

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

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

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

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

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

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

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

**MOTION FOR ORDER AUTHORIZING  
JOINT ADMINISTRATION PURSUANT TO RULE 1015  
OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

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, 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>

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

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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."

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 motion (the “**Motion**”) pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The predicate for the relief requested herein is Rule 1015 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

**RELIEF REQUESTED**

10. By this Motion, the Debtors seek entry of an order, pursuant to Bankruptcy Rule 1015, consolidating the Debtors’ chapter 11 cases for procedural purposes only.

11. Bankruptcy Rule 1015 authorizes the Court to order the joint administration of two or more cases pending before it under the Bankruptcy Code when affiliated debtors are involved. The Debtors believe it would be most efficient for the administration of these cases if the Court were to authorize their joint administration. The Debtors anticipate that practically all of the hearings and matters involved in these chapter 11 cases will affect all of the Debtors. If approved, joint administration will reduce costs, facilitate administrative efficiency, and avoid the procedural problems otherwise attendant to the administration of separate but related chapter 11 cases. Moreover, no party or substantive rights will be prejudiced by the relief requested herein.

12. The Debtors request that one file and one docket be maintained for all of the jointly administered cases under the case of Ampex Corporation. In addition, the Debtors propose that all pleadings relating to the Debtors' cases contain the following joint caption:

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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-----X
In re                               : Chapter 11
                                   :
Ampex Corporation, et al.         : Case No. 08-_____ ( )
                                   :
                                   : Jointly Administered
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13. Relief similar to the relief requested herein is routinely granted in cases in this district. See e.g., In re Dana Corp., et al., Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. 2006); In re Calpine Corp., et al., Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. 2005); In re Delta Air Lines, Inc., et al., Case No. 05-17923 (ASH) (Bankr. S.D.N.Y. 2005); In re Northwest Airlines Corp., et al., Case No. 05-17930 (ALG) (Bankr. S.D.N.Y. 2005)

**NOTICE**

14. 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.

15. No previous motion for the relief sought herein has been made to this or any other court.

16. 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 Rule 9013-1(b) of the Local Bankruptcy Rules of the Southern District of New York 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 A, granting the Motion and such other and further relief as may be just and proper.

Dated: March 30, 2008  
New York, New York

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

**EXHIBIT A**

**Proposed Order**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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Debtor. :  
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**ORDER AUTHORIZING  
JOINT ADMINISTRATION PURSUANT TO RULE 1015  
OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

Upon the motion (the "Motion") of the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors") for entry of an order, pursuant to Rule 1015 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing the joint administration of the Debtors' cases under chapter 11 of title 11 of the United States Code; and notice having been given as set forth in the Motion; and upon the Affidavit of Craig L. McKibben, Chief Financial Officer of Ampex Corporation, in Support of Chapter 11 Petitions and First Day Pleadings; and it appearing that no other or further notice is required; and after due deliberation and sufficient cause appearing therefore, it is hereby

Ordered, Adjudged and Decreed, that:

1. The Motion is granted.
2. The above-captioned cases are consolidated for procedural purposes only and shall be administered jointly under Case No. 08 - \_\_\_\_\_ ( ) in accordance with the provisions of Bankruptcy Rule 1015.
3. The joint caption of the Debtors' cases shall read as follows:

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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-----X
In re                               : Chapter 11
                                     :
Ampex Corporation, et al.          : Case No. 08-_____ ( )
                                     :
Debtor.                             :
-----X

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4. All original pleadings shall be captioned as indicated in the preceding decretal paragraph, all original docket entries shall be made in the case of Ampex Corporation, et al.,

Case No. 08 - \_\_\_\_\_ (     ).

5. A docket entry shall be made in the other Debtors' chapter 11 cases substantially as follows:

“An order has been entered in this case consolidating this case with the chapter 11 cases of Ampex Corporation, et al., Case No. 08- \_\_\_\_\_ (     ) for procedural purposes only and providing for its joint administration in accordance with the terms thereof.”

6. This Court retains 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