



ION and the Seismic Sector

“Positioned for the Upcoming Exploration Cycle”

Winter 2010

Bob Peebler – President and CEO



Forward-looking Statement

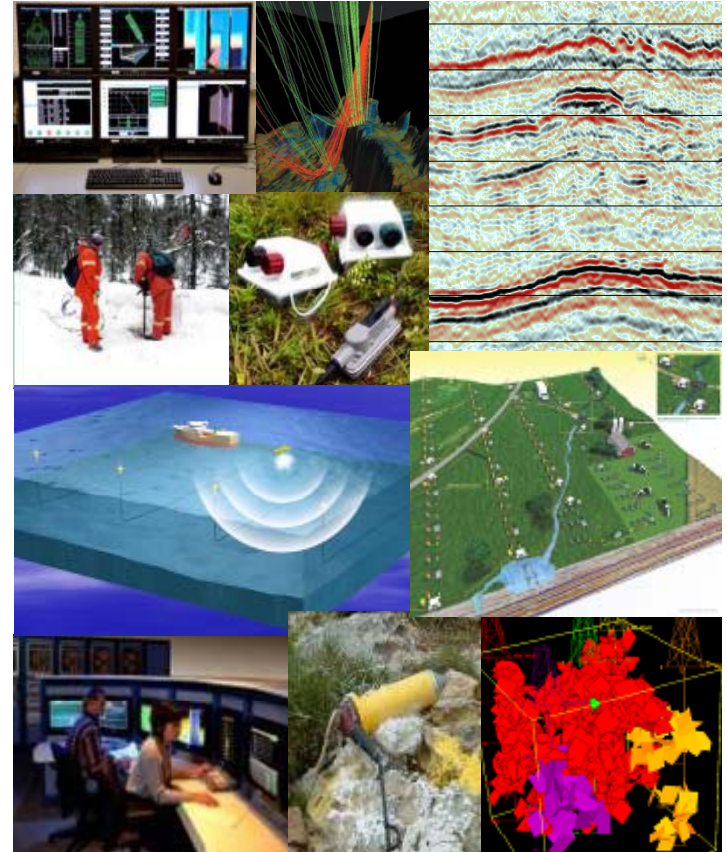


Today's presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements as to expectations, beliefs and future financial performance, such as statements relating to the Company's business prospects, future sales, market growth, gross margin and other statements that are not of historical fact.

Investors are cautioned that all forward-looking statements are based on management's current expectations and include known and unknown risks, uncertainties and other factors, many of which the Company is unable to predict or control, that may cause the Company's actual results or performance to materially differ from any future results or performance expressed or implied. These risks and uncertainties include the timing and development of the Company's products and services and market acceptance of the Company's new and revised product offerings, and other risk factors disclosed by the Company from time to time in its filings with the SEC, including in its Annual Report on Form 10-K for the year ended December 31, 2009.

An Overview of ION

- **Business:** Advanced geophysical hardware, software, imaging services, and data libraries across the seismic workflow for both Land and Marine
- **Mission:** To solve the most challenging geophysical imaging problems with highly productive systems and services
- **Customers:** E&P firms and seismic contractors
- **Operations:** 920 professionals operating from 19 offices worldwide (20% reduction from 2009)
- **Recent News:** Formed Land Equipment JV (INOVA) with BGP-worlds largest seismic contractor during Q1 2010



ION's Long Term Strategy

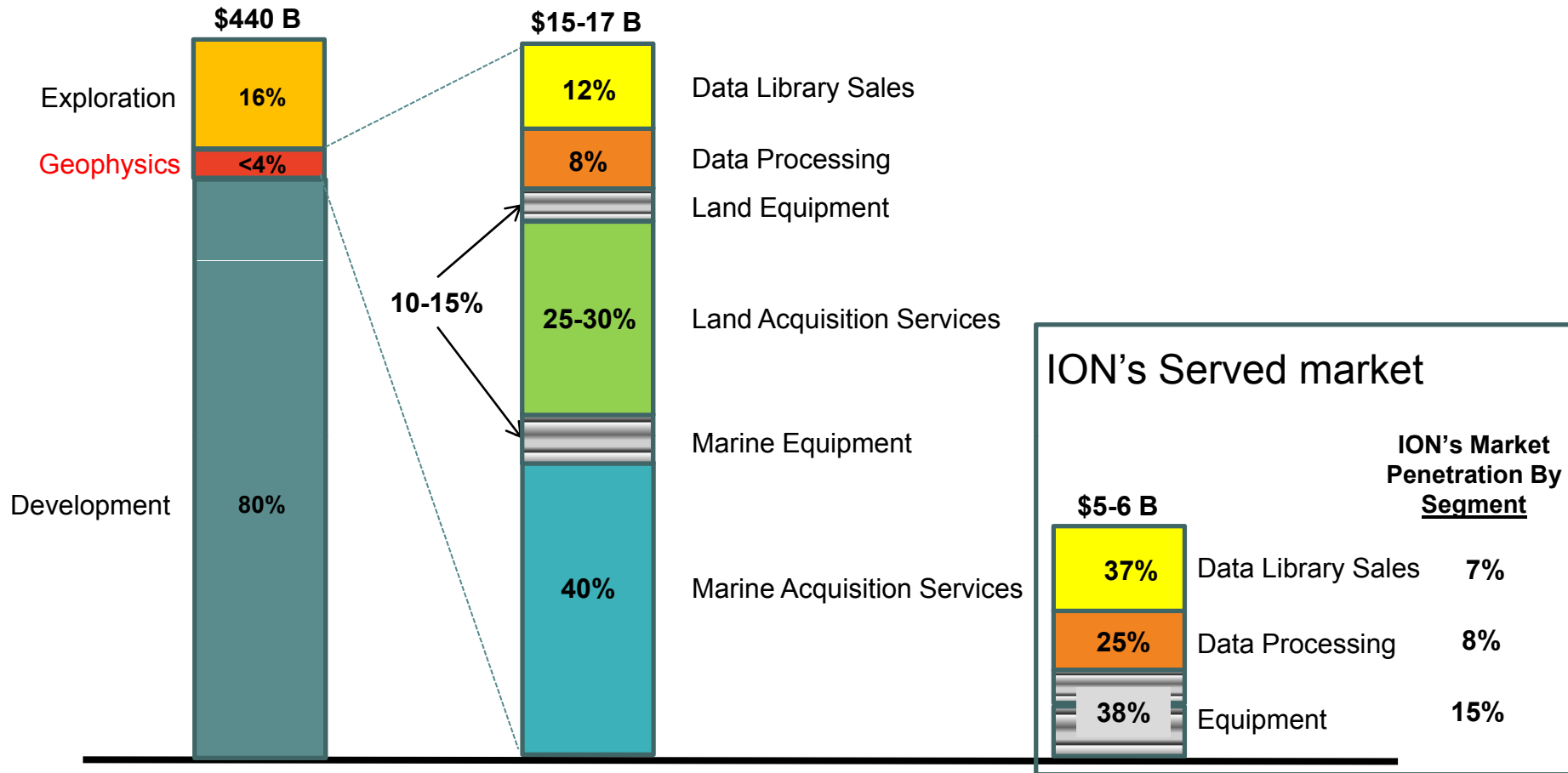
Solving the Most Complex Reservoir Imaging Problems



- **A leader** in geophysical imaging technology and services that aims at solving the toughest problems
- **Balanced portfolio** from early adopter technology for future growth to more mature products and services for earnings and cash flows
- **Asset light** – We don't provide the actual field services that require large investments in people and equipment, which is mainly a logistics business
- **Strong investment in R&D** aimed at technology leadership in our core areas, including game changers
- **Target oil companies with solutions** to pull through new technologies by solving their most challenging reservoir imaging problems with cost effective technology and services
- **Global presence** through regional business structure and strong local partnerships
- **Innovative business models** that differentiate ION from our competitors

Seismic vs. E&P vs. ION's Served Market

A \$15-17 Billion Annual (Revenue) Industry, A \$5-6 Billion Annual Market

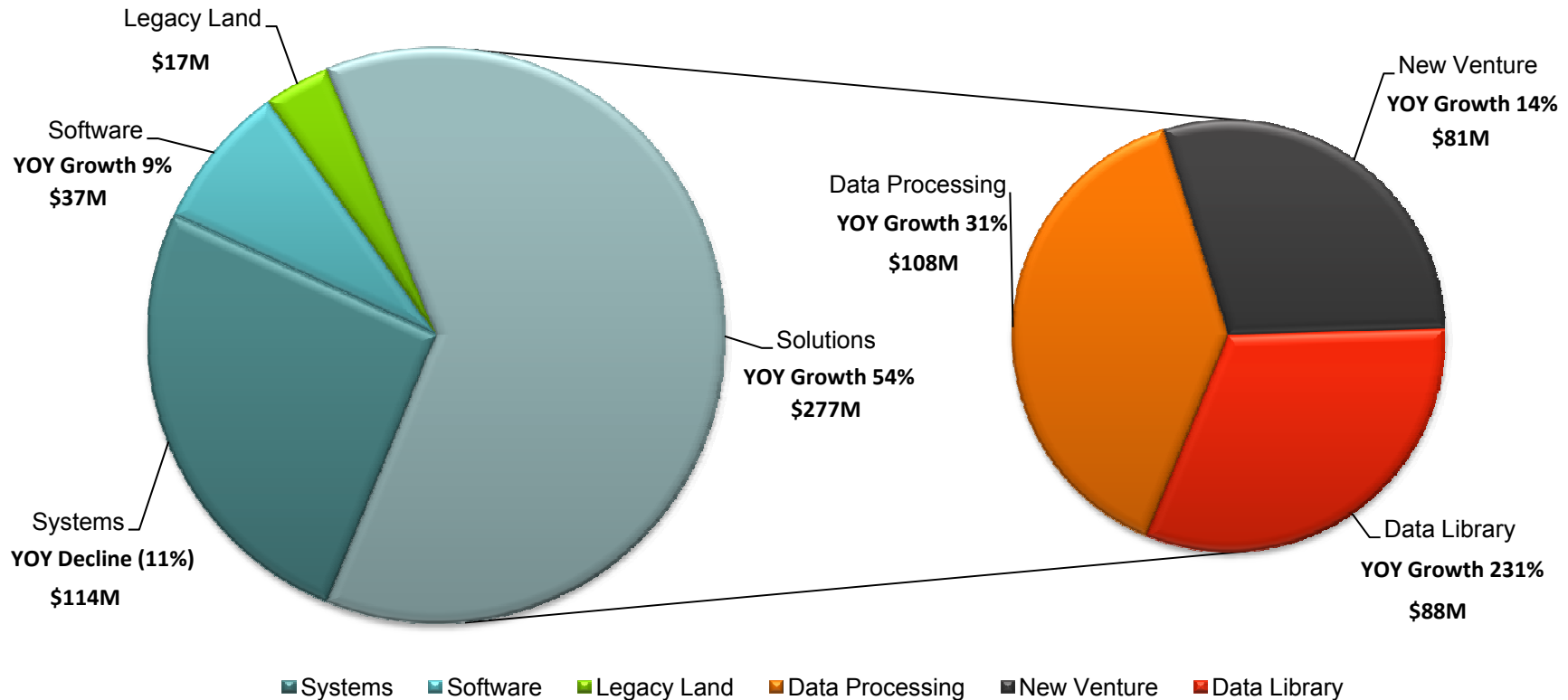


Source: Barclays Capital 2010 E&P Spending Forecast, previous Barclays research reports, ION analysis

Revenue Distribution by Product/Service Line

Year Ending 31-December 2010

100% = \$444 Million



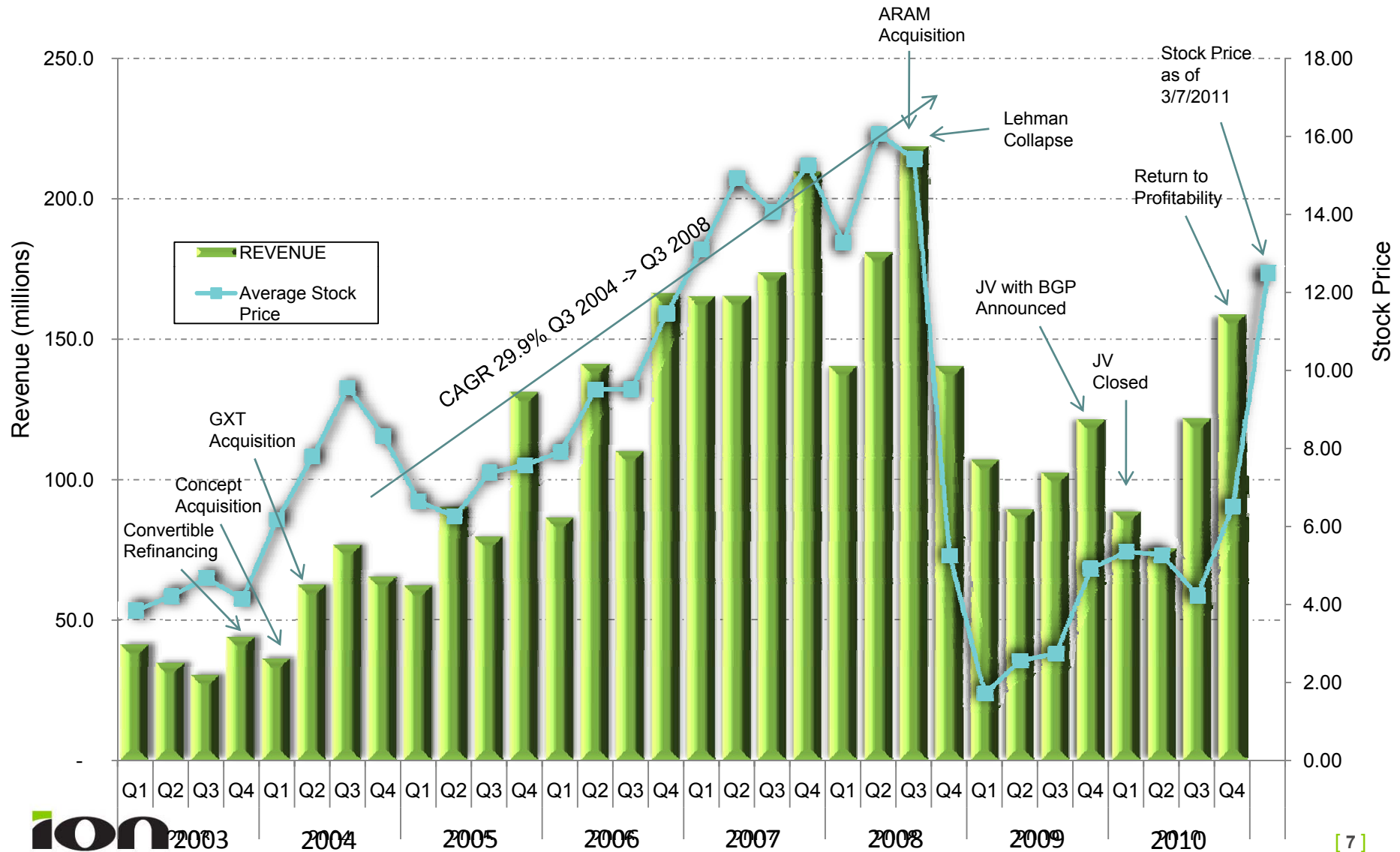
Note: Systems includes Sensor B.V., Marine Imaging Systems, Concept Systems

Data Processing includes GXT Imaging Solutions (and Reservoir Solutions)

New Ventures represent new Integrated Seismic Solution programs that are being acquired (analogous to "Acquisition Services" at ION)

Data Libraries represent the ongoing sale of licenses to previously acquired seismic data programs

ION History – New Strategy Introduced in 2003

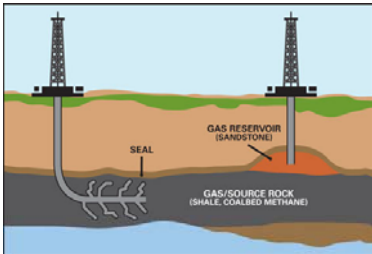


The Strategy of the Joint Venture



- **Leverage the R&D of ION and Operational Expertise of BGP**
 - R&D centers will remain primarily in the U.S. and Canada with much of the manufacturing moving to China to reduce costs
 - Field test new technology and related equipment on BGP crews for operational feedback and quality improvements
 - Long term goal of technology and market leader for 21st century land equipment
- **5 Year Goal to gain market share from today's 20% to 50-60% for land equipment**
 - Expect the land equipment market to recover to an \$800M-\$1 billion/year market
 - ION currently has only 20% market share with BGP. BGP future plans are to purchase the majority of equipment from ION, including new technology such as FireFly
 - In addition, CNPC has other domestic seismic companies that will have a preference for the JV equipment, and we expect other Chinese firms such as Sinopec to start purchasing from the JV
 - Move new technology such as Full Wave, FireFly, and Next Generation Sources from early adopter to mainstream with BGP's help in both field testing and promoting the technology worldwide

Macro Energy Themes



- Oil Segment
 - Relatively strong oil prices due to Asia demand
 - Future tighter supplies due to slow down in deep water GOM
 - Deep water still major theme (80+ percent outside of GOM)
 - Frontiers in Brazil, Arctic, West Coast Africa, liquid shale plays, Iraq
- Natural Gas Segment
 - Decoupled from oil prices
 - Shale plays are a discontinuity in gas markets
 - Shale plays spreading from North America
 - Low price environment driving technology for productivity
- Impact of Oil Spill on ION
 - Little if any on equipment sales
 - Very short term on library sales (Q2 2010)
 - Potential for some impact on data processing in 2011
 - Uncertainty over who the players will be in the deep water Gulf

Five Drivers of Future Growth



- Assumptions
 - 2010 healing period for seismic
 - Oil prices \$70-\$90/bbl for 2011 and likely increasing in out years
 - Gas Prices \$4-6/MCF for plan period
 - Slow growth economy but no double dip recession
 - Asia and other developing countries driving energy demand growth
 - Shale plays dominate natural gas story
- Drivers
 - New Technology (processing and equipment) by solutions approach targeting most difficult oil company problems
 - INOVA growing from 20% share to over 50% share in 5 years with BGP as a major customer and partner
 - Marine equipment new technology
 - DigiSTREAMER and next generation streamer technology
 - Expanding OBC market driven by full wave seabed technology and high productivity systems
 - Orca
 - Continuous global expansion of both processing and multi-client, including land aimed at Shale plays
 - General market expansion related to recovery after 2008-2009 market collapse

ION's Solutions Approach

Bringing the Whole of ION to Solve Oil Company Problems



Breaking Arctic Barriers



Overcoming Land Acquisition Challenges in Mexico

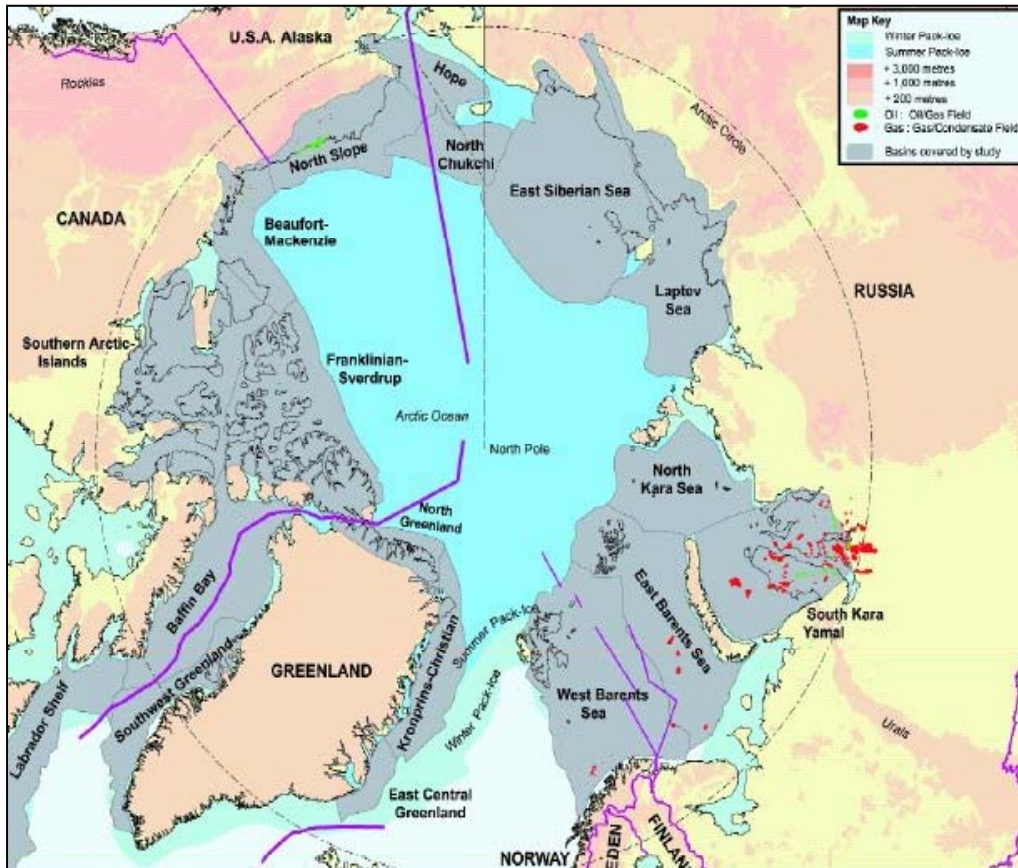


Challenging Terrain in the Marcellus Shale

The Arctic: A Promising Frontier

High Potential in the Region

Estimates place 25% of all remaining undiscovered reserves in the Arctic



Global undiscovered oil and gas resources

Total: 1,634 bn boe

Rest of the world

Arctic

North Africa, Middle East and the Caspian

Source: USGS, World Petroleum Assessment

ION's Integrated [IA] Arctic Solution

Hardware, Software and Expertise

Integrated Seismic Solutions (ISS)

- **Arctic Operational Experience**
 - Ice management
 - Project execution
- **Handling Equipment**
 - Ice skag
 - Source flotation

GXT Imaging Solutions

- **Arctic Focused Noise Removal**
 - Ice breaker noise
 - Rugose base ice noise
 - Submerged permafrost
 - Larner noise
 - Coherent seismic interference



**[IA]
Arctic
Solution**

Marine Imaging Systems

- **DigiSTREAMER™**
 - Continuous recording
 - Solid gel (non-foam matrix) design
- **DigiFIN™**
 - Risk mitigation – cable defense
 - Operational efficiency
- **DigiBIRD™**
 - Upgraded high latitude compass (cold conditions, magnetic declination)

Concept Systems

- **Orca®**
 - Integration with Ice-Nav
 - Streamer steering
 - Ice avoidance
 - Turn optimization
 - Gridded declination

2009 NE Greenland SPAN Accomplishments

Successfully Acquired Towed Streamer Data in 10/10ths Ice



9/10^{ths} Ice



10/10^{ths} Ice

Pemex and FireFly

4 Projects Using Comesa as Contractor



FireFly Operations

Comesa – Chopo Sur, Mexico

- Start: May 2009
- 8000 FireFly stations
- 297 sq km
- 3849 sources
- 11767 receivers
- Completed

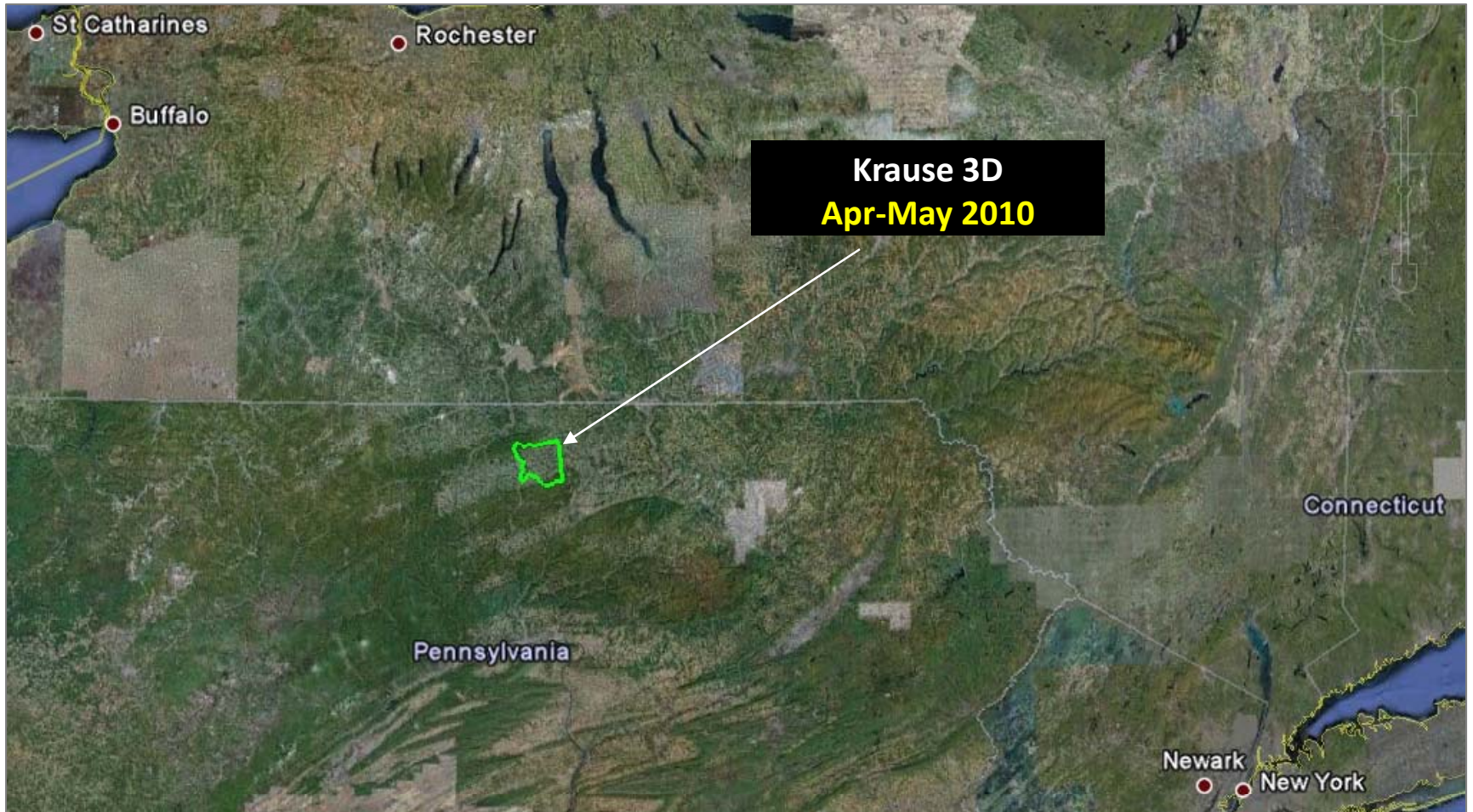


FireFly Operations

Coyula - Urban Acquisition



Marcellus Shale – Appalachia



Base Camp in Pennsylvania



Challenging Terrain in Appalachia



Farms and forest, multiple road crossings and farm/wild-life pose a challenge to cable crews in terms of productivity. FireFly was deployed in April 2010 on a project in Northern Pennsylvania with tight time-lines due to oil-field operations (fracturing) and completed 9 days ahead of schedule.

Summary

- ION survived the 2008-'09 market collapse
 - Restructured balance sheet
 - Strategic JV in land equipment
 - Maintained the majority of R&D
 - Continued to invest in strategic data library projects
- ION has a unique asset light technology and services strategy
- Strong global brand with leadership products and services with both oil companies and contractors
- We are at the beginning of a second up cycle driven by long term demand for energy



[CHARGED WITH INNOVATION]



vision



evolution



innovation



solution



collaboration

Appendix: Financial Information



- Selected Financial Highlights

Financial Overview

Q4 2010

- Achieved our goal of returning to profitability in 2010 with full year diluted EPS of \$0.16 on net income of \$23 million (excluding special items).
- Revenues of \$159 million for the quarter with year-to-date revenues of \$444 million compared to \$420 million for the prior period. Excluding Legacy Land Systems (INOVA), year-to-date revenues increased 25% to \$428 million compared to \$342 million.
- Record year for our Solutions business of \$277 million including record Data Processing revenues of \$108 million. The Multi-Client business delivered a record fourth quarter of \$78 million resulting in second highest annual revenues of \$169 million.
- Record year for our Concept Systems software business of £24 million.
- Cash from operations of \$133 million for 2010 improved 156% and free cash flow generation of approximately \$62 million.
- EBITDA of \$56 million for the quarter with year-to-date EBITDA nearly doubling to \$140 million.

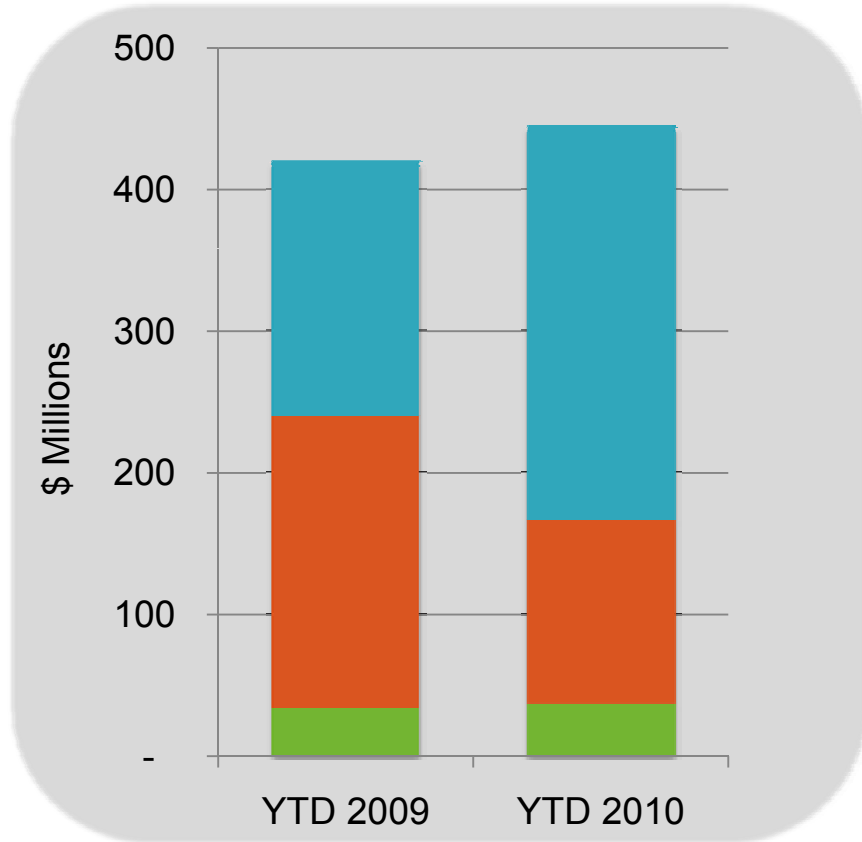
ION delivered year-to-date profitability for 2010 with strong free cash flow generation

Financial Overview

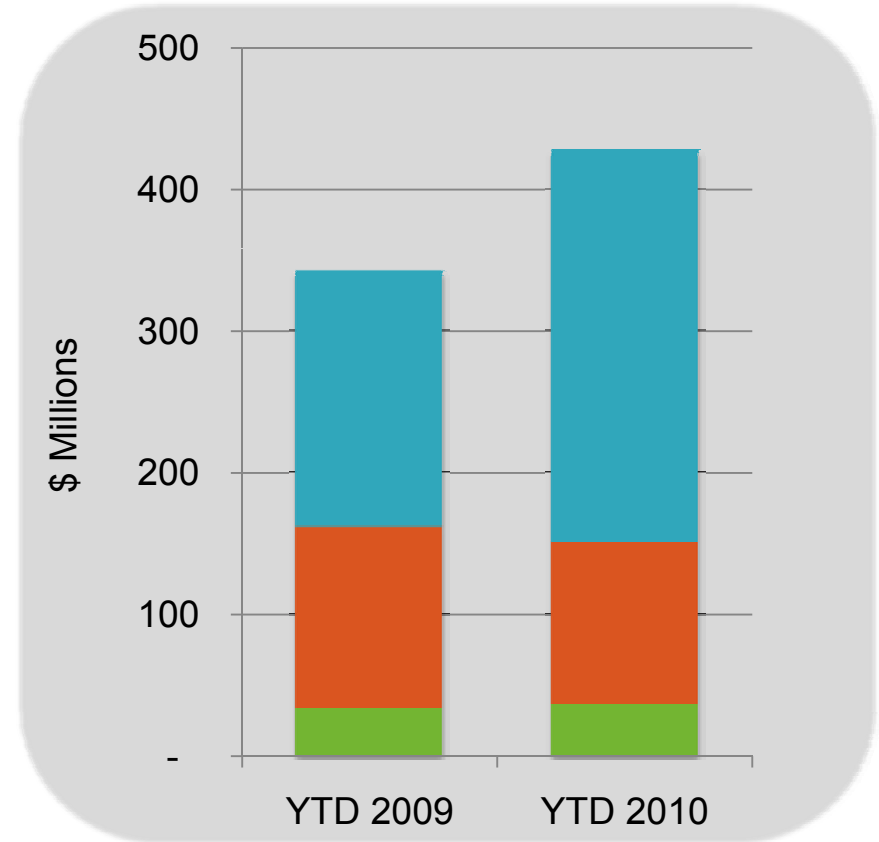
Year-to-Date Revenue Comparison

+

Including Legacy Land Systems



Excluding Legacy Land Systems

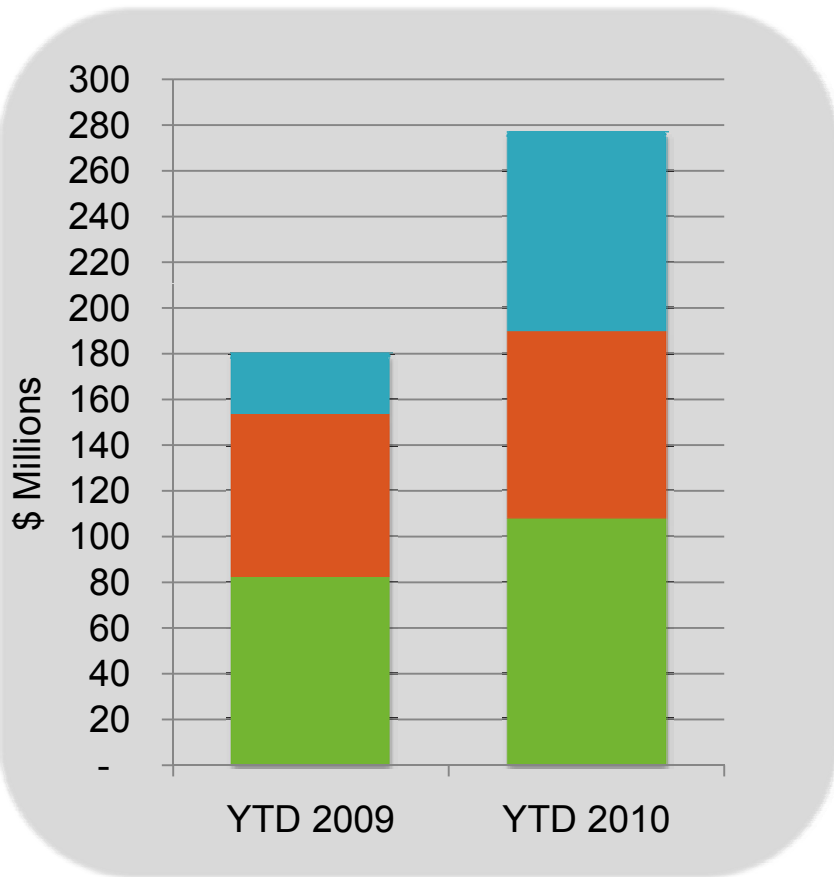


■ Software ■ Systems ■ Solutions

Solutions Segment

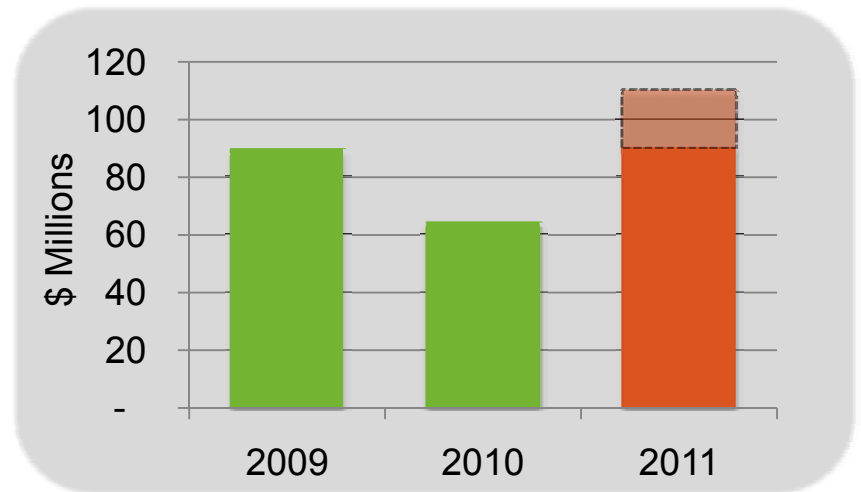
Financial Overview

Revenue by Type



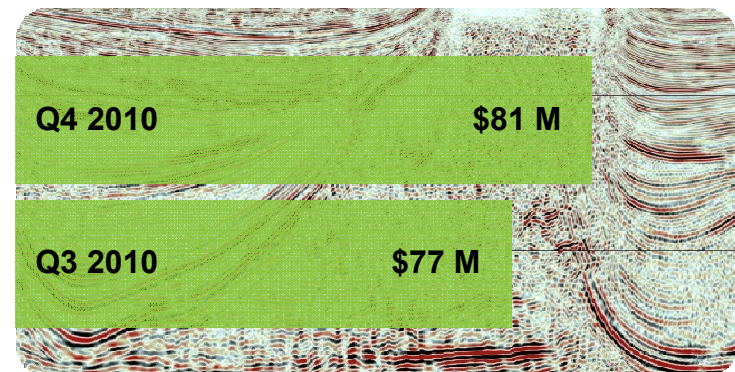
■ Data Processing ■ New Ventures ■ Data Libraries

Multi-client CapEx Investment



■ Actual Investment ■ Forecasted Investment

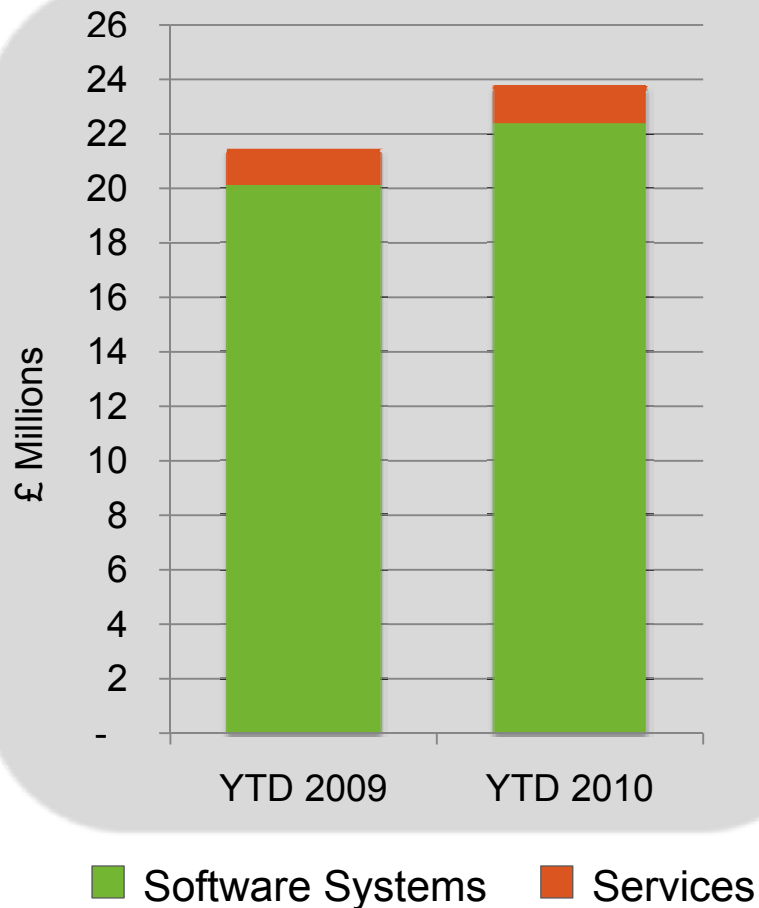
Solutions Backlog



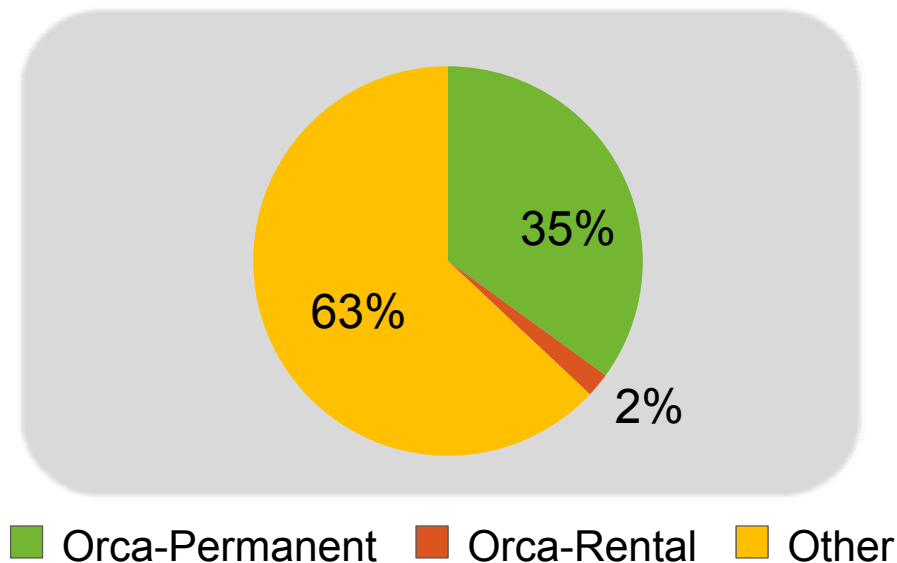
Software Segment

Financial Overview

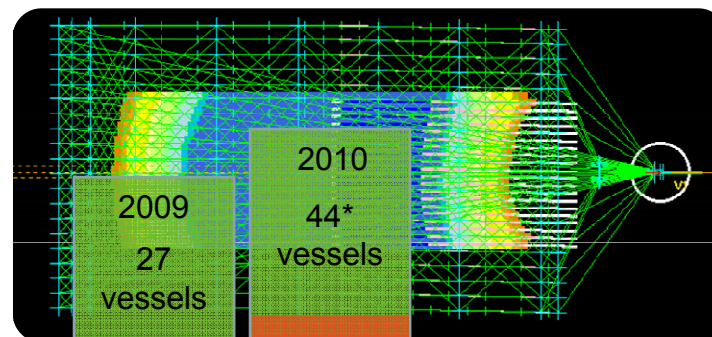
Revenue by Type (GBP)



% of Seismic Vessels with Orca



Orca Vessel Conversion

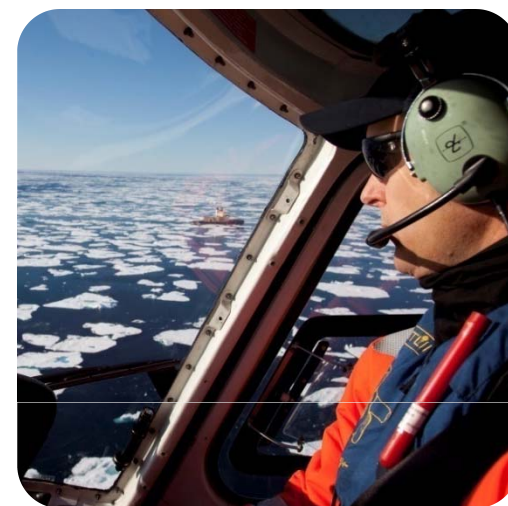
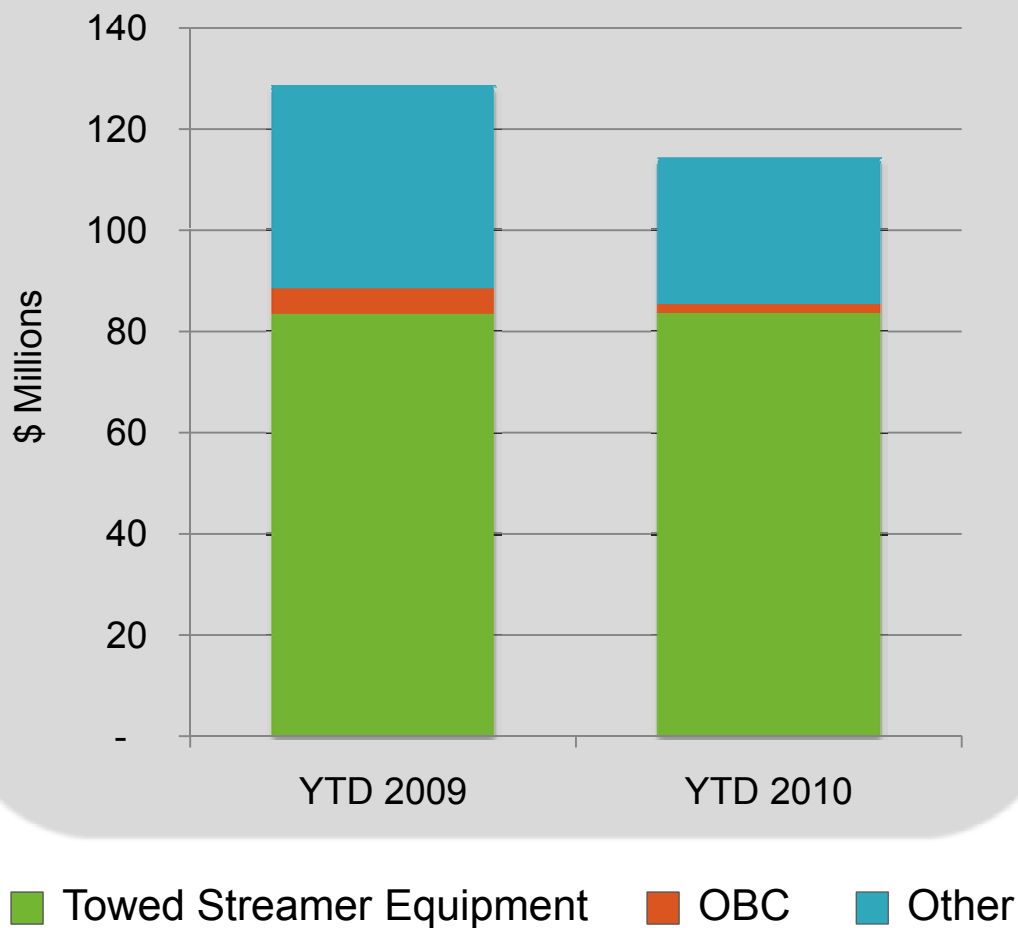


* Includes 42 permanent installations and 2 rental system installations [27]

Systems Segment

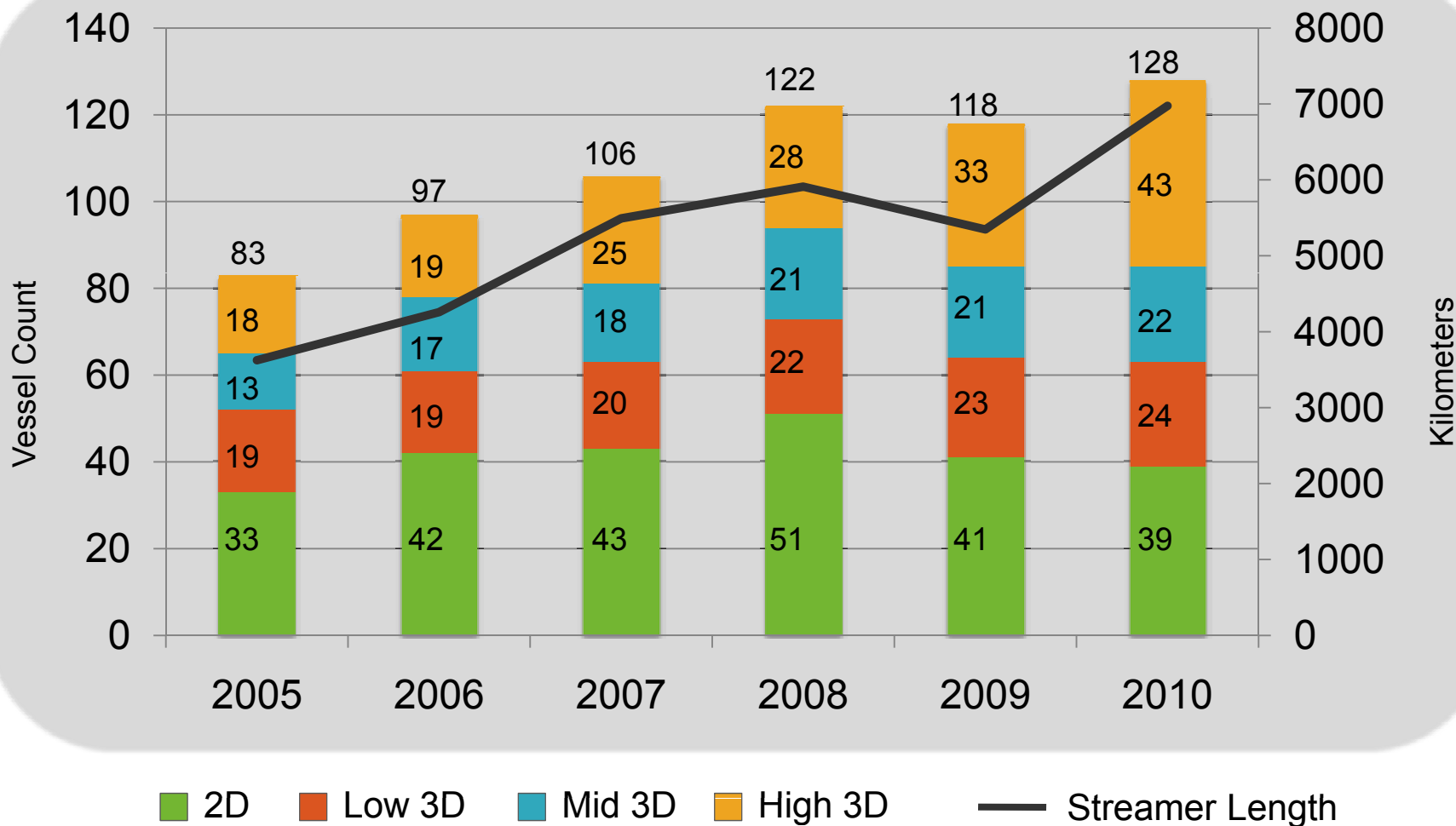
Financial Overview

Revenue by Type



Systems Segment

Vessel Count & Streamer Length Segmented by Survey Type



2D – One streamer Low 3D – Low resolution with two to four streamers

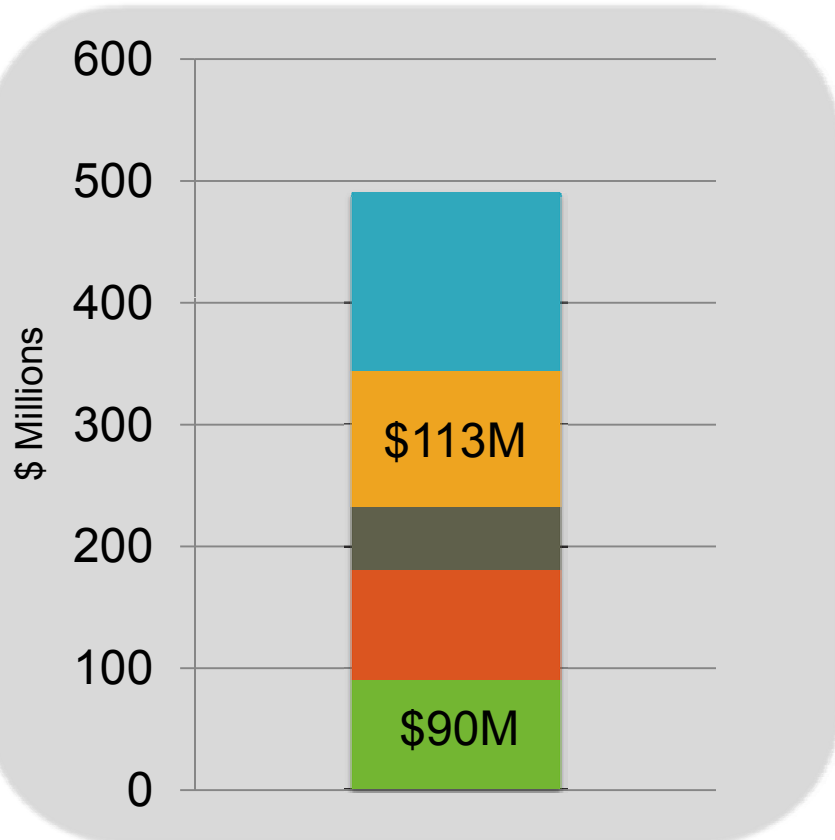
Mid 3D – Medium resolution with five to nine streamers High 3D – High resolution with 10+ streamers

Streamer length – Aggregate kilometers measured from vessel connection to end of streamer

Financial Overview

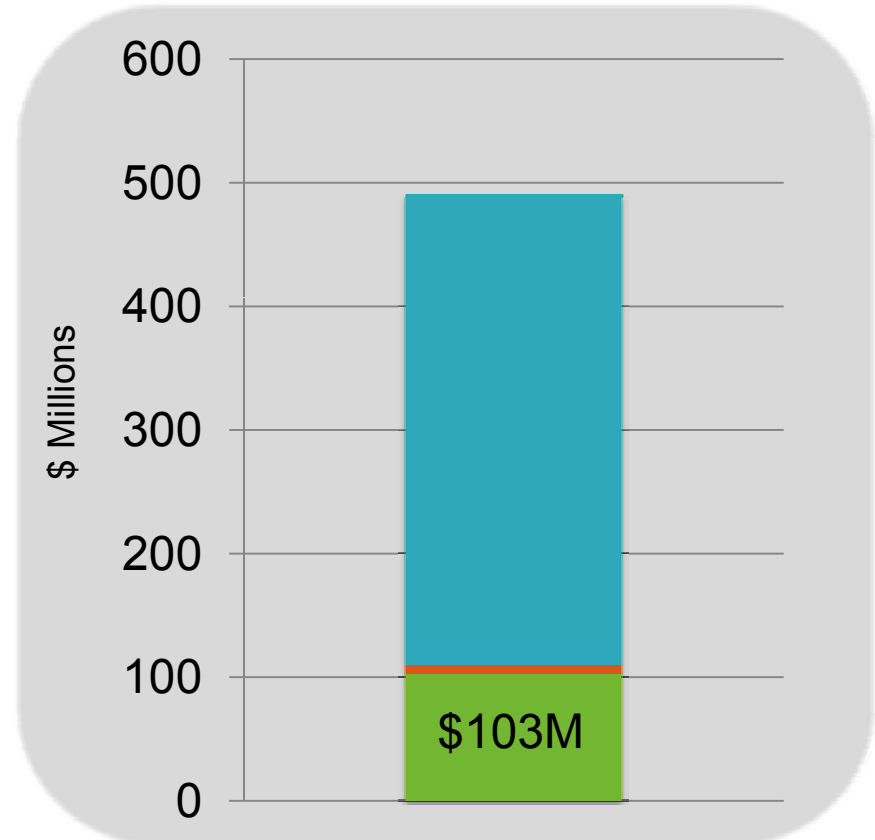
Balance Sheet as of December 31, 2010

Capital Employed



■ Cash ■ Remaining Working Capital
■ Net Fixed Assets ■ Multi-Client Data Library
■ Goodwill & Equity in INOVA

Financing



■ LT Debt ■ Other ■ Equity

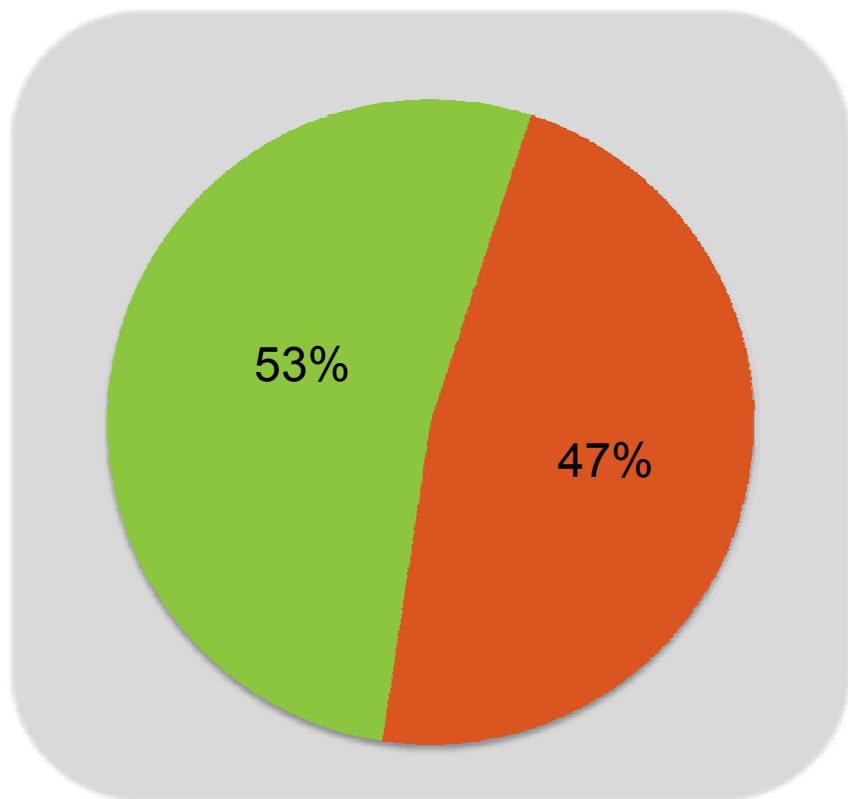
Net Debt of \$19 million*

* Net Debt = Total Debt (\$103M LT & \$6M ST) less Cash

Financial Overview

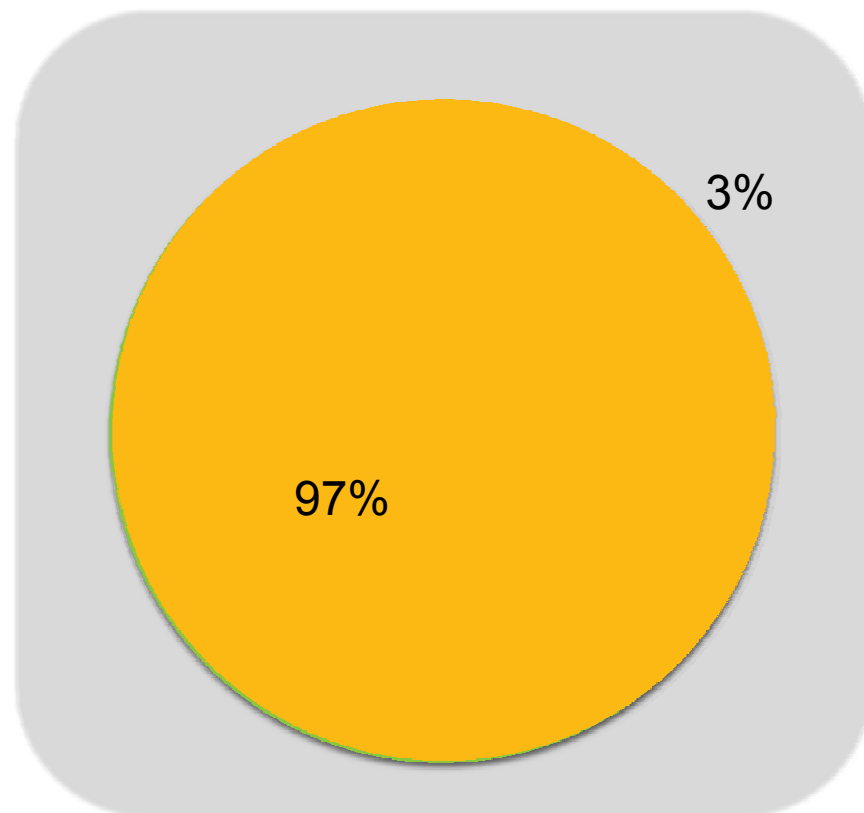
Liquidity & LT Debt as of December 31, 2010

Liquidity of \$190M



■ Undrawn Revolver ■ Cash

LT Debt of \$103M



■ Term Loan ■ Facility & Equipment Leases

Revolver and Term A both mature in March 2015

Financial Overview

Cash Flow



SUMMARIZED CASH FLOW STATEMENT

	Year Ended December 31,	
	2010	2009
Cash from operations	181,490	43,949
Working capital	(48,050)	9,005
Multi-client investment	(64,426)	(89,635)
PP&E Capital Expenditures	<u>(7,372)</u>	<u>(2,966)</u>
Free Cash Flow*	61,642	(39,647)
Other investing and financing activities	<u>6,560</u>	<u>20,692</u>
Net change in cash	<u>68,202</u>	<u>(18,955)</u>

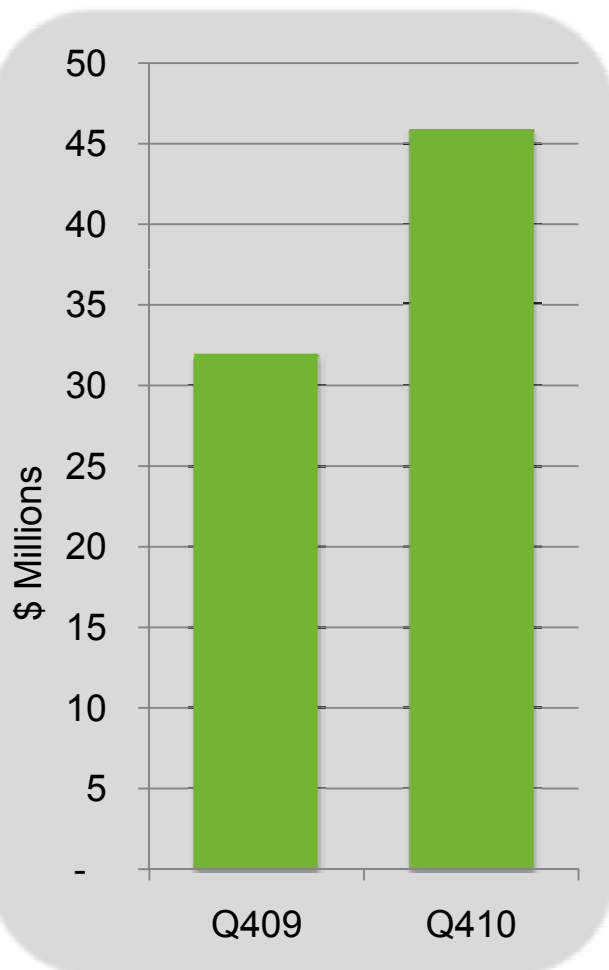
*Non-GAAP Measure

Free cash flow generation of \$62 million

INOVA Geophysical

Financial Overview

Q409 vs Q410 Forecasted Revenues



- Estimated Q4 revenues of \$45 to \$47 million with operating loss of \$2 to \$4 million and net loss of \$3 to \$5 million*
- Four consecutive quarters of revenue growth
- Positive Q4 EBITDA and cash flow generation
- Significant reductions in inventory in 2010
- Credit line capacity of \$30 million in place to support 2011 growth

* ION to share in 49% of these estimated results

Investor Education Center

INVESTOR EDUCATION CENTER

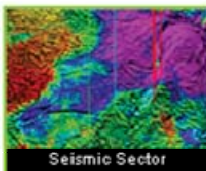
Welcome to the Investor Education Center (IEC). The IEC was developed to give investors and analysts an overview of ION and its key technologies and services. There are two ways to experience the center and educate yourself on ION:

1. View the Virtual Analyst Day, which is a collection of video presentations on our strategy and various business units.
2. Pick and choose an individual presentation from the icons below for an overview on a particular topic.

Click the graphic below to view the comprehensive ION Virtual Analyst Day presentation, a continuous video slideshow (~75 minutes)



Click any icon below to view an individual video presentation (~10 minutes)



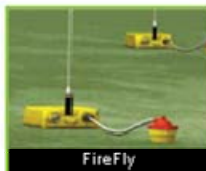
Seismic Sector



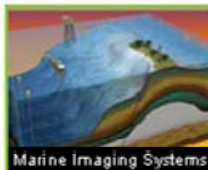
ION Strategy



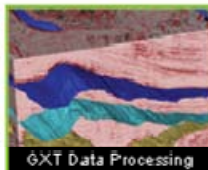
INOVA Joint Venture



FireFly



Marine Imaging Systems



GXT Data Processing



ISS and Data Libraries

CONTINUING EDUCATION



Collaboration in Action - E&P Success Stories



Channel Guide - ION Videos, Presentations and Multimedia



ION's Multi-Client Data Library Cash Flow and Accounting Treatment

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Q&A Session

