significant promotions, new hires, new directors joining the Board or unusual circumstances, including but not limited to its employees and directors, will be granted on one of four designated dates during the year: March 1, June 1, September 1 or December 1.

Beginning in 2015, and due in part to the steep decline in energy company equity prices, the Committee authorized grants under the 2008 Stock Appreciation Rights Plan to key employees with vesting based on a set of performance metrics. The grants were authorized after consulting with the Committee's compensation expert and upon the evaluation of market-based metrics of compensation. In addition to the performance metrics, employees participating in the plan would also be required to have minimum tenure requirements to create an environment of employment stability.

Clawback Policy

We have a Compensation Recoupment Policy (commonly referred to as a "clawback" policy), which provides that, in the event of a restatement of our financial results due to material noncompliance with applicable financial reporting requirements, the Board will, if it determines appropriate and subject to applicable laws and the terms and conditions of our applicable stock plans, programs or arrangements, seek reimbursement of the incremental portion of performance-based

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compensation, including performance-based bonuses and long-term incentive awards, paid to current or former executive officers within three years of the restatement date, in excess of the compensation that would have been paid had the compensation amount been based on the restated financial results.

Personal Benefits, Perquisites and Employee Benefits

Our Board and executives have concluded that we will not offer most perquisites traditionally offered to executives of similarly-sized companies. As a result, perquisites and any other similar personal benefits offered to our executive officers are substantially the same as those offered to our general salaried employee population. These offered benefits include medical and dental insurance, life insurance, disability insurance, a vision plan, charitable gift matching (up to designated limits), a 401(k) plan with a company match of certain levels of contributions, flexible spending accounts for healthcare and dependent care and other customary employee benefits. Business-related relocation benefits may be reimbursed on a case-by-case basis. We intend to continue applying our general policy of not providing specific personal benefits and perquisites to our executives; however, we may, in our discretion, revise or add to any executive's personal benefits and perquisites if we deem it advisable.

Risk Management Considerations

The Compensation Committee believes that our Company's bonus and equity programs create incentives for employees to create long-term stockholder value. The Compensation Committee has considered the concept of risk as it relates to the Company's compensation programs and has concluded that the Company's compensation programs do not encourage excessive or inappropriate risk-taking. Several elements of the compensation programs are designed to promote the creation of long-term value and thereby discourage behavior that leads to excessive risk:

- The compensation programs consist of both fixed and variable compensation. The fixed (or salary) portion is designed to provide a steady income regardless of the Company's stock price performance so that executives do not focus exclusively on stock price performance to the detriment of other important business metrics. The variable (cash bonus and equity) portions of compensation are designed to reward both short- and long-term corporate performance. The Compensation Committee believes that the variable elements of compensation are a sufficient percentage of overall compensation to motivate executives to produce positive short- and long-term corporate results, while the fixed element is also sufficiently high such that the executives are not encouraged to take unnecessary or excessive risks in doing so.

- The financial metrics used to determine the amount of an executive's bonus are measures the Compensation Committee believes contribute to long-term stockholder value and ensure the continued viability of the Company. Moreover, the Compensation Committee attempts to set ranges for these measures that encourage success without encouraging excessive risk taking to achieve short-term results. In addition, the overall maximum bonus for each participating named executive officer other than our Chief Executive Officer is not expected to exceed 100% of the executive's base salary under the bonus plan, and the overall bonus for our Chief Executive Officer under his employment agreement will not exceed 150% of his base salary under the bonus plan, in each case no matter how much the Company's financial performance exceeds the ranges established at the beginning of the year.

- We have strict internal controls over the measurement and calculation of the financial metrics that determine the amount of an executive's bonus, designed to keep it from being susceptible to manipulation by an employee, including our executives.

- Stock options become exercisable over a four-year period and remain exercisable for up to ten years from the date of grant, encouraging executives to look to long-term appreciation in equity values.

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Restricted stock becomes exercisable over a three-year period, again encouraging executives to look to long-term appreciation in equity values.

Senior executives, including our named executive officers, are required to acquire over time and hold shares of our Company's stock having a value of between one and four times the executive's annual base salary, depending on the level of the executive. The Compensation Committee believes that the stock ownership guidelines provide a considerable incentive for management to consider the Company's long-term interests, since a portion of their personal investment portfolio consists of our Common Stock.

In addition, we do not permit any of our executive officers or directors to enter into any derivative or hedging transactions involving our stock, including short sales, market options, equity swaps and similar instruments, thereby preventing executives from insulating themselves from the effects of poor Company stock price performance. Please refer to " *Stock Ownership Requirements; Hedging Policy*" below.

We have a compensation recoupment (clawback) policy that provides, in the event of a restatement of our financial results due to material noncompliance with financial reporting requirements, for reimbursement of the incremental portion of performance-based compensation, including performance-based bonuses and long-term incentive awards, paid to current or former executive officers within three years of the restatement date, in excess of the compensation that would have been paid had such compensation amount been based on the restated financial results. Please refer to " *Clawback Policy*" above.

Indemnification of Directors and Executive Officers

Our Bylaws provide certain rights of indemnification to our directors and employees (including our executive officers) in connection with any legal action brought against them by reason of the fact that they are or were a director, officer, employee or agent of our Company, to the full extent permitted by law. Our Bylaws also provide, however, that no such obligation to indemnify exists as to proceedings initiated by an employee or director against us or our directors unless (a) it is a proceeding (or part thereof) initiated to enforce a right to indemnification or (b) was authorized or consented to by our Board.

As discussed below, we have also entered into employment agreements with certain of our executive officers that provide for us to indemnify the executive to the fullest extent permitted by our Restated Certificate of Incorporation and Bylaws. The agreements also provide that we will provide the executive with coverage under our directors' and officers' liability insurance policies to the same extent as provided to our other executives.

Stock Ownership Requirements; Hedging Policy

We believe that broad-based stock ownership by our employees (including our executive officers) enhances our ability to deliver superior stockholder returns by increasing the alignment between the interests of our employees and our stockholders. Accordingly, the Board has adopted stock ownership requirements applicable to each of our senior executives, including our named executive officers. The policy requires each executive to retain direct ownership of at least 50% of all shares of our Company's stock received upon exercise of stock options and vesting of awards of restricted stock or restricted stock units until the executive owns shares having an aggregate value equal to the following multiples of the executive's annual base salary:

President and Chief Executive Officer	4x
Executive Vice President	2x
Senior Vice President	1x

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As of the date of this Proxy Statement, all of our senior executives were in compliance with the stock ownership requirements. In addition, we do not permit any of our executive officers or directors to enter into any derivative or hedging transactions with respect to our stock, including short sales, market options, equity swaps and similar instruments.

Impact of Regulatory Requirements and Accounting Principles on Compensation

The financial reporting and income tax consequences to our Company of individual compensation elements are important considerations for the Compensation Committee when it is analyzing the overall level of compensation and the mix of compensation among individual elements. Under Section 162(m) of the Internal Revenue Code and the related federal treasury regulations, we may not deduct annual compensation in excess of $1 million paid to certain employees generally our Chief Executive Officer and our four other most highly compensated executive officers unless that compensation qualifies as "performance-based" compensation. Overall, the Compensation Committee seeks to balance its objective of ensuring an effective compensation package for the executive officers with the need to maximize the immediate deductibility of compensation while ensuring an appropriate (and transparent) impact on reported earnings and other closely followed financial measures.

In making its compensation decisions, the Compensation Committee has considered the limitations on deductibility within the requirements of Internal Revenue Code Section 162(m) and its related Treasury regulations. As a result, the Compensation Committee has designed much of the total compensation packages for the executive officers to qualify for the exemption of "performance-based" compensation from the deductibility limit. However, the Compensation Committee does have the discretion to design and use compensation elements that may not be deductible within the limitations under Section 162(m), if the Compensation Committee considers the tax consequences and determines that those elements are in our best interests. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, we have not adopted a policy that all compensation must be deductible.

Certain payments to our named executive officers under our 2014 annual incentive plan may not qualify as performance-based compensation under Section 162(m) because the awards were calculated and paid in a manner that may not meet the requirements under Section 162(m) and the related Treasury regulations. Given the rapid changes in our business and industry that have occurred during recent years and those that may occur in 2015 and subsequent years, we believe that we are better served in implementing a plan that provides for adjustments and discretionary elements for our senior executives' incentive compensation, rather than ensuring that we implement all of the requirements and limitations under Section 162(m) into these incentive plans.

Likewise, the impact of Section 409A of the Internal Revenue Code is taken into account, and our executive compensation plans and programs are, in general, designed to comply with the requirements of that section so as to avoid possible adverse tax consequences that may result from non-compliance.

For accounting purposes, we apply the guidance in ASC Topic 718 to record compensation expense for our equity-based compensation grants. ASC Topic 718 is used to develop the assumptions necessary and the model appropriate to value the awards as well as the timing of the expense recognition over the requisite service period, generally the vesting period, of the award.

Executive officers will generally recognize ordinary taxable income from stock option awards when a vested option is exercised. We generally receive a corresponding tax deduction for compensation expense in the year of exercise. The amount included in the executive officer's wages and the amount we may deduct is equal to the Common Stock price when the stock options are exercised less the exercise price, multiplied by the number of shares under the stock options exercised. We do not pay or reimburse any executive officer for any taxes due upon exercise of a stock option. We have not

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historically issued any tax-qualified incentive stock options under Section 422 of the Internal Revenue Code.

Executives will generally recognize taxable ordinary income with respect to their shares of restricted stock at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant). Restricted stock unit awards are generally subject to ordinary income tax at the time of payment or issuance of unrestricted shares of stock. We are generally entitled to a corresponding federal income tax deduction at the same time the executive recognizes ordinary income.

SUMMARY COMPENSATION TABLE

The following table summarizes the compensation paid to or earned by our named executive officers at December 31, 2014.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
R. Brian Hanson	2014	550,000		287,700	248,050	825,000	6,326	1,917,076
President, Chief Executive	2013	490,000		214,800	235,000	395,000	5,813	1,340,613
Officer and Director	2012	450,000		279,900	260,100	450,000	4,284	1,444,284
Kenneth G. Williamson								
	2014	372,320		81,400	148,830	390,000	7,800	1,000,350
Executive Vice President,	2013	358,000		71,600	141,000	215,000	7,650	793,250
Chief Operating Officer,	2012	340,000		93,300	173,408	300,000	7,454	914,162
Commercialization Division								
Colin T. Hulme								
	2014	330,000		61,650	124,028	330,000	6,817	852,495
Executive Vice President,	2013	312,000		53,700	117,500	187,200	6,390	676,790
Ocean Bottom Services								
Steven A. Bate								
	2014	316,616		114,050	211,169	193,000	7,800	842,635
Executive Vice President								
and Chief Financial Officer								
Christopher T. Usher								
	2014	364,000		82,200	148,830	218,400	6,850	820,280
Executive Vice President,	2013	350,000		71,600	141,000	300,000	6,202	868,802
Chief Innovation Officer,	2012	21,538	125,000	311,000	173,400		326	631,264
Innovation Division								
Gregory J. Heinlein								
	2014	330,000		61,650	99,220	63,000	72,685	626,555
Former Senior Vice	2013	312,000		53,700	94,000	160,000	109,892	729,592
President and Chief Financial	2012	300,000		31,100	86,700	150,000	5,192	572,992
Officer								

Discussion of Summary Compensation Table

Stock Awards Column. All of the amounts in the "Stock Awards" column reflect the grant-date fair value of awards of restricted stock made during the applicable fiscal year (excluding any impact of assumed forfeiture rates) under either our 2004 LTIP or 2013 LTIP. While unvested, a holder of restricted stock is entitled to the same voting rights as all other holders of Common Stock. In each case, unless stated otherwise below, the awards of shares of restricted stock vest in one-third increments each year, over a three-year period. The values contained in the Summary Compensation Table under the Stock Awards column are based on the grant date fair value of all stock awards

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(excluding any impact of assumed forfeiture rates). In addition to the grants and awards in 2014 described in the "*2014 Grants of Plan-Based Awards*" table below:

On December 1, 2012, Mr. Hanson received an award of 45,000 shares of restricted stock.

On December 1, 2013, Mr. Hanson received an award of 60,000 shares of restricted stock.

On December 1, 2012, Mr. Williamson received an award of 15,000 shares of restricted stock.

On December 1, 2013, Mr. Williamson received an award of 20,000 shares of restricted stock.

In connection with his hire on November 30, 2012, as Executive Vice President & Chief Operating Officer, GeoScience Division, on December 1, 2012, Mr. Usher received an award of 50,000 shares of restricted stock.

On December 1, 2013, Mr. Usher received an award of 20,000 shares of restricted stock.

On December 1, 2013, Mr. Hulme received an award of 15,000 shares of restricted stock.

Mr. Heinlein received an award of 5,000 shares of restricted stock on December 1, 2012 and 15,000 shares of restricted stock on December 1, 2013. Mr. Heinlein's employment with ION ended on December 31, 2014. As a result of the termination of his employment, 26,666 shares of restricted stock held by Mr. Heinlein were forfeited on December 31, 2014.

Option Awards Column. All of the amounts shown in the "Option Awards" column reflect stock options granted under either our 2004 LTIP or 2013 LTIP. In each case, unless stated otherwise below, the options vest 25% each year over a four-year period. The values contained in the Summary Compensation Table under the Stock Options column are based on the grant date fair value of all option awards (excluding any impact of assumed forfeiture rates). For a discussion of the valuation assumptions for the awards, see Note 9, *Stockholders' Equity and Stock-Based Compensation Valuation Assumptions*, in our Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2014. All of the exercise prices for the options equal or exceed the fair market value per share of Common Stock on the date of grant. In addition to the grants and awards in 2014 described in the *"2014 Grants of Plan-Based Awards"* table below:

On December 1, 2012, Mr. Hanson received an award of options to purchase 75,000 shares of our Common Stock for an exercise price of $5.96 per share.

On December 1, 2013, Mr. Hanson received an award of options to purchase 100,000 shares of our Common Stock for an exercise price of $3.86 per share.

On December 1, 2012, Mr. Williamson received an award of options to purchase 50,000 shares of our Common Stock for an exercise price of $5.96 per share.

On December 1, 2013, Mr. Williamson received an award of options to purchase 60,000 shares of our Common Stock for an exercise price of $3.86 per share.

On December 1, 2013, Mr. Hulme received an award of options to purchase 50,000 shares of our Common Stock for an exercise price of $3.86 per shares.

In connection with his hire on November 30, 2012, as Executive Vice President & Chief Operating Officer, GeoScience Division, on December 1, 2012, Mr. Usher received an award of options to purchase 50,000 shares of our Common Stock for an exercise price of $5.96 per share.

On December 1, 2013, Mr. Usher received an award of options to purchase 60,000 shares of our Common Stock for an exercise price of $3.86 per share.

On December 1, 2012, Mr. Heinlein received an award of options to purchase 25,000 shares of our Common Stock for an exercise price of $5.96 per share; and on December 1, 2013,

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Mr. Heinlein received an award of options to purchase 40,000 shares at $3.86 per share. Mr. Heinlein's employment with ION ended on December 31, 2014. As a result of the termination of his employment, unvested options to purchase 125,500 shares of our Common Stock held by Mr. Heinlein were forfeited on December 31, 2014.

Other Columns. Mr. Usher was hired as Executive Vice President and Chief Operating Officer, GeoScience Division, on November 30, 2012. In connection with his hire, Mr. Usher received a sign-on bonus of $125,000.

All payments of non-equity incentive plan compensation reported for 2014 were made in February 2015 with regard to the 2014 fiscal year and were earned and paid pursuant to our 2014 incentive plan.

We do not sponsor for our employees (i) any defined benefit or actuarial pension plans (including supplemental plans), (ii) any non-tax-qualified deferred compensation plans or arrangements or (iii) any nonqualified defined contribution plans.

Our general policy is that our executive officers do not receive any executive "perquisites," or any other similar personal benefits that are different from what our salaried employees are entitled to receive. We provide the named executive officers with certain group life, health, medical and other non-cash benefits generally available to all salaried employees, which are not included in the "All Other Compensation" column in the Summary Compensation Table pursuant to SEC rules. With the exception of reimbursements of moving expenses received by Mr. Heinlein, the amounts shown in the "All Other Compensation" column solely consist of employer matching contributions to ION's 401(k) plan. Mr. Heinlein was hired in November 2011 as our Senior Vice President and Chief Financial Officer and was reimbursed $103,302 for moving expenses incurred in 2013 and $65,805 for moving expenses incurred in 2014.

2014 GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)(2)						
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)(3)**	**All Other Option Awards: Number of Securities Underlying Options (#)(4)**	**Exercise or Base Price of Option Awards ($/Sh)**	**Grant Date Fair Value of Stock and Option Awards ($)(5)**
R. Brian Hanson			412,500	825,000				
	3/1/2014				70,000	100,000	4.07	532,950
Kenneth G. Williamson		93,080	223,392	372,320				
	3/1/2014				20,000	60,000	4.07	230,230
Colin T. Hulme		82,500	165,000	330,000				
	3/1/2014				15,000	50,000	4.07	185,075
Steven A. Bate		77,250	154,500	309,000				
	3/1/2014				15,000	50,000	4.07	185,075
	12/1/2014				20,000	60,000	2.47	136,544
Christopher T. Usher		91,000	182,000	364,000				
	3/1/2014				20,000	60,000	4.07	230,230
Gregory J. Heinlein(6)		82,500	165,000	330,000				
	3/1/2014				15,000	40,000	4.07	160,270

(1) Reflects the estimated threshold, target and maximum award amounts for payouts under our 2014 incentive plan to our named executive officers. Under the plan, every participating executive other than Mr. Hanson, who served as our President and Chief Executive Officer during 2015, had the opportunity to earn a maximum of 200% of his target depending on performance of the Company against the designated performance goal, and performance of the executive against personal performance criteria. Under separate terms approved by the Compensation Committee and contained in his employment

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agreement, Mr. Hanson participated in the plan with the potential to earn a target incentive payment of 75% of his base salary, depending on achievement of the Company's target consolidated performance goal and pre-designated personal critical success factors, and a maximum of 200% of his target upon achievement of the maximum consolidated performance goal and the personal critical success factors. Mr. Hanson's employment agreement does not specify that he will earn a bonus upon achievement of a threshold consolidated performance goal. Because award determinations under the plan were based in part on outcomes of personal evaluations of employee performance by our Chief Executive Officer and the Compensation Committee, the computation of actual awards generated under the plan upon achievement of threshold and target company performance criteria differed from the above estimates. See " *Compensation Discussion and Analysis Elements of Compensation Bonus Incentive Plan*" above. For actual payout amounts to our named executive officers under our 2014 bonus incentive plan, see the "*Non-Equity Incentive Plan Compensation*" column in the "*Summary Compensation Table*" above.

(2) Our Company does not offer or sponsor any "equity incentive plans" (as that term is defined in Item 402(a) of Regulation S-K) for employees.

(3) All stock awards granted on March 1, 2014 reflect the number of shares of restricted stock granted under our 2004 LTIP and stock awards granted on December 1, 2014 reflect the number of shares of restricted stock granted under our 2013 LTIP. While unvested, a holder of restricted stock is entitled to the same voting rights as all other holders of Common Stock. In each case, the awards of shares of restricted stock vest in one-third increments each year, over a three-year period.

(4) All stock option awards granted on March 1, 2014 reflect the number of shares issuable under options granted under our 2004 LTIP and stock option awards granted on December 1, 2014 reflect the number of shares issuable under options granted under our 2013 LTIP. In each case, the options vest 25% each year over a four-year period. All of the exercise prices for the options reflected in the above chart equal or exceed the fair market value per share of ION Common Stock on the date of grant (on February 28, 2014, the last completed trading day prior to the March 1, 2014 grant date and on November 28, 2014, the last completed trading day prior to the December 1, 2014 grant date, the closing price per share on the NYSE was $4.07 and $2.47, respectively).

(5) The values contained in the table are based on the grant date fair value of the award computed in accordance with ASC Topic 718 for financial statement reporting purposes, but exclude any impact of assumed forfeiture rates. For a discussion of valuation assumptions, see Note 9, "*Stockholders' Equity and Stock-Based Compensation Valuation Assumptions*", in our Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.

(6) Mr. Heinlein ceased employment with ION on December 31, 2014, and all unvested stock options held by Mr. Heinlein were forfeited effective as of such date. On December 31, 2014, Mr. Heinlein held unvested options to purchase a total 125,500 shares that were forfeited.

Employment Agreements

In recent years, we have not entered into employment agreements with employees other than our Chief Executive Officer and Chief Financial Officer. We have generally entered into employment agreements with employees only when the employee holds an executive officer position and we believe that an employment agreement is desirable for us to obtain a measure of assurance as to the executive's continued employment in light of prevailing market competition for the particular position held by the executive officer, or where we determine that an employment agreement is necessary and appropriate to attract an executive in light of market conditions, the prior experience of the executive or practices at ION with respect to other similarly situated employees.

The following discussion describes the material terms of our existing executive employment agreements with our named executive officers:

R. Brian Hanson

In connection with his appointment as our President and Chief Executive Officer on January 1, 2012, Mr. Hanson entered into a new employment agreement. The agreement provides for Mr. Hanson to serve as our President and Chief Executive Officer for an initial term of three years, with automatic two-year renewals thereafter. Any change of control of our Company after January 1, 2013 will cause

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the remaining term of Mr. Hanson's employment agreement to automatically adjust to a term of three years, which will commence on the effective date of the change of control.

The agreement provides for Mr. Hanson to receive an initial base salary of $450,000 per year and be eligible to receive an annual performance bonus under our incentive compensation plan, with a target incentive plan bonus amount equal to 75% of his base salary and with a maximum incentive plan bonus amount equal to 150% of his base salary.

Under the agreement, and as approved by the Compensation Committee, Mr. Hanson will be entitled to receive grants of (i) options to purchase shares of our Common Stock and (ii) shares of our restricted stock. Mr. Hanson will also be eligible to participate in other equity compensation plans that are established for our key executives, as approved by the Compensation Committee. In the agreement, we also agreed to indemnify Mr. Hanson to the fullest extent permitted by our Certificate of Incorporation and Bylaws, and to provide him coverage under our directors' and officers' liability insurance policies to the same extent as other company executives.

We may at any time terminate our employment agreement with Mr. Hanson for "Cause" if Mr. Hanson (i) willfully and continuously fails to substantially perform his obligations, (ii) willfully engages in conduct materially and demonstrably injurious to our property or business (including fraud, misappropriation of funds or other property, other willful misconduct, gross negligence or conviction of a felony or any crime involving moral turpitude) or (iii) commits a material breach of the agreement. In addition, we may at any time terminate the agreement if Mr. Hanson suffers permanent and total disability for a period of at least 180 consecutive days, or if Mr. Hanson dies. Mr. Hanson may terminate his employment agreement for "Good Reason" if we breach any material provision of the agreement, we assign to Mr. Hanson any duties materially inconsistent with his position, we materially reduce his duties, functions, responsibilities, budgetary or other authority, or take other action that results in a diminution in his office, position, duties, functions, responsibilities or authority, we relocate his workplace by more than 50 miles, or we elect not to extend the term of his agreement.

In his agreement, Mr. Hanson agrees not to compete against us, assist any competitor, attempt to solicit any of our suppliers or customers, or solicit any of our employees, in any case during his employment and for a period of two years after his employment ends. The employment agreement also contains provisions relating to protection of our confidential information and intellectual property. The agreement does not contain any tax gross-up benefits.

For a discussion of the provisions of Mr. Hanson's employment agreement regarding compensation to Mr. Hanson in the event of a change of control affecting our Company or his termination by us without cause or by him for good reason, see "*Potential Payments Upon Termination or Change of Control R. Brian Hanson*" below.

Steven A. Bate

In connection with his appointment as our Executive Vice President and Chief Financial Officer on November 13, 2014, Mr. Bate entered into an employment agreement. The agreement provides for Mr. Bate to serve as our Executive Vice President and Chief Financial Officer for an initial term of three years, with automatic one-year renewals thereafter. Any change of control of our Company after November 13, 2015 will cause the remaining term of Mr. Bate's employment agreement to automatically adjust to a term of two years, which will commence on the effective date of the change of control.

The agreement provides for Mr. Bate to receive an initial base salary of $375,000 per year and be eligible to receive an annual performance bonus under our incentive compensation plan, with a target incentive plan bonus amount equal to 50% of his base salary beginning in 2015.

Under the agreement, Mr. Bate will be entitled to receive grants of (i) options to purchase shares of our Common Stock and (ii) shares of our restricted stock. Mr. Bate will also be eligible to participate in other equity compensation plans that are established for our key executives, as approved by the Compensation Committee. In the agreement, we also agreed to indemnify Mr. Bate to the fullest extent permitted by our Certificate of Incorporation and Bylaws, and to provide him coverage under our directors' and officers' liability insurance policies to the same extent as other Company executives.

We may at any time terminate our employment agreement with Mr. Bate for "Cause" if Mr. Bate (i) willfully and continuously fails to substantially perform his obligations, (ii) willfully engages in conduct materially and demonstrably injurious to our property or business (including fraud, misappropriation of funds or other property, other willful misconduct, gross negligence or conviction of a felony or any crime involving moral turpitude) or (iii) commits a material breach of the agreement. In addition, we may at any time terminate the agreement if Mr. Bate suffers permanent and total disability for a period of at least 180 consecutive days, or if Mr. Bate dies. Mr. Bate may terminate his employment agreement for "Good Reason" if we breach any material provision of the agreement, we assign to Mr. Bate any duties materially inconsistent with his position, we materially reduce his duties, functions, responsibilities, budgetary or other authority, or take other action that results in a diminution in his office, position, duties, functions, responsibilities or authority, or we relocate his workplace by more than 50 miles.

In his agreement, Mr. Bate agrees not to compete against us, assist any competitor, attempt to solicit any of our suppliers or customers, or solicit any of our employees, in any case during his employment and for a period of twelve months after his employment ends. The employment agreement also contains provisions relating to protection of our confidential information and intellectual property.

For a discussion of the provisions of Mr. Bate's employment agreement regarding compensation to Mr. Bate in the event of a change of control affecting our Company or his termination by us without cause or by him for good reason, see "*Potential Payments Upon Termination or Change of Control Steven A. Bate*" below.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth information concerning unexercised stock options (including outstanding stock appreciation rights, or SARs) and shares of restricted stock held by our named executive officers at December 31, 2014:

	Option Awards(1)				Stock Awards(2)	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(3)
R. Brian Hanson	75,000		8.73	5/22/2016	125,000	343,750
	20,000		9.97	9/1/2016		
	60,000		15.43	12/1/2017		
	17,500		3.00	12/1/2018		
	140,000(4)		3.00	12/1/2018		
	187,500	62,500	7.07	9/1/2021		
	37,500	37,500	5.96	12/1/2022		
	25,000	75,000	3.86	12/1/2023		
		100,000	4.07	3/1/2024		
Kenneth G. Williamson	70,000		10.85	12/1/2016	38,332	105,413
	16,000		15.43	12/1/2017		
	35,000		3.00	12/1/2018		
	50,000		2.83	6/1/2019		
	22,000		5.44	12/1/2019		
	75,000		4.58	3/1/2020		
	35,000		7.19	12/1/2020		
	37,500	12,500	5.81	12/1/2021		
	25,000	25,000	5.96	12/1/2022		
	15,000	45,000	3.86	12/1/2023		
		60,000	4.07	3/1/2024		
Colin T. Hulme	25,000	25,000	6.06	6/1/2022	34,999	96,247
	15,000	15,000	5.96	12/1/2022		
	12,500	37,500	3.86	12/1/2023		
		50,000	4.07	3/1/2024		
Steven A. Bate	12,500	37,500	6.39	6/1/2023	58,332	160,413
	75,000		6.39	6/1/2023		
	8,750	26,250	3.86	12/1/2023		
		50,000	4.07	3/1/2024		
		60,000	2.47	12/1/2024		
Christopher T. Usher	25,000	25,000	5.96	12/1/2022	49,998	137,495
	15,000	45,000	3.86	12/1/2023		
		60,000	4.07	3/1/2024		
Gregory J. Heinlein(5)	129,000	43,000	5.81	12/1/2021	26,666	73,332
	12,500	12,500	5.96	12/1/2022		
	10,000	30,000	3.86	12/1/2023		
		40,000	4.07	3/1/2024		

(1)

All stock option information in this table relates to nonqualified stock options granted under either our 2004 LTIP or 2013 LTIP. All of the unvested options in this table vest 25% each year over a four-year period.

(2)

The amounts shown represent shares of restricted stock granted under either our 2004 LTIP or 2013 LTIP. While unvested, the holder is entitled to the same voting rights as all other holders of Common Stock. All of the restricted stock awards vest in one-third increments each year, over a three-year period.

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(3)
Pursuant to SEC rules, the market value of each executive's shares of unvested restricted stock was calculated by multiplying the number of shares by $2.75 (the closing price per share of our Common Stock on the NYSE on December 31, 2014).

(4)