

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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AMPEX CORP /DE/

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SIC: **3663** Radio & tv broadcasting & communications equipment

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): July 14, 2008

AMPEX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-20292
(Commission File Number)

13-3667696
(IRS Employer
Identification No.)

1228 Douglas Avenue
Redwood City, California 94063-3117
(Address and zip code of principal executive offices)

Registrant's telephone number, including area code:
(650) 367-2011

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 1.01. Entry into a Material Definitive Agreement; Item 1.03. Bankruptcy or Receivership.

On July 9, 2008, Ampex Corporation (the “Company”) and certain of its U.S. subsidiaries (together with the Company, the “Debtors”) filed with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) a motion for an order authorizing, among other things, certain modifications to the Debtors’ Third Amended Joint Chapter 11 Plan of Reorganization (as modified, the “Plan”), a proposed supplement to the Disclosure Statement relating to the Plan (the “Supplement”), and other related relief. The Bankruptcy Court granted the motion and approved the Supplement on July 14, 2008.

The Plan was modified, among other things, to revise certain terms relating to lump sum cash payment elections by holders of unsecured claims and certain conditions precedent to consummation of the Plan. The Supplement contains a summary of the modifications made to the Plan. The Debtors plan to distribute the Plan and Supplement to, and to resolicit the votes of, the holders of unsecured claims affected by the modifications.

Also on July 9, 2008, the Debtors entered into a Plan Support Agreement (“PSA”) with the official committee of unsecured creditors in the chapter 11 case (the “Committee”). Under the PSA, the Committee has agreed to support the Plan and to urge holders of unsecured claims to vote to accept the Plan, among other things.

Copies of the Plan, Supplement and PSA are attached as Exhibits 10.1, 10.2 and 10.3 to this report, respectively, and are incorporated herein by reference.

Forward-Looking Statements

This report (including the exhibits hereto), may contain predictions, projections and other statements about the future that are intended to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Company’s actual results, performance or achievements, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, but are not limited to, those described in the Company’s 2007 Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q, as well as the following: the effects of the Company’s chapter 11 filing on the Company and the interests of its various creditors, equity holders and other constituents; Bankruptcy Court rulings in the chapter 11 case and the outcome of the proceeding in general; the length of time the Company will operate under the chapter 11 proceeding; the risks that the conditions and deadlines for confirmation of the chapter 11 plan of reorganization will be satisfied; increased legal costs related to the chapter 11 case and other litigation; the Company’s ability to maintain contracts that are critical to its operations, to obtain and maintain normal terms with customers, suppliers and service providers and to retain key executives, managers and employees; the Company’s ability to manage costs, maintain adequate liquidity, maintain compliance with debt covenants and continue as a going concern; the risk that the chapter 11 case could be converted into a chapter 7 liquidation; and the risks related to trading in the Company’s common stock, which was delisted from Nasdaq, and which the Company expects will be canceled upon emergence from chapter 11. These forward-looking statements speak only as of the date of this report, and the Company disclaims any obligation or undertaking to update such statements. In assessing forward-looking statements contained in this report, readers are urged to read carefully all such cautionary statements.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits.**

- 10.1 First Modified Third Amended Joint Chapter 11 Plan of Reorganization for Ampex Corporation and its Affiliated Debtors, dated July 9, 2008.
- 10.2 Supplement to Disclosure Statement with Respect to First Modified Third Amended Joint Chapter 11 Plan of Reorganization for Ampex Corporation and its Affiliated Debtors, dated July 14, 2008.
- 10.3 Plan Support Agreement dated as of July 9, 2008 among Debtors and the Committee.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMPEX CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

Date: July 17, 2008

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1*	First Modified Third Amended Joint Chapter 11 Plan of Reorganization for Ampex Corporation and its Affiliated Debtors, dated July 9, 2008.
10.2*	Supplement to Disclosure Statement with Respect to First Modified Third Amended Joint Chapter 11 Plan of Reorganization for Ampex Corporation and its Affiliated Debtors, dated July 14, 2008.
10.3*	Plan Support Agreement dated as of July 9, 2008 among Debtors and the Committee.

* Filed herewith.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re)	Chapter 11
)	
Ampex Corporation, <u>et al.</u> ,)	Case No. 08-11094
)	
Debtors.)	Jointly Administered
)	

**FIRST MODIFIED THIRD AMENDED JOINT CHAPTER 11 PLAN
OF REORGANIZATION FOR AMPEX CORPORATION
AND ITS AFFILIATED DEBTORS**

Nothing contained herein shall constitute an offer, acceptance or a legally binding obligation of the Debtors or any other party in interest and this Plan is subject to approval of the Bankruptcy Court and other customary conditions. This Plan is not an offer with respect to any securities. This is not a solicitation of acceptances or rejections of the Plan. Acceptances or rejections with respect to this Plan may not be solicited until a disclosure statement has been approved by the United States Bankruptcy Court for the Southern District of New York. Such a solicitation will only be made in compliance with applicable provisions of securities and/or bankruptcy laws. YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED IN, OR THE TERMS OF, THIS DRAFT PLAN FOR ANY PURPOSE (INCLUDING IN CONNECTION WITH THE PURCHASE OR SALE OF THE DEBTORS' SECURITIES) PRIOR TO THE APPROVAL OF THIS PLAN BY THE BANKRUPTCY COURT.

Dated: New York, New York
July 9, 2008

WILLKIE FARR & GALLAGHER LLP
Counsel for Debtors
and Debtors In Possession

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

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INTRODUCTION

Ampex Corporation (“**Ampex**”) and the other debtors and debtors-in-possession in the above-captioned cases, as set forth on Exhibit A hereto, propose the following joint plan of reorganization for the resolution of the outstanding Claims¹ against and Interests in the Debtors. Reference is made to the Disclosure Statement (as filed contemporaneously herewith) for a discussion of the Debtors’ history, business, properties and operations, projections for those operations, risk factors, a summary and analysis of this Plan, and certain related matters including, among other things, certain tax matters, and the securities and other consideration to be issued and/or distributed under this Plan. Subject to certain restrictions and requirements set forth in 11 U.S.C. § 1127 and Fed. R. Bankr. P. 3019 and Sections 14.6 and 14.7 of this Plan, the Debtors reserve the right to alter, amend, modify, revoke or withdraw this Plan prior to its substantial consummation.

The only Persons that are entitled to vote on this Plan are holders of Senior Secured Note Claims, Hillside Secured Claims, and General Unsecured Claims. Such Persons are encouraged to read the Plan and the Disclosure Statement and their respective exhibits and schedules in their entirety before voting to accept or reject the Plan. No materials other than the Disclosure Statement and the respective schedules and exhibits attached thereto and referenced therein, and approved by the Bankruptcy Court have been authorized by the Bankruptcy Court for use in soliciting acceptances or rejections of the Plan.

ARTICLE I.

DEFINITIONS AND INTERPRETATION

A. *Definitions.*

The following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural):

1.1. *Administrative Expense Claim* means any right to payment constituting a cost or expense of administration of the Reorganization Cases of the kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) or 507(b) of the Bankruptcy Code (other than a Fee Claim) for the period from the Commencement Date to the Effective Date, including, without limitation, any actual and necessary costs and expenses of preserving the Estates, any actual and necessary costs and expenses of operating the Debtors’ business, any indebtedness or obligations incurred or assumed by the Debtors during the Reorganization Cases.

1.2. *Allowed Claim* or *Allowed [_____] Claim* or *Allowed [_____] Interest* (with respect to a specific type of Claim or Interest, if specified) means: (a) any Claim against or Interest in (or a portion thereof) a Debtor as to which no action to dispute, deny, equitably subordinate or otherwise limit recovery with respect thereto has been sought within the _____

¹ All capitalized terms used but not defined herein shall have the meanings set forth in Article I herein.

applicable period of limitation fixed by applicable law; or (b) any Claim or Interest or portion thereof that is allowed (i) in any contract, instrument, indenture or other agreement entered into in connection with the Plan, (ii) pursuant to the terms of the Plan, (iii) by Final Order of the Bankruptcy Court, or (iv) with respect to an Administrative Expense Claim only (x) that was incurred by a Debtor in the ordinary course of business during the Reorganization Cases to the extent due and owing without defense, offset, recoupment or counterclaim of any kind, and (y) that is not otherwise disputed.

1.3. Amended HSA Agreement means that certain amended and restated HSA Agreement, dated as of [_____, 2008], by and among Hillside, Ampex and SHI. A substantially final form of the Amended HSA Agreement is annexed hereto as Exhibit B.

1.4. Amended Senior Secured Note Indenture means that certain Amended and Restated Indenture dated as of [_____, 2008], between Ampex Corporation and U.S. Bank, National Association, as Trustee thereunder, pursuant to which Reorganized Ampex will issue the Amended Senior Secured Notes. A substantially final form of the Amended Senior Secured Note Indenture is annexed hereto as Exhibit C, which form may be changed with the consent of the Consenting Holders.

1.5. Amended Senior Secured Notes means those certain 12.0% senior notes due [_____] 2009, issued by Reorganized Ampex under the Amended Senior Secured Note Indenture.

1.6. Assets means all of the right, title and interest of the Debtors in and to property of whatever type or nature (real, personal, mixed, intellectual, tangible or intangible).

1.7. Ballot means the form or forms distributed to holders of impaired Claims entitled to vote on the Plan on which is to be indicated the acceptance or rejection of the Plan.

1.8. Bankruptcy Code means title 11 of the United States Code, as amended from time to time, as applicable to the Reorganization Cases.

1.9. Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York, or any other court exercising competent jurisdiction over the Reorganization Cases or any proceeding therein.

1.10. Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, applicable to the Reorganization Cases, and any Local Rules of the Bankruptcy Court.

1.11. Bar Date means any deadline for filing proofs of Claim against the Debtors that arose on or prior to the Commencement Date, as established by an order of the Bankruptcy Court or the Plan.

1.12. Business Day means any day other than a Saturday, Sunday, or a "legal holiday," as defined in Bankruptcy Rule 9006(a).

1.13. Cash means the legal currency of the United States and equivalents thereof.

1.14. Causes of Action means any and all actions, causes of action, suits, accounts, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment, and Claims, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise.

1.15. Charging Lien means any Lien or other priority in payment to which the Indenture Trustee is entitled under the terms of the Indenture to assert against distributions to be made to holders of Senior Secured Note Claims.

1.16. Claim means “claim” as defined in section 101(5) of the Bankruptcy Code.

1.17. Class means a category of Claims or Interests pursuant to section 1123(a)(1) of the Bankruptcy Code, and as set forth in Article IV of this Plan.

1.18. Collateral means any property or interest in property of the Debtors subject to a Lien to secure the payment or performance of a Claim.

1.19. Commencement Date means March 30, 2008.

1.20. Confirmation Date means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket.

1.21. Confirmation Hearing means a hearing to be held by the Bankruptcy Court regarding confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

1.22. Confirmation Order means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

1.23. Consenting Holders means Hillside and those holders of Senior Secured Note Claims that are party to the Plan Support Agreement, dated March 30, 2008, as amended.

1.24. CPR Administrator means any entity designated as such by the Debtors with Hillside’s consent.

1.25. CPR Administrator Rights Notice means a written notice of the Distribution Rights to which the holder is entitled under the CPR Agreement and the Plan.

1.26. CPR Agreement means an agreement by and between Reorganized Ampex and the CPR Administrator, pursuant to which CPR Distributions will be made, a substantially final form of which is annexed hereto as Exhibit D, which form may be changed with the consent of Hillside.

1.27. CPR Distributions means any payments made pursuant to the CPR Agreement.

1.28. Credit Agreement means that certain secured credit agreement between Reorganized Ampex, as borrower, the other Reorganized Debtors, as guarantors, and Hillside, as lender, in substantially similar form as annexed to this Plan as Exhibit E, which form may be changed with the consent of the Consenting Holders.

1.29. Creditors' Committee means the statutory committee of unsecured creditors that that was appointed in the Reorganization Cases on April 16, 2008, in accordance with section 1102 of the Bankruptcy Code, as the same may be reconstituted from time to time.

1.30. Cure Amount has the meaning set forth in Section 10.4(a) of this Plan.

1.31. Cure Dispute has the meaning set forth in Section 10.4(c) of this Plan.

1.32. Cure Schedule has the meaning set forth in Section 10.4(b) of this Plan.

1.33. Debtors means Ampex and each of its affiliated debtors and debtors in possession in the Reorganization Cases, as set forth on Exhibit A hereto.

1.34. Disallowed means a finding of the Bankruptcy Court or such other court of competent jurisdiction, a Final Order, or provision in the Plan providing that a Disputed Claim or Interest, as the case may be, shall not be Allowed.

1.35. Disbursing Agent means any entity designated as such by the Debtors or Reorganized Ampex.

1.36. Disclosure Statement means the disclosure statement that relates to this Plan, as such disclosure statement may be amended, modified, or supplemented (including all exhibits and schedules annexed thereto or referred to therein).

1.37. Disclosure Statement Hearing means a hearing (which may also be the Confirmation Hearing) held by the Bankruptcy Court to consider approval of the Disclosure Statement as containing adequate information as required by section 1125 of the Bankruptcy Code, as the same may be adjourned or continued from time to time.

1.38. Disputed Claim means any Claim that is not an Allowed Claim as of the relevant date.

1.39. Disputed Existing Common Stock Interests means any Existing Common Stock Interest: (a) that is not an Allowed Interest as of the relevant date; (b) the holder of which cannot be located by the Debtors, Reorganized Debtors or Disbursing Agent at any of the addresses set forth in Section 8.9 herein; (c) the holder of which notifies the CPR Administrator in writing within 10 days of the CPR Administrator Rights Notice that there is an error in the calculation of its Pro Rata Percentage of the CPR Distributions; or (d) the holder of which has not surrendered cancelled Common Stock certificates or other instruments evidencing its Existing Common Stock or affidavit of loss and indemnity satisfactory to the CPR Administrator, as further described in the CPR Agreement.

1.40. *Distribution Record Date* means (a) in respect of the Hillside Secured Claim and the Hillside Unsecured Deficiency Claim, the Senior Secured Note Claims and Existing Common Stock Interests, the Confirmation Date, or (b) in all other cases, such other date as shall be established by the Bankruptcy Court in the Confirmation Order.

1.41. *Distribution Rights* means a right to receive a Pro Rata Percentage of CPR Distributions pursuant to the CPR Agreement.

1.42. *Effective Date* means the first Business Day on which all conditions to the Effective Date set forth in Section 11.2 of this Plan have been satisfied or waived.

1.43. *Election General Unsecured Claim* means a General Unsecured Claim on account of which the holder thereof has elected to receive a Lump Sum Cash Payment pursuant to Section 5.5 of this Plan.

1.44. *Environmental Claim* means a Claim against a Debtor relating to or arising out of environmental laws of the United States or any state, city or municipality, including, without limitation, (a) a Claim for control group liability under Comprehensive Environmental Response, Compensation, and Liability Act, or any other applicable law, and (b) a Claim related to asbestos.

1.45. *Estate* means each estate created in the Reorganization Cases pursuant to section 541 of the Bankruptcy Code.

1.46. *Estimated General Unsecured Claim* means any General Unsecured Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code for purposes of allowance.

1.47. *Existing Common Stock* means the common stock of Ampex Corporation, including any outstanding and treasury common stock.

1.48. *Existing Common Stock Interest* means shares of outstanding common stock of Ampex Corporation.

1.49. *Existing Securities Law Claim* means any Claim against a Debtor, whether or not the subject of an existing lawsuit, (a) arising from rescission of a purchase or sale of any securities of any Debtor or an affiliate of any Debtor, (b) for damages arising from the purchase or sale of any such security, (c) for violations of the securities laws, misrepresentations, or any similar Claims, including, to the extent related to the foregoing or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, any attorneys' fees, other charges, or costs incurred on account of the foregoing Claims, or (d) except as otherwise provided for in this Plan, for reimbursement, contribution, or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim, including (i) any prepetition indemnification, reimbursement or contribution obligations of the Debtors relating to officers and directors holding such positions prior to the Commencement Date pursuant to the Debtors' corporate charters, by-laws, agreements entered into any time prior to the Commencement Date, or otherwise, and relating to Claims otherwise included in the foregoing clauses (a) through (c), and (ii) Claims based upon allegations that the Debtors made false and misleading statements or engaged in other deceptive acts in connection with the sale of securities.

1.50. Fee Claim means a Claim by a Professional Person for compensation, indemnification or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103(a) of the Bankruptcy Code in connection with the Reorganization Cases.

1.51. Final Order means an order, ruling or judgment that (a) is in full force and effect, (b) is not stayed, and (c) is no longer subject to review, reversal, modification or amendment, by appeal or writ of certiorari; provided, however, that the possibility that a motion under Rule 50 or 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Civil Procedure or Bankruptcy Rules, may be filed relating to such order, ruling or judgment shall not cause such order, ruling or judgment not to be a Final Order.

1.52. General Unsecured Claim means any Claim against a Debtor, other than: (a) an Existing Securities Law Claim; (b) a Secured Claim; (c) an Intercompany Claim; (d) an Administrative Expense Claim; (e) a Fee Claim; (f) a Priority Tax Claim; (g) a Priority Non-Tax Claim; and (h) a Claim on account of any guaranty or similar obligation of the Debtors relating to the foregoing types of Claims identified in this Section 1.52(a)-(g). General Unsecured Claims include, but are not limited to (u) the Hillside Unsecured Deficiency Claims, (v) Claims related to or arising from termination of the SERP, (w) Claims relating to or arising out of environmental laws of the United States or any state, city or municipality, (x) Claims related to or arising from the rejection of an executory contract or unexpired lease during the Reorganization Cases, (y) any other deficiency claims (except as otherwise ordered by the Bankruptcy Court), and (z) Claims (except as set forth in the preceding sentence) based on or arising out of acts, conduct or events occurring prior to the Commencement Date, whether or not such transaction occurred in the ordinary course of the Debtors' businesses, and whether or not a lawsuit based on the incident or occurrence was filed prior to the Commencement Date.

1.53. Hillside means Hillside Capital Incorporated and its affiliates.

1.54. Hillside Notes means those notes issued by Ampex to Hillside pursuant to the HSA Agreement.

1.55. Hillside Secured Claim means any Secured Claim against a Debtor arising out of a Hillside Note.

1.56. Hillside Unsecured Deficiency Claim means any Claim arising out of the Hillside Notes or otherwise, other than a Hillside Secured Claim, which Claims shall be deemed Allowed in the aggregate amount of \$41.7 million.

1.57. HSA Agreement means that certain agreement, as amended, dated as of December 1, 1994, by and among Hillside, Ampex and SHI.

1.58. Indenture means that certain Indenture dated as of February 28, 2002, between Ampex Corporation and U.S. Bank, National Association, as successor trustee to State Street Bank and Trust Company, as supplemented or amended, pursuant to which Ampex issued the Senior Secured Notes.

1.59. Indenture Trustee means the indenture trustee, solely in its capacity as such, pursuant to the Indenture.

1.60. *Intercompany Claim* means any Claim, cause or action, remedy or Administrative Expense Claim asserted by a Debtor against another Debtor.

1.61. *Interest* means the interest of any holder of an equity security in any Debtor, whether or not represented by any issued and outstanding share of Existing Common Stock, or other instrument evidencing a present ownership interest in any Debtor, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest, including Existing Common Stock.

1.62. *Lien* has the meaning set forth in section 101(37) of the Bankruptcy Code.

1.63. *Lump Sum Cash Payment* means, with respect to any Allowed General Unsecured Claim, the greater of: (a) the Unsecured Claim Distribution Value up to a maximum payment of \$5,000, or (b) seven percent (7%) of the Allowed amount of such General Unsecured Claim.

1.64. *New Common Stock* means the 40,000 shares of Class A Common Stock, par value \$0.01, of Reorganized Ampex, to be authorized and issued by Reorganized Ampex in connection with the implementation of this Plan.

1.65. *New Preferred Stock* means any blank-check preferred stock that is authorized to be issued by Reorganized Ampex as of the Effective Date.

1.66. *New Stockholders Agreement* means that certain stockholders agreement to be entered into under the terms of this Plan as of the Effective Date by and among Reorganized Ampex and all holders of the New Common Stock, substantially in the form of Exhibit F attached to this Plan.

1.67. *Non-Election General Unsecured Claim* means a General Unsecured Claim on account of which the holder has not elected to receive a Lump Sum Cash Payment pursuant to Section 5.5 of this Plan.

1.68. *Other Existing Interests* means any Interests in the Debtors other than Existing Common Stock, including, but not limited to, any warrants, options, or rights to receive or purchase shares of Existing Common Stock and any preferred shares authorized to be issued by Ampex.

1.69. *Other Secured Claim* means any Secured Claim against a Debtor other than (a) a Hillside Secured Claim, and (b) a Senior Secured Note Claim.

1.70. *PBGC Agreement* means that certain agreement dated November 22, 1994, by and among the Pension Benefit Guaranty Corporation, Ampex, Hillside Capital Incorporated and SHI, among other parties.

1.71. *Pension Plans* mean the Ampex Corporation Employees' Retirement Plan and the Quantegy Media Corporation Retirement Plan.

1.72. *Person* means any individual, corporation, partnership, association, indenture trustee, limited liability company, organization, joint stock company, joint venture, estate, trust, governmental unit or any political subdivision thereof, Interest holder, or any other entity or organization.

1.73. *Plan* means this chapter 11 plan of reorganization proposed by the Debtors, including, without limitation, the exhibits and schedules hereto, as the same may be amended or modified from time to time in accordance with the provisions of the Bankruptcy Code and the terms hereof.

1.74. *Plan Consideration* means, with respect to a Class or holder of Claims or Interests entitled to distribution under this Plan, one or more of Cash, Amended Senior Secured Notes, shares of New Common Stock, or Distribution Rights as applicable.

1.75. *Plan Distribution* means the payment or distribution under the Plan of any Plan Consideration to the holder of an Allowed Claim or Allowed Interest.

1.76. *Plan Documents* means the documents other than this Plan, each in form and substance reasonably satisfactory to the Consenting Holders, to be executed, delivered, assumed, and/or performed in conjunction with the consummation of this Plan on the Effective Date, including, without limitation, the Amended HSA Agreement, the Amended Senior Secured Note Indenture, the Amended Senior Secured Notes, the Credit Agreement, the CPR Agreement, the Amended Certificates of Incorporation of the Reorganized Debtors and the Amended By-laws of the Reorganized Debtors.

1.77. *Plan Securities* means, collectively, the Amended Senior Secured Notes, the New Common Stock, and the New Preferred Stock.

1.78. *Plan Supplement* means the supplemental appendix to this Plan, to be filed contemporaneously with the Plan and Disclosure Statement, or as soon thereafter as reasonably practicable but in no event less than five (5) Business Days prior to the commencement of the Confirmation Hearing, which will contain, among other things, draft forms or signed copies, as the case may be, of the Plan Documents.

1.79. *Priority Non-Tax Claim* means any Claim against the Debtors, other than an Administrative Expense Claim, a Fee Claim and a Priority Tax Claim, entitled to priority in payment as specified in section 507(a) of the Bankruptcy Code.

1.80. *Priority Tax Claim* means any Claim of a governmental unit (as defined in section 101(27) of the Bankruptcy Code) against the Debtors of the kind entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code.

1.81. *Professional Person(s)* means all Persons retained by order of the Bankruptcy Court in connection with the Reorganization Case, pursuant to sections 327, 328, 330 or 1103 of the Bankruptcy Code, excluding any ordinary course professionals retained pursuant to order of the Bankruptcy Court.

1.82. *Pro Rata Percentage* means with reference to any distribution to holders of Existing Common Stock Interests, a distribution equal in amount to the ratio (expressed as a percentage) of the number of shares of Existing Common Stock held by the holder in question *divided* by the aggregate number of all outstanding shares of Existing Common Stock as of the date immediately prior to the Effective Date.

1.83. *Pro Rata Share* means: (a) with reference to any distribution on account of an Allowed Claim in a Class other than Class 5, a distribution equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to the aggregate amount of all Allowed Claims in such Class; and (b) with reference to any distribution on account of an Allowed Non-Election General Unsecured Claim in Class 5, a distribution of a number of shares of New Common Stock equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to (i) the aggregate amount of all Allowed Non-Election General Unsecured Claims, plus (ii) the aggregate amount of all Disputed Non-Election General Unsecured Claims, plus (iii) the aggregate amount of all Estimated Non-Election General Unsecured Claims.

1.84. *Quarterly Distribution Date* means the last Business Day of the month following the end of each calendar quarter after the Effective Date; provided, however, that if the Effective Date is within thirty (30) days of the end of a calendar quarter, then the first Quarterly Distribution Date will be the last Business Day of the month following the end of the first calendar quarter after the calendar quarter in which the Effective Date falls.

1.85. *Recovery Rate* means, with respect to Claims in Class 5, the ratio (expressed as a percentage) that the amount of Total Equity Value bears to the aggregate amount of (a) all Allowed General Unsecured Claims, plus (b) all Disputed General Unsecured Claims, plus (c) all Estimated General Unsecured Claims.

1.86. *Released Parties* means, collectively: (a) the Debtors' and their non-debtor affiliates and subsidiaries' directors, officers, employees, agents, members, shareholders, advisors and professionals (including any attorneys, financial advisors, investment bankers, and other professionals retained by such persons), each solely in their capacity as such, and to the extent such Persons occupied such positions at any time on or after the Commencement Date; (b) the Creditors' Committee, and its members, advisors and professionals (including any attorneys, financial advisors, investment bankers and other professionals retained by such persons), each solely in their capacity as such; (c) each Consenting Holder and its current and former officers, partners, directors, employees, agents, members, shareholders, advisors and professionals (including any attorneys, financial advisors, investment bankers and other professionals retained by such persons), each solely in their capacity as such; (d) the Indenture Trustee and its current and former officers, partners, directors, employees, agents, members, shareholders, advisors and professionals (including any attorneys, financial advisors, investment bankers and other professionals retained by such persons), each solely in their capacity as such; (e) the holders of the Senior Secured Notes and their current and former officers, partners, directors, employees, agents, members, shareholders, advisors and professionals (including any attorneys, financial advisors, investment bankers and other professionals retained by such persons), each solely in their capacity as such; (f) the CPR Administrator and its current and former officers, partners, directors, employees, agents, members, shareholders, advisors and professionals (including any

attorneys, financial advisors, and other professionals retained by such persons), each solely in their capacity as such; and (g) the Disbursing Agent and its current and former officers, partners, directors, employees, agents, members, shareholders, advisors and professionals (including any attorneys, financial advisors, and other professionals retained by such persons), each solely in their capacity as such.

1.87. *Reorganized Ampex* means Ampex on or after the Effective Date.

1.88. *Reorganization Cases* means the jointly-administered cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on the Commencement Date in the Bankruptcy Court and styled *In re Ampex Corporation, et al.*, No. 08-11094 (AJG) (Jointly Administered).

1.89. *Reorganized Debtor* means each Debtor on and after the Effective Date.

1.90. *Schedule of Rejected Contracts and Leases* means a schedule of the contracts and leases to be rejected pursuant to section 365 of the Bankruptcy Code and Section 10.1 of this Plan, which shall be filed by the Debtors at least five (5) Business Days prior to the start of the Confirmation Hearing, as such schedule may be amended from time to time on or before the Effective Date.

1.91. *Secured Claim* means a Claim against a Debtor (a) that is secured by a Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code, or (b) to the extent that the holder thereof has a valid right of setoff pursuant to section 553 of the Bankruptcy Code, and limited to the value thereof.

1.92. *Senior Secured Note* means those certain 12.0% Senior Notes due August 15, 2008, issued by Ampex Corporation under the Indenture.

1.93. *Senior Secured Note Claim* means a Claim (excluding Existing Securities Law Claims) against a Debtor arising pursuant to a Senior Secured Note, including (a) consistent with section 506(b) of the Bankruptcy Code, all accrued but unpaid interest through the Effective Date, (b) fees, and (c) expenses.

1.94. *Senior Secured Note Claim Distribution* means (a) Cash in an aggregate amount equal to 50% of the Allowed Senior Secured Note Claims (i.e., \$3,453,182.40), plus (b) Amended Senior Secured Notes, issued pursuant to the Amended Senior Secured Note Indenture substantially in the form annexed hereto as Exhibit C, in aggregate principal amount equal to 50% of the Allowed Senior Secured Note Claims (i.e., \$3,453,182.40).

1.95. *SERP* means, collectively: (a) that certain Ampex Corporation Early Retirement Supplemental Benefit Plan I, effective January 2, 1982; (b) that certain Ampex Corporation Early Retirement Supplement Benefit Plan II, effective January 1, 1983; (c) that certain Supplemental Retirement Plan, dated as of June 27, 1967; (d) that certain Supplemental Retirement Income Plan, effective August 26, 1969, as amended through September 3, 1985; and (e) that certain Signal Supplemental Benefit Plan.

1.96. *SHI* means Sherborne Holdings Incorporated and its affiliates.

1.97. *Subsidiary* means any corporation, association or other business entity of which at least the majority of the securities or other ownership interest is owned or controlled by a Debtor and/or one or more subsidiaries of the Debtor.

1.98. *Total Equity Value* means the total value, as of the Effective Date, of the New Common Stock of Reorganized Ampex.

1.99. *Tranche A Loan* means that certain loan deemed made pursuant to Section 2.01(a) of the Credit Agreement.

1.100. *Tranche A Loan Obligations* means those certain obligations of the Reorganized Debtors under the Credit Agreement in connection with the Tranche A Loan.

1.101. *Unsecured Claim Distribution* means all shares of the New Common Stock issued by Reorganized Ampex pursuant to this Plan, equal in value to the Total Equity Value less the aggregate of all Lump Sum Cash Payments made hereunder.

1.102. *Unsecured Claim Distribution Value* means, with respect to any General Unsecured Claim, the product of (a) the Recovery Rate, and (b) the amount of such General Unsecured Claim.

1.103. *U.S. Trustee Fees* means fees arising under 28 U.S.C. § 1930(a)(6) or accrued interest thereon arising under 31 U.S.C. § 3717.

B. *Interpretation; Application of Definitions and Rules of Construction.*

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein. Any capitalized term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code. Except for the rules of construction contained in sections 102(5) and 102(8) of the Bankruptcy Code, which shall not apply, the rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. Any reference in this Plan to a contract, instrument, release, indenture, or other agreement or documents being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, and any reference in this Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. To the extent there is an inconsistency between any of the provisions of this Plan and any of the provisions contained in the Plan Documents to be entered into as of the Effective Date, the Plan Documents shall control.

C. *Appendices and Plan Documents.*

All Plan Documents and appendices to the Plan are incorporated into the Plan by reference and are a part of the Plan as if set forth in full herein. Holders of Claims and Interests may inspect a copy of the Plan Documents, once filed, in the Office of the Clerk of the Bankruptcy Court during normal business hours, or obtain a copy of the Plan Documents by a written request sent to the following address:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019

Attention:

Matthew A. Feldman, Esq.
Rachel C. Strickland, Esq.

Telephone:

(212) 728-8000

ARTICLE II.

RESOLUTION OF CERTAIN INTER-CREDITOR AND INTER-DEBTOR ISSUES

2.1. *Settlement of Certain Inter-Creditor Issues.*

The treatment of Claims against and Interests in the Debtors under this Plan represents, among other things, the settlement and compromise of certain inter-creditor disputes.

2.2. *Substantive Consolidation of Debtors for Purposes of Voting, Confirmation and Distribution.*

(a) This Plan provides for substantive consolidation of the Debtors' Estates, but solely for purposes of voting, confirmation, and making distributions to the holders of Allowed Claims and Allowed Interests under this Plan. On the Effective Date: (a) all guarantees of any Debtor of the payment, performance or collection of another Debtor with respect to Claims against such Debtor shall be deemed eliminated and cancelled; (b) any obligation of any Debtor and all guarantees by a Debtor with respect to Claims thereof executed by one or more of the other Debtors shall be treated as a single obligation; (c) each Claim against any Debtor shall be deemed to be against the consolidated Debtors and shall be deemed a single Claim against, and a single obligation of, the consolidated Debtors; and (d) all Intercompany Claims shall be deemed eliminated as a result of the substantive consolidation of the Debtors, and therefore holders thereof shall not be entitled to vote on the Plan, or receive any Plan Distribution or other allocations of value. On the Effective Date, and in accordance with the terms of this Plan and the consolidation of the assets and liabilities of the Debtors, all Claims based upon guarantees of collection, payment, or performance made by a Debtor as to the obligation of another Debtor shall be released and of no further force and effect. Except as set forth in this Section 2.2, such substantive consolidation shall not (other than for purposes related to this Plan) (a) affect the legal and corporate structure of the Reorganized Debtors, or (b) affect any obligations under any leases or contracts assumed in this Plan or otherwise after the Commencement Date.

(b) Notwithstanding the substantive consolidation of the Estates for the purposes set forth in Section 2.2(a) herein, each Reorganized Debtor shall pay all U.S. Trustee Fee Claims on all disbursements, including Plan Distributions and disbursements in and outside of the ordinary course of business, until the entry of a Final Decree in its Reorganization Case, dismissal of its Reorganization Case, or conversion of its Reorganization Case to a case under chapter 7 of the Bankruptcy Code.

2.3. *Claims Between Debtors and Non-Debtor Affiliates.*

Any Claim against a Debtor held by its non-Debtor affiliate, and any Claim held by a Debtor against its non-Debtor affiliate, shall survive unimpaired and unaffected by entry of the Confirmation Order and the Effective Date, irrespective of whether such Claim is owed for a transaction or event occurring before or after the Commencement Date.

2.4. *Limitations of Plan Distributions to Equity Interests.*

No Plan Distributions shall be made on account of any Interests in any Debtor regardless of whether such Interests are held by a Person which is not a Debtor; provided, however, that any Debtor that owns Interests in another Debtor shall retain such Interests. As part of the settlement and compromises set forth herein, holders of Allowed Existing Common Stock Interests that do not object to confirmation of the Plan will receive Distribution Rights, as set forth in Section 5.6 herein.

ARTICLE III.

ADMINISTRATIVE EXPENSE CLAIMS, FEE CLAIMS, U.S. TRUSTEE FEES AND PRIORITY TAX CLAIMS

All Claims and Interests, except Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims, are placed in the Classes set forth in Article IV below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Fee Claims, U.S. Trustee Fees and Priority Tax Claims of the Debtors have not been classified, and the holders thereof are not entitled to vote on this Plan. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

3.1. *Administrative Expense Claims.*

(a) Time for Filing Administrative Expense Claims.

The holder of an Administrative Expense Claim, other than the holder of:

- (i) a Fee Claim;
- (ii) an Administrative Expense Claim that has been Allowed on or before the Effective Date;
- (iii) an Administrative Expense Claim for an expense or liability incurred and payable in the ordinary course of business by a Debtor on or after the Effective Date;

- (iv) an Administrative Expense Claim on account of fees and expenses incurred on or after the Commencement Date by ordinary course professionals retained by the Debtors pursuant to an order of the Bankruptcy Court;
- (v) Claims for indemnification, contribution, or advancement of expenses pursuant to (A) any Debtor's certificate of incorporation, by-laws, or similar organizational document or (B) any indemnification or contribution agreement approved by the Bankruptcy Court;
- (vi) an Administrative Expense Claim arising, in the ordinary course of business, out of the employment by one or more Debtors of an individual from and after the Commencement Date of a type (or pursuant to an employee benefit plan or program) approved by the Bankruptcy Court; or
- (vii) statutory fees of the United States Trustee arising under 28 U.S.C. § 1930, and interest thereon arising under 31 U.S.C. § 3717.

must file with the Bankruptcy Court and serve on the Debtors, the Creditors' Committee and the Office of the United States Trustee, proof of such Administrative Expense Claim **within thirty (30) days after the Effective Date** (the "**Administrative Bar Date**"). Such proof of Administrative Expense Claim must include at a minimum (i) the name of each Debtor that is purported to be liable for the Administrative Expense Claim, (ii) the name of the holder of the Administrative Expense Claim, (iii) the amount of the Administrative Expense Claim, (iv) the basis of the Administrative Expense Claim, and (v) supporting documentation for the Administrative Expense Claim. **FAILURE TO FILE AND SERVE SUCH PROOF OF ADMINISTRATIVE EXPENSE CLAIM TIMELY AND PROPERLY SHALL RESULT IN THE ADMINISTRATIVE EXPENSE CLAIM BEING FOREVER BARRED AND DISCHARGED.**

(b) Treatment of Administrative Expense Claims.

Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment, on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date an Administrative Expense Claim becomes an Allowed Claim, the holder of such Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Claim; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors, as debtors in possession, shall be paid by the Debtors in the ordinary course of business with the consent of the Consenting Holders, consistent with past practice and in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents relating to, such transactions.

3.2. Fee Claims.

(a) Time for Filing Fee Claims.

All Professional Persons seeking allowance by the Bankruptcy Court of a Fee Claim shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred no later than forty-five (45) days after the Effective Date. **FAILURE TO FILE AND SERVE SUCH FEE APPLICATION TIMELY AND PROPERLY SHALL RESULT IN THE FEE CLAIM BEING FOREVER BARRED AND DISCHARGED.**

Objections to Fee Claims, if any, must be filed and served pursuant to the procedures set forth in the Confirmation Order no later than sixty-five (65) days after the Effective Date or such other date as established by the Bankruptcy Court.

(b) Treatment of Fee Claims.

A Fee Claim in respect of which a final fee application has been properly filed and served pursuant to Section 3.2(a) shall be payable to the extent approved by order of the Bankruptcy Court. On the Effective Date, to the extent known, the Debtors shall reserve and hold in a segregated account Cash in an amount equal to all accrued but unpaid Fee Claims as of the Effective Date, which Cash shall be disbursed solely to the holders of Allowed Fee Claims with the remainder to be reserved until all Allowed Fee Claims have been paid in full or all remaining Fee Claims have been disallowed by Final Order.

(c) Indenture Trustee Fees.

The provisions of this Section 3.2 shall not apply to Fee Claims of the Indenture Trustee, which instead are governed by Section 7.7 of this Plan.

3.3. U.S. Trustee Fees.

On the Effective Date or as soon as practicable thereafter, the Debtors shall pay all U.S. Trustee Fees that are due and owing on the Effective Date, including those statutory fees arising under 28 U.S.C. § 1930(a)(6) and accrued interest under 31 U.S.C. § 3717.

3.4. Priority Tax Claims.

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to less favorable treatment, each holder of an Allowed Priority Tax Claim shall receive, in the Debtors' discretion and with the consent of the Consenting Holders, either (a) on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date a Priority Tax Claim becomes an Allowed Claim, Cash in an amount equal to such Claim, or (b) deferred Cash payments following the Effective Date, over a period ending not later than five (5) years after the Commencement Date, in an aggregate amount equal to the Allowed amount of such Priority Tax Claim; provided, however, that, all Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as such obligations become due.

ARTICLE IV.

CLASSIFICATION OF CLAIMS AND INTERESTS

4.1. *Classification of Claims and Interests.*

The following table designates the Classes of Claims against and Interests in the Debtors, and specifies which Classes are (a) impaired or unimpaired by this Plan, (b) entitled to vote to accept or reject this Plan in accordance with section 1126 of the Bankruptcy Code, or (c) deemed to accept or reject this Plan.

<u>Class</u>	<u>Designation</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
Class 1	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
Class 2	Senior Secured Note Claims	Impaired	Yes
Class 3	Other Secured Claims	Unimpaired	No (deemed to accept)
Class 4	Hillside Secured Claim	Impaired	Yes
Class 5	General Unsecured Claims	Impaired	Yes
Class 6	Existing Common Stock Interests	Impaired	No (deemed to reject)
Class 7	Existing Securities Laws Claims	Impaired	No (deemed to reject)
Class 8	Other Existing Interests	Impaired	No (deemed to reject)

4.2. *Unimpaired Classes of Claims and Interests.*

The following Classes of Claims are unimpaired and, therefore, deemed to have accepted this Plan and are not entitled to vote on this Plan under section 1126(f) of the Bankruptcy Code.

- (a) Class 1: Class 1 consists of all Allowed Non-Tax Priority Claims.
- (b) Class 3: Class 3 consists of all Allowed Other Secured Claims.

4.3. *Impaired Classes of Claims.*

(a) The following Classes of Claims are impaired and are entitled to vote on this Plan.

- (i) Class 2: Class 2 consists of all Allowed Senior Secured Note Claims.

- (ii) Class 4: Class 4 consists of the Allowed Hillside Secured Claim.
- (iii) Class 5: Class 5 consists of all Allowed General Unsecured Claims.

(b) The following Classes of Interests are impaired and deemed to have rejected this Plan and, therefore, are not entitled to vote on this Plan under section 1126(g) of the Bankruptcy Code.

- (i) Class 6: Class 6 consists of all Existing Common Stock Interests.
- (ii) Class 7: Class 7 consists of all Existing Securities Laws Claims.
- (iii) Class 8: Class 8 consists of all Other Existing Interests.

4.4. *Separate Classification of Other Secured Claims.*

Although all Other Secured Claims against the Debtors have been placed in one category for purposes of nomenclature, each such Other Secured Claim, to the extent secured by Liens or security interests separate than those Liens or security interests securing other Other Secured Claims, shall be treated as being in a separate Class from such other Other Secured Claims for purposes of voting on the Plan and receiving Plan Distributions.

ARTICLE V.

TREATMENT OF CLAIMS AND INTERESTS

5.1. *Priority Non-Tax Claims (Class 1).*

(a) Treatment: The legal, equitable and contractual rights of the holders of Class 1 Claims are unaltered by this Plan. Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to less favorable treatment, on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date a Priority Non-Tax Claim becomes an Allowed Claim, the holder of such Allowed Priority Non-Tax Claim shall receive Cash in an amount equal to such Claim.

(b) Voting: In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Priority Non-Tax Claims are conclusively presumed to accept this Plan and the votes of such holders will not be solicited with respect to such Allowed Priority Non-Tax Claims.

5.2. *Senior Secured Note Claims (Class 2).*

(a) Allowance: On the Effective Date, the Senior Secured Note Claims shall be deemed Allowed Claims in the aggregate amount of \$6,906,364.81, for the purposes of the Plan and these Reorganization Cases.

(b) Treatment: On the Effective Date, except to the extent that a holder of a Senior Secured Note Claim agrees to a different treatment, the holder of such Senior Secured Note Claim shall be entitled to receive, in full and final satisfaction of such Senior Secured Note Claim, its Pro Rata Share of the Senior Secured Note Claim Distribution.

(c) Voting: The Senior Secured Note Claims are impaired Claims, and holders of such Claims are entitled to vote to accept or reject the Plan. The vote of the holders of the Senior Secured Note Claims will be solicited with respect to the Senior Secured Note Claims.

5.3. Other Secured Claims (Class 3).

(a) Treatment: The legal, equitable and contractual rights of the holders of Class 3 Claims are unaltered by this Plan. Except to the extent that a holder of an Allowed Other Secured Claim agrees to a different treatment, on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date an Other Secured Claim becomes an Allowed Claim, the holder of such Allowed Other Secured Claim shall receive, at the election of the Debtors: (i) Cash in an amount equal to such Claim; or (ii) such other treatment such that it will not be impaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Class 3 Claims incurred by a Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto, in the discretion of the applicable Debtor or Reorganized Debtor and with the consent of the Consenting Holders, without further notice to or order of the Bankruptcy Court. Each holder of an Allowed Other Secured Claim shall retain the Liens securing its Allowed Other Secured Claim as of the Effective Date until full and final payment of such Allowed Other Secured Claim is made as provided herein. On the full payment or other satisfaction of such obligations, the Liens securing such Allowed Other Secured Claim shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person.

(b) Voting: In accordance with section 1126(f) of the Bankruptcy Code, the holders of Allowed Other Secured Claims are conclusively presumed to accept this Plan and the votes of such holders will not be solicited with respect to such Allowed Other Secured Claims.

5.4. Hillside Secured Claim (Class 4).

(a) Allowance: On the Effective Date, the Hillside Secured Claim shall be deemed an Allowed Claim in the amount of \$11,000,000.00, for the purposes of the Plan and these Reorganization Cases.

(b) Treatment: On the Effective Date, in full and final satisfaction of the Hillside Secured Claim, the Reorganized Debtors shall incur the Tranche A Loan Obligations in the aggregate original principal amount of \$10,500,000.00.

(c) Voting: The Hillside Secured Claim is an impaired Claim, and Hillside is entitled to vote to accept or reject the Plan and the vote of Hillside will be solicited with respect to the Hillside Secured Claim.

5.5. General Unsecured Claims (Class 5).

(a) Allowance: On the Effective Date, the Hillside Unsecured Deficiency Claim shall be deemed an Allowed General Unsecured Claim in the amount of \$41.7 million, for the purposes of the Plan and these Reorganization Cases.

(b) Treatment:

- (i) Except to the extent that a holder of an Allowed General Unsecured Claim agrees to different treatment (including, without limitation, the treatment set forth in section 5.5(b)(ii) below), the holder of such Allowed General Unsecured Claim shall be entitled to receive, in full and final satisfaction of such General Unsecured Claim, its Pro Rata Share of the Unsecured Claim Distribution. Distributions of New Common Stock shall be made on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is 30 calendar days after the date a General Unsecured Claim becomes an Allowed Claim; provided, however, that distributions of New Common Stock to holders of Allowed General Unsecured Claims who have duly executed and delivered the New Stockholders Agreement on or prior to the Effective Date, shall be made on the Effective Date
- (ii) Subject to the occurrence of the Effective Date, each holder of an Allowed General Unsecured Claim (other than Hillside) may elect, on such holder' s ballot for voting on the Plan, to receive its applicable Lump Sum Cash Payment in lieu of any distribution such holder would otherwise have been entitled to receive pursuant to Section 5.5(b)(i) of this Plan, in full and final satisfaction of any and all Plan Distributions to be made on account of such holder' s Allowed General Unsecured Claim.

(c) Voting: The General Unsecured Claims are impaired Claims, and the holders of Allowed General Unsecured Claims are entitled to vote to accept or reject the Plan. The votes of holders of Class 5 Claims will be solicited with respect to such Allowed General Unsecured Claims.

5.6. Existing Common Stock Interests (Class 6).

(a) Treatment: Shares of Existing Common Stock shall be cancelled and holders of Existing Common Stock Interests shall not be entitled to any distribution under the Plan; provided, however, that, as part of the settlement and compromise embodied herein, each holder of an Existing Common Stock Interest that does not object to confirmation of this Plan shall, within 10 Business Days of the CPR Administrator' s receipt of the Initial Company Notice (as defined in the CPR Agreement), receive a CPR Administrator Rights Notice setting forth such holder' s right to receive its Pro Rata Percentage of the CPR Distributions, subject to the terms and conditions of the CPR Agreement.

(b) Voting: In accordance with section 1126(g) of the Bankruptcy Code, the holders of Existing Common Stock Interests are conclusively presumed to reject this Plan. The votes of such holders will not be solicited with respect to such Interests.

5.7. Existing Securities Laws Claims (Class 7).

(a) Treatment: Holders of Existing Securities Laws Claims shall not receive or retain any distribution under this Plan on account of such Existing Securities Laws Claims.

(b) Voting: In accordance with section 1126(g) of the Bankruptcy Code, the holders of Existing Securities Laws Claims are conclusively presumed to reject this Plan and the votes of such holders will not be solicited with respect to such Existing Securities Laws Claims.

5.8. Other Existing Interests (Class 8).

(a) Treatment: All Other Existing Interests shall be cancelled, provided, however, that any Debtor that owns Other Existing Interests in another Debtor shall retain such Other Existing Interests. Holders of Other Existing Interests shall not receive or retain any distribution under this Plan on account of such Other Existing Interests.

(b) Voting: In accordance with section 1126(g) of the Bankruptcy Code, the holders of Other Existing Interests are conclusively presumed to reject this Plan and the votes of such holders will not be solicited with respect to such Other Existing Interests.

ARTICLE VI.

ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS OR EQUITY INTERESTS

6.1. Class Acceptance Requirement.

A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan. A Class of Interests shall have accepted the Plan if it is accepted by holders of at least two-thirds (2/3) of the Interests in such Class that actually vote on the Plan.

6.2. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code or “Cramdown”.

Because certain Classes are deemed to have rejected this Plan, the Debtors will request confirmation of this Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke or withdraw this Plan or any Plan Document in order to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

6.3. Elimination of Vacant Classes.

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

6.4. Voting Classes.

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be deemed accepted by the holders of such Claims or Interests in such Class.

6.5. Confirmation of All Cases.

Except as otherwise specified herein, the Plan shall not be deemed to have been confirmed unless and until the Plan has been confirmed as to each of the Debtors; provided, however, that the Debtors, in their sole discretion and with the consent of the Consenting Holders, may at any time waive this Section 6.5.

ARTICLE VII.

MEANS FOR IMPLEMENTATION

7.1. Continued Corporate Existence and Vesting of Assets in Reorganized Debtors.

(a) Except as otherwise provided in this Plan, the Debtors shall continue to exist after the Effective Date as Reorganized Debtors, for the purposes of satisfying their obligations under the Plan and the continuation of their businesses. On or after the Effective Date, each Reorganized Debtor, in its sole and exclusive discretion, may take such action as permitted by applicable law and the Reorganized Debtor's organizational documents, as such Reorganized Debtor may determine is reasonable and appropriate, including, but not limited to, causing (a) a Reorganized Debtor to be merged into another Reorganized Debtor, or its Subsidiary and/or affiliate, (b) a Reorganized Debtor to be dissolved, (c) the legal name of a Reorganized Debtor to be changed, or (d) the closure of a Reorganized Debtor's case on the Effective Date or any time thereafter.

(b) Except as otherwise provided in this Plan, on and after the Effective Date, all property of the Estates of the Debtors, including all claims, rights and causes of action and any property acquired by the Debtors under or in connection with this Plan, shall vest in each respective Reorganized Debtor free and clear of all Claims, Liens, charges, other encumbrances and Interests. Subject to Section 7.1(a) hereof, on and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and prosecute, compromise or settle any Claims (including any Administrative Expense Claims) and causes of action without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by this Plan or the Confirmation Order; provided, further, that the Reorganized Debtors shall consult with Hillside in their prosecution, compromise and settlement of any Claims. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur on or after the Effective Date for Professional Persons' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

7.2. Plan Documents.

On the Effective Date, or as soon thereafter as reasonably practicable, the Reorganized Debtors shall be authorized to enter into, file, execute and/or deliver each of the Plan Documents and any other agreement or instrument issued in connection with any Plan Document without the necessity of any further court, corporate, board or shareholder action or approval.

7.3. Cancellation of Existing Securities and Agreements.

(a) Except for the purpose of evidencing a right to distribution under this Plan, and except as otherwise set forth herein, on the Effective Date all agreements, instruments, and other documents evidencing any Claim or Interest, and any rights of the holder in respect thereof, shall be deemed cancelled, discharged and of no force or effect; provided, however, that this Section 7.3(a) shall not apply to the HSA Agreement.

(b) Notwithstanding Section 7.3(a) hereof, the applicable provisions of the Indenture shall continue in effect solely for the purposes of permitting the Indenture Trustee to: (i) make the distributions to be made to holders of Allowed Senior Secured Note Claims, as contemplated by Article V of this Plan; and (ii) maintain any rights and Charging Liens the Indenture Trustee may have for any fees, costs, expenses, and indemnification under the Indenture or other agreements until all such fees, costs, and expenses are paid pursuant to Section 7.7 of this Plan; provided, however, that such rights and Liens are limited to the distributions, if any, to the holders of the Allowed Senior Secured Note Claims. The holders of or parties to such cancelled (or converted, as applicable) instruments, securities and other documentation will have no rights arising from or relating to such instruments, securities and other documentation or the cancellation (or conversion, as applicable) thereof, except the rights provided pursuant to this Plan.

7.4. Officers and Boards of Directors.

(a) On the Effective Date, the boards of directors of the Reorganized Debtors shall consist of those individuals identified on Exhibit I hereto. Except as set forth herein, the members of the board of directors of each Debtor prior to the Effective Date, in their capacities as such, shall have no continuing obligations to the Reorganized Debtors on or after the Effective Date. Following the occurrence of the Effective Date, the board of directors of each Reorganized Debtor may be replaced by such individuals as are selected in accordance with the organizational documents of such Reorganized Debtor.

(b) On the Effective Date, the officers of the Reorganized Debtors shall consist of those individuals identified on Exhibit I hereto. The compensation arrangement for any insider of the Debtors that shall be an officer of a Reorganized Debtor is set forth on Exhibit I hereto.

7.5. Corporate Action.

(a) On the Effective Date, the certificate of incorporation and by-laws of each Debtor shall be amended and restated in substantially the forms set forth in the Plan Supplement.

(b) Any action under the Plan to be taken by or required of the Debtors, including, without limitation, the adoption or amendment of certificates of incorporation and by-laws or the issuance of securities and instruments, shall be authorized and approved in all respects, without any requirement of further action by any of the Debtors' board of directors.

(c) The Debtors shall be authorized to execute, deliver, file, and record such documents, contracts, instruments, releases and other agreements and take such other action as may be necessary to effectuate and further evidence the terms and conditions of the Plan. On the Effective Date, the New Common Stock will be transferred to the Disbursing Agent and the Disbursing Agent will hold the New Common Stock until distributions of same are made.

7.6. *Authorization of Plan Securities.*

On the Effective Date, the Debtors are authorized to issue or cause to be issued the Plan Securities in accordance with the terms of this Plan, without the need for any further corporate or shareholder action.

7.7. *Rights of the Indenture Trustee.*

(a) In full satisfaction of Allowed Fee Claims of the Indenture Trustee for compensation and reimbursement of expenses arising under Section 8.07 of the Indenture (an "**Allowed Indenture Trustee Fee Claim**"), including to the extent such Allowed Trustee Fee Claims are secured by any Charging Liens under the Indenture, which for the avoidance of doubt, are preserved under the Plan, on the first Quarterly Distribution Date the Disbursing Agent will distribute to the Indenture Trustee, Cash equal to the amount of (i) the Allowed Trustee Fee Claims submitted to the Debtors, the Consenting Holders, and the Creditors' Committee, for fees and expenses arising under Section 8.07 of the Indenture, through the Confirmation Date, and (ii) any Allowed Indenture Trustee Fee Claims incurred between the Confirmation Date and the Effective Date, provided, however, that no distribution shall be payable hereunder with respect to Claims to which the Debtors, the Consenting Holders, or the Creditors' Committee shall have objected within the later of (x) three (3) Business Days prior to the Effective Date, and (y) twenty (20) days of receipt of the request for payment.

(b) As a condition to receiving payment thereof, each holder of an Indenture Trustee Fee Claim shall deliver to the Debtors, the Consenting Holders, or the Creditors' Committee written copies of invoices in respect of such claims, with narrative descriptions of the services rendered (including appropriate redactions to preserve privileged matters) and itemization of expenses incurred in such detail and with such supporting documentation as is reasonably requested by the Debtors, the Consenting Holders, or the Creditors' Committee. An Indenture Trustee Fee Claim shall be deemed Allowed except to the extent the Debtors, the Consenting Holders, or the Creditors' Committee timely objects. If the Debtors, the Consenting Holders, or the Creditors' Committee timely objects to the request for payment of any Indenture Trustee Fee Claim, the undisputed amount of any Indenture Trustee Fee Claims with respect to which such objection(s) are pending shall be Allowed and paid by the Disbursing Agent on the first Quarterly Distribution Date or as soon thereafter as any such Indenture Trustee Fee Claims are Allowed. The Disbursing Agent shall not be required to make any payments with respect to the disputed portion of an Indenture Trustee Fee Claim as to which the Debtors, the Consenting

Holders, or the Creditors' Committee has objected until resolved by the objector(s) or determined by the Bankruptcy Court. In the event such objector(s) are unable to resolve a dispute as to an Indenture Trustee Fee Claim, the Indenture Trustee may, in its sole discretion, elect to (i) submit any such dispute to the Bankruptcy Court for resolution by application requesting payment of the disputed portion of the Indenture Trustee Fee Claims in accordance with the reasonableness standard (and not subject to the requirements of sections 503(b)(3) and (4) of the Bankruptcy Code, which shall not apply) or (ii) assert its Charging Lien (to the extent such Lien exists under the Indenture) to obtain payment of a disputed portion of the Indenture Trustee Fee Claim in lieu of Bankruptcy Court resolution described in subsection (i).

(c) Nothing herein shall be deemed to impair, extinguish or negatively impact the Charging Liens.

7.8. Issuance/Delivery of New Common Stock.

On the Effective Date, Reorganized Ampex will be authorized to issue the New Common Stock. On the Effective Date or as soon thereafter as reasonably practicable, Reorganized Ampex will issue or cause to be delivered to the Disbursing Agent for distribution in accordance with the terms of the Plan, the New Common Stock; provided, however, that Reorganized Ampex will not issue New Common Stock on behalf of Disputed General Unsecured Claims unless and until such Claims are Allowed in accordance with Section 9.2 of this Plan. Upon issuance, the New Common Stock will be held by the Disbursing Agent, in a segregated trust account or accounts, pending allocation and distribution by the Disbursing Agent to all Persons entitled to receive such New Common Stock pursuant to and in accordance with the terms of this Plan.

Certificates of New Common Stock shall bear a legend restricting the sale, transfer, assignment or other disposal of such shares, which restrictions are more fully set forth in the New Stockholders Agreement and the Amended Certificate of Incorporation of Reorganized Ampex. Certificates of New Common Stock issued to Restricted Foreign Holders (as defined in the Amended Certificate of Incorporation of Reorganized Ampex) shall also bear a legend notifying holders of such shares of New Common Stock that such holder's voting rights may be nullified in the event of an inquiry or determination by the U.S. Department of Defense regarding foreign ownership of Reorganized Ampex and its possible effects on national security.

ARTICLE VIII.

DISTRIBUTIONS

8.1. Distributions.

The Disbursing Agent shall make all Plan Distributions and the CPR Administrator shall distribute all Distribution Rights to the appropriate holders of such Claims or Interests or, in the case of the Senior Secured Note Claim Distribution, the Indenture Trustee. The Indenture Trustee shall deliver such distributions to the holders of the Senior Secured Note Claims in accordance with the provisions of the Plan and the terms of the Indenture or any other governing agreement. Notwithstanding the provisions of Section 7.3 above regarding the cancellation of the Indenture, the Indenture shall continue in effect to the extent necessary to allow the Indenture Trustee to receive and make distributions pursuant to the Plan on account of the Senior Secured Note Claims.

All Plan Distributions and distributions of Distribution Rights shall be made free and clear of all Liens, Claims and encumbrances, other than, in the case of the Senior Secured Note Claim Distribution, the Charging Liens.

8.2. *No Postpetition Interest on Claims.*

Unless otherwise specifically provided for in this Plan or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Commencement Date on any Claim; provided, however, that this Section 8.2 shall not apply to Senior Secured Note Claims, on which postpetition interest shall accrue.

8.3. *Date of Distributions.*

Unless otherwise provided herein, any distributions and deliveries to be made hereunder shall be made on the Effective Date or as soon thereafter as is practicable, provided that the Debtors may utilize periodic distribution dates to the extent appropriate, provided further that any Plan Distributions to (a) holders of Allowed Senior Secured Note Claims, and (b) holders of Allowed Non-Election General Unsecured Claims that have duly executed and delivered the New Stockholders Agreement, shall be made on the Effective Date. Plan Distributions to holders of Allowed General Unsecured Claims that elect to receive a Lump Sum Cash Payment shall be made on the Effective Date, or as soon as practicable thereafter. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

8.4. *Distribution Record Date.*

As of the close of business on the applicable Distribution Record Date, the various transfer and claims registers for each of the Classes of Claims or Interests as maintained by the Debtors, their respective agents, or the Indenture Trustee shall be deemed closed, and there shall be no further changes in the record holders of any of the Claims or Interests. The Debtors shall have no obligation to recognize any transfer of Claims or Interests occurring after the close of business on the applicable Distribution Record Date. Additionally, with respect to payment of any Cure Amounts or any Cure Disputes in connection with the assumption and/or assignment of the Debtors' executory contracts and leases, the Debtors shall have no obligation to recognize or deal with any party other than the non-Debtor party to the underlying executory contract or lease, even if such non-Debtor party has sold, assigned or otherwise transferred its Claim for a Cure Amount. The Debtors and the Indenture Trustee shall be entitled to recognize and deal for all purposes hereunder only with those record holders stated on the transfer ledgers as of the close of business on the applicable Distribution Record Date, to the extent applicable.

8.5. Disbursing Agent and CPR Administrator.

All distributions under this Plan initially shall be made by the Debtors or the Disbursing Agent on and/or after the Effective Date as provided herein. The CPR Administrator shall distribute CPR Administrator Rights Notices to eligible holders setting forth such holders' Distribution Rights. Neither the CPR Administrator nor a Reorganized Debtor acting as Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. If the Disbursing Agent is not the CPR Administrator or one of the Reorganized Debtors, such entity shall obtain a bond or surety for the performance of its duties, and all costs and expenses of procuring any such bond or surety shall be borne by the Debtors or Reorganized Debtors.

8.6. Surrender of Cancelled Instruments or Securities.

As a condition precedent to any holder of a Senior Secured Note Claim receiving any Plan Distribution on account of an Allowed Senior Secured Note Claim, unless waived in writing by the Reorganized Debtors, the Indenture Trustee shall certify in writing to the Reorganized Debtors that (a) the holder of such Senior Secured Note Claim has properly tendered the Senior Secured Note(s) to be cancelled pursuant to this Plan in accordance with a letter of transmittal to be provided to such holders by the Disbursing Agent on the Effective Date or as promptly as practicable, which letter of transmittal will include customary provisions with respect to the authority of the holder of such Senior Secured Note(s) to act and the authenticity of any signatures required thereon, and (b) such Senior Secured Note has been marked as cancelled. Such certification of the Indenture Trustee shall be in form and substance reasonably satisfactory to the Reorganized Debtors and shall be distributed by the Disbursing Agent promptly after the Effective Date (a "**Trustee Certification**").

All questions as to the validity, form, eligibility (including time of receipt), and acceptance of a Trustee Certification will be resolved by the Disbursing Agent, whose determination shall be final and binding, subject only to review by the Bankruptcy Court upon application with due notice to any affected parties in interest.

Any Plan Distributions and any Cash to be distributed pursuant to the Plan on account of any such Senior Secured Note Claim shall, pending such certification by the Indenture Trustee, be treated as an undeliverable distribution pursuant to Section 8.9.

8.7. *Failure to Surrender Cancelled Instruments.*

Unless a Trustee Certification certifying that a holder of a Senior Secured Note Claim has surrendered, or is deemed to have surrendered, its Senior Secured Note(s) required to be tendered is received by the Disbursing Agent within one year after the Effective Date, such holder of a Senior Secured Note Claim shall have its Claim for a distribution pursuant to the Plan on account of such Claim discharged and shall be forever barred from asserting any such Claim against the Debtors or their property. In such cases, any distribution on account of such Claim or Interest shall be disposed of pursuant to the provisions set forth below in Section 8.8.

8.8. *Lost, Stolen, Mutilated or Destroyed Debt Securities.*

In addition to any requirements under the Indenture, or any related agreement, a Trustee Certification must be submitted to the Disbursing Agent regarding any document evidencing a Senior Secured Note Claim that has been lost, stolen, mutilated or destroyed, which Trustee Certification shall state that, in lieu of surrendering such certificate or security, the holder of such Senior Secured Note has provided evidence reasonably satisfactory to the Indenture Trustee of the loss, theft, mutilation or destruction. In addition, such holder must also provide such security or indemnity as may be required by the Reorganized Debtors, or the Disbursing Agent to hold such entities harmless from any damages, liabilities or costs incurred in treating such individual as a holder of an Allowed Claim. Upon compliance with this Section 8.8 by a holder of a Claim, such holder shall, for all purposes under the Plan, be deemed to have surrendered such security. Any holder for a Senior Secured Note Claim for which a Trustee Certification in compliance with Sections 8.6 and 8.8 hereof is not received by the Reorganized Debtors or the Disbursing Agent, or, if required, fails to execute and deliver security or indemnity reasonably satisfactory to the Reorganized Debtors or the Disbursing Agent before the one year anniversary of the Effective Date shall be deemed to have forfeited all Claims on account of such Senior Secured Notes and may not participate in any distribution under the Plan in respect of such Claims. Any distribution so forfeited shall become the sole and exclusive property of the Reorganized Debtors.

8.9. *Delivery of Distribution.*

(a) On or immediately after the Effective Date, the Reorganized Debtors or the Disbursing Agent will issue, or cause to be issued, and authenticate, as applicable, the applicable Plan Consideration, and subject to Bankruptcy Rule 9010, unless otherwise provided herein, make all distributions to any holder of an Allowed Claim at (a) the address of such holder on the books and records of the Debtors or their agents, (b) at the address in any written notice of address change delivered to the Debtors or the Disbursing Agent, including any addresses included on any filed proofs of Claim or Interest, or (c) in the case of a holder of a Senior Secured Note Claim, at the address in the Indenture Trustee's official records. In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder shall be made unless and until the Disbursing Agent has been notified of the then current address of such holder, at which time or as soon as reasonably practicable thereafter such distribution shall be made to such holder without interest, provided, however, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of the later of one year from (a) the Effective Date and (b) the date such holder's Claim or Interest is Allowed.

(b) The CPR Administrator shall make all distributions to any eligible holder of an Allowed Existing Common Stock Interest at the address set forth in the Rights Registry (as defined in the CPR Agreement) and as updated in accordance with the terms of the CPR Agreement.

8.10. *Unclaimed Property.*

One year from the later of (a) the Effective Date, and (b) the date a Claim or Interest is first Allowed, all unclaimed property or interests in property shall revert to the Reorganized Debtors, and the Claim or Interest of any other holder to such property or interest in property shall be discharged and forever barred. The Reorganized Debtors and the Disbursing Agent shall have no obligation to attempt to locate any holder of an Allowed Claim other than by reviewing the Debtors' books and records, proofs of Claim or Interest filed against the Debtors, properly completed Letters of Transmittal, and in the case of holders of Senior Secured Note Claims, the official records of the Indenture Trustee. The CPR Administrator shall have no obligation to attempt to locate any holder of an Allowed Existing Common Stock Interest (or its Permitted Transferee, as defined in the CPR Agreement) other than by reviewing the Rights Registry (as defined in the CPR Agreement).

8.11. *Satisfaction of Claims and Interests.*

Unless otherwise provided herein, any distributions and deliveries to be made on account of Allowed Claims and Allowed Interests hereunder shall be in complete settlement, satisfaction and discharge of such Allowed Claims and Allowed Interests.

8.12. *Manner of Payment Under Plan.*

Except as specifically provided herein, at the option of the Debtors, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements or customary practices of the Debtors.

8.13. *Fractional Shares.*

No fractional shares of New Common Stock or Cash shall be distributed. For purposes of distribution, fractional shares of New Common Stock or Cash shall be rounded down to the next whole number or zero, as applicable. Neither the Reorganized Debtors nor the Disbursing Agent shall have any obligation to make a distribution that is less than one (1) share of New Common Stock or \$10.00 in Cash. Fractional shares of New Common Stock shares that are not distributed in accordance with this Section 8.13 shall be returned to the Reorganized Debtors and cancelled.

8.14. *No Distribution in Excess of Amount of Allowed Claim.*

Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall, on account of such Allowed Claim, receive a Plan Distribution (of a value set forth herein) in excess of the Allowed amount of such Claim plus postpetition interest on such Claim, to the extent provided in Section 8.2 herein.

8.15. Exemption from Securities Laws.

The issuance of the Plan Securities pursuant to this Plan shall be exempt from registration pursuant to section 1145 of the Bankruptcy Code to the maximum extent permitted thereunder, and the Plan Securities may be resold by the holders thereof without restriction, except to the extent that any such holder is deemed to be an “underwriter” as defined in section 1145(b)(1) of the Bankruptcy Code. Failure of the Plan Securities to be deemed exempt under section 1145 of the Bankruptcy Code or any other applicable U.S. federal securities laws exemption shall not be a condition to occurrence of the Effective Date of the Plan. For the avoidance of doubt, the CPR Administrator Rights Notices and the Distributions Rights do not constitute securities as defined in 11 U.S.C. § 101(49) and are not being issued pursuant to section 1145 of the Bankruptcy Code.

8.16. Setoffs and Recoupments.

Each Debtor or Reorganized Debtor, or such entity’s designee as instructed by such Debtor or Reorganized Debtor, may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, setoff and/or recoup against any Allowed Claim (other than an Allowed Claim held by a Consenting Holder) or Allowed Interest, and the distributions to be made pursuant to this Plan on account of such Allowed Claim (other than an Allowed Claim held by a Consenting Holder) or Allowed Interest, any and all claims, rights and Causes of Action that the Debtor, the Reorganized Debtor or their successors may hold against the holder of such Allowed Claim or Allowed Interest; provided, however, that neither the failure to effect a setoff or recoupment nor the allowance of any Claim or Allowed Interest hereunder will constitute a waiver or release by the Debtor, the Reorganized Debtor or their successors of any and all claims, rights and Causes of Action that the Debtor, the Reorganized Debtor or their successors may possess against such holder.

8.17. Rights and Powers of Disbursing Agent.

(a) Powers of the Disbursing Agent. The Disbursing Agent shall be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under this Plan, (ii) make all distributions contemplated hereby, (iii) employ professionals to represent it with respect to its responsibilities, and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court (including any order issued after the Effective Date), pursuant to this Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

(b) Expenses Incurred On or After the Effective Date. Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of the Reorganized Debtors, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including, without limitation, taxes) and any reasonable compensation and expense reimbursement Claims (including, without limitation, reasonable attorney and other professional fees and expenses) made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

8.18. Withholding and Reporting Requirements.

In connection with this Plan and all distributions thereunder, the Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all Plan Distributions hereunder shall be subject to any such withholding and reporting requirements. The Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of any Plan Distribution to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors or the Disbursing Agent believe are reasonable and appropriate, including requiring a holder of a Claim to submit appropriate tax and withholding certifications. Notwithstanding any other provision of this Plan, (a) each holder of an Allowed Claim or Allowed Interest that is to receive a distribution under this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations on account of such distribution, and (b) no Plan Distributions shall be required to be made to or on behalf of such holder pursuant to this Plan unless and until such holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations or has, to the Reorganized Debtors' satisfaction, established an exemption therefrom.

8.19. Hart-Scott Rodino Antitrust Improvements Act.

Any New Common Stock to be distributed under the Plan to an entity required to file a Premerger Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall not be distributed until the notification and waiting periods applicable under such Act to such entity shall have expired or been terminated. In the event any applicable notification and waiting periods do not expire without objection, the Debtors or their agent shall, in their sole discretion, be entitled to sell such entity's shares of New Common Stock that were to be distributed under the Plan to such entity, and thereafter shall distribute the proceeds of the sale to such entity.

ARTICLE IX.

PROCEDURES FOR RESOLVING CLAIMS

9.1. Objections to Claims.

Other than with respect to Fee Claims, only the Debtors, the Reorganized Debtors and the Consenting Holders (the "**Objecting Parties**") shall be entitled to object to Claims after the Effective Date. Any objections to Claims (other than Fee Claims), which Claims have been filed on or before the Confirmation Date, shall be served and filed on or before the later of: (a) thirty (30) days after the Effective Date; or (b) such other date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clause (a) hereof. Any Claims filed after the Bar Date or Administrative Bar Date, as applicable, shall be deemed disallowed and expunged in their entirety without further order of the Bankruptcy Court or any action being required on the part of any Objecting Party, unless the Person or entity wishing to file such Claim has received prior Bankruptcy Court authority to file such Claim after the Bar

Date or the Administrative Bar Date, as applicable. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the claimant if an Objecting Party effects service in any of the following manners: (a) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (b) by first class mail, postage prepaid, on the signatory on the proof of claim as well as all other representatives identified in the proof of claim or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the claimant's behalf in the Reorganization Cases (so long as such appearance has not been subsequently withdrawn). From and after the Effective Date, any Objecting Party may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

9.2. *Disputed Claims and Interests.*

(a) No Distributions Pending Allowance.

Except as provided in this Section 9.2, Disputed Claims and Interests shall not be entitled to any Plan Distributions or Distribution Rights unless and until such Claims or Interests become Allowed Claims or Allowed Interests.

(b) Plan Distributions to Holders of Subsequently Allowed Claims.

On each Quarterly Distribution Date (or such earlier date as determined by the Reorganized Debtors or the Disbursing Agent in their sole discretion but subject to Section 9.2 of this Plan), the Disbursing Agent will make distributions (i) on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter, and (ii) on account of previously Allowed Claims of property that would have been distributed to the holders of such Claims on the dates distributions previously were made to holders of Allowed Claims in such Class had the Disputed Claims that have become Allowed Claims been Allowed on such dates. The Disbursing Agent shall distribute in respect of such newly Allowed Claims the Plan Consideration as to which such Claims would have been entitled under this Plan if such newly Allowed Claims were fully or partially Allowed, as the case may be, on the Effective Date, less direct and actual expenses, fees, or other direct costs of maintaining Plan Consideration on account of such Disputed Claims; provided, however, that no such distributions shall be made on account of any Disputed Claim that has become an Allowed Claim until such time as the Disbursing Agent shall determine that such distribution is practicable.

(c) Distribution Rights Allocable to Disputed Existing Common Stock Interests.

- (i) With respect to Disputed Existing Common Stock Interests, the CPR Administrator shall hold (A) all Distribution Rights that would otherwise be allocable under this Plan in respect of Disputed Existing Common Stock Interests if such Interests were Allowed Interests as of the Effective Date, and (B) all CPR Distributions which would otherwise be distributable under the CPR Agreement to the holders of such reserved Distribution Rights.

(ii) To the extent a Disputed Existing Common Stock Interest becomes Allowed in full or in part (in accordance with the procedures set forth herein), the CPR Administrator shall distribute in respect of such newly Allowed Interest, as soon as practicable thereafter, all (A) reserved Distribution Rights to which the holder of such Existing Common Stock Interest would have been entitled if such newly Allowed Interest were fully or partially Allowed, as the case may be, on the Effective Date, and (B) reserved CPR Distributions which would have been distributed in respect of such reserved Distribution Rights if such Interest were fully or partially Allowed, as the case may be, on the Effective Date, provided that the CPR Administrator may direct the withholding of distributions of the reserved Distribution Rights or CPR Distributions until any cost or expense associated with maintaining such Distribution Rights accruing after the Effective Date is paid. Notwithstanding any provision herein, no distributions of Distribution Rights or CPR Distributions shall be made to a holder of a Disputed Existing Common Stock Interest that has become an Allowed Interest until such time as the CPR Administrator shall determine that such distribution is practicable.

(d) Distribution of Reserved Plan Consideration Upon Disallowance.

To the extent any Disputed Claim has become Disallowed in full or in part (in accordance with the procedures set forth in the Plan), any Plan Consideration held by the Reorganized Debtors on account of such Disputed Claim shall become the sole and exclusive property of the Reorganized Debtors.

To the extent a Disputed Existing Common Stock Interest becomes Disallowed in whole or in part, any Distribution Rights or CPR Distributions reserved on account of such Disallowed Interest shall become the sole and exclusive property of the Reorganized Debtors, to the extent of such Disallowance.

9.3. *Estimation of Claims.*

Any Debtor or holder of a Claim may request that the Bankruptcy Court estimate any Claim pursuant to section 502(c) of the Bankruptcy Code for purposes of determining the Allowed amount of such Claim regardless of whether any Objecting Party has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim for purposes of determining the allowed amount of such Claim at any time. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, any Objecting Party may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

10.1. *General Treatment.*

As of and subject to the occurrence of the Effective Date and the payment of the applicable Cure Amount, all executory contracts and unexpired leases to which any Debtor is a party shall be deemed assumed, except for any executory contracts or unexpired leases that: (a) previously have been assumed or rejected pursuant to a Final Order of the Bankruptcy Court; (b) are designated specifically or by category as a contract or lease to be rejected on the Schedule of Rejected Contracts and Leases, if any; or (c) are the subject of a separate motion to assume or reject under section 365 of the Bankruptcy Code pending on the Effective Date. As of and subject to the occurrence of the Effective Date, all contracts identified on the Schedule of Rejected Contracts and Leases shall be deemed rejected, which schedule shall be in form and substance reasonably satisfactory to Hillside. Subject to the occurrence of the Effective Date, entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to this Section 10.1 shall revert in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable federal law.

10.2. *Completion of Non-Assignable Contract.*

If the Bankruptcy Court, or another court of competent jurisdiction, determines that a contract is unable to be assumed and/or assumed and assigned pursuant to section 365 of the Bankruptcy Code (a “**Non-assignable Contract**”), then this Plan shall not constitute any Debtor’s agreement to assign such Non-assignable Contract if such attempted assignment would be unlawful. Notwithstanding any provision herein to the contrary, on the Effective Date, the Debtors shall retain all rights to the Non-assignable Contracts and shall use their reasonable best efforts to obtain any consent, approval or amendment, if any, required to novate, assume and/or assume and assign any Non-assignable Contract.

10.3. *Claims Based on Rejection of Executory Contracts or Unexpired Leases.*

All Allowed Claims arising from the rejection of executory contracts or unexpired leases, if any, will be treated as General Unsecured Claims, subject to any limitation on allowance of such Claims under section 502(b) of the Bankruptcy Code or otherwise. Except as otherwise ordered by the Bankruptcy Court, in the event that the rejection of an executory contract or unexpired lease by the Debtors pursuant to this Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages shall be forever barred and shall not be enforceable against the Debtors, or their properties or interests in property as agents, successors, or assigns, unless a proof of such Claim has been filed with the Bankruptcy Court and served upon counsel for the Debtors on or before the date, and in the form and manner set forth in the order authorizing the rejection which order may be the Confirmation Order.

10.4. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.

(a) Except to the extent that different treatment has been agreed to by the non-Debtor party or parties to any executory contract or unexpired lease to be assumed pursuant to Section 10.1 of the Plan, any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount (the “**Cure Amount**”) in Cash within thirty (30) days of the Effective Date or on such other less favorable terms to the non-Debtor party as the parties to such executory contracts or unexpired leases may otherwise agree.

(b) No later than five (5) days prior to the commencement of the Confirmation Hearing, the Debtor shall file a schedule (the “**Cure Schedule**”) setting forth the Cure Amount, if any, for each executory contract or unexpired lease to be assumed pursuant to Section 10.1 of the Plan. Any party that fails to object to the applicable Cure Amount listed on the Cure Schedule within twenty (20) days of the filing thereof, shall be forever barred, estopped and enjoined from disputing the Cure Amount set forth on the Cure Schedule (including a Cure Amount of \$0.00) and/or from asserting any claim against the Debtor arising under section 365(b)(1) of the Bankruptcy Code except as set forth on the Cure Schedule.

(c) In the event of a dispute (each, a “**Cure Dispute**”) regarding: (i) the Cure Amount; (ii) the ability of the applicable Debtor or Reorganized Debtor to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the Cure Dispute and approving the assumption. To the extent a Cure Dispute relates solely to the Cure Amount, the Debtor may assume and/or assume and assign the subject contract prior to resolution of the Cure Dispute provided that the Debtor reserves Cash in an amount sufficient to pay the full amount asserted by the non-Debtor party to the subject contract (or such other amount as may be fixed or estimated by the Bankruptcy Court).

10.5. Indemnification of Directors, Officers and Employees.

For purposes of the Plan, the obligation of a Debtor to indemnify and reimburse any Person or entity serving at any time on or after the Commencement Date as one of its directors, officers or employees by reason of such Person’ s or entity’ s service in such capacity, or as a director, officer or employee of any other corporation or legal entity, to the extent provided in such Debtor’ s constituent documents, a written agreement with the Debtor, in accordance with any applicable law, or any combination of the foregoing, shall survive confirmation of the Plan and the Effective Date, remain unaffected thereby, become an obligation of the Reorganized Debtors, and not be discharged in accordance with section 1141 of the Bankruptcy Code, irrespective of whether indemnification or reimbursement is owed in connection with an event occurring before, on, or after the Commencement Date.

ARTICLE XI.

CONDITIONS PRECEDENT TO CONFIRMATION
AND CONSUMMATION OF THE PLAN

11.1. *Conditions Precedent to Confirmation.*

Confirmation of this Plan is subject to:

- (a) the Disclosure Statement having been approved by the Bankruptcy Court as having adequate information in accordance with section 1125 of the Bankruptcy Code;
- (b) entry of the Confirmation Order in form and substance satisfactory to the Debtors and the Consenting Holders;
- (c) the Confirmation Order containing a decretal paragraph that provides that all Claims relating to the SERP shall be discharged on the Effective Date; and
- (d) the Confirmation Order shall contain findings or conclusions, as applicable, that:
 - (i) the CPR Administrator Rights Notices and Distribution Rights do not constitute securities;
 - (ii) notice of the commencement of the Reorganization Cases and entry of the Confirmation Order was sufficient to provide notice of such occurrences to the holders of (A) Claims related to or arising from termination of the SERP, and (B) Environmental Claims;
 - (iii) Hillside shall not be liable for any Environmental Claims solely as a result of the consummation of the Plan; and
 - (iv) the SERP does not constitute a retiree plan as used in section 1114 of the Bankruptcy Code.

11.2. *Conditions Precedent to the Effective Date.*

The occurrence of the Effective Date is subject to:

- (a) the Confirmation Order having been entered by the Bankruptcy Court, being in full force and effect and not subject to any stay or injunction, and being in form and substance satisfactory to the Debtors and to the Consenting Holders;
- (b) the Plan Documents in form and substance satisfactory to the Consenting Holders being executed and delivered, and any conditions (other than the occurrence of the Effective Date or certification by the Debtors that the Effective Date has occurred) contained therein having been satisfied or waived in accordance therewith;

(c) the amount of the Hillside Unsecured Deficiency Claim shall be equal to or greater than an amount equal to 80% of the aggregate amount of (x) all Non-Election General Unsecured Claims (including the Hillside Unsecured Deficiency Claim) that have not been Disallowed as of the Effective Date plus (y) all Election General Unsecured Claims that are greater than \$70,000 that have not been Disallowed as of the Effective Date;

(d) the aggregate amount of Lump Sum Cash Payments to be made on account of the Allowed Election General Unsecured Claims shall not exceed \$700,000.

(e) the Debtors having performed their obligations under (i) that certain Stipulation and Interim Order (A) Authorizing Use of Cash Collateral and (B) Finding that Interests of Secured Lenders are Adequately Protected [Docket #39], as approved by the Bankruptcy Court on April 4, 2008, and (ii) any other Order entered by the Bankruptcy Court regarding the Debtors' use of cash collateral pursuant to section 363 of the Bankruptcy Code; and

(f) the Debtors obtaining all authorizations, consents and regulatory approvals, if any, required to be obtained, and filing all notices and reports, if any, required to be filed, by the Debtors in connection with this Plan's effectiveness.

11.3. *Waiver of Conditions Precedent and Bankruptcy Rule 3020(e) Automatic Stay.*

The Debtors and the Consenting Holders shall have the right to jointly waive one or more of the conditions precedent set forth in Sections 11.1(a)-(b) of this Plan at any time without leave of or notice to the Bankruptcy Court and without formal action other than proceeding with confirmation of the Plan. Hillside shall have the sole right to waive one or more of the conditions precedent set forth in Sections 11.1(c)-(d) of this Plan at any time without leave of or notice to the Bankruptcy Court and without formal action other than proceeding with confirmation of Plan.

The Debtors and the Consenting Holders shall have the right to jointly waive one or more of the conditions precedent set forth in Sections 11.2(a), (b), (e), and (f) of this Plan at any time without leave of or notice to the Bankruptcy Court and without any formal action other than proceeding with consummation of this Plan. Hillside shall have the sole right to waive the condition precedent set forth in Sections 11.2(c) and 11.2(d) of this Plan at any time without leave of or notice to the Bankruptcy Court and without any formal action other than proceeding with confirmation of this Plan. Further, the stay of the Confirmation Order, pursuant to Bankruptcy Rule 3020(e), shall be deemed waived by the Confirmation Order.

If any condition precedent to the Effective Date is waived pursuant to this Section 11.3 and the Effective Date occurs, the waiver of such condition shall benefit from the "mootness doctrine", and the act of consummation of this Plan shall foreclose any ability to challenge this Plan in any court.

11.4. *Effect of Failure of Conditions.*

If all of the conditions to effectiveness and the occurrence of the Effective Date have not been satisfied or duly waived on or before the first Business Day that is more than 60 days after the Confirmation Date, or by such later date as set forth by the Debtors in a notice filed with the Bankruptcy Court prior to the expiration of such period, then upon motion by the Debtors made before the time that all of the conditions have been satisfied or duly waived, the Confirmation Order shall be vacated by the Bankruptcy Court; provided, however, that the Debtors must obtain the consent of the Consenting Holders. It is further provided that notwithstanding the filing of such a motion, the Confirmation Order shall not be vacated if all of the conditions to consummation set forth in Section 11.2 of this Plan are either satisfied or duly waived before the Bankruptcy Court enters an order granting the relief requested in such motion. If the Confirmation Order is vacated pursuant to this Section 11.4, this Plan shall be null and void in all respects, and nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims against or Interests in the Debtors; (b) prejudice in any manner the rights of the holder of any Claim or Interest in the Debtors; or (c) constitute an admission, acknowledgment, offer or undertaking by the Debtors or any other entity with respect to any matter set forth in the Plan.

ARTICLE XII.

EFFECT OF CONFIRMATION

12.1. *Binding Effect.*

This Plan shall be binding and inure to the benefit of the Debtors, all present and former holders of Claims and Interests, and their respective successors and assigns.

12.2. *Vesting of Assets.*

On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Estates shall vest in the Reorganized Debtors, free and clear of all Claims, liens, encumbrances, charges, and other interests, except as provided herein or in the Confirmation Order. The Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending case under any chapter or provision of the Bankruptcy Code, except as provided herein.

12.3. *Discharge of Claims Against and Interests in the Debtors.*

Upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise provided herein or in the Confirmation Order, each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Interest and any affiliate of such holder shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. Except as otherwise provided herein, upon the Effective Date, all such holders of Claims and Interests and their affiliates shall be forever precluded and enjoined, pursuant to sections 105, 524, 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in the Debtors.

12.4. Term of Pre-Confirmation Injunctions or Stays.

Unless otherwise provided herein, all injunctions or stays arising prior to the Confirmation Date in accordance with sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

12.5. Injunction Against Interference With Plan.

Upon the entry of the Confirmation Order, all holders of Claims and Interests and other parties in interest, along with their respective present or former affiliates, employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of this Plan.

12.6. Injunction.

(a) *Except as otherwise provided in this Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors or the Estates are, with respect to any such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, the Reorganized Debtors, the Estates or any of their property, the Consenting Holders, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons or any property of any such transferee or successor; (ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors, the Reorganized Debtors, or the Estates or any of their property, the Consenting Holders, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons, or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors, the Reorganized Debtors, or the Estates or any of their property, the Consenting Holders or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of this Plan to the full extent permitted by applicable law; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan; provided, however, that nothing contained herein shall preclude such persons from exercising their rights pursuant to and consistent with the terms of this Plan.*

(b) *By accepting distributions pursuant to this Plan, each holder of an Allowed Claim or Allowed Interest shall be deemed to have specifically consented to the injunctions set forth herein.*

12.7. Releases.

(a) Releases by the Debtors. Except as otherwise provided in this Plan or the Confirmation Order, as of the Effective Date, each Debtor, in its individual capacity and as a debtor in possession, shall be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (other than the rights of the Debtors to enforce this Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the parties released pursuant to this Section 12.7, the Reorganization Cases, this Plan or the Disclosure Statement, and that could have been asserted by or on behalf of the Debtors or their Estates, whether directly, indirectly, derivatively or in any representative or any other capacity, against any Released Party; provided, however, that (i) that the releases set forth in this Section 12.7(a) shall not release any Debtor's claims, rights, or causes of action for money borrowed from or owed to a Debtor or its Subsidiary by any of its directors, officers or former employees as set forth in such Debtors' or Subsidiary's books and records, and (ii) in no event shall anything in this Section 12.7(a) be construed as a release of any Person's fraud, gross negligence or willful misconduct for matters with respect to the Debtors and their Subsidiaries and/or affiliates. No attorney of any Released Party shall be released by the Debtors or the Reorganized Debtors solely to the extent that it would contravene DR 6-102 of the New York Code of Professional Responsibility or similar ethical rules of another jurisdiction which are binding on such attorney.

(b) Releases by Holders of Claims and Interests. Except as otherwise provided in this Plan or the Confirmation Order, on the Effective Date, to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, all holders of Claims and Interests, in consideration for the obligations of the Debtors under this Plan, the Plan Distributions, the Plan Securities and other contracts, instruments, releases, agreements or documents executed and delivered in connection with this Plan, and each entity (other than a Debtor) that has held, holds or may hold a Claim or Interest, as applicable, will be deemed to have consented to this Plan for all purposes and the restructuring embodied herein and deemed to forever release, waive and discharge all claims, demands, debts, rights, causes of action or liabilities (other than the right to enforce the obligations of any party under this Plan and the contracts, instruments, releases, agreements and documents delivered under or in connection with this Plan), including, without limitation, any claims for any such loss such holder may suffer, have suffered or be alleged to suffer as a result of the Debtors commencing the Reorganization Cases or as a result of this Plan being consummated, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganization Cases, this Plan or the Disclosure Statement against any Released Party; provided, however, that in no event shall anything in this Section 12.7(b) be construed as a release of any Person's fraud or willful misconduct for matters with respect to the Debtors and their Subsidiaries and/or affiliates.

(c) Notwithstanding anything to the contrary contained herein, except to the extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, the releases provided for in this Section 12.7 of the Plan shall not release any non-Debtor entity from any liability arising under (i) the Internal Revenue Code or any state, city or municipal tax code, (ii) the Employee Retirement Income Security Act of 1974, (iii) any criminal laws of the United States or any state, city or municipality, and (iv) federal securities laws of the United States.

12.8. Exculpation and Limitation of Liability.

None of the Released Parties shall have or incur any liability to any holder of any Claim or Interest for any act or omission in connection with, or arising out of the Debtors' restructuring, including without limitation the negotiation and execution of this Plan, the Reorganization Cases, the Disclosure Statement, the solicitation of votes for and the pursuit of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, including, without limitation, all documents ancillary thereto, all decisions, actions, inactions and alleged negligence or misconduct relating thereto and all prepetition activities leading to the promulgation and confirmation of this Plan except fraud, gross negligence, or willful misconduct as determined by a Final Order of the Bankruptcy Court. The Released Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under this Plan; provided, however, solely to the extent that it would contravene DR 6-102 of the New York Code of Professional Responsibility or any similar ethical rules of another jurisdiction, if binding on an attorney of a Released Party, no attorney of any Released Party shall be released by the Debtors or the Reorganized Debtors.

12.9. Injunction Related to Releases and Exculpation.

The Confirmation Order shall permanently enjoin the commencement or prosecution by any person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action or liabilities released pursuant to this Plan, including but not limited to the claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities released in Sections 12.7 and 12.8 of this Plan.

12.10. Termination of Subordination Rights and Settlement of Related Claims.

(a) Except as provided herein, the classification and manner of satisfying all Claims and Interests and the respective distributions and treatments under the Plan take into account or conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and any and all such rights are settled, compromised and released pursuant to the Plan. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons and Entities from enforcing or attempting to enforce any such contractual, legal and equitable rights satisfied, compromised and settled pursuant to this Plan.

(b) Pursuant to Bankruptcy Rule 9019 and in consideration of the distributions and other benefits provided under this Plan, the provisions of this Plan will constitute a good faith compromise and settlement of all claims or controversies relating to the subordination rights that a holder of a Claim or Interest may have or any distribution to be made pursuant to this Plan on account of such Claim or Interest. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors and their Estates, and holders of Claims and Interests, and is fair, equitable and reasonable.

12.11. Retention of Causes of Action/Reservation of Rights.

(a) Subject to Section 12.12 hereof, nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights, Claims or Causes of Action that the Debtors may have or may choose to assert on behalf of the Estates or themselves in accordance with any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation: (i) any and all Claims against any Person, to the extent such Person asserts a crossclaim, counterclaim, and/or Claim for setoff which seeks affirmative relief against a Debtor or any of its officers, directors, or representatives; (ii) the turnover of any property of the Estates; and/or (iii) Claims against other third parties.

(b) Nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense that the Debtors had immediately prior to the Commencement Date, against or with respect to any Claim left unimpaired by this Plan as set forth in Section 4.2 of this Plan. The Debtors shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of setoff, or other legal or equitable defenses which the Debtors had immediately prior to the Commencement Date as fully as if the Reorganization Cases had not been commenced, and all of the Debtors' legal and/or equitable rights respecting any Claim left unimpaired by this Plan may be asserted after the Confirmation Date to the same extent as if the Reorganization Cases had not been commenced.

12.12. Avoidance Actions.

Subject to the occurrence of the Effective Date, neither the Debtors, the Creditors' Committee, nor any other party in interest shall assert any right, Claim or Cause of Action not asserted by a Debtor prior to the Effective Date and belonging to a Debtor or its Estate against any Person to avoid a transfer under section 544, 547, 548, or 553(b) of the Bankruptcy Code, of any similar state law, provided, however; that nothing herein shall prohibit the Debtors, the Reorganized Debtors, or the Creditors' Committee from challenging the validity, priority, perfection or extent of any lien, mortgage or security agreement or, subject to Section 9.1 hereof, objecting to any Claim. All such rights, Claims and Causes of Action shall be released and waived by the Debtors and their Estates under the Plan on the Effective Date. Notwithstanding anything to the contrary contained herein, nothing contained in this Plan shall prejudice any rights or defenses the Debtors may have under section 502(d) of the Bankruptcy Code.

ARTICLE XIII.

RETENTION OF JURISDICTION

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction, pursuant to 28 U.S.C. §§ 1334 and 157, over all matters arising in, arising under, or related to the Reorganization Cases for, among other things, the following purposes:

- (a) To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;
- (b) To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date;
- (c) To ensure that distributions to holders of Allowed Claims or Allowed Interests are accomplished as provided herein;
- (d) To consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, Administrative Expense Claim, or Interest;
- (e) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;
- (f) To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of this Plan, the Confirmation Order, or any other order of the Bankruptcy Court;
- (g) To hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- (h) To hear and determine all Fee Claims;
- (i) Resolve disputes concerning any reserves with respect to Disputed Claims, Disputed Existing Common Stock Interests, Cure Disputes, or the administration thereof;
- (j) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Plan, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;
- (k) To take any action and issue such orders, including any such action or orders as may be necessary after occurrence of the Effective Date and/or consummation of the Plan, as may be necessary to construe, enforce, implement, execute, and consummate this Plan, including any release or injunction provisions set forth herein, or to maintain the integrity of this Plan following consummation;

(l) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(m) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(n) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(o) Resolve any disputes concerning whether a Person or entity had sufficient notice of the Reorganization Cases, the Disclosure Statement Hearing, the Confirmation Hearing, any applicable Bar Date, or the deadline for responding or objecting to a Cure Amount, for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose;

(p) To hear any action relating to an assertion of control group liability or environmental liability against Hillside as a result of the Reorganization Cases or the Plan;

(q) To recover all Assets of the Debtors and property of the Estates, wherever located;

(r) To resolve any disputes concerning or arising out of the CPR Agreement; and

(s) To enter a final decree closing the Reorganization Cases.

ARTICLE XIV.

MISCELLANEOUS PROVISIONS

14.1. *Exemption from Certain Transfer Taxes.*

To the fullest extent permitted by applicable law, any transfer or encumbrance of assets or any portion(s) of assets pursuant to, or in furtherance of, or in connection with this Plan shall constitute a “transfer under a plan” within the purview of section 1146(c) of the Bankruptcy Code and shall not be subject to transfer, stamp or similar taxes.

14.2. *Disallowance of Existing Securities Law Claims*

All Existing Securities Law Claims shall be deemed disallowed and expunged in their entirety under and pursuant to this Plan without further order of the Bankruptcy Court or any action being required on the part of the Debtors.

14.3. *Retiree Benefits and Pension Plans.*

On and after the Effective Date, pursuant to section 1129(a)(13) of the Bankruptcy Code, the Debtors shall continue to pay all retiree benefits (within the meaning of section 1114 of the Bankruptcy Code), if any, at the level established in accordance with section 1114 of the Bankruptcy Code, at any time prior to the Confirmation Date, for the duration of the period for which the Debtor had obligated itself to provide such benefits. For the avoidance of doubt, the obligations arising under the SERP do not constitute retiree benefits within the meaning of section 1114 of the Bankruptcy Code. Nothing herein shall: (a) restrict the Debtors' right to modify the terms and conditions of the retiree benefits, if any, as otherwise permitted pursuant to the terms of the applicable plans or non-bankruptcy law; or (b) be construed as an admission that any such retiree benefits are owed by the Debtors.

Reorganized Ampex affirms and agrees that it will assume the Pension Plans and continue to be the contributing sponsor of those plans according to the terms of ERISA, 29 U.S.C. §§ 1301-1461 (2000 & Supp. V 2005); that the Pension Plans are subject to minimum funding requirements of ERISA and section 412 of the Internal Revenue Code; that no provision of the Confirmation Order, or section 1141 of the Bankruptcy Code, shall, or shall be construed to, discharge, release, or relieve the Debtor or any other party, in any capacity, from any government policy, or regulatory provision; and that neither the Pension Benefit Guaranty Corporation (the "**PBGC**") nor the Pensions Plans shall be enjoined from enforcing such liability as a result of the Plan's provisions for satisfaction, release and discharge of claims; provided, however, that no provision herein or in the Disclosure Statement shall nullify or void the provisions or the effect of the Bar Date Order, or the provisions herein regarding creditors' obligations to file timely an Administrative Expense Claim. There will be no change, modification or termination of the PBGC Agreement.

14.4. *Dissolution of Committee.*

The Creditors' Committee shall be automatically dissolved on the Effective Date and all members, employees or agents thereof shall be released and discharged from all rights and duties arising from, or related to, the Reorganization Cases.

14.5. *Termination of Professionals.*

On the Effective Date, the engagement of each Professional Person retained by the Debtors and the Creditors' Committee shall be terminated without further order of the Bankruptcy Court or act of the parties.

14.6. *Access*

From the Effective Date, the Reorganized Debtors shall cooperate with any Person that served as a director or officer of a Debtor at any time prior to the Effective Date, and any Consenting Holder (collectively, the "**Accessing Parties**"), and make available to any Accessing Party such documents, books, records or information relating to the Debtors' activities prior to the Effective Date that such Accessing Party may reasonably require in connection with the defense or preparation for the defense of any claim against such Accessing Party relating to any action taken in connection with such Accessing Party's role as a director or officer of a Debtor or, in the case of a Consenting Holder, any action taken in connection with the negotiation, execution and implementation of this Plan, and the Reorganization Cases.

14.7. Amendments.

(a) *Plan Modifications.* This Plan may be amended, modified, or supplemented by the Debtors, with the consent of the Consenting Holders, in the manner provided for by section 1127 of the Bankruptcy Code, or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as the Bankruptcy Court may otherwise direct. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of holders of Claims or Interests pursuant to this Plan, the Debtors may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in this Plan, the Plan Documents and/or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of this Plan.

(b) *Other Amendments.* Prior to the Effective Date the Debtors may make appropriate technical adjustments and modifications to this Plan without further order or approval of the Bankruptcy Court, provided, however, that, such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims or Interests.

14.8. Revocation or Withdrawal of this Plan.

The Debtors reserve the right to revoke or withdraw this Plan prior to the Effective Date, provided that the Debtors shall obtain the Consenting Holders' consent for any revocation or withdrawal of this Plan. If the Debtors take such action, this Plan shall be deemed null and void.

14.9. Confirmation Order.

The Confirmation Order shall, and is hereby deemed to, ratify all transactions effected by the Debtors during the period commencing on the Commencement Date and ending on the Confirmation Date except for any acts constituting willful misconduct or fraud.

14.10. Severability.

If, prior to the entry of the Confirmation Order, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

14.11. Governing Law.

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent a Plan Document provides otherwise, the rights, duties, and obligations arising under this Plan and the Plan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

14.12. Section 1125(e) of the Bankruptcy Code.

The Debtors have, and upon confirmation of this Plan shall be deemed to have, solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and the Debtors (and their affiliates, agents, directors, officers, employees, advisors, and attorneys) have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, issuance, sale, and purchase of the securities offered and sold under this Plan, and therefore are not, and on account of such offer, issuance, sale, solicitation, and/or purchase will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or offer, issuance, sale, or purchase of the securities offered and sold under this Plan.

14.13. Time.

In computing any period of time prescribed or allowed by this Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

14.14. Notices.

In order to be effective, all notices, requests, and demands to or upon the Debtors or Reorganized Debtors shall be in writing (including by facsimile transmission) and, unless otherwise provided herein, shall be deemed to have been duly given or made only when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Ampex Corporation
1228 Douglas Avenue
Redwood City, California 94063
Attn: Joel D. Talcott, Esq., General Counsel
Telephone: (650) 367-3330
Facsimile: (650) 367-3440

-and-

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019-6099
Attn: Matthew A. Feldman, Esq.
Rachel C. Strickland, Esq.
Telephone: (212) 728-8000
Facsimile: (212) 728-8111

14.15. *Payment of Statutory Fees.*

All fees payable pursuant to section 1930 of title 28 of the United States Code, due and payable through the Effective Date shall be paid by the Debtors on or before the Effective Date and amounts due thereafter shall be paid by the Debtors in the ordinary course until the entry of a final decree closing the Reorganization Cases. Any deadline for filing Administrative Expense Claims shall not apply to fees payable pursuant to section 1930 of title 28 of the United States Code.

14.16. *Reservation of Rights.*

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of this Plan, any statement or provision contained herein, or the taking of any action by the Debtors with respect to this Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors with respect to the holders of Claims or Interests prior to the Effective Date.

Dated: July 9, 2008
New York, New York

Respectfully submitted,

AMPEX CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott
Vice President and Secretary

AMPEX DATA SYSTEMS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott
Vice President and Secretary

AMPEX DATA
INTERNATIONAL CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott
Vice President and Secretary

AMPEX FINANCE CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott
Vice President and Secretary

AFC HOLDINGS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott
Vice President and Secretary

AMPEX HOLDINGS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX INTERNATIONAL
SALES CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

Counsel:

WILLKIE FARR & GALLAGHER LLP

787 Seventh Avenue

New York, NY 10019

(212) 728-8000

Attorneys for the Debtors and

Debtors in Possession

**SUPPLEMENT TO DISCLOSURE STATEMENT WITH RESPECT TO
THE FIRST MODIFIED THIRD AMENDED JOINT CHAPTER 11 PLAN
FOR AMPEX CORPORATION AND ITS AFFILIATED DEBTORS**

On July 9, 2008, the Debtors filed the Motion For Order: (A) Authorizing Certain Modifications To The Debtors' Plan Of Reorganization Pursuant To Section 1127 Of The Bankruptcy Code; (B) Approving Proposed Supplement To Disclosure Statement; (C) Approving Form Of Ballot; (D) Establishing Procedures For Voting On Debtors' First Modified Third Amended Joint Chapter 11 Plan Of Reorganization; And (E) Granting Related Relief (the "**Plan Modification Motion**"). On July 14, 2008, the Court entered an order approving the Plan Modification Motion (the "**Plan Modification Order**"). Pursuant to the Plan Modification Order, the Debtors obtained approval of this Supplement (the "**DS Supplement**") to the Disclosure Statement (the "**Disclosure Statement**")¹ with Respect to the First Modified Third Amended Joint Chapter 11 Plan of Reorganization for Ampex Corporation and Its Affiliated Debtors (as may be modified and/or amended, the "**Plan**") as containing adequate information within the meaning of section 1125 of the Bankruptcy Code² and otherwise having satisfied the requirements of section 1127 of the Bankruptcy Code.

HOLDERS OF ALLOWED CLAIMS IN CLASS 5 ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THE MATTERS DESCRIBED IN THIS DS SUPPLEMENT. THE DEBTORS AND THE CREDITORS' COMMITTEE SUPPORT CONFIRMATION OF THE PLAN. THE DEBTORS AND THE CREDITORS' COMMITTEE URGE ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.

Set forth in Section I below, is a summary of the modifications contained in the Plan as compared to the version of the Plan summarized in the Disclosure Statement dated June 11, 2008 (the "**Plan Modifications**"). The Plan Modifications do not adversely affect any holder of a Class 5 General Unsecured Claim other than Hillside which has consented to its treatment under the Plan. The Plan Modifications are supported by the Consenting Holders, including 100% in amount and number of the holders of Class 4 Claims and approximately 80% in amount of the holders of Class 2 Claims, and by the Creditors' Committee. The Debtors believe that the Plan Modifications are in the best interests of these estates and their creditors and urge the holders of Class 5 General Unsecured Claims that are entitled to vote, to vote to accept the Plan.

¹ The Disclosure Statement is incorporated herein by reference.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

The Bankruptcy Code permits a plan to be confirmed only if confirmation is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan (including the modifications described herein). The Debtors previously prepared projections of the financial performance of the Reorganized Debtors for each of the five fiscal years from 2008 through 2012 (the “**Financial Projections**”) and the assumptions on which they are based, which were set forth in the Financial Projections contained in Exhibit 6 to the Disclosure Statement. Based upon those projections, the Debtors believe that they will be able to make all payments contemplated to be made pursuant to the Plan (including those described herein) while conducting ongoing business operations and, therefore, that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

Section II of this DS Supplement contains a summary of the new procedures and deadlines with respect to confirmation of the Plan as approved by the Plan Modification Order.

I. Summary of Plan Modifications.

A. *Class 5 General Unsecured Claims Lump Sum Cash Payment Election (Section 5.5(b)(ii) of the Plan):*

As set forth in Section 5.5(b)(ii) of the Plan, subject to the occurrence of the Effective Date, each holder of an Allowed Class 5 General Unsecured Claim may elect, on such holder’s ballot for voting on the Plan, to receive Cash equal to the greater of: (a) the Unsecured Claim Distribution Value up to a maximum payment of \$5,000, or (b) seven percent (7%) of the Allowed amount of such holder’s General Unsecured Claim (as defined in the Plan, the “**Lump Sum Cash Payment**”), in lieu of any distribution such holder would otherwise have been entitled to receive pursuant to Section 5.5(b)(i) of the Plan, in full and final satisfaction of any and all Plan Distributions to be made on account of such holder’s Allowed General Unsecured Claim.

Except in the Debtors’ sole discretion, in the event a holder of an Allowed General Unsecured Claim fails to submit a ballot or to make such election, such holder shall only be entitled to its Pro Rata Share of the Unsecured Claim Distribution.

Election of the Lump Sum Cash Payment is neither intended to provide, nor necessarily would it provide, holders of Allowed General Unsecured Claims who make such election with the equivalent of the value of the New Common Stock such holder would otherwise have received. The Debtors believe that the Valuation performed by CM&D, described in Section 7.2 of the Disclosure Statement, and the Debtors’ estimates of the total amount of outstanding General Unsecured Claims that will be Allowed on the Effective Date, provide an adequate basis from which to calculate the percentage of recovery to holders of Allowed General Unsecured Claims.

The Lump Sum Cash Payment is estimated to be equal to or worth less than the Cash value, as of the Effective Date, of the New Common Stock that the holder of any Allowed General Unsecured Claim would have been entitled to receive if it had not elected to receive the Lump Sum Cash Payment. The Plan includes the Lump Sum

Cash Payment election to provide the holders of Allowed General Unsecured Claims with the ability to immediately liquidate all or a substantial portion of the New Common Stock to which they are entitled into Cash for a fixed price and without related costs of future liquidation. Further, by making the election to receive a Lump Sum Cash Payment the holder of an Allowed General Unsecured Claim eliminates the risk associated with the ability to divest the New Common Stock in the future.

The votes of the holders of Class 5 General Unsecured Claims who are entitled to vote on the Plan will be solicited with respect to their Claims.

B. *Conditions Precedent to the Effective Date*
(Sections 11.2(c) and (d) of the Plan):

Pursuant to Section 11.2 of the Plan and as described below, certain conditions precedent to the occurrence of the Effective Date have been added and/or modified.

Section 11.2(c) of the Plan has been modified to provide that the amount of the Hillside Unsecured Deficiency Claim shall be equal to or greater than an amount equal to 80% of the aggregate amount of (x) all Non-Election General Unsecured Claims (including the Hillside Unsecured Deficiency Claim) that have not been Disallowed as of the Effective Date, plus (y) all Election General Unsecured Claims that are greater than \$70,000 that have not been Disallowed as of the Effective Date.

In addition, newly added Section 11.2(d) of the Plan provides that as a condition precedent to the Effective Date of the Plan the aggregate amount of all Lump Sum Cash Payments to be made on account of the Allowed Election General Unsecured Claims shall not exceed \$700,000.

Hillside shall have the sole right to waive the conditions precedents set forth in Sections 11.2(c) and 11.2(d) of the Plan at any time without leave of or notice of the Bankruptcy Court and without any formal action other than proceeding with confirmation of the Plan.

While the Debtors believe that they have accurately estimated the size and amount of Class 5 General Unsecured Claims that may be ultimately Allowed against the Debtors, there can be no such assurances. To that end, in the event the size and amount of all Allowed Class 5 General Unsecured Claims are such that (a) they exceed the distributions contemplated by the Plan and/or (b) an overwhelming number, in amount, of such Claims elect the Lump Sum Cash Payment such that Cash distributions to be made pursuant to the Lump Sum Cash Payment exceed \$700,000 or that the total amount of Hillside's Deficiency Claim is not equal to or greater than 80% of the aggregate amount of (x) all Non-Election General Unsecured Claims (including the Hillside Unsecured Deficiency Claim) that have not been Disallowed as of the Effective Date plus (y) all Election General Unsecured Claims that are greater than \$70,000 that have not been Disallowed as of the Effective Date, and no waiver from Hillside is obtained, the Debtors may not be able to consummate the Plan.

II. Supplemental Confirmation Procedures

And Re-Solicitation Voting Deadlines.

(a) Pursuant to the Plan Modification Order, the Debtors will re-commence and re-distribute, solely with respect to the holders of Class 5 General Unsecured Claims that are to date not the subject of an objection filed with the Bankruptcy Court on or before June 24, 2008 (the “**Voting Unsecured Creditors**”), the supplemental solicitation materials (the “**Supplemental Solicitation Materials**”) including:

1. the Plan Modification Order (without exhibits annexed thereto);
2. this DS Supplement;
3. solicitation material prepared by the Creditors’ Committee in support of the Plan, as approved by the Court;
4. a copy of the Plan (as modified) (without exhibits annexed thereto);
5. a blackline copy of the Plan reflecting the Plan Modifications;
6. a Class 5 Ballot together with a return envelope; and
7. the Disclosure Statement (without exhibits annexed thereto)

by July 16, 2008 (the “**Class 5 Re-Solicitation Commencement Date**”).

(b) THE VOTING DEADLINE WITH RESPECT TO THE HOLDERS OF CLASS 5 GENERAL UNSECURED CLAIMS THAT ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHALL BE 12:00 P.M. (NOON) (PREVAILING EASTERN TIME) ON JULY 28, 2008 (THE “RE-SOLICITATION VOTING DEADLINE”).

(c) All Class 5 Ballots must be properly executed, completed, and the originals thereof shall be delivered to the Voting Agent so as to be actually received by no later than the Re-Solicitation Voting Deadline.

(d) Any Class 5 General Unsecured Claim that subsequent to the date hereof becomes in whole or in part temporarily or otherwise allowed for voting purposes pursuant to the procedures set forth in the Disclosure Statement Order, shall be provided with a Class 5 Ballot within one (1) Business Day of any such Order temporarily or otherwise allowing such Claim for voting purposes having been entered (a “**Voting Order**”) and shall be required to submit such Class 5 Ballot within five (5) Business Days of entry of the Voting Order, but in no event later than 11:59 p.m. (prevailing New York Time) on July 30, 2008, so as to be counted for voting purposes. For the avoidance of doubt, pursuant to the Disclosure Statement Order, the deadline to file a motion to seek a Voting Order with respect to any such claim was July 4, 2008.

(e) Except in the Debtors' sole discretion, any Ballot received after the Voting Deadline or the Re-Solicitation Voting Deadline, as applicable, shall not be counted.

(f) **The Confirmation Hearing will be held at 10:00 a.m. (prevailing Eastern Time) on July 31, 2008;** provided, however, that the Confirmation Hearing may be adjourned from time to time by the Court or the Debtors without further notice to parties other than an announcement at or before the Confirmation Hearing or any adjourned Confirmation Hearing.

(g) Objections to confirmation of the Plan, if any, must: (a) be made in writing; (b) state with particularity the legal and factual ground therefor, and, if practicable, propose modification to the Plan that would resolve such objection; (c) conform to the Bankruptcy Rules and the Local Bankruptcy Rules for the Southern District of New York; (d) be filed with the Bankruptcy Court electronically in accordance with General Order M-182 (General Order M-182 and the User's Manual for the Electronic Case Filing System can be found at www.nysb.uscourts.gov, the official website for the Bankruptcy Court), by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), Microsoft Word or any other Windows-based word processing format (with a hard-copy delivered directly to Chambers); and (e) be served in accordance with General Order M-182, so as to be received by each of the parties identified in Section 7.1 of the Disclosure Statement at the respective addresses set forth therein no later than filed no later than 12:00 p.m. (noon) (prevailing Eastern Time) on July 28, 2008 (the "Re-Solicitation Objection Deadline") with respect to the Voting Unsecured Creditors and no later than 4:00 p.m. (prevailing Eastern Time) on July 14, 2008, with respect to all other creditors and parties in interest.

III. Conclusion

The Debtors believe that confirmation and implementation of the Plan is preferable to any of the alternatives described in the Disclosure Statement because it will provide the greatest recovery to holders of Allowed Claims. Other alternatives would involve significant delay, uncertainty and substantial administrative costs and are likely to reduce if not eliminate any return to unsecured creditors who hold Allowed Claims. The Debtors urge the holders of Claims in Class 5 who are entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots to the Voting Agent so that they will be received not later than 12:00 p.m. (noon), prevailing Eastern Time, on July 28, 2008.

Dated: July 14, 2008

New York, New York

Respectfully submitted,

AMPEX CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX DATA SYSTEMS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX DATA INTERNATIONAL CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX FINANCE CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AFC HOLDINGS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX HOLDINGS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX INTERNATIONAL SALES CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

Counsel:

WILLKIE FARR & GALLAGHER LLP

787 Seventh Avenue

New York, NY 10019

(212) 728-8000

Attorneys for the Debtors and

Debtors in Possession

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT is made and entered into as of the date hereof (the “**Agreement**”) by and among the following parties:

- (a) Ampex Corporation and its affiliated debtors and debtors in possession (collectively, the “**Company**” or the “**Debtors**”);¹ and
- (b) the official committee of unsecured creditors (the “**Committee**”) appointed in the Debtors’ chapter 11 cases (the “**Reorganization Cases**”).

Each of the Debtors and the Committee will be referred to herein as a “**Party**” and collectively as the “**Parties**”.

RECITALS

WHEREAS, on March 30, 2008, the Debtors filed voluntary petitions under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”), and commenced the Reorganization Cases before the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”);

WHEREAS, on April 16, 2008, the United States Trustee of the Southern District of New York appointed the Committee;

WHEREAS, on June 11, 2008, the Debtors filed the Third Amended Joint Plan of Reorganization for Ampex Corporation and its Affiliated Debtors (the “**June Plan**”), and mailed certain solicitation materials (the “**June Solicitation Materials**”) to holders of Claims² against and Interests in the Debtors on or about June 18, 2008;

WHEREAS, the Committee and/or its members opposed the June Plan and engaged in certain solicitation activities including, but not limited to: (a) including a letter from the Committee to holders of General Unsecured Claims in the June Solicitation Materials urging such creditors to reject the June Plan; (b) directly contacted certain holders of General Unsecured Claims and urged such holders to reject the June Plan; and (c) making certain public statements in opposition to the June Plan;

WHEREAS, the Parties and other parties in interest have reached a settlement (the “**Settlement**”) with respect to the proposed treatment of Allowed General Unsecured Claims that resolves the Committee’ s objections to confirmation of the First Modified Third Amended Joint Plan of Reorganization for Ampex Corporation and its Affiliated Debtors, dated July 8, 2008 (the “**Modified Plan**”), which is annexed hereto as Exhibit A;

¹ The Debtors are comprised of: (i) Ampex Corporation; (ii) Ampex Data Systems Corporation; (iii) Ampex Data International Corporation; (iv) Ampex Finance Corporation; (v) AFC Holdings Corporation; (vi) Ampex Holdings Corporation; and (vii) Ampex International Sales Corporation.

² Capitalized terms shall have the meanings ascribed to them in Modified Plan (defined herein).

WHEREAS, the Parties have engaged in good faith, arm's length negotiations with the objective of reaching an agreement with regard to the Committee's support of the Modified Plan in accordance with the terms set forth in this Agreement and the Modified Plan;

WHEREAS, each member of the Committee, as a Committee member, has reviewed, or has had the opportunity to review the Modified Plan and this Agreement with the assistance of professional legal advisors of the Committee's own choosing;

WHEREAS, the Committee supports the Modified Plan subject to the terms and conditions set forth herein;

WHEREAS, the Parties agree this Agreement is consistent with the Committee's and its members' fiduciary duties under applicable law;

NOW, THEREFORE, in consideration of the foregoing and the promises, mutual covenants and agreements set forth herein and for other good and valuable consideration, the Parties agree as follows:

AGREEMENT

Section 1. Modified Plan.

The Modified Plan annexed hereto is incorporated herein by reference. The Modified Plan is supplemented by the terms and conditions of this Agreement. In the event the terms and conditions set forth in the Modified Plan and this Agreement are inconsistent, the terms and conditions set forth in the Modified Plan shall govern.

Section 2. Committee's Support of the Modified Plan.

So long as the Modified Plan remains in substantially the form annexed hereto as Exhibit A, the Committee agrees that by having executed and become party to this Agreement, from and after the date hereof, it will, and/or cause (i) each member of the Committee for so long as such person remains a member of the Committee, and (ii) each of its representatives, agents and advisors, to:

- (a) in good faith and using best efforts, support all terms and conditions of the Modified Plan;
- (b) include a letter, that is reasonably satisfactory to the Debtors and Hillside Capital Incorporated ("**Hillside**"), from the Committee in the solicitation materials applicable to the Modified Plan (collectively, the "**Supplement**") urging holders of General Unsecured Claims (i) to vote (or in the case of holders that previously voted to reject the June Plan, vote again) to accept the Modified Plan, and (ii) to elect to receive New Common Stock in Reorganized Ampex pursuant to Section 5.5(b)(i) of the Modified Plan (the "**Solicitation Letter**", a substantially final form of which is annexed hereto as Exhibit B);

-
- (c) in good faith and using best efforts, call each holder of a General Unsecured Claim that was previously contacted by a member of the Committee or an agent thereof with respect to solicitation of the June Plan, and urge such holder to vote in accordance with the recommendations set forth in the Solicitation Letter (i.e., to accept the Modified Plan and to elect to receive a distribution of New Common Stock);
 - (d) not, directly or indirectly seek, solicit, argue for, support or vote in favor of any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring of the Debtors, or present any evidence to the Bankruptcy Court, that is inconsistent with the Modified Plan annexed hereto or could reasonably be expected to prevent, delay or impede the restructuring of the Debtors as contemplated by the Modified Plan or any other document filed in connection with confirming the Modified Plan (each, a "**Reorganization Document**");
 - (e) not make any public or private statements, whether written or oral, to the Bankruptcy Court, press, creditors or parties in interest in opposition to the Modified Plan or any term thereof;
 - (f) publicly support confirmation of the Modified Plan on the record of the hearings to consider the Supplement and confirmation of the Modified Plan;
 - (g) support and use best efforts to maintain the schedule for the hearing to consider confirmation of the Modified Plan (i.e., with such hearing to commence on July 31, 2008);
 - (h) cease immediately all litigation activity and discovery of all persons or entities related to opposition of the June Plan or potential alternatives to the June Plan or Modified Plan, including, without limitation, withdrawing information and document requests and subpoenas;
 - (i) direct Grant Thornton LLP ("**GT**") to immediately cease all work with respect to the Reorganization Cases, other than the preparation of a final fee application (the "**Final Fee Application**");
 - (j) cause GT to file the Final Fee Application seeking no more than \$130,000 fees and expenses in the aggregate for services performed for the Committee, plus the reasonable fees incurred in preparing the Final Fee Application, which fees shall not exceed \$5,000 (i.e., a total maximum amount of \$135,000); provided, that the fees and expenses requested by GT in the Final Fee Application shall remain subject to review by the Bankruptcy Court in accordance with the Bankruptcy Code and applicable law, and subject to objection by parties in interest; provided further, that any fees requested in the Final Fee Application and allowed by the Bankruptcy Court will not be payable before the fees of other professionals retained in the Reorganization Cases are allowed by the Bankruptcy Court on a final basis;

-
- (k) modify its application to retain GT to seek an order of the Bankruptcy Court (a) approving the Committee' s application to retain GT as financial advisor *nunc pro tunc* to June 6, 2008 through and including July 16, 2008, which application will not be opposed by the Debtors and (b) ruling on GT' s Final Fee Application on July 16, 2008 or as soon thereafter as the matter can be heard; and
 - (l) use best efforts to minimize the fees and expenses incurred after the date hereof by professionals retained by the Committee.

Section 3. The Committee' s Fiduciary Obligations.

Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall be construed as a requirement that the Committee or its members breach any respective fiduciary obligation that it may have under applicable law.

Section 4. Mutual Representations, Warranties, and Covenants.

Each Party makes the following representations, warranties and covenants to each of the other Parties, each of which are continuing representations, warranties and covenants:

4.1 Enforceability.

Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is a legal, valid and binding obligation of the Party, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

4.2 Mutual Cooperation.

Each Party shall cooperate with the other Parties to do or cause to be done all things as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purpose of this Agreement.

4.3 Power and Authority.

It has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement and the Modified Plan. The Committee has the requisite power and authority to cause its members, representatives, agents and advisors (including, without limitation, GT) to perform their respective obligations under this Agreement and the Modified Plan.

4.4 Authorization.

The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part.

4.5 Governmental Consents.

The execution, delivery and performance by it of this Agreement does not and shall not require any registration or filing with consent or approval of, or notice to, or other action to, with or by, any federal, state or other governmental authority or regulatory body, except such filings as may be necessary and/or required under the federal securities laws and, in connection with the commencement of the Reorganization Cases, the approval of the Supplement and confirmation of the Modified Plan by the Bankruptcy Court.

4.6 No Conflicts.

As to each Party, the execution, delivery and performance of this Agreement does not and shall not: (a) violate any provision of law, rule or regulations applicable to it; (b) violate its certificate of incorporation, bylaws or other organizational documents; or (c) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it is a party.

4.7 Waiver.

The failure of a Party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a Party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing by such Party, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach of other instances or a waiver of any other condition or breach of any other term herein.

Section 5. Miscellaneous Terms.

5.1 Third Party Beneficiaries; Assignment.

Third Party Beneficiaries. This Agreement shall be solely for the benefit of the parties hereto, and nothing in this Agreement, express or implied, shall give to any entity, other than the Parties, any benefit or any legal or equitable right, remedy or claim under this Agreement. None of the Parties shall have or acquire any liability or responsibility for any other Party' s performance or non-performance under this Agreement.

Assignment. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other Entity.

5.2 Further Assurances.

The Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, from time to time, to effectuate the agreements and understandings of the Parties.

5.3 Headings.

The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction or interpretation of any term or provision hereof.

5.4 Governing Law.

THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CHOICE OF LAWS PRINCIPLES THEREOF. Each of the Parties hereto hereby agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement.

5.5 Complete Agreement, Interpretation and Modification.

- (b) **Interpretation.** Any Party enforcing or interpreting this Agreement shall interpret it in a neutral manner. There shall be no presumption concerning whether to interpret this Agreement for or against any Party by reason of that Party having drafted this Agreement, or any portion thereof, or caused it or any portion thereof to be drafted.
- (c) **Modification of this Agreement.** This Agreement may be modified, altered, amended or supplemented only by an agreement in writing signed by the Debtors and the Committee.

5.6 Execution of this Agreement.

This Agreement may be executed and delivered (by facsimile or via PDF upon confirmation of receipt) in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Except as expressly provided in this Agreement, each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

5.7 Consideration.

The Parties hereby acknowledge that no consideration, other than that specifically described herein and in the Modified Plan, shall be due or paid to any holder of a Claim against the Debtors for their agreement to support the Modified Plan. No Party hereto shall be liable for any monetary damages for breach or termination hereof.

5.8 Notices.

All notices hereunder shall be deemed given if in writing and delivered, if sent by facsimile, courier, email or by registered or certified mail (return receipt requested) to the following addresses and facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

- (a) If to the Debtors, to:

Ampex Corporation
1228 Douglas Avenue
Redwood City, California 94063
Attn: Joel D. Talcott, Esq., General Counsel
Telephone: (650) 367-3330
Facsimile: (650) 367-3440
email: joel_talcott@ampex.com

-and-

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019-6099
Attn: Matthew A. Feldman, Esq.
Rachel C. Strickland, Esq.
Telephone: (212) 728-8000
Facsimile: (212) 728-8111
email: MFeldman@willkie.com
email: RStrickland@willkie.com

- (b) If to the Committee, to:

Jones Day
555 California Street, 26th Floor
San Francisco, California 94101
Attn: Tobias S. Keller, Esq.
Telephone: (415) 626-3939
Facsimile: (415) 875-5700
email: tkeller@jonesday.com

-and-

Jones Day
North Point
901 Lakeside Avenue,
Cleveland, Ohio 44114
Attn: Nicholas M. Miller, Esq.
Telephone: 216-586-7045

Facsimile: 216-579-0212

email: nmmiller@jonesday.com

Any notice given by mail or courier shall be effective when received. Any notice given by facsimile, email and/or PDF shall be effective upon oral or machine confirmation of transmission.

EXECUTION VERSION

IN WITNESS WHEREOF, the parties have entered into this Agreement on the day and year first above written.

Dated: July __, 2008

AMPEX CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX DATA SYSTEMS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX DATA INTERNATIONAL CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX FINANCE CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AFC HOLDINGS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

Dated: July __, 2008

AFC HOLDINGS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

AMPEX INTERNATIONAL

SALES CORPORATION

AFC HOLDINGS CORPORATION

By: /s/ Joel D. Talcott

Joel D. Talcott

Vice President and Secretary

Dated: July 9, 2008

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR AMPEX CORPORATION
AND ITS AFFILIATED DEBTORS

By: /s/ David Bunker

David Bunker
Chair