

ION GEOPHYSICAL CORP  
Form S-4  
February 25, 2014  
[Table of Contents](#)

As filed with the Securities and Exchange Commission on February 24, 2014

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-4**

**REGISTRATION STATEMENT**  
**UNDER THE SECURITIES ACT OF 1933**

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**ION Geophysical Corporation\***

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**1382**  
(Primary Standard Industrial  
Classification Code Number)

**22-2286646**  
(I.R.S. Employer  
Identification Number)

**2105 CityWest Blvd., Suite 400**

**Houston, Texas 77042-2839**

**(281) 933-3339**

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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**David L. Roland**

**Senior Vice President, General Counsel and Corporate Secretary**

**ION Geophysical Corporation**

**2105 CityWest Blvd., Suite 400**

**Houston, Texas 77042-2839**

**(281) 933-3339**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Copy to:**

**Marc H. Folladori**

**Jeff M. Dobbs**

Mayer Brown LLP

700 Louisiana St., Suite 3400

Houston, Texas 77002

(713) 238-3000

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**Approximate date of commencement of proposed sale of the securities to the public:**

**As soon as practicable after the effective date of this registration statement.**

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer)	<input type="checkbox"/>
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)	<input type="checkbox"/>

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended.

(2) The guarantees are the full and unconditional guarantee of ION Geophysical Corporation's obligations under the 8.125% Senior Secured Second Priority Notes due 2018 by the subsidiary guarantors of ION Geophysical Corporation listed below under the caption Table of Additional Registrants. No separate consideration will be received for the guarantees. No additional registration fee is payable with respect to the guarantees pursuant to Rule 457(n) under the Securities Act of 1933.

**Each registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

\*The co-registrants listed below on the next page are included in this registration statement as Additional Registrants.

Table of Contents

**TABLE OF ADDITIONAL REGISTRANTS**

<b>Exact Name of Additional Registrant as Specified in its Charter(1)</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>	<b>I.R.S. Employee Identification No.</b>
GX Technology Corporation	Texas	76-0450115
ION Exploration Products (U.S.A.), Inc.	Delaware	76-0491394
I/O Marine Systems, Inc.	Louisiana	72-0733230

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(1)The address for each Additional Registrant is 2105 CityWest Blvd., Suite 400, Houston, Texas 77042-2839, and the telephone number for each Additional Registrant is (281) 933-3339. The Primary Standard Industrial Classification Code Number for each Additional Registrant is 1382.

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Table of Contents

**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED February 24, 2014**

**PRELIMINARY PROSPECTUS**

**ION Geophysical Corporation**

**EXCHANGE OFFER FOR**

**\$175,000,000**

**8.125% SENIOR SECURED SECOND PRIORITY NOTES DUE 2018**

**AND RELATED GUARANTEES**

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**The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2014 (the expiration date), unless we extend the exchange offer in our sole and absolute discretion.**

We are offering to exchange up to \$175.0 million aggregate principal amount of our 8.125% senior secured second priority notes due 2018 (the Exchange Notes), the issuance of each of which has been registered under the Securities Act of 1933, as amended (the Securities Act), for up to \$175.0 million aggregate principal amount of our outstanding 8.125% senior secured second priority notes due 2018 (the Restricted Notes, and together with the Exchange Notes, the notes) that have not been registered under the Securities Act. We are offering to exchange the Exchange Notes for the Restricted Notes in order to satisfy our obligations under the registration rights agreement that we entered into when the Restricted Notes were issued and sold in a transaction exempt from registration under the Securities Act.

**Material Terms of the Exchange Offer:**

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- The form and terms of the Exchange Notes are substantially the same as the form and terms of the Restricted Notes, except that the Exchange Notes to be issued in the exchange offer have been registered under the Securities Act and will not bear legends restricting their transfer or contain special interest provisions.
  - The exchange offer is subject to customary conditions discussed under The Exchange Offer Conditions to the Exchange Offer.
  - We will exchange all outstanding Restricted Notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer for an equal principal amount of Exchange Notes.
  - You may withdraw tenders of Restricted Notes at any time prior to the expiration or termination of the exchange offer.
  - Restricted Notes may be tendered only in minimum denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof.
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Table of Contents

- We will not receive any cash proceeds from the exchange offer or the issuance of the Exchange Notes. Accordingly, neither the exchange offer nor the issuance of the Exchange Notes will result in any increase in our outstanding indebtedness or change in our capitalization.
- There is no existing public market for the Restricted Notes or the Exchange Notes offered hereby.
- We do not intend to list the Exchange Notes on any securities exchange or seek approval for quotation through any automated trading system.

**Results of the Exchange Offer:**

- The Exchange Notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods.
- All outstanding Restricted Notes not tendered will continue to be subject to the restrictions on transfer set forth in the outstanding Restricted Notes and the indenture governing the notes. In general, outstanding Restricted Notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.
- Other than in connection with the exchange offer, we do not plan to register the outstanding Restricted Notes under the Securities Act.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Restricted Notes that were acquired by it as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of the Exchange Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Restricted Notes that were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period ending on the earlier of the expiration of the 270th day after the exchange offer has been completed or such time as such participating broker-dealers no longer hold Restricted Notes, we will keep the exchange offer registration statement effective and will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

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**See Risk Factors beginning on page 13 of this prospectus for a discussion of certain risks that you should consider before participating in the exchange offer.**

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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The date of this prospectus is \_\_\_\_\_, 2014.

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Table of Contents

## TABLE OF CONTENTS

	Page
<u>INDUSTRY AND MARKET DATA</u>	ii
<u>TRADEMARKS</u>	ii
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	iii
<u>PROSPECTUS SUMMARY</u>	1
<u>RISK FACTORS</u>	13
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	24
<u>THE EXCHANGE OFFER</u>	24
<u>USE OF PROCEEDS</u>	36
<u>CAPITALIZATION</u>	36
<u>DESCRIPTION OF THE EXCHANGE NOTES</u>	37
<u>DESCRIPTION OF CERTAIN INDEBTEDNESS</u>	106
<u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>	107
<u>CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS</u>	108
<u>PLAN OF DISTRIBUTION</u>	109
<u>LEGAL MATTERS</u>	110
<u>EXPERTS</u>	110
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	110
<u>INCORPORATION BY REFERENCE</u>	111

Unless we have indicated, or the context otherwise requires, references in this prospectus to ION Geophysical, ION, the Company, we, our, and us refer to ION Geophysical Corporation and its consolidated subsidiaries. References to INOVA or INOVA Geophysical refer to INOVA Geophysical Equipment Limited, a joint venture in which we own a 49% equity interest. References to OceanGeo refer to OceanGeo B.V. (formerly GeoRXT B.V.), a joint venture in which we own a 70% equity interest. References to guarantors refer to our subsidiaries, GX Technology Corporation, ION Exploration Products (U.S.A.), Inc. and I/O Marine Systems, Inc., which have fully and unconditionally guaranteed, jointly and severally, ION's obligations under the notes. References to the subsidiary guarantees refer to the guarantees by each guarantor of our obligations under the notes. References to Commission or SEC refer to the U.S. Securities and Exchange Commission.

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**This prospectus incorporates important business and financial information about us that is not included or delivered with this prospectus. Such information is available without charge to holders of the Restricted Notes upon written or oral request made to ION Geophysical Corporation, 2105 CityWest Blvd., Suite 400, Houston, Texas 77042-2839 (Telephone: (281) 933-3339). To obtain timely delivery of any requested information, holders of the Restricted Notes must make any request no later than five (5) business days prior to the expiration of the exchange offer.**

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus is not an offer to sell or a solicitation of an offer to buy securities anywhere or to anyone where or to whom we are not permitted to offer or sell securities under applicable law. The delivery of this prospectus does not, under any circumstances, mean that there has not been a change in our affairs since the date of this prospectus. You should assume that the information appearing in this prospectus and any other document incorporated by reference is accurate only as of their respective dates, and in the event any previously disclosed information is updated, amended or supplemented in this prospectus or any of the documents incorporated by reference herein, you should rely on the most

recent disclosure contained in this

Table of Contents

prospectus or any of the documents incorporated by reference herein. Our business, financial condition, results of operations and prospects may have changed since those dates.

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Prospective participants should not construe anything in this prospectus as legal, business or tax advice. Each prospective participant should consult its own advisors as needed to determine whether it is legally permitted to participate in the exchange offer under applicable legal investment or similar laws or regulations.

The communication of any documents or materials relating to the exchange offer is not being made, and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the U.K. Financial Services and Markets Act 2000, as amended (the FSM ). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the FSM (Financial Promotion) Order 2005 (the Order )) or any other persons to whom it may otherwise lawfully be made under the Order. All applicable provisions of the FSM must be complied with in respect of anything done in relation to the notes in, from or otherwise involving or having an effect in the United Kingdom.

## INDUSTRY AND MARKET DATA

We have obtained the industry and market-share data used in this prospectus from third-party sources that we believe are reliable. In many cases, however, we have made statements in this prospectus (or in documents incorporated by reference in this prospectus) regarding our industry and our position in the industry based on estimates made from our experience in the industry and our own investigation of market conditions. We believe these estimates to be accurate as of the date of this prospectus. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that the industry and market data included or incorporated by reference in this prospectus, and estimates and beliefs based on that data, may not be reliable. We cannot guarantee the accuracy or completeness of any such information.

## TRADEMARKS

The information contained in this prospectus contains references to trademarks, service marks and registered marks of ION and our subsidiaries, as indicated. Except where stated otherwise or unless the context otherwise requires, the terms GeoVentures, VectorSeis, ARIES II, DigiSHOT, DigiFIN, XVib, DigiCOURSE, Gator, Spectra, Orca, Sprint, Scorpion, Reflex, G3i Calypso and UNIVIB refer to the VECTORSEIS®, ARIES® II, DIGISHOT®, DIGIFIN®, XVIB®, DIGICOURSE®, GATOR®, SPECTRA®, ORCA®, SPRINT®, SCORPION®, REFLEX®, G3i®, Calypso® and UNIVIB® registered marks owned by ION or INOVA Geophysical, and the terms AZIM, BasinSPAN, DigiSTREAMER, AHV-IV, Vib Pro, Shot Pro, Optimiser, ResSCAN, Hawk, Connex, WiBand, Narwhal and AccuSOUND are trademarks and service marks owned by ION or INOVA Geophysical. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names. This prospectus may also contain trademarks, service marks and trade names of third parties. Our use or display of third parties

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trademarks, service marks, trade names or products in this prospectus is not intended to, and does not imply a relationship with, or endorsement or sponsorship by us. Other trademarks and trade names used in this prospectus or incorporated by reference herein are the property of their respective owners.

Table of Contents

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains or incorporates by reference statements concerning our future results and performance and other matters that are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities and Exchange Act of 1934, as amended (the Exchange Act). These statements involve known and unknown risks, uncertainties and other factors that may cause our or our industry's results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements express or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, will, would, should, intend, expect, plan, anticipate, believe, estimate, predict, p the negative of such terms or other comparable terminology. Examples of other forward-looking statements contained or incorporated by reference in this prospectus include statements regarding:

- the expected outcome of the WesternGeco litigation (see Item 1.A. Risk Factors An unfavorable judgment in our pending litigation matter with WesternGeco could have a materially adverse effect on our financial results and liquidity in our Annual Report on Form 10-K for the year ended December 31, 2013) and future potential adverse effects on our liquidity in the event that we must post and collateralize an appeal bond for the full amount of damages entered in a judgment or are unsuccessful in our appeal of an adverse judgment in this matter;
- predictions of future industry-wide increases or decreases in capital expenditures for seismic activities;
- the timing of anticipated revenues and the recognition of those revenues for financial accounting purposes;
- future levels of spending by our customers;
- the effects of current and future unrest in the Middle East, North Africa and other regions;
- the effects of current and future worldwide economic conditions (particularly in developing countries) and demand for oil and natural gas and seismic equipment and services;
- the effects of ongoing and future industry consolidation, including, in particular, the effects of consolidation and vertical integration in the towed-marine-seismic-streamers market;
- future oil and gas commodity prices;

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- the timing of future revenue realization of anticipated orders for multi-client seismic-survey projects and data processing work in our Solutions segment;
- future levels of our capital expenditures;
- expected net revenues, income from operations and net income;
- expected gross margins for our products and services;
- future benefits to be derived from our INOVA Geophysical and OceanGeo joint ventures;
- future seismic industry fundamentals, including future demand for seismic services and equipment;
- future benefits to our customers to be derived from new products and services;
- future benefits to be derived from our investments in technologies, joint ventures and acquired companies;
- future growth rates for our products and services;
- the degree and rate of future market acceptance of our new products and services;
- expectations regarding oil and gas exploration and production ( E&P ) companies and seismic contractor end-users purchasing our more technologically-advanced products and services;

Table of Contents

- anticipated timing and success of commercialization and capabilities of products and services under development and start-up costs associated with their development;
- future cash needs and future availability of cash to fund our operations and pay our obligations;
- potential future acquisitions;
- future opportunities for new products and projected research and development expenses;
- expected continued compliance with our debt financial covenants;
- expectations regarding realization of deferred tax assets;
- anticipated results with respect to certain estimates we make for financial accounting purposes; and
- the other factors identified under the caption **Risk Factors** in this prospectus.

These forward-looking statements reflect our best judgment about future events and trends based on the information currently available to us. Our results of operations can be affected by inaccurate assumptions we make or by risks and uncertainties known or unknown to us. Therefore, we cannot guarantee the accuracy of the forward-looking statements. Actual events and results of operations may vary materially from our current expectations and assumptions. These and other risks are detailed in this prospectus and the documents that we incorporate by reference into this prospectus and in other documents that we file with the SEC. See **Risk Factors**, **Where You Can Find More Information** and **Incorporation by Reference** below.

Table of Contents

**PROSPECTUS SUMMARY**

*This summary highlights some of the information contained in this prospectus and does not contain all of the information that may be important to you. This summary is not complete and does not contain all of the information that you should consider before deciding whether to exchange your Restricted Notes for Exchange Notes. For a more complete understanding of ION and this exchange offer, we encourage you to read this entire document, including the section entitled Risk Factors and the financial and other information included or incorporated by reference in this prospectus, the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2013, and the other documents to which we have referred.*

**Our Business**

We are a global, technology-focused company that provides geophysical technology, services and solutions to the global oil & gas industry. Our offerings are designed to allow E&P companies to obtain higher resolution images of the earth's subsurface during exploration, exploitation and production operations to reduce the risk in exploration and reservoir development, and to enable seismic contractors to acquire geophysical data safely and efficiently. We acquire and process seismic data from seismic surveys in regional data programs, which then become part of our seismic data library. The seismic surveys for our data library business are pre-funded, or underwritten, in part by our customers, and, with the exception of our new seabed acquisition joint venture, OceanGeo, we contract with third-party seismic-data-acquisition companies to shoot and acquire the seismic data, all of which is intended to minimize our risk exposure in offshore and onshore operations around the world. We serve customers in all major energy producing regions of the world from strategically located offices in 21 cities on six continents.

Seismic imaging plays a fundamental role in hydrocarbon exploration and reservoir development by delineating structures, rock types and fluid locations in the subsurface. Our services, technologies and products are used by E&P companies and seismic-acquisition contractors to generate high-resolution images of the Earth's subsurface to identify sources of hydrocarbons and pinpoint drilling locations for wells, which can be costly and involve high risk.

We provide our services and products through three business segments - Solutions, Systems and Software. In addition, we have a 49% ownership interest in our INOVA Geophysical joint venture and an ownership interest in our OceanGeo joint venture, which we increased from 30% to 70% in January 2014.

For over 45 years we have been engaged in providing innovative seismic-data-acquisition technology, such as full-wave imaging capability with VectorSeis® products, the ability to record seismic data from basins that underlie ice fields in polar regions and cableless seismic techniques. The advanced technologies we currently offer include Orca®, our WiBand data processing technology, Calypso®, Narwhal and INOVA Geophysical's cableless Hawk land system and new G3i@cabled system, and other technologies, each of which is designed to deliver improvements in both image quality and productivity. We have over 550 patents and pending patent applications in various countries around the world, approximately 51% of our employees are involved in technical roles and approximately 22% of our employees have advanced degrees.

**Corporate Information**



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The following diagram depicts our organizational structure as of February 24, 2014. ION Geophysical Corporation is the issuer of the notes and the borrower under that certain credit agreement, dated as of March 25, 2010, as amended (the senior secured credit facility ) by and among ION Geophysical Corporation, as borrower, the guarantors party thereto, the lenders party thereto and China Merchants Bank Co., Ltd., New York Branch ( CMB ). The notes are fully and unconditionally guaranteed, jointly and severally, on a senior-secured basis by each of our material domestic subsidiaries.

In 2013, ION Geophysical Corporation and the guarantors had total net revenues of approximately \$337.6 million, or 61.5% of our total consolidated revenues, excluding intercompany revenues. At December 31, 2013, ION Geophysical Corporation and the guarantors had total assets of approximately \$668.9 million, or approximately 77.4% of our total consolidated assets, excluding intercompany investments and receivables. Our senior secured

Table of Contents

credit facility is guaranteed by a standby letter of credit issued by CMB on behalf of INOVA Geophysical. The notes will not receive the benefit of this letter of credit or the related guarantee.

Our executive headquarters are located at 2105 CityWest Boulevard, Suite 400, Houston, Texas 77042-2839. Our telephone number is (281) 933-3339, and our website is *www.iongeo.com*. We make our website content available for information purposes only. Our website should not be relied upon for investment purposes, and it is not incorporated by reference in this prospectus.

**Summary of Risk Factors**

**Participation in this exchange offer involves risks. You should carefully consider all the information contained and incorporated by reference in this prospectus and, in particular, should evaluate the specific factors set forth under the Risk Factors section of this prospectus and the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2013, together with all of the other information included or incorporated by reference in this prospectus, and, to the extent applicable, any subsequently filed reports.**



Table of Contents

**Summary of the Terms of the Exchange Offer**

*On May 13, 2013, we completed the private offering of \$175.0 million aggregate principal amount of our Restricted Notes. In connection with the offering of the Restricted Notes, we entered into a registration rights agreement in which we agreed, among other things, to deliver this prospectus and to use commercially reasonable efforts to consummate an exchange offer for the Restricted Notes. The following is a summary of the exchange offer.*

**Registration Rights Agreement**

Under the registration rights agreement, we are obligated to offer to exchange the Restricted Notes for Exchange Notes with substantially identical terms. The exchange offer is intended to satisfy that obligation. After the exchange offer is complete, holders of the Restricted Notes will no longer be entitled to any exchange or registration rights with respect to their Restricted Notes.

**Restricted Notes**

8.125% senior secured second priority notes due 2018, which were issued on May 13, 2013.

**Exchange Notes**

8.125% senior secured second priority notes due 2018. The form and terms of the Exchange Notes are substantially the same as the form and terms of the Restricted Notes, except that the Exchange Notes to be issued in the exchange offer have been registered under the Securities Act and will not bear legends restricting their transfer or contain special interest provisions. The Exchange Notes will evidence the same debt as the Restricted Notes and will be issued under and entitled to the benefits of the same indenture as the Restricted Notes. See *The Exchange Offer* and *Description of the Exchange Notes*.

**Exchange Offer**

We are offering to exchange up to \$175.0 million aggregate principal amount of our Exchange Notes, which will be registered under the Securities Act, for a like principal amount of our Restricted Notes, which have not been registered under the Securities Act. We are offering to exchange the Exchange Notes for the Restricted Notes in order to satisfy our obligations under the registration rights agreement that we entered into when the Restricted Notes were issued and sold in transactions exempt from registration under the Securities Act.

If we fail to satisfy our registration obligations under the registration rights agreement, including, if required, our obligation to have an effective shelf registration statement for the Restricted Notes, we may be required to pay special interest to the holders of the Restricted Notes, up to a maximum of 1.00% per year. See *The Exchange Offer* *Interest and Special Interest*.

In order to be exchanged, Restricted Notes must be properly tendered and accepted. All Restricted Notes that are validly tendered and not validly withdrawn will be accepted and exchanged. If all outstanding Restricted Notes are tendered for exchange, there will be \$175.0 million principal amount of Exchange Notes outstanding.

We will issue the Exchange Notes promptly after the expiration of the exchange offer.

**Resale of Exchange Notes**

We believe that the Exchange Notes to be issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act. This interpretation, however, is based on your representation to us that:

Table of Contents

- any Exchange Notes to be issued in the exchange offer that will be received by you will be acquired in the ordinary course of your business;
- at the time of the commencement and consummation of the exchange offer, you have not entered into any arrangement or understanding with any person to participate in any distribution (within the meaning of the Securities Act) of the Exchange Notes in violation of the provisions of the Securities Act;
- you are not an affiliate of the Company within the meaning of Rule 405 of the Securities Act;
- you are not engaging in, and do not intend to engage in, a distribution of the Exchange Notes to be issued to you in the exchange offer; and
- if you are a broker-dealer that will receive Exchange Notes for your own account in exchange for Restricted Notes that were acquired by you as a result of market-making or other trading activities, you will deliver a prospectus in connection with any resale of the Exchange Notes.

Our belief is based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties unrelated to us. The staff of the SEC has not considered the exchange offer in the context of a no-action letter, and we cannot assure you that the staff of the Commission would make a similar determination with respect to the exchange offer.

If you do not meet the above conditions, you may not participate in the exchange offer or sell, transfer or otherwise dispose of any Restricted Notes unless (i) they have been registered for resale by you under the Securities Act and you deliver a resale prospectus meeting the requirements of the Securities Act or (ii) you sell, transfer or otherwise dispose of the Exchange Notes in accordance with an applicable exemption from the registration requirements of the Securities Act.

Each broker-dealer that received Exchange Notes in the exchange offer for its own account in exchange for Restricted Notes that were acquired by that broker-dealer as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any of its resales of those Exchange Notes. A broker-dealer may use this prospectus to offer to sell, resell or otherwise transfer those Exchange Notes. See Plan of Distribution.

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We have agreed that, for a period ending on the earlier of (i) the expiration of the 270th day after the exchange offer has been completed and (ii) such time as such participating broker-dealers no longer hold Restricted Notes, we will keep the exchange offer registration statement effective and will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Table of Contents

**Expiration Date**

The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2014, unless we extend the exchange offer in our sole and absolute discretion. We do not intend to extend the exchange offer, although we reserve the right to do so.

If we make any material amendment to the terms of the exchange offer or waive any material condition, we will keep the exchange offer open for at least five (5) business days after we notify you of such change or waiver. If we make a material change to the terms of the exchange offer, it may be necessary for us to provide you with an amendment to this prospectus reflecting that change. We may only delay, terminate or amend the offer prior to its expiration.

**Procedures for Tendering Restricted Notes**

The Restricted Notes were issued as global securities in fully registered form without interest coupons. Beneficial interests in the Restricted Notes that are held by direct or indirect participants in The Depository Trust Company ( DTC ) through certificateless depository interests are shown on, and transfers of the Restricted Notes can be made only through, records maintained in book-entry form by DTC with respect to its participants.

If you are a holder of a Restricted Note held in the form of a book-entry interest and you wish to tender your Restricted Note for exchange pursuant to the exchange offer, you must transmit to Wilmington Trust, National Association, as exchange agent, on or prior to the expiration of the exchange offer either:

- a written or facsimile copy of a properly completed and executed letter of transmittal and all other required documents to the address set forth on the cover page of the letter of transmittal; or
- a computer-generated message transmitted by means of DTC's Automated Tender Offer Program ( ATOP ) system and forming a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal.

The exchange agent must also receive on or prior to the expiration of the exchange offer either:

- a timely confirmation of book-entry transfer of your original notes into the exchange agent's account at DTC, in accordance with the procedure for book-entry transfers described in this prospectus under the heading "The Exchange Offer Book-Entry Transfers"; or



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- the documents necessary for compliance with the guaranteed delivery procedures described below.

A form of letter of transmittal accompanies this prospectus. Under the registration rights agreement, we may require, as a condition of your participation in the exchange offer, that you make the representations described above regarding resale of the Exchange Notes and such other representations as may be required by applicable law or any applicable interpretation of the SEC.

See The Exchange Offer Procedures for Tendering Restricted Notes.

Table of Contents

**Special Procedures for Beneficial Owners**

If you are the beneficial owner of Restricted Notes and they are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender your Restricted Notes, you should promptly contact the person in whose name your Restricted Notes are registered and instruct that person to tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the Restricted Notes by causing DTC to transfer the Restricted Notes into the exchange agent's account. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal for your Restricted Notes and delivering your Restricted Notes, either make appropriate arrangements to register ownership of the Restricted Notes in your name or obtain a properly completed bond power from the person in whose name your Restricted Notes are registered. The transfer of registered ownership may take considerable time.

**Acceptance of Restricted Notes and Delivery of Exchange Notes**

Except under the circumstances referred to below under "Conditions to the Exchange Offer," we will accept for exchange any and all Restricted Notes that are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date. The Exchange Notes to be issued to you in the exchange offer will be delivered promptly following the expiration date. See "The Exchange Offer" Terms of the Exchange Offer.

**Guaranteed Delivery Procedures**

If you wish to tender your Restricted Notes and:

- they are not immediately available;
- time will not permit your Restricted Notes or other required documents to reach the exchange agent before the expiration of the exchange offer; or
- you cannot complete the procedure for book-entry transfer on a timely basis,

you may tender your Restricted Notes in accordance with the guaranteed delivery procedures set forth in "The Exchange Offer" Procedures for Tendering Restricted Notes.

**Withdrawal Rights**

You may withdraw any Restricted Notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on \_\_\_\_\_, 2014. If we decide for any reason not to accept any Restricted Notes tendered for exchange, the Restricted Notes will be returned to the registered holder at our expense promptly after the expiration or termination of the exchange offer. For further information regarding the withdrawal of tendered Restricted Notes, please read "The Exchange Offer" Withdrawal Rights.

**Conditions to the Exchange Offer**

The exchange offer is subject to certain customary conditions, which we may waive. The registration rights agreement does not require us to accept Restricted Notes for exchange if the exchange offer or the making of any exchange by a holder of the Restricted Notes would violate any applicable law or interpretation of the staff of the SEC. A minimum aggregate principal

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amount of Restricted Notes being tendered is not a condition to the exchange offer.

There are no dissenters' rights of appraisal applicable to this exchange offer.

Table of Contents

Other than compliance with the Securities Act and qualification of the indenture governing the notes under the Trust Indenture Act of 1939, as amended (the "TIA"), there are no federal or state regulatory requirements that must be complied with or approvals that must be obtained in connection with the exchange offer.

See "The Exchange Offer" Conditions to the Exchange Offer.

**Exchange Agent**

We have appointed Wilmington Trust, National Association as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal to the exchange agent addressed as follows: Wilmington Trust, National Association, Rodney Square North, 1100 N. Market Street, Wilmington, DE 19890-1626, Attention: Workflow Management 5th Floor. Eligible institutions may make requests by facsimile at (302) 636-4139 and may confirm facsimile delivery by email at the following address: DTC2@wilmingtontrust.com.

**United States Federal Income Tax Consequences**

The exchange of the Restricted Notes for Exchange Notes in the exchange offer will not be a taxable event for United States federal income tax purposes. See the discussion under the caption "Material United States Federal Income Tax Considerations" for more information regarding the tax consequences to you of the exchange offer.

**Use of Proceeds**

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any cash proceeds from the exchange offer or the issuance of the Exchange Notes. Accordingly, neither the exchange offer nor the issuance of the Exchange Notes will result in any increase in our outstanding indebtedness or change in our capitalization. See "Use of Proceeds."

**Fees and Expenses**

We will bear certain fees and expenses incident to the exchange offer. For further information regarding the payment of fees and expenses, please read "The Exchange Offer" Fees and Expenses.

**Consequences of Failing to Exchange Restricted Notes**

If you do not participate in the exchange offer, your Restricted Notes will continue to be subject to the restrictions on transfer currently applicable to the Restricted Notes and, upon completion of the exchange offer, the liquidity of the market for your Restricted Notes could be adversely affected. See "The Exchange Offer" Consequences of Failing to Exchange Restricted Notes.

Table of Contents

**Terms of the Exchange Notes**

*The form and terms of the Exchange Notes are substantially the same as the form and terms of the Restricted Notes, except that the Exchange Notes to be issued in the exchange offer have been registered under the Securities Act and will not bear legends restricting their transfer or contain special interest provisions. The Exchange Notes will evidence the same debt as the Restricted Notes and will be issued under, and entitled to the benefits of, the same indenture that governs the Restricted Notes.*

*The following is a summary of the terms of the Exchange Notes. It may not contain all the information that is important to you. The Description of the Exchange Notes section of this prospectus contains a more detailed description of the terms and conditions of the Exchange Notes.*

<b>Issuer</b>	ION Geophysical Corporation
<b>Notes Offered</b>	\$175.0 million aggregate principal amount of 8.125% senior secured second priority notes due 2018, the issuance of each of which has been registered under the Securities Act.
<b>Maturity Date</b>	May 15, 2018
<b>Interest Rate</b>	8.125% per year, payable semi-annually in arrears. Interest on the Exchange Notes will accrue from the last interest payment due date on which interest was paid on the Restricted Notes surrendered in exchange therefor or, if no interest has been paid on the Restricted Notes, from May 13, 2013, the date of original issue of the Restricted Notes.
<b>Interest Payment Dates</b>	Each May 15 and November 15, beginning on November 15, 2013.
<b>Guarantees</b>	The payment of the Exchange Notes will initially be fully and unconditionally guaranteed, jointly and severally, by GX Technology Corporation, ION Exploration Products (U.S.A.), Inc. and I/O Marine Systems, Inc., our material domestic subsidiaries.

As of December 31, 2013:

- ION and the guarantors had approximately \$8.4 million in equipment capital lease obligations outstanding (which are generally secured by liens on the assets being leased), which constitute senior indebtedness; and
- our subsidiaries that are not guarantors had indebtedness and other liabilities outstanding (excluding intercompany liabilities) equal to approximately \$36.0 million, consisting of approximately \$25.1 million of trade payables and other accrued expenses including deferred revenues, approximately \$1.5 million of indebtedness related to our facility lease obligations and approximately \$0.3 million of equipment capital lease obligations outstanding (which capital leases are generally secured by liens on the assets being leased).

As of December 31, 2013, the aggregate assets of our non-guarantor subsidiaries totalled approximately \$195.8 million, representing 22.6% of our total consolidated assets, excluding intercompany investments and receivables. In 2013, our non-guarantor subsidiaries represented

Table of Contents

approximately \$211.6 million, or 38.5%, of our total consolidated revenues, excluding intercompany revenues.

Our senior secured credit facility is guaranteed by a standby letter of credit issued by CMB on behalf of INOVA Geophysical. The notes will not receive the benefit of this letter of credit or the related guaranty.

Subject to complying with the covenants in our senior secured credit facility and the indenture governing the notes, we will be able to incur additional debt, including debt secured by liens prior to the liens securing the notes. See Description of the Exchange Notes Brief Description of the Notes and the Note Guarantees.

**Security**

The Exchange Notes and the related subsidiary guarantees will be secured on a second-priority basis by liens, subject to certain exceptions and permitted liens, on substantially all of our personal property and the personal property of the guarantors and proceeds thereof, including liens on our and our subsidiary guarantors seismic equipment and proprietary data libraries, to the extent such assets constitute collateral under our senior secured credit facility. Pursuant to the terms of the intercreditor agreement, the liens on the assets securing the Exchange Notes and the subsidiary guarantees will be contractually subordinated and junior to liens securing our senior secured credit facility, additional permitted first lien indebtedness and future indebtedness incurred to replace or refinance our senior secured credit facility and such other indebtedness. See Description of the Exchange Notes Security, Description of the Exchange Notes Intercreditor Agreement, Risk Factors Risks Related to the Exchange Offer, the Exchange Notes and Our Indebtedness Indebtedness under our senior secured credit facility will be effectively senior to the notes to the extent of the value of the collateral securing such indebtedness and Risk Factors Risks Related to the Notes and Our Indebtedness The indenture permits additional notes to be issued under the debt incurrence covenant to be secured by an equal and ratable lien on the collateral. The value of your rights to the collateral would be reduced by any increase in the indebtedness secured by the collateral.

**Ranking**

The Exchange Notes and the related subsidiary guarantees will be our and the guarantors senior secured obligations. Accordingly, they will be:

- equal in right of payment with all of our and the guarantors existing and future unsubordinated indebtedness, and effectively senior to any unsecured indebtedness to the extent of the value of the collateral;
- senior in right of payment to all of our and the guarantors existing and future subordinated indebtedness;
- effectively subordinated to our and the guarantors obligations under our senior secured credit facility and any other obligations that are secured by first priority liens on the collateral securing the notes or that are secured by a lien on assets that are not part of the collateral securing the notes, in each case, to the extent of the value of such collateral or assets;

and

- structurally junior to any indebtedness and other liabilities (including trade payables) of any of our subsidiaries that are not guarantors.



Table of Contents

**Intercreditor Agreement**

The trustee, the collateral agent appointed under the indenture and the collateral agent under our senior secured credit facility entered into an intercreditor agreement on May 13, 2013, which, among other things, defines the relative priorities of their respective security interests in the assets securing the notes and the obligations under our senior secured credit facility (and any future indebtedness incurred to replace or refinance such indebtedness) and certain other matters relating to the administration of security interests, exercise of remedies, certain bankruptcy-related provisions and other intercreditor matters. The intercreditor agreement also provides that in the event of a foreclosure on the collateral or of insolvency proceedings, the holders of the notes and any other *pari passu* indebtedness will receive proceeds from the collateral only after obligations under our senior secured credit facility (and any future indebtedness incurred to replace or refinance such indebtedness) have been paid in full. See Description of the Exchange Notes Intercreditor Agreement.

**Optional Redemption**

We may, at our option, redeem all or part of the notes on or after May 15, 2015, at fixed redemption prices, as described under Description of the Exchange Notes Optional Redemption. Also, prior to May 15, 2015, we may, at our option, redeem the notes, in whole or in part, at the make-whole redemption price described elsewhere in this prospectus, together with accrued and unpaid interest, if any, to the date of redemption. In addition, prior to May 15, 2015, we may, at our option, redeem up to 35% of the aggregate principal amount of the notes using the net proceeds of certain equity offerings at a price equal to 108.125% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption; provided that, following any and all such redemptions, at least 65% of the aggregate principal amount of notes originally issued under the indenture remain outstanding and the redemption occurs within 90 days of the closing of such equity offering.

**Change of Control**

Upon the occurrence of a change of control, the holders of the notes will have the right to require us to make an offer to repurchase each holder's notes at a repurchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. See Description of the Exchange Notes Repurchase at the Option of Holders Change of Control.

**Asset Sales**

Upon certain asset sales, we may be required to use the net proceeds therefrom to purchase the notes at an offer price in cash equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

**Certain Covenants**

The indenture governing the Exchange Notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional debt or issue certain preferred stock;
  
- make certain investments or pay dividends or distributions on our capital stock, purchase or redeem or retire capital stock or make other restricted payments;

Table of Contents

- sell assets, including capital stock of our restricted subsidiaries;
- restrict dividends or other payments by restricted subsidiaries;
- create liens;
- create unrestricted subsidiaries;
- enter into transactions with affiliates; and
- merge or consolidate with another company.

These covenants are subject to a number of important limitations and exceptions that are described elsewhere in this prospectus under the caption Description of the Exchange Notes Certain Covenants.

**Trustee**

Wilmington Trust, National Association

**Form and Denomination of the Exchange Notes**

The Exchange Notes will be book-entry only and registered in the name of DTC or its nominee. The Exchange Notes will be issuable in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

**Absence of an Established Trading Market**

No established trading market currently exists for the Exchange Notes. We do not intend to list the Exchange Notes on any national securities exchange or seek their quotation on any automated quotation system. We cannot assure you that any active or liquid market for the exchange notes will develop or be maintained.

Table of Contents**Summary Consolidated Historical Financial Data**

The following table should be read together with, and is qualified in its entirety by reference to, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the year ended December 31, 2013, and our consolidated financial statements and the related notes incorporated by reference in this prospectus. We have derived the selected financial data set forth in the table for each of the years ended December 31, 2013, 2012 and 2011 from our audited consolidated financial statements incorporated by reference in this prospectus. We derived the financial data for the years ended December 31, 2010 and 2009 from our audited consolidated financial statements not included or incorporated by reference in this prospectus.

	Years Ended December 31,				
	2013	2012	2011	2010	2009
	(In thousands, except for per share data)				
<b>Statement of Operations Data:</b>					
Net revenues	\$ 549,167	\$ 526,317	\$ 454,621	\$ 444,322	\$ 419,781
Gross profit	159,313	215,801	173,445	165,733	132,138
Income (loss) from operations	16,396	74,527	66,795	52,847	(58,216)
Net income (loss) applicable to common shares	(251,874)	61,963	23,422	(38,774)	(113,559)
Net income (loss) per basic share	\$ (1.59)	\$ 0.40	\$ 0.15	\$ (0.27)	\$ (1.03)
Net income (loss) per diluted share	\$ (1.59)	\$ 0.39	\$ 0.15	\$ (0.27)	\$ (1.03)
Weighted average number of common shares outstanding	158,506	155,801	154,811	144,278	110,516
Weighted average number of diluted shares outstanding	158,506	162,765	156,090	144,278	110,516
<b>Balance Sheet Data (end of year):</b>					
Working capital(1)	\$ 248,857	\$ 164,693	\$ 163,677	\$ 171,851	\$ (59,018)
Total assets	864,671	820,583	674,058	631,857	748,186
Notes payable and long-term debt	220,152	105,328	105,112	108,660	277,381
Total equity	257,885	499,019	425,812	380,447	282,468
<b>Other Data:</b>					
Investment in multi-client library	\$ 114,582	\$ 145,627	\$ 143,782	\$ 64,426	\$ 89,635
Capital expenditures	16,914	16,650	11,060	7,372	2,966
Depreciation and amortization (other than multi-client library)	18,158	16,202	13,917	24,795	47,911
Amortization of multi-client library	86,716	89,080	77,317	85,940	48,449

(1) The negative working capital position as of December 31, 2009, shown above was the result of the re-classification of the majority of our then outstanding long-term debt as current and as a result of the fair value of a warrant associated with our prior bridge financing arrangements.

Table of Contents

**RISK FACTORS**

*Participation in the exchange offer and an investment in the notes involve a high degree of risk. You should carefully consider the risks described below, together with the other information included or incorporated by reference in this prospectus, before making your decision to participate in the exchange offer. In addition, you should read the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013, together with all of the other information included or incorporated by reference in this prospectus and, to the extent applicable, any subsequently filed reports.*

*We are subject to certain risks and hazards due to the nature of the business activities we conduct. The risks discussed below and incorporated by reference, any of which could materially and adversely affect our business, financial condition, cash flows and results of operations, are not the only risks we face. We may experience additional risks and uncertainties not currently known to us; or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.*

**Risks Related to the Exchange Offer, the Exchange Notes and our Indebtedness**

*If you do not properly tender your Restricted Notes, you will continue to hold unregistered outstanding notes, and your ability to transfer outstanding notes will be adversely affected.*

We will only issue Exchange Notes in exchange for Restricted Notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the Restricted Notes, and you should carefully follow the instructions on how to tender your Restricted Notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of Restricted Notes. See "The Exchange Offer Procedures for Tendering Restricted Notes."

If you do not exchange your Restricted Notes for Exchange Notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your Restricted Notes described in the legend on the certificates for your Restricted Notes. In general, you may only offer or sell the Restricted Notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not plan to register any sale of the Restricted Notes under the Securities Act. For further information regarding the consequences of failing to properly tender your Restricted Notes in the exchange offer, please read "The Exchange Offer Consequences of Failing to Exchange Restricted Notes."

*You may find it difficult to sell your Exchange Notes.*

The Exchange Notes are a new issue of securities; and, although the Exchange Notes will be registered under the Securities Act, the Exchange Notes will not be listed on any securities exchange. Because there is no public market for the Exchange Notes, you may not be able to resell them.

We cannot assure you that an active market will develop for the Exchange Notes or that any trading market that does develop will be liquid. If an active market does not develop or is not maintained, the market price and liquidity of our Exchange Notes may be adversely affected. If a market for the Exchange Notes develops, they may trade at a discount from their initial offering price. The trading market for the Exchange Notes may be adversely affected by:

- changes in the overall market for similar securities;
- changes in our financial performance or prospects;
- the financial performance or prospects for companies in our industry generally;
- the number of holders of the notes;

Table of Contents

- our ability to complete the exchange offer;
- the interest of securities dealers in making a market for the notes; and
- prevailing interest rates and general economic conditions.

Historically, the market for non-investment grade debt has been subject to substantial volatility in prices. The market for the Exchange Notes, if any, may be subject to similar volatility. Prospective participants in the Exchange Notes should be aware that they may be required to bear the financial risks of such investment for an indefinite period of time.

There can be no assurance that an active trading market will exist for the exchange notes or that any trading market that does develop will be liquid or sustained.

***The issuance of the Exchange Notes may adversely affect the market for the Restricted Notes.***

To the extent the Restricted Notes are tendered and accepted in the exchange offer, the trading market for the untendered and tendered but unaccepted Restricted Notes could be adversely affected. Because we anticipate that most holders of the Restricted Notes will elect to exchange their Restricted Notes for Exchange Notes due to the absence of restrictions on the resale of exchange notes under the Securities Act, we anticipate that the liquidity of the market for any Restricted Notes remaining after the completion of this exchange offer may be substantially limited. Please refer to the section in this prospectus entitled "The Exchange Offer."

***Some holders who exchange Restricted Notes may be deemed to be underwriters.***

If you exchange your Restricted Notes in the exchange offer for the purpose of participating in a distribution of the Exchange Notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

***We cannot assure you that we will be able to file, cause to be declared effective or keep effective this registration statement relating to the exchange offer, and, if we fail to do so, your investment will be less liquid and the trading price may decline.***

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We have agreed to file this registration statement with the SEC relating to this exchange offer. The SEC, however, generally has broad discretion as to whether it declares a registration statement effective and may delay, defer or suspend the effectiveness of any registration statement for a variety of reasons, and therefore we cannot assure you that a registration statement will become or remain effective.

*Our leverage and debt service obligations may adversely affect our financial condition, results of operations, business prospects and our ability to make payments on the notes.*

As of February 24, 2014, our outstanding indebtedness was approximately \$235.2 million, and we had additional borrowing capacity of \$125.0 million under our senior secured credit facility. We may also incur additional indebtedness in the future. Our level of indebtedness could affect our operations in several ways, including the following, by:

- requiring us to dedicate a substantial portion of our cash flow from operations to service our existing indebtedness, thereby reducing the cash available to finance our operations and other business activities and could limit our flexibility in planning for or reacting to changes in our business and the industry in which we operate;
- increasing our vulnerability to economic downturns and adverse developments in our business;

Table of Contents

- limiting our ability to access the capital markets to raise capital on favorable terms or to obtain additional financing for working capital, capital expenditures or acquisitions or to refinance existing indebtedness;
- placing restrictions on our ability to obtain additional financing, make investments, lease equipment, sell assets and engage in business combinations;
- placing us at a competitive disadvantage relative to competitors with lower levels of indebtedness in relation to their overall size or less restrictive terms governing their indebtedness; and
- making it more difficult for us to satisfy our obligations under the notes or other indebtedness and increase the risk that we may default on our debt obligations.

Our ability to meet our expenses and debt obligations will depend on our future performance, which will be affected by financial, business, economic, regulatory and other factors. We will not be able to control many of these factors, such as economic conditions and governmental regulation. We will depend on our senior secured credit facility for future capital needs because we use operating cash flows for investing activities and borrow as needed. We cannot be certain that our cash flow will be sufficient to allow us to pay the principal and interest on our indebtedness, including the notes, and meet our other obligations. If we do not have enough money, we may be required to refinance all or part of our existing indebtedness, including the notes, sell assets, borrow more money or raise equity. We may not be able to refinance our indebtedness, sell assets, borrow more money or raise equity on terms acceptable to us, if at all. Our ability to comply with the financial and other restrictive covenants in our indebtedness will be affected by the levels of cash flow from our operations and future events and circumstances beyond our control. Failure to comply with these covenants would result in an event of default under our indebtedness, and such an event of default could adversely affect our business, results of operations, financial condition and ability to service the notes.

*We may not be able to generate enough cash flow to meet our debt obligations.*

We expect our earnings and cash flow to vary significantly from year to year due to the cyclical nature of our industry. As a result, the amount of debt that we can service in some periods may not be appropriate for us in other periods. Additionally, our future cash flow may be insufficient to meet our debt obligations and commitments, including the notes. Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt, including the notes. Many of these factors, such as oil and natural gas prices, economic and financial conditions in our industry and the global economy or competitive initiatives of our competitors, are beyond our control.

If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- refinancing or restructuring our debt;



- selling assets;
- reducing or delaying capital investments; or
- seeking to raise additional capital.

However, we cannot assure you that undertaking alternative financing plans, if necessary, would allow us to meet our debt obligations. Our inability to generate sufficient cash flow to satisfy our debt obligations, including our obligations under the notes, or to obtain alternative financing, could materially and adversely affect our ability to make payments on the notes and our business, financial condition and results of operations.

Table of Contents

***Indebtedness under our senior secured credit facility is effectively senior to the notes to the extent of the value of the collateral securing such indebtedness.***

Our senior secured credit facility has a first priority lien on all of the assets of our company and our guarantor subsidiaries, with certain exceptions. The notes have a second priority lien on all of the assets of our company and our guarantor subsidiaries, with certain exceptions, to the extent such assets are collateral securing our senior secured credit facility. Under the intercreditor agreement among the lender under our senior secured credit facility, the trustee under the notes and the notes collateral agent, following an event of default any proceeds received upon liquidation of the collateral will be distributed first to the lenders under our senior secured credit facility to be applied first to the costs and expenses incurred with such realization, and second to any other amounts outstanding under the senior secured credit facility, until such priority bank debt is paid in full, before any amounts will be available to pay the holders of the notes. Accordingly, holders of indebtedness representing priority bank debt under our senior secured credit facility will be entitled to receive proceeds from the realization of value of such collateral to repay such indebtedness in full before the holders of the notes will be entitled to any recovery from such collateral. As a result, holders of the notes will only be entitled to receive proceeds from the realization of collateral after all indebtedness and other obligations under our senior secured credit facility are repaid in full. The notes are effectively junior in right of payment to indebtedness under our senior secured credit facility to the extent of the realizable value of such collateral.

***The value of the collateral securing the notes may not be sufficient to satisfy our obligations under the notes.***

The notes and the related subsidiary guarantees are secured, subject to permitted liens, by a second priority lien in the collateral that secures our senior secured credit facility. The notes and the related subsidiary guarantees will not be secured by certain excluded assets described in Description of the Exchange Notes Security and the assets of our non-guarantor subsidiaries. The indenture governing the notes permits us to incur additional indebtedness secured by a lien that ranks equally with or prior to the notes. Any such indebtedness may further limit the recovery from the realization of the value of such collateral available to satisfy holders of the notes.

No appraisal of the value of the collateral has been made in connection with the exchange offer, and in the event of a liquidation, the value of the collateral securing our obligations under our senior secured credit facility and the notes will depend on market and economic conditions, the availability of buyers and other factors. Furthermore, by its nature some or all of the collateral may be illiquid and have no readily ascertainable market value. The book value of the collateral should not be relied on as a measure of realizable value for such assets. We cannot assure you that the collateral can be sold in a short period of time or at all, or that the proceeds from the sale or sales of all of such collateral would be sufficient to satisfy the amounts outstanding under the notes and all of the obligations under our senior secured credit facility. If these proceeds are not sufficient to repay amounts outstanding under the notes, then holders of the notes, to the extent not repaid from the proceeds of the sale of the collateral, would only have unsecured claims against our remaining assets, which claims would rank equally with all of our general unsecured indebtedness and obligations, including trade payables.

To the extent that liens securing obligations under our senior secured credit facility representing priority bank debt, pre-existing liens and other permitted liens encumber any of the collateral securing the notes and the subsidiary guarantees, the parties having the benefit of those liens have or may exercise rights and remedies with respect to the collateral that could adversely affect the value of the collateral and the ability of the notes collateral agent, the trustee under the indenture or the holders of the notes to realize or foreclose on the collateral.

There may not be sufficient collateral to pay off the notes and additional indebtedness that we may incur that would be secured on the same basis as the notes. Liquidating the collateral securing the notes may not result in proceeds in an amount sufficient to pay any amounts due under the notes after satisfying the obligations to pay any creditors with prior liens. If the proceeds of any sale of collateral are not sufficient to repay all

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amounts due on the notes, the holders of the notes (to the extent not repaid from the proceeds of the sale of the collateral) would have only an unsecured claim against our and the subsidiary guarantors remaining assets ranking equally in right of payment with all our other unsecured unsubordinated indebtedness, including trade payables.

Table of Contents

***The right of holders of the notes to exercise remedies with respect to the collateral is extremely limited, even during an event of default under the indenture governing the notes.***

Any actions that may be taken in respect of any of the collateral, including the ability to cause the commencement of enforcement proceedings against the collateral and to control the conduct of such proceedings, will be controlled and directed by holders of the first priority indebtedness. See Description of the Exchange Notes Intercreditor Agreement. In those circumstances, the notes collateral agent, on behalf of itself, the notes trustee and the holders of the notes, will not have the ability to control or direct such actions, even if an event of default under the indenture governing the notes has occurred or if the rights of the notes trustee, the notes collateral agent or the holders of the notes are or may be adversely affected. The first-priority collateral agent and holders of the first-priority indebtedness are under no obligation to take into account the interests of the notes trustee, the notes collateral agent or the holders of the notes when determining whether and how to exercise their rights with respect to the collateral, and their interests and rights may be significantly different from or adverse to those of the holders of the notes. To the extent that collateral is released from the first-priority liens in connection with an exercise of remedies, subject to certain conditions, the second-priority liens securing the notes and the subsidiary guarantees related thereto will also automatically be released without any consent of or notice to the notes collateral agent, except that such release will not occur upon the release of collateral in connection with the full repayment of our obligations under the first-priority indebtedness and the termination of the commitments related thereto. See Description of the Exchange Notes Intercreditor Agreement.

***The notes are effectively subordinated to the liabilities of our subsidiaries that do not guarantee the notes and the assets of such non-guarantor subsidiaries will not be available as security for the notes.***

Certain of our subsidiaries will not guarantee the notes, and the assets of these non-guarantor subsidiaries will not be available as security for the notes. In addition, although INOVA will not guarantee the notes or otherwise provide any direct credit support, INOVA has caused a standby letter of credit to be issued for the benefit of lenders under our senior secured credit facility. Likewise, OceanGeo will not guarantee the notes or otherwise provide any direct credit support. To the extent that any of our subsidiaries and joint ventures do not guarantee the notes, the notes will be structurally subordinated to all existing and future obligations, including indebtedness, of such non-guarantor entities. As a result, the claims of creditors of the non-guarantor entities, including trade creditors, will have priority as to the assets of those entities. At December 31, 2013, our subsidiaries that are not guaranteeing the notes had indebtedness and other liabilities outstanding (excluding intercompany liabilities) equal to approximately \$36.0 million, consisting of approximately \$25.1 million of trade payables and other accrued expenses including deferred revenues, approximately \$1.5 million of indebtedness related to our facility lease obligations and approximately \$0.3 million of outstanding equipment capital lease obligations (which are generally secured by liens on the assets being leased). At December 31, 2013, our subsidiaries that are not guaranteeing the notes had aggregate net revenues of approximately \$211.6 million, or 38.5% of our consolidated 2013 net revenues, excluding intercompany revenues, and, at December 31, 2013, had total assets of approximately \$195.8 million, or approximately 22.6% of our total consolidated assets, excluding intercompany investments and receivables.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Borrowings under our senior secured credit facility bear interest at variable rates and expose us to interest-rate risk. If interest rates increase and we are unable to effectively hedge our interest-rate risk, our debt-service obligations on the variable-rate indebtedness would increase even if the amount borrowed remained the same, and our net income and cash available for servicing our other indebtedness would decrease. A 1% increase in interest rates on the indebtedness outstanding under our senior secured credit facility as of December 31, 2013 would have cost us approximately \$0.4 million in additional annual interest expense.

*Despite our current level of indebtedness, we may still be able to incur substantially more debt.*

We may be able to incur substantial additional indebtedness in the future, subject to certain limitations, including under our senior secured credit facility and under the indenture governing the notes. If new indebtedness is added to our current debt levels, the related risks that we now face could increase. Our level of indebtedness could, for instance, prevent us from engaging in transactions that might otherwise be beneficial to us or from making desirable capital expenditures. This could put us at a competitive disadvantage relative to other less leveraged

Table of Contents

competitors that have more cash flow to devote to their operations. In addition, the incurrence of additional indebtedness could make it more difficult to satisfy our existing financial obligations, including those relating to the notes. Furthermore, if we incur any additional indebtedness that ranks equal to the notes, the holders of that indebtedness will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of our company.

***Our senior secured credit facility and the indenture governing the notes contain a number of restrictive covenants that limit our ability to finance future operations or capital needs or engage in other business activities that may be in our interest.***

Our senior secured credit facility and the indenture governing the notes impose, and the terms of any future indebtedness may impose, operating and other restrictions on us and our subsidiaries. Such restrictions affect or will affect, and in many respects limit or prohibit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness (including certain capital lease obligations), grant or incur additional liens on our properties, pledge shares of our subsidiaries, enter into certain merger or other change-in-control transactions, enter into certain transactions with our affiliates, make certain sales or other dispositions of assets, make certain investments and acquire other businesses;
- pay cash dividends on our common stock; and
- repurchase and acquire our capital stock.

Our senior secured credit facility contains other restrictions and covenants and requires us to achieve certain financial and operating results and maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

The restrictions contained in our senior secured credit facility and the indenture could:

- limit our ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict our activities or business plans; and
- adversely affect our ability to finance our operations or other capital needs or to engage in other business activities that would be in our interest.

A failure to comply with the restrictions in our senior secured credit facility or the indenture governing the notes could result in an event of default under the indenture. Our future operating results may not be sufficient to enable compliance with the covenants in our senior secured credit facility or the indenture governing the notes or to remedy any such default. In addition, in the event of an acceleration, we may not have or be able to obtain sufficient funds to refinance our indebtedness or make any accelerated payments, including those under our senior secured credit facility or the notes. Also, we may not be able to obtain new financing. Even if we were able to obtain new financing, we cannot guarantee that the new financing will be on commercially reasonable terms or terms that are acceptable to us. If we default on our indebtedness, our business, financial condition or results of operations could be materially and adversely affected. Please refer to the section in this prospectus entitled Description of Certain Indebtedness.

Table of Contents

***INOVA Geophysical has caused a standby letter of credit to be issued in support of our obligations under our senior secured credit facility. In the event INOVA is dissolved or the administrative agent under our senior secured credit facility determines in good faith that INOVA is unable to perform its obligations under its guaranty, the maturity date of our senior secured credit facility could be accelerated.***

Our senior secured credit facility is guaranteed by a \$175.0 million standby letter of credit issued by China Merchant Bank, Tianjin Branch, on behalf of INOVA Geophysical (the INOVA LC). The agent under our senior secured credit facility, CMB, may draw on the INOVA LC to pay unpaid amounts due to CMB under our senior secured credit facility. We have also entered into a credit support agreement with INOVA Geophysical whereby we have agreed to indemnify INOVA Geophysical for any and all losses sustained by INOVA Geophysical that arise out of or are a result of the enforcement of the INOVA LC. Our senior secured credit facility provides that in the event that INOVA is dissolved or the agent determines in good faith that INOVA is unable to perform its obligations under its guaranty, the maturity date of the indebtedness would be accelerated to that date which is 18 months after such dissolution or determination.

***The indenture permits additional notes to be issued under the debt incurrence covenant to be secured by an equal and ratable lien on the collateral. The value of your rights to the collateral would be reduced by any increase in the indebtedness secured by the collateral.***

We are permitted to issue additional notes under the indenture secured by an equal and ratable lien on the collateral. The value of your rights to the collateral would be reduced by any increase in the indebtedness secured by the collateral. The value of the collateral and the amount to be received upon a sale of such collateral will depend upon many factors, including, among others, the condition of the collateral, the ability to sell the collateral in an orderly sale, the condition of international, national and local economies and of our industry more generally, the availability of buyers and similar factors. No appraisal has been obtained in respect of the collateral in connection with the notes offering, and you should not rely upon the book value of the collateral as a measure of realizable value for such assets. By their nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. In addition, a significant portion of the collateral includes assets that may only be usable, and thus retain value, as part of our existing operating businesses.

Accordingly, any such sale of the collateral separate from the sale of certain operating businesses may not be feasible or of significant value. To the extent that holders of other secured indebtedness or other third parties hold liens (including statutory liens), whether or not permitted by the indenture governing the notes, such holders or other third parties may have rights and remedies with respect to the collateral securing the notes that, if exercised, could reduce the proceeds available to satisfy the obligations under the notes.

***Bankruptcy laws may significantly impair your rights to repossess and dispose of collateral securing the notes.***

If a bankruptcy case were commenced by or against us prior to the repossession and disposition of collateral, the right of the notes collateral agent or the trustee to repossess and dispose of the collateral upon the occurrence of an event of default under the indenture is likely to be significantly impaired by applicable bankruptcy law. A voluntary bankruptcy case may be commenced by us or an involuntary bankruptcy case may be instituted against us by unsecured creditors.

The automatic stay under applicable bankruptcy law prohibits secured creditors, such as the holders of the notes and the lender under our senior secured credit facility, from repossessing their security from a debtor in a bankruptcy case, or from disposing of collateral in their possession, without bankruptcy-court approval. Moreover, applicable bankruptcy law permits the debtor to retain and use the collateral even though the



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debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection.

The meaning of the term adequate protection may vary according to circumstances, but it is generally intended to protect the value of the secured creditor's interest in the collateral from diminution as a result of the automatic stay during the pendency of the bankruptcy case. Adequate protection may include cash payments or the granting of additional security or replacement liens of such type, at such time and in such amounts as the bankruptcy court may determine.

Table of Contents

In view of the lack of a precise definition of the term adequate protection, the broad discretionary powers of a bankruptcy court and the possible complexity of valuation issues, it is impossible to predict how long payments under the notes could be delayed following commencement of a bankruptcy case, whether or when the collateral agent or the trustee could repossess or dispose of the collateral or whether or to what extent, through the requirement of adequate protection, the holders of the notes would be compensated for any delay in payment or loss of value of the collateral.

Further, the holders of the notes may receive in exchange for their claims a recovery that could be substantially less than the amount of their claims (potentially even nothing), and any such recovery could be in the form of cash, new debt instruments or some other security. Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the notes, the holders of the notes would have undersecured claims as to the difference. Applicable federal bankruptcy laws do not permit the payment or accrual of post-petition interest, costs and attorneys fees for undersecured claims during the debtor's bankruptcy case.

In addition, the collateral agent or the trustee's ability to foreclose on the collateral on behalf of the holders of the notes may be subject to lack of perfection, the consent of third parties, other liens, contractual restrictions, priority issues, state law requirements and practical problems associated with the enforcement of the collateral agent or the trustee's security interest in the collateral securing the notes.

Factors that might bear on the recovery by the holders of the notes in these circumstances, among others, would include:

- a debtor in a bankruptcy case does not have the ability to compel performance of a financial accommodation ;
- lenders with higher priority liens may seek, and perhaps receive, relief from the automatic stay to foreclose their respective liens; and
- the cost and delay of developing a confirmed Chapter 11 plan could reduce the present value of revenues.

***Contract rights under agreements serving as collateral for the notes may be rejected in bankruptcy.***

Among other things, contract rights under certain of our agreements serve as collateral for the notes. If a bankruptcy case were to be commenced by or against any counterparty to any of these agreements, it is possible that such agreement could be rejected by such counterparty (or a trustee appointed in such counterparty's bankruptcy case) pursuant to section 365 or section 1123 of the United States Bankruptcy Code and thus not be enforceable. Additionally, to the extent any rejected agreement constitutes a lease of real property where we are the lessor, our resulting claim for damages resulting from termination of such lease may be capped pursuant to section 502(b)(6) of the bankruptcy code.

In addition, in a bankruptcy proceeding, the court would have broad discretion to order or approve transactions or acts that could disadvantage the holders of the notes. For example, under certain circumstances, a bankruptcy court could approve, on terms unfavorable to us, third parties

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motions for sales of collateral and require you to accept subordinated or other securities in exchange for the notes. Regardless of the ultimate disposition of any of these or other motions or claims, we cannot assure you that during litigation of these issues our payments on the notes would be paid in full or on time.

***Federal and state statutes allow courts, under specific circumstances, to avoid guarantees and the liens securing such guarantees and to require noteholders to return payments received from us or the guarantors.***

Our creditors or the creditors of our guarantors could challenge the subsidiary guarantees and the liens securing those subsidiary guarantees as fraudulent conveyances or on other grounds. Under the federal bankruptcy laws and comparable provisions of state fraudulent-transfer laws, the delivery of the subsidiary guarantees and the

Table of Contents

grant of the liens securing the subsidiary guarantees could be avoided as fraudulent transfers if a court determined that the applicable guarantor, at the time it incurred the indebtedness evidenced by its guarantee or granted its lien:

- delivered the guarantee or granted the lien with the intent to hinder, delay or defraud its existing or future creditors; or
  
- received less than reasonably equivalent value or did not receive fair consideration for the delivery of the guarantee and the incurrence of the lien, and that such guarantor:
  - (1) was insolvent or rendered insolvent at the time it delivered the guarantee or granted the lien;
  
  - (2) was engaged in a business or transaction for which such guarantor's remaining assets constituted unreasonably small capital; or
  
  - (3) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

If the subsidiary guarantees were avoided or limited under fraudulent transfer or other laws, any claim you may make against us for amounts payable on the notes would be effectively subordinated to all of the indebtedness and other obligations of our guarantors, including trade payables and any subordinated indebtedness. If the granting of liens to secure the subsidiary guarantees were avoided or limited under fraudulent transfer or other laws, the subsidiary guarantees could become unsecured claims to the extent of the avoidance or limitation, ranking equally with all general unsecured claims of the guarantors, or be voided altogether.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
  
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and matured; or
  
- it could not pay its debts as they became due.

We cannot be sure what standard a court would apply in making these determinations or, regardless of the standard, that a court would not void the subsidiary guarantees or that any subsidiary guarantee would not be subordinated to a guarantor's other indebtedness.

*Any additional guarantees or liens on collateral provided after the notes are issued could also be voided as preferential transfers.*

The indenture governing the notes provides that certain future domestic restricted subsidiaries will guarantee the notes and secure their guarantees with liens on their assets. The indenture also requires us to grant liens on certain assets that we and the existing guarantors acquire after the notes are issued. If we or the guarantors provided new collateral for the notes, and were insolvent at the time the lien was granted or commenced a bankruptcy within 90 days after the lien was granted, the lien could be voided as a preferential transfer.

Table of Contents

***We are permitted to create unrestricted subsidiaries, which are not subject to any of the covenants in the indenture, and we may not be able to rely on the cash flows or assets of those unrestricted subsidiaries to pay our indebtedness.***

Unrestricted subsidiaries are not subject to the covenants under the indenture governing the notes, and their assets are not available to pledge as security for the notes. Unrestricted subsidiaries may enter into financing arrangements that limit their ability to make loans or other payments to fund payments in respect of the notes, and the sale of our equity interests in an unrestricted subsidiary will not constitute an Asset Sale under the terms of the indenture. Accordingly, we may not be able to rely on the cash flows or assets of unrestricted subsidiaries to pay any of our indebtedness, including the notes.

***We may not be able to fulfill our repurchase obligations with respect to the notes upon a change of control.***

If we experience certain specific change-of-control events, we will be required to offer to repurchase all of our outstanding notes at a price equal to 101% of the aggregate principal amount of such notes, plus accrued and unpaid interest to the date of repurchase. We cannot assure you that we will have available funds sufficient to pay the change-of-control purchase price for any or all of the notes that might be tendered in the change-of-control offer.

The definition of change of control in the indenture governing the notes includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of all or substantially all of our and our restricted subsidiaries' assets, taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase such notes as a result of a sale, transfer, conveyance or other disposition of less than all of our and our restricted subsidiaries' assets taken as a whole to another person or group may be uncertain.

In addition, our senior secured credit facility agreement contains, and any future credit agreement likely will contain, restrictions or prohibitions on our ability to repurchase the notes under certain circumstances. If these change-of-control events occur at a time when we are prohibited from repurchasing the notes, we may seek the consent of our lenders to purchase the notes or could attempt to refinance the borrowings that contain these prohibitions or restrictions. If we do not obtain our lenders' consent or refinance these borrowings, we will not be able to repurchase the notes. Accordingly, the holders of the notes may not receive the change-of-control purchase price for their notes in the event of a sale or other change of control, which will give the trustee and the holders of the notes the right to declare an event of default and accelerate the repayment of the notes. See Description of the Exchange Notes Repurchase at the Option of Holders Change of Control.

***A Delaware court has held that a provision similar to the change-of-control put right in the indenture for the notes may not be enforceable if it is used to improperly limit the ability of equity owners to effect a change of control.***

The Chancery Court of Delaware has held in a published opinion that a provision in an indenture requiring a majority of the directors of the company issuing the notes be continuing directors could breach the fiduciary duties of the directors and be unenforceable if improperly used to prevent shareholders from effecting a change of control of the company. Under the continuing-director provision of the indenture for the notes, a majority of our board of directors must be continuing directors defined as either (i) a director on the date of the indenture or (ii) a director whose nomination for election, or whose election, to the board of directors was approved by a majority of the continuing directors who were members of the board of directors at the time of nomination or election. Under the court's decision, a decision by a board of directors not to approve

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dissident shareholder nominees as continuing directors and to allow a change of control to occur would be subject to enhanced fiduciary duties typically applied in corporate change-of-control disputes. If the directors do not properly discharge those fiduciary duties, the change-of-control put right could be unenforceable by the holders of the notes. As a result, the ability of the holders of notes to enforce the continuing-director provision in situations in which the provision acted to impede a change of control would be subject to the enhanced judicial scrutiny of the actions by our directors not to approve the director nominees whose election caused the provision to be invoked.

Table of Contents

***There are circumstances other than repayment or discharge of the notes under which the collateral securing the notes will be released automatically, without your consent or the consent of the notes collateral agent or the trustee.***

Under various circumstances, collateral securing the notes will be released automatically, including:

- a sale, transfer or other disposal of such collateral in a transaction not prohibited under the indenture and the collateral documents, including the intercreditor agreement;
- with respect to collateral that is capital stock, upon the dissolution of the issuer of that capital stock in accordance with the indenture;
- unless there is a continuing default and the notes collateral agent shall have received notice to the contrary, upon withdrawal from any accounts by any obligor in accordance with the applicable collateral document;
- with respect to amounts distributed by the notes collateral agent pursuant to, and in accordance with the provisions of the intercreditor agreement, upon such distribution; and
- with respect to collateral held by a guarantor, upon the release of the guarantor from its guarantee in accordance with the indenture or any collateral document.

In addition, the guarantee of a subsidiary guarantor will be automatically released in connection with a sale of that subsidiary guarantor if the sale is in accordance with the indenture and the obligations of the subsidiary guarantor under our senior secured credit facility and any of our other indebtedness terminate upon that sale.

The indenture also permits us to designate one or more of our restricted subsidiaries that is a guarantor of the notes as an unrestricted subsidiary. If we designate a subsidiary guarantor as an unrestricted subsidiary for purposes of the indenture, all of the liens on any collateral owned by that subsidiary or any of its subsidiaries and any guarantees of the notes by that subsidiary or any of its subsidiaries will be released under the indenture.

***Rights of holders of notes in the collateral may be adversely affected by the failure to perfect security interests in collateral.***



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Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the collateral securing the notes may not be perfected with respect to the claims of the notes if the notes collateral agent or the trustee is not able to or does not take the actions necessary to perfect any of such liens. For example, liens on our U.S. patents and trademarks may not be perfected because there have not been and there will not be any filings made with respect to such intellectual property with the U.S. Patent and Trademark Office due to the fact that the lenders under our senior secured credit facility have not made such filings and will not permit such filings to be made on behalf of the noteholders. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the notes collateral agent or the trustee will monitor, or that we will inform the notes collateral agent or the trustee of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The notes collateral agent and the trustee have no obligation to identify or take actions necessary to perfect liens or to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in the collateral or the priority of the security interest in favor of the notes against third parties. To the extent that the security interests created by the security documents with respect to any collateral are not perfected, the notes collateral agent's rights will be equal to the rights of general unsecured creditors in the event of a bankruptcy.

Table of Contents

*The collateral is subject to casualty risks and insurance proceeds received, if any, may be insufficient to satisfy all of our secured obligations.*

We will be obligated to maintain insurance pursuant to the terms of the indenture and the collateral documents. However, there are certain losses that may be either uninsurable or not economically insurable, in whole or in part, or against which we may not obtain adequate insurance. As a result, it is possible that insurance proceeds will not compensate us fully for our losses. If there is a total or partial loss of any of the collateral, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all of our secured obligations, including the notes.

*An adverse rating of the notes may cause their trading price to fall.*

If a rating agency rates the notes, it may assign a rating that is lower than the rating expected by the noteholders. Ratings agencies also may lower ratings on the notes or any of our other debt in the future. If rating agencies assign a lower-than-expected rating or reduce, or indicate that they may reduce, their ratings of our debt in the future, the trading price of the notes could significantly decline.

#### RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges, or the deficiency of earnings available to cover fixed charges, as appropriate, for each of the periods indicated.

	Years Ended December 31,				
	2013	2012	2011	2010	2009
<b>Ratio of Earnings to Fixed Charges</b>		9.0x	5.7x	1.4x	

For purposes of calculating these ratios, earnings is defined as pre-tax income from continuing operations before adjustment for income or loss from equity investees plus fixed charges. Fixed charges consist of interest on all indebtedness plus amortization of debt issuance costs and the portion of rental expense that we believe is representative of the interest component of rental expense. For the fiscal years ended December 31, 2009 and 2013, earnings were insufficient to cover fixed charges by \$130.0 million and \$178.5 million, respectively.

#### THE EXCHANGE OFFER

##### Purpose and Effect

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We issued and sold the Restricted Notes on May 13, 2013, in a transaction not registered under the Securities Act in reliance upon the exemption provided by Section 4(2) of the Securities Act. The concurrent sale of the Restricted Notes by the initial purchasers to investors was done in reliance upon the exemptions from registration provided by Rule 144A and Regulation S of the Securities Act. In connection with the issuance of the Restricted Notes, the Company and the guarantors entered into a registration rights agreement with the initial purchasers of the notes. Under that agreement, we agreed to use commercially reasonable efforts to file a registration statement related to the exchange of Restricted Notes for Exchange Notes with the SEC, to cause the registration statement to become effective under the Securities Act, to issue Exchange Notes on or prior to 30 business days, or longer, if required by applicable securities laws, after the date on which the exchange offer registration statement is declared effective, and to consummate the exchange offer by no later than the 365th day after May 13, 2013, the issue date of the Restricted Notes.

Upon the effectiveness of the registration statement, we are to offer you the opportunity to exchange your Restricted Notes for a like principal amount of Exchange Notes. If we fail to satisfy our registration obligations under the registration rights agreement, including, if required, our obligation to have an effective shelf registration statement covering resales of the Restricted Notes, we will be required to pay special interest to the holders of the

Table of Contents

Restricted Notes, in an amount equal to 0.25% per year and an additional 0.25% per year for each subsequent 90-day period until effectiveness, up to a maximum of 1.00% per year. For more information on when and under what conditions special interest would come due, see Interest and Special Interest below.

Except as set forth below, these Exchange Notes will be issued without a restrictive legend or special interest provisions and, we believe, may be reoffered and resold by you without registration under the Securities Act. After we complete the exchange offer, our obligations with respect to the registration of the Restricted Notes and the Exchange Notes will terminate. Notwithstanding anything to the contrary set forth in this prospectus, the exchange offer is not being made to you, and you may not participate in the exchange offer, if (a) you are our affiliate within the meaning of Rule 405 of the Securities Act or (b) you are a broker-dealer that acquired Restricted Notes directly from us.

Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties unrelated to us, we believe that the Exchange Notes to be issued to you in the exchange offer may be offered for resale, resold and otherwise transferred by you, without compliance with the registration and prospectus delivery provisions of the Securities Act so long as:

- any Exchange Notes to be issued in the exchange offer that will be received by you will be acquired in the ordinary course of your business;
- at the time of the commencement and consummation of the exchange offer, you have not entered into any arrangement or understanding with any person to participate in any distribution (within the meaning of the Securities Act) of the Exchange Notes in violation of the provisions of the Securities Act;
- you are not an affiliate of the Company within the meaning of Rule 405 of the Securities Act;
- you are not engaging in, and do not intend to engage in, a distribution of the Exchange Notes to be issued to you in the exchange offer; and
- if you are a broker-dealer that will receive Exchange Notes for your own account in exchange for Restricted Notes that were acquired by you as a result of market-making or other trading activities, you will deliver a prospectus in connection with any resale of the Exchange Notes.

If you have any of the disqualifications described above or cannot make each of the representations set forth above, you may not rely on the interpretations by the staff of the SEC referred to above. Under those circumstances, you must comply with the registration and prospectus-delivery requirements of the Securities Act in connection with a sale, transfer or other disposition of any Exchange Notes unless you are able to utilize an applicable exemption from all of those requirements. In addition, each broker-dealer that receives Exchange Notes in the exchange offer for its own account in exchange for Restricted Notes that were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in

connection with any resales of those Exchange Notes. See Plan of Distribution.

**Terms of the Exchange Offer**

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all Restricted Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on \_\_\_\_\_, 2014. You may tender some or all of your Restricted Notes pursuant to the exchange offer. However, Restricted Notes may be tendered only in minimum denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof.

The form and terms of the Exchange Notes are substantially the same as the form and terms of the Restricted Notes, except that the Exchange Notes to be issued in the exchange offer have been registered under the Securities Act and will not bear legends restricting their transfer or contain special interest provisions. The Exchange

Table of Contents

Notes will evidence the same debt as the Restricted Notes and will be issued under, and entitled to the benefits of, the same indenture as the Restricted Notes.

As of the date of this prospectus, \$175.0 million aggregate principal amount of Restricted Notes are outstanding. This prospectus, together with the letter of transmittal (attached hereto as Exhibit 99.1) and related documents, is being sent to all registered holders and to others believed to have beneficial interests in the Restricted Notes. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC promulgated under the Exchange Act.

As soon as practicable after the close of the exchange offer, we will accept for exchange all Restricted Notes validly tendered and not withdrawn. We will then deliver all of the Restricted Notes accepted for exchange to the Trustee for cancellation. The Trustee and no one else can cancel the Restricted Notes tendered by you for exchange. Upon authenticating the Restricted Notes, the Trustee will deliver promptly to you Exchange Notes equal in principal amount to the Restricted Notes. The Trustee will destroy the canceled Restricted Notes (subject to the record-retention requirements of the Exchange Act). Certification of the destruction of all canceled Restricted Notes will then be delivered to the Company.

We will be deemed to have accepted validly tendered Restricted Notes when, as and if we have given oral or written notice of our acceptance to the exchange agent. The exchange agent will act as our agent for the tendering holders for the purpose of receiving the Exchange Notes from us. Any Restricted Notes not accepted for exchange for any reason will be returned without expense to an account maintained with DTC promptly after the expiration or termination of the exchange offer.

You will not be required to pay brokerage commissions or fees or, except as set forth below under **Transfer Taxes**, transfer taxes or similar governmental charges with respect to the exchange of your Restricted Notes in the exchange offer. We will pay all charges and expenses, other than applicable taxes, in connection with the exchange offer. See **Fees and Expenses** below.

**Interest and Special Interest**

Interest on the Exchange Notes will accrue from the last interest payment due date on which interest was paid on the Restricted Notes surrendered in exchange therefor or, if no interest has been paid on the Restricted Notes, from the date of original issue of the Restricted Notes. Each Exchange Note shall bear interest at the rate set forth thereon; *provided*, that interest with respect to the period prior to the issuance thereof shall accrue at the rate or rates borne by the Restricted Notes from time to time during such period.

If we fail to satisfy our registration obligations under the registration rights agreement, including, if required, our obligation to have an effective shelf registration statement covering resales of the Restricted Notes, we will be required to pay special interest to the holders of the Restricted Notes, in an amount equal to 0.25% per year and an additional 0.25% per year for each subsequent 90-day period until effectiveness, up to a maximum of 1.00% per year.

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Pursuant to the registration rights agreement, we will pay special interest under the circumstances and to the extent set forth below (each, a Registration Default, each of which shall be given independent effect) commencing on the first day on which the first Registration Default shall have occurred:

(i) if (A) neither an exchange offer registration statement nor an initial shelf registration is declared effective on or prior to May 13, 2014 (the 365th day after May 13, 2013, the closing date of the Restricted Notes sales), or (B) notwithstanding that we have consummated or will consummate an exchange offer, we are required to file a shelf registration statement and such shelf registration statement is not declared effective on or prior to the date required by the registration rights agreement;

(ii) if we (and any subsidiary guarantor) have not exchanged Exchange Notes for all Restrictive Notes validly tendered in accordance with the terms of the exchange offer on or prior to 30 business days after May 13, 2014 (the 365th day after May 13, 2013, the closing date of the sale of the Restricted Notes); or

Table of Contents

(iii) if a exchange offer registration statement or, if applicable, a shelf registration statement, has been declared effective and such registration statement ceases to be effective or usable in connection with resales of Restricted Notes, other than during any period that the exchange offer registration statement or shelf registration statement is unusable as a result of (A) action reasonably taken by us or any of the subsidiary guarantors required by applicable law or (B) the pending announcement of a material corporate transaction for which we have issued a written notice pursuant to Section 5(e)(iv) or (v) of the registration rights agreement (the Blackout Period ), provided that the Blackout Period shall not exceed 45 days in any three-month period, or 90 days in any 12-month period.

We will notify the Trustee within three business days after each and every date on which an event occurs in respect of which special interest is required to be paid. Upon the effectiveness of the exchange offer registration statement or initial shelf registration (in the case of (i) above), upon the exchange of Exchange Notes for all Restricted Notes tendered (in the case of (ii) above), or upon the effectiveness of the exchange offer registration statement or shelf registration statement that had ceased to remain effective (in the case of (iii) above), special interest on the Restricted Notes shall cease to accrue.

Any amounts of special interest due will be payable in cash, on the dates and in the manner provided in the indenture and whether or not any cash interest would then be payable on such date, commencing with the first such semi-annual date occurring after any such special interest commences to accrue. The amount of special interest will be determined by multiplying the applicable special interest rate by the principal amount of the Restricted Notes, multiplied by a fraction, the numerator of which is the number of days such special interest rate was applicable during such period (determined on the basis of a 360-day year comprised of twelve 30-day months and, in the case of a partial month, the actual number of days elapsed), and the denominator of which is 360.

**Expiration Date; Amendments**

The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2014 unless we determine, in our sole discretion, to extend the exchange offer, in which case it will expire at the later date and time to which it is extended. We do not intend to extend the exchange offer, although we reserve the right to do so. If we extend or terminate the exchange offer, we will give oral or written notice of the extension to the exchange agent and give each registered holder notice by means of a press release or other public announcement of any extension prior to 9:00 a.m., New York City time, on the next business day after the scheduled expiration date. If we determine to extend the exchange offer, we do not intend to extend it beyond \_\_\_\_\_, 2014.

We also reserve the right, in our sole discretion,

(i) to delay accepting any Restricted Notes, in a manner compliant with Rule 14e-1(c) of the Exchange Act, in the event the exchange offer is extended;

(ii) subject to applicable law and by complying with Rule 14e-1(d) under the Exchange Act to the extent that rule applies, to extend the exchange offer or, if any of the conditions set forth below under Conditions to the Exchange Offer have not been satisfied or waived, to terminate the exchange offer by giving oral or written notice of the delay or termination to the exchange agent; or



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(iii) to amend the terms of the exchange offer in any manner, by complying with Rule 14e-1(d) under the Exchange Act to the extent that rule applies. If we make any material amendment to the terms of the exchange offer or waive any material condition, we will keep the exchange offer open for at least five (5) business days after we notify you of such change or waiver. If we make a material change to the terms of the exchange offer, it may be necessary for us to provide you with an amendment to this prospectus reflecting that change. We may only delay, terminate or amend the offer prior to its expiration.

We acknowledge and undertake to comply with the provisions of Rule 14e-1(c) under the Exchange Act, which requires us to return the Restricted Notes tendered for exchange promptly after the termination or withdrawal of the exchange offer. We will notify you as promptly as we can of any extension, termination or amendment.

Table of Contents

**Procedures for Tendering Restricted Notes**

The Restricted Notes were issued as global notes in fully registered form without interest coupons. Beneficial interests in the global notes held by direct or indirect participants in DTC are shown on, and transfers of these interests are effected only through, records maintained in book-entry form by DTC with respect to its participants. You may only tender your Restricted Notes by book-entry transfer of the Restricted Notes into the exchange agent's account at DTC. The tender to us of Restricted Notes by you, as set forth below, and our acceptance of the Restricted Notes will constitute a binding agreement between us and you, upon the terms and subject to the conditions set forth in this prospectus. Except as set forth below, to tender Restricted Notes for exchange pursuant to the exchange offer, you must transmit to Wilmington Trust, National Association, as exchange agent, on or prior to the time of expiration either:

(i) a written or facsimile copy of a properly completed and duly executed letter of transmittal for your Restricted Notes, including all other documents required by the letter of transmittal, to the exchange agent at the address set forth on the cover page of the letter of transmittal; or

(ii) a computer-generated message transmitted by means of DTC's ATOP system and received by the exchange agent and forming a part of a confirmation of book-entry transfer, in which you acknowledge and agree to be bound by the terms of the letter of transmittal for your notes.

In addition, on or prior to the expiration date:

(i) the exchange agent must receive a timely confirmation of book-entry transfer (a book-entry confirmation) of the Restricted Notes into the exchange agent's account at DTC; or

(ii) you must comply with the guaranteed delivery procedures described below.

If you are a beneficial owner whose Restricted Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the Restricted Notes by causing DTC to transfer the Restricted Notes into the exchange agent's account. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal for your Restricted Notes and delivering your Restricted Notes, either make appropriate arrangements to register ownership of the Restricted Notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible institution unless:

- Restricted Notes tendered in the exchange offer are tendered either:

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- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal, or
- for the account of an eligible institution; and
- the box entitled Special Registration Instructions on the letter of transmittal has not been completed.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantee must be by a financial institution, which includes most banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchanges Medallion Program. If the letter of transmittal is signed by a person other than you, your Restricted Notes must be endorsed or accompanied by a properly completed bond power and signed by you as your name appears on those Restricted Notes.

Table of Contents

If the letter of transmittal or any Restricted Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless we waive this requirement, in this instance you must submit with the letter of transmittal proper evidence satisfactory to us of their authority to act on your behalf.

We, in our sole discretion, will make a final and binding determination on all questions as to the validity, form, eligibility (including time of receipt) and acceptance of Restricted Notes tendered for exchange. We reserve the absolute right to reject any and all tenders not properly tendered or to not accept any tender which acceptance might, in our judgment or our counsel's judgment, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any individual tender before the expiration date (including the right to waive the ineligibility of any holder who seeks to tender Restricted Notes in the exchange offer). Our interpretation of the terms and conditions of the exchange offer as to any particular tender either before or after the expiration date will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Restricted Notes for exchange must be cured within a reasonable period of time, as we may determine. We are not, nor is the exchange agent or any other person, under any duty to notify you of any defect or irregularity with respect to your tender of Restricted Notes for exchange, and no one shall be liable for failing to provide such notification.

As a condition of your participation in the exchange offer, we require that you make the following representations:

- any Exchange Notes to be issued in the exchange offer that will be received by you will be acquired in the ordinary course of your business;
- at the time of the commencement and consummation of the exchange offer, you have not entered into any arrangement or understanding with any person to participate in any distribution (within the meaning of the Securities Act) of the Exchange Notes in violation of the provisions of the Securities Act;
- you are not an affiliate of the Company within the meaning of Rule 405 of the Securities Act;
- you are not engaging in, and do not intend to engage in, a distribution of the Exchange Notes to be issued to you in the exchange offer;
- either (1) you are not acquiring or holding the Exchange Notes with the assets of (A) an employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (ERISA)) that is subject to Title I of ERISA, (B) a plan described in and subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the Code), (C) any entity deemed to hold plan assets of any of the foregoing by reason of an employee benefit plan's or plan's investment in such entity, or (D) a governmental, non-U.S. or other plan subject to applicable law that is substantially similar to the fiduciary-responsibility or prohibited-transaction provisions of ERISA or Section 4975 of the Code (Similar Law); or (2) the acquisition and holding of such Exchange Notes by you, throughout the period that you hold such Exchange Notes, do not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or violate any provisions of Similar Law, as applicable; and

- if you are a broker-dealer that will receive Exchange Notes for your own account in exchange for Restricted Notes that were acquired by you as a result of market-making or other trading activities, you will deliver a prospectus in connection with any resale of the Exchange Notes.

**BY TENDERING YOUR RESTRICTED NOTES YOU ARE DEEMED TO HAVE MADE THE FOREGOING REPRESENTATIONS.**

For further information regarding resales of the Exchange Notes by participating broker-dealers, see the discussion under the caption Plan of Distribution.

Table of Contents

If any holder or other person is an affiliate of ours, as defined under Rule 405 of the Securities Act, or is engaged in, or intends to engage in, or has an arrangement or understanding with any person to participate in, a distribution of the Exchange Notes, or is not acquiring the Exchange Notes in the ordinary course of its business, that holder or other person cannot rely on the applicable interpretations of the staff of the SEC, may not tender its Restricted Notes in the exchange offer and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Restricted Notes that were acquired by it as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of the Exchange Notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. See Plan of Distribution.

Furthermore, any broker-dealer that acquired any of its Restricted Notes directly from us:

- may not rely on the applicable interpretation of the staff of the SEC's position contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993); and
- must also be named as a selling securityholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

By delivering an agent's message, a beneficial owner (whose Restricted Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee) or holder will be deemed to have irrevocably appointed the exchange agent as its agent and attorney-in-fact (with full knowledge that the exchange agent is also acting as an agent for us in connection with the exchange offer) with respect to the Restricted Notes, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest subject only to the right of withdrawal described in this prospectus), to receive for our account all benefits and otherwise exercise all rights of beneficial ownership of such Restricted Notes, in accordance with the terms and conditions of the exchange offer.

Each beneficial owner or holder will also be deemed to have represented and warranted to us that it has authority to tender, exchange, sell, assign and transfer the Restricted Notes it tenders and that, when the same are accepted for exchange, we will acquire good, marketable and unencumbered title to such Restricted Notes, free and clear of all liens, restrictions, charges and encumbrances, and that the Restricted Notes tendered are not subject to any adverse claims or proxies. Each beneficial owner and holder, by tendering its Restricted Notes, also agrees that it will comply with its obligations under the registration rights agreement.

**Acceptance of Restricted Notes for Exchange; Delivery of Exchange Notes**

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Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all Restricted Notes properly tendered and will issue the Exchange Notes promptly after acceptance of the Restricted Notes. See Conditions to the Exchange Offer. For purposes of the exchange offer, we will be deemed to have accepted properly tendered Restricted Notes for exchange if and when we give oral (confirmed in writing) or written notice to the exchange agent.

The holder of each Restricted Note accepted for exchange will receive an Exchange Note in the amount equal to the surrendered Restricted Note. Holders of Exchange Notes on the relevant record date for the first interest payment date following the consummation of the exchange offer will receive interest accruing from the most recent date to which interest has been paid on the Restricted Notes or, if no interest has been paid, from May 13, 2013, the issue date of the Restricted Notes. Holders of Restricted Notes that are accepted by us for exchange will not receive any accrued or unpaid interest on such Restricted Notes at the time of tender. Rather, than interest will be payable on the Exchange Notes delivered in exchange for the Restricted Notes on the first payment date after the expiration date of the exchange offer.

Table of Contents

In all cases, issuance of Exchange Notes for Restricted Notes that are accepted for exchange will be made only after timely receipt by the exchange agent of an agent's message and a timely confirmation of book-entry transfer of the Restricted Notes into the exchange agent's account at DTC.

If any tendered Restricted Notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if Restricted Notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged Restricted Notes will be returned without expense to an account maintained with DTC promptly after the expiration or termination of the exchange offer.

**Guaranteed Delivery Procedures**

If you desire to tender your Restricted Notes and your Restricted Notes are not immediately available, time will not permit your Restricted Notes or other required documents to reach the exchange agent before the time of expiration or you cannot complete the procedure for book-entry on a timely basis, you may tender if:

- you tender through an eligible financial institution;
- on or prior to 5:00 p.m., New York City time, on the expiration date, the exchange agent receives from an eligible institution, a written or facsimile copy of a properly completed and duly executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by us; and
- a book-entry confirmation, and all other documents required by the letter of transmittal, are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

The notice of guaranteed delivery may be sent by facsimile transmission, mail or hand delivery. The notice of guaranteed delivery must set forth:

- your name and address;
- the aggregate principal amount of Restricted Notes you are tendering; and
- a statement that your tender is being made by the notice of guaranteed delivery and that you guarantee that within three New York Stock Exchange trading days after the execution of the notice of guaranteed delivery, the eligible institution will deliver the following



documents to the exchange agent:

- a book-entry confirmation of tender;
- a written or facsimile copy of the letter of transmittal, or a book-entry confirmation instead of the letter of transmittal; and
- any other documents required by the letter of transmittal.

### **Book-Entry Transfers**

The exchange agent will make a request to establish an account for the Restricted Notes at DTC for purposes of the exchange offer within two business days after the date of this registration statement. Any financial institution that is a participant in DTC's systems must make book-entry delivery of Restricted Notes by causing DTC to transfer those Restricted Notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. This participant should transmit its acceptance to DTC on or prior to the expiration date. DTC will verify this acceptance, execute a book-entry transfer of the tendered Restricted Notes into the exchange agent's account at DTC and then send to the exchange agent confirmation of this book-entry transfer. The transmission of the Restricted Notes and agent's message to DTC and delivery by DTC to and receipt by the exchange agent of the related agent's message will be deemed to be a valid tender.

Table of Contents

If one of the following situations occurs:

- you cannot deliver a book-entry confirmation of book-entry delivery of your book-entry interests into the relevant account of the exchange agent at DTC; or
- you cannot deliver all other documents required by the letter of transmittal to the exchange agent prior to the time of expiration,

then you must tender your book-entry interests according to the guaranteed delivery procedures discussed above.

**Withdrawal Rights**

You may withdraw your tender of Restricted Notes at any time prior to the expiration date. To be effective, a written notice of withdrawal must be received by the exchange agent at the address set forth under Exchange Agent. This notice must specify:

- the name of the person having tendered the Restricted Notes to be withdrawn;
- the Restricted Notes to be withdrawn (including the principal amount of such Restricted Notes); and
- where certificates for Restricted Notes have been transmitted, the name in which such Restricted Notes are registered, if different from that of the withdrawing holder.

If certificates for Restricted Notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an eligible institution, unless such holder is an eligible institution. If Restricted Notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Restricted Notes and otherwise comply with the procedures of DTC.

We or the exchange agent will make a final and binding determination on all questions as to the validity, form and eligibility (including time of receipt) of such notices. Any Restricted Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer for the notes. Any Restricted Notes tendered for exchange but not exchanged for any reason will be returned to the holder without cost to such holder (or, in the case of Restricted Notes tendered by book-entry transfer into the exchange agent's account at DTC

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pursuant to the book-entry transfer procedures described above, such Restricted Notes will be credited to an account maintained with DTC for the Restricted Notes as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer). Properly withdrawn Restricted Notes may be retendered by following one of the procedures described above at any time on or prior to the expiration date.

### Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer and subject to our obligations under the registration rights agreement, we will not be required to accept for exchange, or to issue Exchange Notes in exchange for, any Restricted Notes and may terminate or amend the exchange offer, if any of the following events occurs prior to acceptance of such Restricted Notes:

- (1) the exchange offer violates any applicable law or applicable interpretation of the staff of the SEC;
- (2) there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree has been issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission,

Table of Contents

- seeking to restrain or prohibit the making or consummation of the exchange offer or any other transaction contemplated by the exchange offer, or
- assessing or seeking any damages as a result thereof, or resulting in a material delay in our ability to accept for exchange or exchange some or all of the Restricted Notes pursuant to the exchange offer;

(3) any statute, rule, regulation, order or injunction has been sought, proposed, introduced, enacted, promulgated or deemed applicable to the exchange offer or any of the transactions contemplated by the exchange offer by any government or governmental authority, domestic or foreign, or any action has been taken, proposed or threatened, by any government, governmental authority, agency or court, domestic or foreign, that in our sole judgment might, directly or indirectly, result in any of the consequences referred to in clauses (1) or (2) above or, in our reasonable judgment, might result in the holders of Exchange Notes having obligations with respect to resales and transfers of Exchange Notes that are greater than those described in the interpretation of the SEC referred to on the cover page of this prospectus, or would otherwise make it inadvisable to proceed with the exchange offer; or

(4) there has occurred:

- any general suspension of or general limitation on prices for, or trading in, our securities on any national securities exchange or in the over-the-counter market,
- any limitation by a governmental agency or authority that may adversely affect our ability to complete the transactions contemplated by the exchange offer,
- a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority that adversely affects the extension of credit, or
- a commencement of a war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or, in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening thereof;

which in our reasonable judgment in any case, and regardless of the circumstances (including any action by us) giving rise to any such condition, makes it inadvisable to proceed with the exchange offer and/or with such acceptance for exchange or with such exchange.

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In addition, we will not be obligated to accept for exchange the Restricted Notes of any holder that has not made to us the representations described under Purpose and Effect, Procedures for Tendering Restricted Notes and Plan of Distribution and such other representations as may be reasonably required under applicable SEC rules, regulations or interpretations in order to allow us to use an appropriate form to register the issuance of the Exchange Notes under the Securities Act.

These conditions are for our sole benefit, and we may assert them regardless of the circumstances giving rise to them, subject to applicable law. We also may waive in whole or in part at any time and from time to time any particular condition in our sole discretion. If we waive a condition, in order to comply with applicable securities laws, we may be required to extend the expiration date of the exchange offer. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of these rights, and these rights will be deemed ongoing rights that may be asserted at any time (in the case of any condition involving governmental approvals necessary to the consummation of the exchange offer) and from time to time prior to the time of expiration (in the case of all other conditions). There are no dissenters' rights of appraisal applicable to this exchange offer.

In addition, we will not accept for exchange any Restricted Notes tendered, and no Exchange Notes will be issued in exchange for any of those Restricted Notes, if at the time the notes are tendered any stop order is

Table of Contents

threatened by the SEC or in effect with respect to the registration statement of which this prospectus is a part or the qualification of the indenture under the TIA. The exchange offer is not conditioned on any minimum principal amount of Restricted Notes being tendered for exchange.

**Exchange Agent**

We have appointed Wilmington Trust, National Association as the exchange agent for the exchange offer. All executed letters of transmittal should be directed to the exchange agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal should be directed to the exchange agent addressed as follows:

***By Mail, Hand or Overnight Delivery:***

Wilmington Trust, National Association

Rodney Square North

1100 North Market Street

Wilmington, DE19890

Attention: Workflow Management 5th Floor

Facsimile No.: (302) 636-4139

For Information or Confirmation by Email: [DTC2@wilmingtontrust.com](mailto:DTC2@wilmingtontrust.com)

**DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF SUCH LETTER OF TRANSMITTAL VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF THE LETTER OF TRANSMITTAL.**

**Fees and Expenses**

The principal solicitation is being made through DTC by Wilmington Trust, National Association, as exchange agent. We will pay the trustee and exchange agent customary fees for their services, reimburse the exchange agent for its reasonable out-of-pocket expenses incurred in connection with the provision of these services and pay other registration expenses, including registration and filing fees, fees and expenses of compliance with federal securities and state blue-sky securities laws, printing expenses, messenger and delivery services and telephone, fees and disbursements to our counsel, application and filing fees and any fees and disbursements to our independent registered public accounting firm. We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offer. We will pay the estimated cash expenses to be incurred in connection with the exchange offer.

We will reimburse any beneficial holders of the Restricted Notes for the reasonable fees and disbursements of not more than one counsel chosen by the beneficial holders of a majority in aggregate principal amount of the Restricted Notes to be included in this registration statement. We shall pay all documentary, stamp, transfer or other transactional taxes attributable to the issuance or delivery of the Exchange Notes in exchange for the Restricted Notes; *provided* that the Company shall not be required to pay taxes payable in respect of any transfer involved in the issuance or delivery of any Exchange Note in a name other than that of the holder of the Restricted Note in respect of which such Exchange Note is being issued.

Additional solicitation may be made by telephone, facsimile or in person by our and our affiliates officers and regular employees and by persons so engaged by the exchange agent.

### **Accounting Treatment**

We will record the Exchange Notes at the same carrying value as the Restricted Notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. The expenses of the exchange offer will be expensed as incurred.

Table of Contents

**Transfer Taxes**

No service charge will be made to a holder of Restricted Notes, but we may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection with the exchange offer. If satisfactory evidence of payment of such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed to that tendering holder.

**Consequences of Failing to Exchange Restricted Notes**

If you do not exchange your Restricted Notes for Exchange Notes in the exchange offer or qualify to elect to have your Restricted Notes registered in a shelf registration form, your Restricted Notes will continue to be subject to the provisions of the indenture regarding transfer and exchange of the Restricted Notes and the restrictions on transfer of the Restricted Notes imposed by the Securities Act and state securities law. These transfer restrictions are required because the Restricted Notes were issued under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the Restricted Notes may not be offered or sold unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register the Restricted Notes under the Securities Act other than as described herein.

If you do not exchange your Restricted Notes for Exchange Notes in the exchange offer or qualify to elect to have your Restricted Notes registered in a shelf registration form, you will continue to be entitled to all the rights and limitations applicable to the Restricted Notes as set forth in the indenture, but we will not have any further obligation to you to provide for the exchange and registration of the Restricted Notes under the registration rights agreement other than as set forth above under Purpose and Effect. Therefore, the liquidity of the market for your Restricted Notes could be adversely affected upon completion of the exchange offer if you do not participate in the exchange offer.

**Participating Broker-Dealers**

Each broker-dealer that receives Exchange Notes for its own account in exchange for Restricted Notes, where such Restricted Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. See Plan of Distribution.

**Shelf Registration**

The registration rights agreement also requires that we promptly deliver to the holders of the Restricted Securities and the trustee notice ( Shelf Notice ) that we intend to file a shelf registration statement and then file an initial shelf registration if:

(i) the Company and the guarantors are not:



(A) required to file the exchange offer registration statement; or

(B) permitted to consummate the exchange offer because the Company determines in good faith after consultation with its counsel that the exchange offer is not permitted by applicable law or SEC policy; or

(ii) any holder of the Restricted Notes notifies the Company prior to the 20th business day following consummation of the exchange offer that:

(A) it is prohibited by law or SEC policy from participating in the Exchange Offer;

(B) it may not resell the Exchange Notes acquired by it in the exchange offer to the public without delivering a prospectus and the prospectus contained in the exchange offer registration statement is not appropriate or available for such resales; or

Table of Contents

(C) it is a broker-dealer and owns notes acquired directly from the Company or an affiliate of the Company and as a result may not participate in the exchange offer.

If obligated to file the shelf registration statement, ION and the guarantors will:

(i) file the shelf registration statement within the time periods specified in the registration rights agreement;

(ii) cause the shelf registration statement to be declared effective under the Securities Act within the time periods specified in the registration rights agreement; and

(iii) keep the shelf registration statement effective for one year or such shorter period that will terminate when (a) all of the notes covered by the shelf registration statement have been sold pursuant to the shelf registration statement, (b) we file a subsequent shelf registration statement that has been declared effective or (c) there ceases to be any outstanding Restricted Notes.

Other than as set forth in this section, you will not have the right to require us to register your Restricted Notes under the Securities Act. See Procedures for Tendering Restricted Notes above.

**Other**

Participation in this exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

**USE OF PROCEEDS**

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any cash proceeds from the exchange offer or the issuance of the Exchange Notes. Accordingly, neither the exchange offer nor the issuance of the Exchange Notes will result in any increase in our outstanding indebtedness or change in our capitalization.

We will bear certain fees and expenses incident to the exchange offer. See The Exchange Offer Fees and Expenses.

**CAPITALIZATION**

The following table presents our cash and cash equivalents and our consolidated capitalization at December 31, 2013.

You should read the following table in conjunction with (i) the section entitled Summary Consolidated Historical Financial Data included elsewhere in this prospectus and (ii) the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2013 and our consolidated financial statements and the related notes, incorporated by reference into this prospectus.

**As of December 31, 2013**  
**(in thousands)**

Cash and cash equivalents	\$	148,056
Notes	\$	175,000
Senior secured credit facility		35,000
Facility lease obligations		1,501
Equipment capital leases		8,651
Total debt	\$	220,152
Total equity	\$	257,885
Total capitalization	\$	478,037

Table of Contents

**DESCRIPTION OF THE EXCHANGE NOTES**

You can find the definitions of certain terms used in this description under the subheading **Certain Definitions**. In this description, the word **ION** refers only to ION Geophysical Corporation and not to any of its Subsidiaries.

We are offering to exchange up to \$175.0 million aggregate principal amount of our 8.125% senior secured second priority notes due 2018 (which we refer to as the **Exchange Notes** ), the issuance of each of which has been registered under the Securities Act, for up to \$175.0 million aggregate principal amount of our outstanding 8.125% senior secured second priority notes due 2018 (which we refer to as the **Restricted Notes** ). ION issued the Restricted Notes on May 13, 2013 under an indenture among itself, the Guarantors and Wilmington Trust, National Association, as trustee, in a private transaction not subject to the registration requirements of the Securities Act. We will issue the Exchange Notes under the same indenture under which we issued the Restricted Notes, and the Exchange Notes will represent the same debt as Restricted Notes for which they are exchanged.

The Exchange Notes will be subject to and governed by the TIA. The terms of the Exchange Notes will include those stated in the indenture and those made part of the indenture by reference to the TIA. The registration rights agreement referred to under the caption **Registration Rights** sets forth the rights holders of the Restricted Notes have to require us to register their notes with the SEC.