

ION GEOPHYSICAL CORP
Form SC 13G/A
February 14, 2011

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13G/A
(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULES 13d-1(b), (c), AND (d) AND AMENDMENTS THERETO FILED
PURSUANT TO RULE 13d-2
(Amendment No. 3)*

ION Geophysical Corporation
(Name of Issuer)

Common Stock, \$0.01 par value
(Title of Class of Securities)

462044108
(CUSIP Number)

December 31, 2010
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 462044108 13G/A Page 2 of 8 Pages

1. NAMES OF REPORTING PERSONS.

Fletcher Asset Management, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5.	SOLE VOTING POWER	6,315,344
	6.	SHARED VOTING POWER	0
	7.	SOLE DISPOSITIVE POWER	6,315,344

8.	SHARED DISPOSITIVE POWER	0
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9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 6,315,344

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 4.0%

12. TYPE OF REPORTING PERSON IA

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1. NAMES OF REPORTING PERSONS.

Fletcher International, Ltd.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION Bermuda

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5.	SOLE VOTING POWER	0
	6.	SHARED VOTING POWER	0
	7.	SOLE DISPOSITIVE POWER	0

8.	SHARED DISPOSITIVE POWER	0
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9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 6,315,344

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 4.0%

12. TYPE OF REPORTING PERSON CO

CUSIP No. 462044108 13G/A Page 4 of 8 Pages

1. NAMES OF REPORTING PERSONS.

Alphonse Fletcher, Jr.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5.	SOLE VOTING POWER	0
	6.	SHARED VOTING POWER	0
	7.	SOLE DISPOSITIVE POWER	0
	8.	SHARED DISPOSITIVE POWER	0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 6,315,344

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 4.0%

12. TYPE OF REPORTING PERSON HC

Item 1(a). Name of Issuer:

ION Geophysical Corporation

Item 1(b). Address of Issuer's Principal Executive Offices:

2105 CityWest Boulevard
Building III, Suite 400
Houston, Texas 77042

Item 2(a). Names of Persons Filing:

Fletcher Asset Management, Inc. ("FAM"), Fletcher International, Ltd. ("FIL")
and Alphonse Fletcher, Jr.

Item 2(b). Address of Principal Business Office or, if none, Residence:

c/o Fletcher Asset Management, Inc.
48 Wall Street
5th Floor
New York, New York 10005

Item 2(c). Citizenship:

FAM is a corporation organized under the laws of the State of Delaware. FIL is a company organized under the laws of Bermuda. Alphonse Fletcher, Jr. is a citizen of the United States.

Item 2(d). Title of Class of Securities:

Common Stock, \$0.01 par value

Item 2(e). CUSIP Number:

462044108

Item 3. If this statement is filed pursuant to §§ 240.13d-1(b) or Rule 13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o);
- (b) Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c);
- (c) Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c);
- (d) Investment company registered under Section 8 of the Investment Company Act of 1940

(15 U.S.C. 80a-8);

- (e) An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);

- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act (15 U.S.C. 80a-3);
- (j) A non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J);
- (k) Group, in accordance with § 240.13d-1(b)(1)(ii)(K).

If filing as a non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J), please specify the type of institution: _____

Item 4. Ownership.

- (a) Amount Beneficially Owned:
6,315,344 shares
- (b) Percent of Class:
4.0% (based on 158,497,984 shares of Common Stock, par value \$0.01 per share (the "Common Stock"), of ION Geophysical Corporation (the "Company") consisting of (i) 152,432,886 shares reported by the Company to be outstanding as of October 29, 2010, and (ii) 6,065,098 shares of Common Stock underlying the Convertible Securities (as defined below) beneficially owned by FAM, FIL and Mr. Fletcher issuable within 60 days as of December 31, 2010).
- (c) Number of shares as to which FAM has:
 - (i) Sole power to vote or to direct the vote:
6,315,344 shares
 - (ii) Shared power to vote or to direct the vote:
0 shares
 - (iii) Sole power to dispose or to direct the disposition of:
6,315,344 shares
 - (iv) Shared power to dispose or to direct the disposition of:

0 shares

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The 6,315,344 shares of Common Stock reported to be beneficially owned consist of (i) 250,246 shares of Common Stock and (ii) 6,065,098 shares of Common Stock issuable upon the conversion or exercise by FIL of certain convertible securities owned by FIL (the "Convertible Securities"). The Convertible Securities are convertible within 60 days as of December 31, 2010. The holdings reported reflect the shares of Common Stock issuable within 60 days as of December 31, 2010 that would have been held had the Convertible Securities been converted on December 31, 2010.

The shares of Common Stock of the Company reported to be beneficially owned consist of shares of Common Stock and Common Stock underlying the Convertible Securities held in one or more accounts managed by FAM (the "Accounts") for FIL. FAM has sole power to vote and sole power to dispose of all shares of Common Stock and Common Stock underlying the Convertible Securities in the Accounts. By virtue of Mr. Fletcher's position as Chairman and Chief Executive Officer of FAM, Mr. Fletcher may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose or direct the disposition of, such shares, and, therefore, Mr. Fletcher may be deemed to be the beneficial owner of such Common Stock. Mr. Fletcher disclaims beneficial ownership of such Common Stock.

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [X].

Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

This Schedule 13G/A is filed by FAM, which is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, as amended, with respect to the shares of Common Stock and Common Stock underlying the Convertible Securities held at December 31, 2010 in the Accounts managed by FAM. By reason of the provisions of Rule 13d-3 under the Act, FAM, FIL and Mr. Fletcher may each be deemed to beneficially own the shares of Common Stock and Common Stock underlying the Convertible Securities held in the Accounts. The Accounts have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such shares purchased for its account.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.

This Schedule 13G/A is filed by FAM, FIL and Mr. Fletcher.

Item 8. Identification and Classification of Members of the Group.

Not Applicable

Item 9. Notice of Dissolution of Group.

Not Applicable

Item 10.

Certifications.

By signing below Fletcher Asset Management, Inc., Fletcher International, Ltd. and Alphonse Fletcher, Jr. certify that, to the best of their knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under § 240.14a-11.

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SIGNATURE

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: February 14, 2011

Fletcher Asset Management, Inc.

By: /s/ Stewart Turner
Name: Stewart Turner
Title: Authorized Signatory

Fletcher International, Ltd. by its duly authorized investment advisor,
Fletcher Asset Management, Inc.

By: /s/ Stewart Turner
DYNEGY MIDWEST GENERATION, INC.
401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

**FOR THE YEARS ENDED DECEMBER 31, 2007
AND 2006**

5. PARTICIPATION IN MASTER TRUST

Certain Plan investments are held in the Master Trust with assets of other qualified retirement plans sponsored by the Company, including the Dynegy Midwest Generation, Inc. 401(k) Savings Plan for Employees Covered Under a Collective Bargaining Agreement, the Dynegy Inc. 401(k) Savings Plan, the Dynegy Northeast Generation, Inc. Savings Incentive Plan, and the Extant, Inc. 401(k) Plan.

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The following information is presented for the Master Trust:

	December 31,	
	2007	2006
ASSETS		
Investments:		
Cash and temporary cash investments	\$ 358,733	\$ 49,936
Investments, at fair value:		
Registered investment companies	265,245,858	238,545,781
Common collective trust	43,019,776	43,183,161
Common stock	3,080,980	2,541,156
Preferred stock	-	9,535
Employer securities	53,891,874	56,715,936
Total investments	365,597,221	341,045,505
Receivables:		
Employer contributions receivable	331,258	100,759
Total receivables	331,258	100,759
TOTAL ASSETS	365,928,479	341,146,264
Due to broker for securities purchased	158,890	145,709
NET ASSETS AVAILABLE FOR BENEFITS		
AT FAIR VALUE	365,769,589	341,000,555
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	-	415,539
NET ASSETS AVAILABLE FOR BENEFITS	\$ 365,769,589	\$ 341,416,094

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DYNEGY MIDWEST GENERATION, INC.

401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

**FOR THE YEARS ENDED DECEMBER 31, 2007
AND 2006**

Investment income for the Master Trust is as follows:

Investment income:
Net appreciation in fair value of investments
Dividends and interest

The Master Trust invests a significant portion of its assets in the Company's common stock. This investment in the Company's common stock approximates 15 percent and 17 percent of the Master Trust's net assets available for benefits as of December 31, 2007 and 2006, respectively. As a result of this concentration, any significant fluctuation in the market value of this stock could affect individual Participant accounts and the net assets of the Plan.

**6. RECONCILIATION OF FINANCIAL
STATEMENTS TO FORM 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	Dece 2007
Net assets available for benefits per the financial statements	\$ 98
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	-
Net assets available for benefits per Form 5500	\$ 98

The following is a reconciliation of the changes in net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2007:

Plan interest in net income of Dynegy Inc. Master Trust
Adjustment to reverse fair value adjustment for 2006 related to benefit-r
Net investment gain from Dynegy Inc. Master Trust

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DYNEGY MIDWEST GENERATION, INC.

401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

**FOR THE YEARS ENDED DECEMBER 31, 2007
AND 2006**

7. TRANSACTIONS WITH PARTIES-IN-INTEREST

Certain Plan investments are shares of mutual funds managed by Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company is the trustee as

defined by the Plan and, therefore, these qualify as party-in-interest transactions. Additionally, the Plan maintains investments in the Company's common stock and participant loans. Fees paid during the year for legal, accounting, and other professional services rendered by parties-in-interest were based on customary and reasonable rates for such services.

8. NONPARTICIPANT-DIRECTED INVESTMENTS

All funds in the Plan are participant directed, with the exception that Employer matching and discretionary contributions are initially invested in the Stock Fund. Participants may diversify the investment of Employer matching and discretionary contributions after such amounts are initially credited to their accounts, subject to the restrictions contained in the Company's insider trading policy.

Information about the net assets available for benefits and the significant components of the changes in net assets available for benefits relating to the Stock Fund is as follows:

	December 2007
Net Assets:	
Investments, at fair value:	
Employer securities	\$ 9,721
Employer contributions receivable	20,033
	\$ 9,741

	Year ended	
	December 31, 2007	
Changes in Net Assets:		
Employer contributions	\$	431,204
Employee contributions		287,542
Net depreciation in fair value of investments		(156,005)
		302,651

Loss recovery from class action settlement income	
Loan repayments	46,150
Benefit payments	(447,103)
Loan withdrawals	(30,556)
Administrative expenses	(3,576)
Transfers from participant directed investments, net	32,789
Fund-to-fund transfers	(115,925)
	\$ 347,271

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DYNEGY MIDWEST GENERATION, INC.

401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

9. COMMITMENTS AND CONTINGENCIES

ERISA Class Action Settlements

Dale L. Holtzschler, et al v. Dynegy Inc., et al.

In September 2005, two former IP salaried employees who were participants in the Plan, purporting to represent all Plan participants who held Dynegy common stock through the Plan during the period from January 1, 2002 through January 30, 2003, filed a lawsuit in federal court in the Southern District of Texas against the Company and several individual defendants. The complaint alleges violations of ERISA in connection with the Plan,

including claims that certain of former Company officers (and past members of the Benefit Plans Committee) breached their fiduciary duties to Plan participants and beneficiaries in connection with the plan's investment in Dynegy common stock—in particular with respect to the Company's financial statements, Project Alpha, round trip trades and gas price index reporting. The lawsuit seeks unspecified damages for the losses to the Plan, as well as attorney's fees and other costs. The Company recently filed a motion to dismiss the complaint, in response to which plaintiffs' counsel filed a second putative class action on behalf of three alleged Plan participants that is materially identical to the original action. The original action was dismissed on March 13, 2006 but the dismissal has been appealed to the U.S. Court of Appeals for the Fifth Circuit. On April 18, 2006, the Company filed a motion to dismiss the second class action. On November 16, 2006, the court granted Defendants' motions to dismiss based on lack of standing and subject matter jurisdiction. Plaintiffs appealed the dismissal to the United States Court of Appeals for the Fifth Circuit. After briefing but before argument, the parties reached an agreement to settle this case along with the *Shannahan* case described below, involving the same alleged plaintiff class. Thereafter, the Fifth Circuit has dismissed the appeal without prejudice pending review of the *Shannahan* settlement by the district court. The *Shannahan* settlement was approved on September 14, 2007.

Gary R. Shannahan, et al. v. Dynegy Inc., et al.

This case is virtually identical to the *Holtzsch* case described above. It was filed on January 13, 2006 by three additional participants in the Plan against the same Defendants, in an attempt to remedy the standing and subject matter jurisdiction issues raised by Defendants in the *Holtzsch* motions to dismiss. Defendants moved to dismiss the Complaint and, on November 6, 2006, the district court granted in part Defendants' motions, limiting the breach of fiduciary prudence claim under ERISA to employee contributions made in the Stock Fund and dismissing the misrepresentation claims as to certain individual defendants. The court otherwise denied Defendants' motions to dismiss.

At the time of the district court's ruling, Plaintiffs and Defendants had reached an agreement in principle to settle both *Shannahan* and *Holtzsch*. On January 24, 2007

DYNEGY MIDWEST GENERATION, INC.

401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

**FOR THE YEARS ENDED DECEMBER 31, 2007
AND 2006**

Plaintiffs submitted a proposed class action settlement agreement before the district court on Plaintiffs' motion for preliminary approval. On June 13, 2007, the district court granted preliminary approval of the proposed class action settlement agreement. The court also scheduled a hearing for September 14, 2007 to, among other things, determine whether the settlement should be approved as, fair, reasonable and adequate. The court granted final approval of the settlement on September 14, 2007. Class members of both class action lawsuits have an ERISA Class Action Settlement Account in the Plan for receipt of settlement proceeds.

Securities Class Action Settlement

Members of the "Settlement Class" in the lawsuit identified as *In re Dynegy Inc. Securities Litigation*, Master File No. H-02-1571, have a Securities Class Action Settlement Account in the Plan for receipt of settlement proceeds that was established in January 2007. In general, with certain exceptions, the Settlement Class consists of participants in the Plan at any time from June 21, 2001, through July 22, 2002, who held Dynegy Illinois common stock in their Plan Account during that period and who were not defendants in the litigation.

DOL investigation

On July 24, 2002, the Plan Administrator received notification from the US Department of Labor, Employee Benefits Security Administration, of an investigation of the two Dynegy Midwest Generation, Inc. 401(k) plans. The investigation relates to the plan year ended December 31, 1998, and subsequent years, and the recent class action litigation involving the Plan. On March 13, 2008, Dynegy received correspondence from the DOL indicating that the DOL had formally concluded its investigation of the Plan.

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SUPPLEMENTAL SCHEDULE

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DYNEGY MIDWEST GENERATION, INC.

401(k) SAVINGS PLAN

EIN H. Line 4(i): - Schedule of Assets (Held at End of Year)

As of December 21, 2007

[a]	[b]	[c]
Party-in-interest	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, Maturity Date, Rate, Collateral, Par or
*	Participant Loans	Various maturities ranging form 5% -

* A party-in-interest to the Plan

** Cost not required for participant directed investments

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf of the undersigned hereunto duly authorized.

Dynegy Midwest Generation, Inc. 401(k) Savings Plan

Date: June 20, 2008

By: /s/ JULI
Julius Cox
Designated M
Benefit Plans

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