

AMPEX CORP /DE/  
Form 10-Q  
November 22, 2004  
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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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## FORM 10-Q

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2004

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-20292

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# AMPEX CORPORATION

(Exact name of Registrant as specified in its charter)

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**Delaware**  
(State of Incorporation)

**13-3667696**  
(I.R.S. Employer Identification Number)

**1228 Douglas Avenue**

**Redwood City, California 94063-3199**

(Address of principal executive offices, including zip code)

**(650) 367-2011**

(Registrant's telephone number, including area code)

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Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of September 30, 2004, the aggregate number of outstanding shares of our Class A Common Stock, \$.01 par value, was 3,642,517. There were no outstanding shares of our Class C Common Stock, \$.01 par value.

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**AMPEX CORPORATION**

**FORM 10-Q**

**Quarter Ended September 30, 2004**

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(in thousands, except share and per share data)

	September 30, 2004	December 31, 2003
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,451	\$ 14,023
Short-term investments	9,160	
Accounts receivable (net of allowances of \$88 in 2004 and \$137 in 2003)	2,892	4,513
Inventories	6,184	6,343
Other current assets	4,052	4,366
	<u>27,739</u>	<u>29,245</u>
Property, plant and equipment	4,333	4,825
Other assets	598	1,127
	<u>32,670</u>	<u>35,197</u>
<b>LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS DEFICIT</b>		
Current liabilities:		
Notes payable	\$ 132	\$ 146
Accounts payable	2,579	1,511
Net liabilities of discontinued operations	807	1,076
Accrued restructuring costs	631	1,300
Other accrued liabilities	11,890	23,956
	<u>16,039</u>	<u>27,989</u>
Long-term debt	89,560	74,022
Other liabilities	63,618	63,802
Accrued restructuring costs	1,794	3,450
Net liabilities of discontinued operations	1,354	2,071
	<u>172,365</u>	<u>171,334</u>
Commitments and contingencies (Note 10)		
Mandatorily redeemable nonconvertible preferred stock, \$1,000 liquidation value:		
Authorized: 69,970 shares in 2004 and in 2003		
Issued and outstanding - none in 2004 and in 2003		
Mandatorily redeemable preferred stock, \$2,000 liquidation value:		
Authorized: 21,859 shares in 2004 and in 2003		
Issued and outstanding - none in 2004 and in 2003		
Convertible preferred stock, \$2,000 liquidation value:		
Authorized: 10,000 shares in 2004 and in 2003		
Issued and outstanding - none in 2004 and in 2003		
Stockholders deficit:		

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Preferred stock, \$1.00 par value:

Authorized: 898,171 shares in 2004 and in 2003

Issued and outstanding - none in 2004 and in 2003

Common stock, \$.01 par value:

Class A:

Authorized: 175,000,000 shares in 2004 and in 2003

Issued and outstanding - 3,642,517 shares in 2004; 3,728,017 in 2003

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Class C:

Authorized: 50,000,000 shares in 2004 and in 2003

Issued and outstanding - none in 2004 and in 2003

Other additional capital

454,468

454,394

Accumulated deficit

(523,581)

(518,578)

Accumulated other comprehensive loss

(70,618)

(71,990)

Total stockholders deficit

(139,695)

(136,137)

Total liabilities, redeemable preferred stock and stockholders deficit

\$ 32,670

\$ 35,197

**The accompanying notes are an integral part of these unaudited consolidated financial statements.**

**Table of Contents****AMPEX CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

(in thousands, except share and per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2004	2003	2004	2003
				(unaudited)
Licensing revenue	\$ 1,759	\$ 1,744	\$ 4,861	\$ 7,702
Product revenue	4,390	6,367	15,767	17,950
Service revenue	2,173	2,065	6,496	7,049
<b>Total revenue</b>	<b>8,322</b>	<b>10,176</b>	<b>27,124</b>	<b>32,701</b>
Intellectual property costs	1,653	205	4,595	796
Cost of product sales	3,069	3,848	9,955	10,712
Cost of service	688	747	2,342	2,375
Research, development and engineering	1,022	696	2,853	2,326
Selling and administrative	3,326	2,848	9,160	9,095
Restructuring charges (credits)	(1,410)		(1,410)	
<b>Total costs and operating expenses</b>	<b>8,348</b>	<b>8,344</b>	<b>27,495</b>	<b>25,304</b>
<b>Operating income (loss)</b>	<b>(26)</b>	<b>1,832</b>	<b>(371)</b>	<b>7,397</b>
Interest expense	2,534	2,215	7,312	6,716
Amortization of debt financing costs	14	15	42	43
Interest income	(30)	(57)	(88)	(86)
Other (income) expense, net	(385)	2	(381)	35
<b>Income (loss) from continuing operations before income taxes and equity in income of limited partnership, including sale of investment</b>	<b>(2,159)</b>	<b>(343)</b>	<b>(7,256)</b>	<b>689</b>
Provision for (benefit of) income taxes		(3,981)	248	(3,306)
Equity in income of limited partnership, including sale of investment	(591)		(2,149)	
<b>Net income (loss) from continuing operations (Note 5)</b>	<b>(1,568)</b>	<b>3,638</b>	<b>(5,355)</b>	<b>3,995</b>
Income from discontinued operations (net of taxes of nil in 2004)	352		352	
<b>Net income (loss)</b>	<b>(1,216)</b>	<b>3,638</b>	<b>(5,003)</b>	<b>3,995</b>
Benefit from extinguishment of mandatorily redeemable preferred stock		974		3,041
Preferred dividends ascribed, but not declared		(451)		(1,416)
<b>Undistributed net income (loss) applicable to common stockholders</b>	<b>(1,216)</b>	<b>4,161</b>	<b>(5,003)</b>	<b>5,620</b>
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	2	(67)	46	(54)

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Comprehensive income (loss)	\$ (1,214)	\$ 4,094	\$ (4,957)	\$ 5,566
<b>Basic and diluted undistributed income (loss) per share (Note 5) :</b>				
Undistributed income (loss) per share from continuing operations	\$ (0.43)	\$ 0.98	\$ (1.46)	\$ 0.80
Income per share from discontinued operations	\$ 0.10	\$	\$ 0.10	\$
Undistributed income (loss) per share applicable to common stockholders	\$ (0.33)	\$ 1.28	\$ (1.36)	\$ 1.75
Weighted average number of basic and diluted common shares outstanding	3,642,517	3,260,733	3,667,572	