

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11  
: :  
Ampex Corporation, : Case No. 08-\_\_\_\_\_ ( )  
: :  
Debtor. :  
-----X

In re : Chapter 11  
: :  
Ampex Data Systems Corporation, : Case No. 08-\_\_\_\_\_ ( )  
: :  
Debtor. :  
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In re : Chapter 11  
: :  
Ampex Data International Corporation, : Case No. 08-\_\_\_\_\_ ( )  
: :  
Debtor. :  
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In re : Chapter 11  
: :  
Ampex Finance Corporation, : Case No. 08-\_\_\_\_\_ ( )  
: :  
Debtor. :  
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In re : Chapter 11  
: :  
AFC Holdings Corporation, : Case No. 08-\_\_\_\_\_ ( )  
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Debtor. :  
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In re : Chapter 11  
: :  
Ampex Holdings Corporation, : Case No. 08-\_\_\_\_\_ ( )  
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Debtor. :  
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In re : Chapter 11  
: :  
Ampex International Sales Corporation, : Case No. 08-\_\_\_\_\_ ( )  
: :  
Debtor. :  
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**DEBTORS' APPLICATION TO EMPLOY AND RETAIN  
WILLKIE FARR & GALLAGHER LLP AS COUNSEL  
TO DEBTORS AND DEBTORS IN POSSESSION PURSUANT TO  
SECTIONS 327(a), 328, 330, 331, AND 1107(b) OF THE BANKRUPTCY CODE**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

The debtors and debtors in possession in the above-captioned cases (each a "**Debtor**" and, collectively, the "**Debtors**"),<sup>1</sup> by and through their proposed attorneys, Willkie Farr & Gallagher LLP ("**WF&G**"), respectfully represent:

**BACKGROUND**

1. On the date hereof (the "**Petition Date**"), Ampex Corporation ("**Ampex**"), Ampex Data Systems Corporation ("**Data Systems**"), and each of the other Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtors intend to continue in the possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.<sup>2</sup> As of the date hereof, no official committee of unsecured creditors has been appointed.

2. The Debtors are a leading innovator and licensor of visual information technology. During their 63-year history, the Debtors have developed substantial proprietary technology relating to the electronic storage, processing and retrieval of images and other data.

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<sup>1</sup> The last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) Ampex Corporation (7696); (ii) Ampex Data Systems Corporation (2575); (iii) Ampex Data International Corporation (0794); (iv) Ampex Finance Corporation (6720); (v) AFC Holdings Corporation (5726); (vi) Ampex Holdings Corporation (5336); and (vii) Ampex International Sales Corporation (0866). Each of the Debtors has a mailing address of 1228 Douglas Avenue, Redwood City, California 94063.

<sup>2</sup> The Debtors have nine foreign affiliates that are incorporated in seven countries; one each in the United Kingdom, Japan, Belgium, Colombia, and Brazil, and two each in Germany and Mexico (collectively, the "**Foreign Affiliates**"), respectively. With the exception of the Foreign Affiliates located in the United Kingdom and Japan, none of the Foreign Affiliates conduct meaningful business activity. To date, none of the Foreign Affiliates have commenced insolvency proceedings in this country or abroad.

Ampex currently owns approximately 370 patents and patent applications covering digital image processing, digital image compression and recording technologies.

3. The Debtors' licensing division generates revenues from granting licenses covering a variety of technologies that were developed when the Debtors designed and manufactured digital video tape recorders and special effects products used in the professional television broadcast and post-production industries. Certain of the Debtors' patented innovations developed for the professional markets have been adopted in consumer products years later. Therefore, several manufacturers of consumer products have in the past paid royalties to Ampex.

4. One of the Debtors, Data Systems, develops and incorporates technology in the design and manufacture of high performance instrumentation recorders, principally used in defense applications to gather digital images and other data from aircraft, satellites and submarines. Data Systems' products are used primarily by manufacturers of commercial aircraft and U.S. and foreign military and intelligence agencies. In addition, Data Systems sells spare parts for professional video recorders and other products that it previously manufactured and marketed to companies involved in television production and post-production.

5. Ampex, the ultimate parent of the other Debtors, is a publicly-held corporation, whose Class A Common Stock has been listed on the NASDAQ Capital Market (formerly the NASDAQ SmallCap Market) since September 1, 2006, under the symbol "AMPX."<sup>3</sup>

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<sup>3</sup> From June 24, 2005 to August 31, 2006, the Class A Common Stock was listed on the NASDAQ Global Market (formerly the NASDAQ National Market). From November 21, 2003 to June 23, 2005, the Class A Common Stock was listed for quotation on the OTC Bulletin Board under the symbol "AEXCA."

6. As of March 30, 2008, the Debtors had approximately \$59.6 million of outstanding funded indebtedness. Approximately, \$6.9 million represents principal and interest that has accrued under an indenture dated as of February 28, 2002 (as amended, the “**Indenture**”), between Ampex, as Issuer, and U.S. Bank, National Association, as successor trustee to State Street Bank and Trust Company, as initial trustee. Pursuant to the Indenture, Ampex issued 12% Senior Secured Notes due 2008 (the “**Senior Notes**”), which are secured by liens on certain collateral including Ampex’s rights to receive all royalties, license fees and other payments under certain licensing agreement. The remaining \$52.7 million, as of March 30, 2008, of the Debtors’ outstanding financing relates to pension obligations satisfied by Hillside Capital Incorporated (“**Hillside**”), a former affiliate of the Debtors. For the year ending December 31, 2006, the Debtors reported total revenue of \$35,921,000. As of December 31, 2007, the Debtors’ unaudited balance sheet reflected total assets of \$26,467,000 and total liabilities of \$133,602,000.

7. Despite strong core businesses with positive cash flows, the payments needed to satisfy legacy pension obligations, and the Debtors’ resulting obligations to Hillside, overwhelm the Debtors’ balance sheet. At the direction of Ampex’s Board of Directors, management engaged in discussions with Hillside and, later, known major holders of the Senior Notes to explore a consensual restructuring of the Debtors’ obligations.

8. These discussions were successful and culminated in the Joint Chapter 11 Plan of Reorganization for Ampex Corporation and Its Affiliated Debtors (as may be amended, the “**Plan**”). If consummated, the restructuring transactions contemplated in the Plan will substantially delever the Company and provide additional needed liquidity. As evidenced by a

Plan Support Agreement, executed by Hillside and holders of in excess of a majority in amount of the outstanding Senior Notes, the Plan has a broad base of support.

### **JURISDICTION**

9. This Court has jurisdiction to consider this application (the “**Application**”) pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of these cases and this Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are sections 327(a), 328, 330, 331, and 1107(b) of title 11 of the Bankruptcy Code, as supplemented by Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Southern District of New York (the “**Local Rules**”).

### **RELIEF REQUESTED**

10. By this Application, the Debtors seek to employ and retain WF&G as their attorneys, pursuant to sections 327 and 328 of the Bankruptcy Code effective as of the Petition Date.

11. On or about June 25, 2007, WF&G was retained by the Debtors to represent them in connection with general restructuring matters, including the preparation and commencement of these cases. The Debtors desire to employ WF&G to continue to provide such restructuring advice as is necessary and requested by the Debtors, and to provide advice in other areas of the law, including but not necessarily limited to, tax, corporate, employee benefits, and litigation.

12. The Debtors have selected WF&G to serve as counsel because WF&G’s attorneys have extensive experience and knowledge in the fields of debtors’ and creditors’ rights, debt restructuring and corporate reorganizations, tax, employee benefits, commercial litigation,

and intellectual property, among others. In addition, WF&G has become familiar with the Debtors' operations and businesses as a result of the services it provided to the Debtors prior to the commencement of these cases. Accordingly, the Debtors believe that WF&G is well qualified to represent them in these chapter 11 cases.

13. Subject to the allocation of assignments among the Debtors' other professionals, as described herein, WF&G may be requested to render the following services to the Debtors:

- (a) prepare, on behalf of the Debtors, as debtors in possession, all necessary motions, applications, answers, orders, reports and papers in connection with the administration of these chapter 11 cases;
- (b) counsel the Debtors with regard to their rights and obligations as debtors in possession;
- (c) provide the Debtors with advice, represent the Debtors, and prepare all necessary documents on behalf of the Debtors, in the areas of corporate finance, employee benefits, tax and bankruptcy law, as well as with regard to commercial litigation, debt restructuring and asset dispositions;
- (d) take all necessary actions to protect and preserve each of the Debtors' estates during the pendency of these chapter 11 cases, including prosecuting and defending actions by and against the Debtors, seeking enforcement of the automatic stay and objecting to claims filed against the estates; and
- (e) perform all other necessary or requested legal services.

14. The Debtors retain other professionals in the ordinary course of their businesses as appropriate. The Debtors' senior management is committed to minimizing duplication of services in order to reduce professional costs. To that end, WF&G is prepared to work closely with each professional retained by the Debtors to ensure that there is no unnecessary duplication of effort or cost.

15. The Debtors submit that the retention of WF&G under the terms described herein is appropriate under sections 327 and 1107 of the Bankruptcy Code. Section 327(a) of the Bankruptcy Code, empowers the trustee,<sup>2</sup> with the Court’s approval, to employ attorneys “that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee’s duties under this title.” 11 U.S.C. § 327(a). Section 101(14) of the Bankruptcy Code defines “disinterested person” as a person that:

- (a) is not a creditor, an equity security holder, or an insider;
- (b) is not and was not, within 2 years before the date of the filing of the petition, a director, officer, or employee of the debtor; and
- (c) does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason.

11 U.S.C. § 101(14).

16. Section 1107(b) of the Bankruptcy Code provides that “a person is not disqualified for employment under section 327 of this title by a debtor in possession solely because of such person’s employment by or representation of the debtor before the commencement of the case.” 11 U.S.C. § 1107(b). To the best of the Debtors’ knowledge, the members and associates of WF&G do not have any connection with the Debtors, their creditors or any other party in interest, or their attorneys, except to the extent set forth in the Affidavit of Rachel C. Strickland in Support of Application to Employ and Retain Willkie Farr & Gallagher LLP as Counsel to Debtors and Debtors in Possession, which is annexed hereto as Exhibit A.

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<sup>2</sup> Pursuant to section 1107(a) of the Bankruptcy Code, the Debtors, as debtors in possession, have substantially all of the rights, powers and duties of a trustee.

Accordingly, the Debtors believe WF&G is “disinterested” and does not hold or represent an interest adverse to the Debtors’ estates.

17. Section 328(a) authorizes the employment of a professional person “on any reasonable terms and conditions of employment, including on a retainer . . . .” 11 U.S.C. § 328(a). Subject to this Court’s approval and in accordance with sections 330 and 331 of the Bankruptcy Code, the applicable Bankruptcy Rules, the Local Rules, and other procedures that may be fixed by the Court, the Debtors request that WF&G be compensated on an hourly basis and that WF&G receive reimbursement of actual and necessary expenses incurred in connection with their representation of the Debtors in these cases.

**NOTICE**

18. Notice of this Motion will be given to: (a) the United States Trustee for the Southern District of New York; (b) counsel to Hillside; (c) counsel to the Indenture Trustee; and (d) the parties listed on the Debtors’ consolidated list of fifty (50) largest unsecured creditors. The Debtors submit that, under the circumstances, no other or further notice is required.

19. No previous application or other request for the relief sought herein has been made to this or any other court.

20. Because this Motion raises no novel issues of law, and the authorities relied upon herein are set forth above, the Debtors respectfully submit that the Motion itself satisfies the requirements of Local Bankruptcy Rule 9013-1(b) regarding the submission of a memorandum of law.

**CONCLUSION**

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form annexed hereto as Exhibit B, granting the relief requested in the Application and such other and further relief as may be just and proper.

Dated: New York, New York  
March 30, 2008

Ampex Corporation et al.,  
Debtors and Debtors in Possession

By: /s/ D. Gordon Strickland  
D. Gordon Strickland  
Chief Executive Officer

WILLKIE FARR & GALLAGHER LLP  
Proposed Attorneys for Debtors and  
Debtors in Possession

By: /s/ Rachel C. Strickland  
Matthew Feldman (MF-8961)  
(A Member of the Firm)  
Rachel C. Strickland (RS-3787)  
(A Member of the Firm)  
Lauren C. Cohen (LC-3262)

787 Seventh Avenue  
New York, New York 10019  
(212) 728-8000

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**in Interest**").<sup>1</sup> The Potential Parties in Interest include, among others, the Debtors and their non-debtor affiliates, noteholders, certain contract parties, officers, directors, and parties holding 5% or greater ownership interests in the Debtors.<sup>2</sup>

- (b) WF&G then compared each of the Potential Parties in Interest to the names in its master electronic database of current and former clients (the "**Client Database**"). The Client Database generally includes the name of each client of the firm, the name of each party who is or was known to be adverse to such client of the firm, the name of each party that has or had a substantial role with regard to the subject matter of WF&G's retention, and the names of the WF&G partners who are or were primarily responsible for matters for such clients.
- (c) A questionnaire was issued by e-mail and/or hard copy to all WF&G attorneys worldwide requesting disclosure of information regarding any known connections between the respondent and/or WF&G on the one hand, and the Potential Parties in Interest, on the other. In addition, all WF&G attorneys were asked directly if they were aware of any conflict that may exist respecting the Potential Parties in Interest if WF&G represented the Debtors.
- (d) Known connections between former or current clients of WF&G and the Potential Parties in Interest were compiled for purposes of preparing this Affidavit.

3. As a result of the Firm Procedures, I have thus far ascertained that, upon information and belief, if retained, WF&G:

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<sup>1</sup> The list of Potential Parties in Interest is expected to be updated during these cases. WF&G continues to review the relationships its attorneys may have with potentially interested parties and to determine whether any relationships other than those set forth herein exist. As may be necessary, WF&G will file a supplemental affidavit to this Affidavit if it becomes aware of a relationship that may adversely affect WF&G's retention in these cases or otherwise should be disclosed. WF&G also will update this disclosure if it is advised of any trading of claims against or interests in the Debtors that may relate to WF&G's retention or otherwise requires such disclosure.

<sup>2</sup> In reviewing its records and the relationships of its attorneys, WF&G did not seek information as to whether any WF&G attorney or member of his/her immediate family: (a) indirectly owns, through a public mutual fund or through partnerships in which certain WF&G personnel have invested but as to which such personnel have no control over or knowledge of investment decisions, securities of the Debtors or any other potential Party in Interest; or (b) has engaged in any ordinary course consumer transaction with any potential Party in Interest. If any such relationship does exist, I do not believe it would impact upon WF&G's disinterestedness or otherwise give rise to a finding that WF&G holds or represents an interest adverse to the Debtors' estates.

- (a) is not a creditor of the Debtors (including by reason of unpaid fees for prepetition services),<sup>3</sup> an equity security holder of the Debtors or an “insider” of the Debtors, as that term is defined in section 101(31) of the Bankruptcy Code;
- (b) is not and has not been, within two years before the Petition Date, a director, officer, or employee of the Debtors; and
- (c) does not have an interest materially adverse to the interests of the Debtors’ estates, or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or for any other reason.

Accordingly, I believe WF&G is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b), of the Bankruptcy Code.

4. As a result of the Firm Procedures, I have thus far ascertained that, in each case, upon information and belief, WF&G has the following connections with certain of the Potential Parties in Interest:

- (a) Because of its broad-based general practice, WF&G: (i) has appeared in the past and may appear in the future in cases unrelated to these cases where one or more of the Potential Parties in Interest may be involved; and (ii) has represented in the past, currently represents and/or may represent in the future one or more of said parties or other potentially interested parties or creditors in matters unrelated to the Debtors and these chapter 11 cases.
- (b) WF&G has in the past five (5) years represented the Potential Parties in Interest or their affiliates listed on Schedule 1 hereto. Such matters were unrelated to the Debtors and these cases. WF&G may represent such entities in the future in matters unrelated to the Debtors and these cases.
- (c) WF&G currently represents or has open matters respecting the Potential Parties in Interest or their affiliates listed on Schedule 2 hereto (the “**Current Clients**”). Such matters are unrelated to the Debtors and these cases. WF&G may continue to represent such entities in the future in matters unrelated to the Debtors and these cases. Except for the Current Clients listed in paragraphs (f) and (g) below, none of the other Current Clients listed in Schedule 2

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<sup>3</sup> See paragraph 11, below.

represents more than 1.0% of WF&G's revenues generated during 2006, 2007 or 2008.

- (d) Certain of my partners at WF&G and certain associates of and "of counsel" attorneys to WF&G and certain of such persons' relatives may have familial or personal relationships, as well as business, contractual, or economic relationships, with officers, directors and/or shareholders or creditors of the Debtors, competitors of the Debtors and/or other parties in interest in these cases. I do not believe these familial or personal relationships, if any, considered separately or collectively, would be material.
- (e) Certain of my partners at WF&G and certain associates of, and "of counsel" attorneys to WF&G and certain of such persons' relatives may directly or indirectly be shareholders of creditors of the Debtors, competitors of the Debtors and/or other parties in interest, including, but not limited to: Bank of New York, Credit Suisse, JP Morgan Chase, Xerox and Mellon Trust. Based on the information provided to me, I believe any such holdings are insignificant and, insofar as I have been able to ascertain, none of these shareholders controls or has any influence on such creditor or party in interest. I do not believe these shareholders' interests, considered separately or collectively, are material.
- (f) WF&G currently represents Dell Inc. and its Audit Committee ("**Dell**") in connection with matters unrelated to the Debtors or these cases. Dell Computers, upon information and belief, is one of the Debtors' vendors. WF&G will continue to represent Dell in matters unrelated to the Debtors or these cases. Dell matters represented more than 1.0% of WF&G's revenues in 2006 and more than 5.0% of WF&G's revenues in 2007.
- (g) WF&G currently represents Lucent Technologies, Inc. and certain of its affiliates ("**Lucent**") in connection with matters unrelated to the Debtors or these cases. Lucent, upon information and belief, is one of the Debtors' customers. WF&G will continue to represent Lucent in matters unrelated to the Debtors or these cases. Lucent matters represented more than 1.0% of WF&G's revenues in 2007 and have represented more than 2.0% of WF&G's for the first quarter of 2008.
- (h) WF&G currently represents XL Capital Ltd. and certain of its subsidiaries ("**XL**") in connection with matters unrelated to the Debtors or these cases. XL Specialty Insurance Company is a provider of insurance coverage to the Debtors. WF&G will continue to represent XL, but it will not represent XL on any matter relating to the Debtors or these chapter 11 cases.

- (i) WF&G currently represents FujiFilm and/or certain of its affiliates (“**Fuji**”) in connection with matters involving recording media products. Fuji Photo Film Company, Ltd. is a counter-party to one of the Debtors’ material agreements. Fuji is also one of the Debtors’ many vendors. WF&G’s representation of Fuji is unrelated to the Debtors or these cases. WF&G will continue to represent Fuji in matters unrelated to the Debtors or these chapter 11 cases.
- (j) WF&G currently represents Telogy LLC in connection with matters unrelated to the Debtors or these cases. DDJ Capital Management LLC (“**DDJ**”), is a holder of a majority of the Debtors’ Senior Notes. Upon information and belief a principal of DDJ is a board member of Telogy LLC. WF&G will continue to represent Telogy LLC, but it will not represent Telogy on any matter relating to the Debtors or these chapter 11 cases.
- (k) WF&G has represented in the past and may continue to represent MCSi, Inc. (“**MCSi**”) and Medical Resources Inc. (“**MRI**”). D. Gordon Strickland, the current President and Chief Executive Officer and Director of Ampex was formerly employed as President and Chief Executive Officer of MCSi and MRI and is currently a non-executive Chairman of the Board of Directors of MRI. WF&G represented both MCSi and MRI during Mr. Strickland’s tenure. WF&G will continue to represent MCSi and MRI, but will not represent them in matters relating to the Debtors or these chapter 11 cases.
- (l) WF&G regularly represents the American Institute of Certified Public Accountants (the “**AICPA**”) and certain members thereof. The AICPA is not, to WF&G’s knowledge, a party in interest in this case. As a result of WF&G’s representation of the AICPA, however, WF&G has adopted policies respecting WF&G’s representation of parties in actions or proceedings against accounting firms. WF&G is not aware of any accounting issues related to the Debtors but if any arose, WF&G would need to determine, under the facts and circumstances then present, whether it could represent the Debtors in any such action or proceeding.

5. I believe that none of the representations or relationships recited above would give rise to a finding that WF&G represents or holds an interest adverse to the Debtors with respect to the services for which WF&G would be retained.

6. WF&G has reviewed the relationship that its partners and employees have with the Office of the United States Trustee for the Southern District of New York (the “**United States Trustee**”) and those persons employed in the office of the United States Trustee, and I do not believe that WF&G has any material connections with the United States Trustee or any person employed in the office of the United States Trustee.

7. It is my understanding that the Debtors have applied to the Court to retain Conway MacKenzie & Dunleavy, as financial advisors and Epiq Bankruptcy Solutions, LLC, as claims and noticing agent. The Debtors may also seek to retain other professionals to perform services regarding discrete or specialized matters. WF&G intends to work closely with each of these professionals and the Debtors’ senior management team to ensure that there is no unnecessary duplication of services performed for, or charged to, the Debtors’ estates. In the unlikely event any matter were, in the future, to give rise to a potential conflict with respect to matters that otherwise would have been handled by WF&G, another firm will handle such matters and WF&G will not be involved.

#### **WF&G’s Compensation**

8. Subject to this Court’s approval in accordance with sections 330 and 331 of the Bankruptcy Code, such Bankruptcy Rules as may be applicable, the Local Rules and such other procedures as may be fixed by order of this Court, compensation will be payable to WF&G on an hourly basis, plus reimbursement of actual and necessary expenses incurred by WF&G. The WF&G attorneys that are likely to represent the Debtors in these cases have current standard hourly rates ranging between \$275 and \$930.<sup>4</sup> The paralegals that likely will assist the attorneys

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<sup>4</sup> It is standard for WF&G to review its rates each year and make adjustments to such rates effective October 1<sup>st</sup> of each year.

who will represent the Debtors have current standard hourly rates ranging between \$130 and \$245. These rates are subject to periodic adjustments.

9. The hourly rates that will be charged in these cases are WF&G's standard hourly rates. These rates are set at a level designed to fairly compensate WF&G for the work of its attorneys and paralegals and to cover fixed and routine overhead expenses. It is WF&G's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case or cases. The expenses charged to clients include, among other things, telephone and telecopier toll charges, mail and express mail charges, special or hand delivery charges, document processing and photocopying charges, travel expenses, expenses for "working meals" and computerized research and transcription costs. WF&G bills these expenses at cost to its clients and makes no profit from these expenses. WF&G believes that it is appropriate to charge these expenses to the clients incurring them rather than to increase its hourly rates and thereby spread the expenses among all clients.

10. This Affidavit is intended to comply with Bankruptcy Rule 2016(b). WF&G intends to apply to this Court for compensation for professional services rendered in connection with these cases in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules, Local Rules, and the administrative and other orders entered by this Court.

11. In the 90 days prior to the Petition Date, WF&G received retainers and payments totaling \$1,045,414.80 in the aggregate for services performed for the Debtors. WF&G has applied these funds to amounts due for services rendered and expenses incurred prior to the Petition Date in the following manner:

Invoice Date	Invoiced Amount	Amount Received	Date Received	Retainer Balance
January 8, 2008	\$61,567.36	\$61,567.36	2-15-08	\$50,000.00
February 12, 2008	\$203,082.40	\$203,082.40	3-13-08	\$50,000.00
March 19, 2008	\$304,429.04	\$304,429.04	3-28-08	\$50,000.00
March 27, 2008	\$476,336.00	\$476,336.00	3-28-08	\$50,000.00

A precise disclosure of the amounts or credits held, if any, as of the Petition Date will be provided in WF&G's first interim fee application for postpetition services and expenses to be rendered or incurred for or on behalf of the Debtors. If after application of all invoices, any amounts are owed to WF&G as of the Petition Date, WF&G will waive any claim relating thereto upon entry of a final order approving WF&G's engagement herein.

12. No promises have been received by WF&G or by any member or associate thereof as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code.

13. WF&G further states that it has not shared, nor agreed to share (a) any compensation it has received or may receive with another party or person, other than with the partners, counsel and associates of WF&G or (b) any compensation another person or party has received or may receive.

14. Except as disclosed herein, neither I, WF&G, nor any member or associate thereof or "of counsel" thereto, insofar as I have been able to ascertain and subject to disclosures herein, represents any interest adverse to the Debtors or their estates in the matters regarding which WF&G is to be engaged. I believe WF&G is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code. Moreover, I believe none of the representations or relationships recited herein would give rise to a finding that WF&G represents

or holds an interest adverse to the Debtors with respect to the services for which WF&G would be retained.

[Remainder of page intentionally left blank.]

15. By reason of the foregoing, I believe WF&G is eligible for employment and retention by the Debtors pursuant to sections 327(a) and 328 of the Bankruptcy Code and the applicable Bankruptcy Rules and Local Rules.

Dated: New York, New York  
March 30, 2008



\_\_\_\_\_  
Rachel C. Strickland  
Willkie Farr & Gallagher LLP

Sworn to before me this 30<sup>th</sup> day  
of March [30], 2008



\_\_\_\_\_  
Notary Public  
My Commission Expires: Aug. 7, 2010

**PATRICK MORROW**  
**Notary Public, State of New York**  
**No. 01MO6150702**  
**Qualified in New York County**  
**Commission Expires Aug. 7, 2010**

**EXHIBIT B**

**Proposed Order**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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Ampex International Sales Corporation, : Case No. 08-\_\_\_\_\_ ( )  
: :  
Debtor. :  
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**ORDER AUTHORIZING RETENTION OF WILLKIE FARR & GALLAGHER LLP  
AS COUNSEL TO DEBTORS AND DEBTORS IN POSSESSION**

Upon the application (the “**Application**”) of the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”) for an order, pursuant to sections 327(a), 328, 330, 331, and 1107 of title 11 of the United States Code (the “**Bankruptcy Code**”), authorizing, but not directing, the Debtors to retain the firm of Willkie Farr & Gallagher LLP (“**WF&G**”) as counsel in their chapter 11 cases as of the commencement of these cases (the “**Petition Date**”); and upon the Affidavit of Rachel C. Strickland in Support of Application to Employ and Retain Willkie Farr & Gallagher LLP as Counsel to Debtors and Debtors in Possession, annexed to the Application as Exhibit A; and upon the Affidavit of D. Gordon Strickland, Chief Executive Officer, in Support of Chapter 11 Petitions and First Day Pleadings; and due and adequate notice of the Application having been given; and it appearing that no other or further notice need be provided; and the Court having found that WF&G is a “disinterested person” as such term is defined under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by this Application is in the best interests of these estates, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED, that:

1. The Application is granted to the extent set forth herein.
2. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Application.
3. Pursuant to section 327(a), 328 and 1107 of the Bankruptcy Code, the Debtors are hereby authorized to retain WF&G as their attorneys in these chapter 11 cases

effective as of the Petition Date, and WF&G is authorized to perform the services set forth in the Application.

4. WF&G shall be compensated in accordance with procedures set forth in sections 330 and 331 of the Bankruptcy Code, the applicable Federal Rules of Bankruptcy Procedure, the Local Rules, and such other procedures as may be fixed by Order of this Court.

5. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: New York, New York  
\_\_\_\_\_, 2008

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UNITED STATES BANKRUPTCY JUDGE