

AMPEX CORP /DE/  
Form 10-Q  
May 15, 2002  
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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2002

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)

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)

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

As of March 31, 2002, the aggregate number of outstanding shares of our Class A Common Stock, \$.01 par value, was 62,123,396. There were no outstanding shares of our Class C Common Stock, \$.01 par value.

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**AMPEX CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share data)

	<b>March 31, 2002</b>	<b>December 31, 2001</b>
	<u>          </u>	<u>          </u>
	<b>(unaudited)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,117	\$ 8,015
Accounts receivable (net of allowances of \$148 in 2002 and \$153 in 2001)	4,561	6,002
Inventories	11,987	13,258
Other current assets	1,255	4,426
	<u>          </u>	<u>          </u>
Total current assets	26,920	31,701
Property, plant and equipment	6,361	6,599
Other assets	843	873
	<u>          </u>	<u>          </u>
Total assets	\$ 34,124	\$ 39,173
	<u>          </u>	<u>          </u>
<b>LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS DEFICIT</b>		
Current liabilities:		
Notes payable	\$ 1,054	\$ 2,584
Accounts payable	3,082	3,665
Net liabilities of discontinued operations	1,160	1,383
Accrued restructuring costs	1,711	2,038
Other accrued liabilities	11,949	17,333
	<u>          </u>	<u>          </u>
Total current liabilities	18,956	27,003
Long-term debt	60,146	58,790
Other liabilities	44,905	41,740
Deferred income taxes	1,213	1,213
Net liabilities of discontinued operations	3,668	3,874
	<u>          </u>	<u>          </u>
Total liabilities	128,888	132,620
	<u>          </u>	<u>          </u>
Commitments and contingencies (Note 8)		
Mandatorily redeemable nonconvertible preferred stock, \$1,000 liquidation value:		
Authorized: 69,970 shares in 2002 and in 2001		
Issued and outstanding none in 2002 and in 2001		
Mandatorily redeemable preferred stock, \$2,000 liquidation value:		
Authorized: 21,859 shares in 2002 and in 2001		
Issued and outstanding 14,488 shares in 2002; 15,025 in 2001	28,976	30,050
Convertible preferred stock, \$2,000 liquidation value:		
Authorized: 10,000 shares in 2002 and in 2001		
Issued and outstanding none in 2002; 51 shares in 2001		102
Stockholders deficit:		
Preferred stock, \$1.00 par value:		
Authorized: 898,171 shares in 2002 and in 2001		
Issued and outstanding none in 2002 and in 2001		
Common stock, \$.01 par value:		
Class A:		
Authorized: 175,000,000 shares in 2002 and in 2001		

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Issued and outstanding 62,123,396 shares in 2002; 61,652,996 in 2001	621	616
Class C:		
Authorized: 50,000,000 shares in 2002 and in 2001		
Issued and outstanding none in 2002 and in 2001		
Other additional capital	429,332	428,161
Notes receivable from stockholders	(4,642)	(4,642)
Accumulated deficit	(511,331)	(510,023)
Accumulated other comprehensive income	(37,720)	(37,711)
	<u>          </u>	<u>          </u>
Total stockholders' deficit	(123,740)	(123,599)
	<u>          </u>	<u>          </u>
Total liabilities, redeemable preferred stock and stockholders' deficit	\$ 34,124	\$ 39,173
	<u>          </u>	<u>          </u>

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

**Table of Contents****AMPEX CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(in thousands, except share and per share data)

	For the three months ended	
	March 31,	
	2002	2001
	(unaudited)	
Royalty income	\$ 1,215	\$ 2,336
Product revenue	8,770	9,825
<b>Total revenue</b>	<b>9,985</b>	<b>12,161</b>
Intellectual property costs	232	173
Cost of product sales	5,220	7,040
Research, development and engineering	681	1,774
Selling and administrative	2,632	4,446
<b>Total costs and operating expenses</b>	<b>8,765</b>	<b>13,433</b>
Operating income (loss)	1,220	(1,272)
Interest expense	2,123	1,738
Amortization of debt financing costs	417	88
Interest income	(162)	(147)
Other (income) expense, net	(3)	(77)
Loss from continuing operations before income taxes	(1,155)	(2,874)
Provision for income taxes	153	247
Loss from continuing operations	(1,308)	(3,121)
Loss from discontinued operations (net of taxes of none in 2001)		(3,535)
Net loss	(1,308)	(6,656)
Benefit from extinguishment of mandatorily redeemable preferred stock	1,104	832
Net loss applicable to common stockholders	(204)	(5,824)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	(9)	(135)
<b>Comprehensive loss</b>	<b>\$ (213)</b>	<b>\$ (5,959)</b>
Basic and diluted loss per share:		
Loss per share from continuing operations	\$ (0.02)	\$ (0.05)
Loss per share from discontinued operations	\$ 0.00	\$ (0.06)
Loss per share applicable to common stockholders	\$ 0.00	\$ (0.10)
Weighted average number of common shares outstanding	61,658,165	58,080,117

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

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**AMPEX CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	<b>For the three months ended</b>	
	<b>March 31, 2002</b>	<b>March 31, 2001</b>
	<b>(unaudited)</b>	
Cash flows from operating activities:		
Net loss	\$ (1,308)	\$ (6,656)
Loss from discontinued operations		3,535
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion	2,331	873
Net loss on disposal of assets	2	
Changes in operating assets and liabilities:		
Accounts receivable	1,426	1,777
Inventories	1,271	(916)
Deferred pension asset		94
Other assets	3,172	1,954
Accounts payable	(573)	30
Other accrued liabilities and income taxes payable	(5,428)	1,635
Accrued restructuring costs	(327)	(114)
Other liabilities	3,165	39
	<b>3,731</b>	<b>2,251</b>
Net cash provided by continuing operations	(429)	(4,355)
Net cash used in discontinued operations		
	<b>3,302</b>	<b>(2,104)</b>
Cash flows from investing activities:		
Proceeds received on the maturity of short-term investments		4,997
Deferred gain on sale of assets	(16)	(76)
Additions to property, plant and equipment		(44)
	<b>(16)</b>	<b>4,877</b>
Net cash provided by (used in) continuing operations		(1,005)
Net cash used in discontinued operations		
	<b>(16)</b>	<b>3,872</b>
Cash flows from financing activities:		
Borrowings under working capital facilities	6,225	9,683
Repayments under working capital facilities	(8,389)	(9,886)
Proceeds from issuance of common stock		9
	<b>(2,164)</b>	<b>(194)</b>
Net cash used in continuing operations		
	<b>(2,164)</b>	<b>(194)</b>
Net cash used in financing activities		
	<b>(20)</b>	<b>(69)</b>
Effects of exchange rates on discontinued operations		