

AMPEX CORP /DE/  
Form DEF 14A  
April 14, 2006

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

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

**AMPEX CORPORATION**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.  
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| (3) | Filing Party:                                 |
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**1228 Douglas Avenue**  
**Redwood City, California 94063**

April 14, 2006

To Our Stockholders:

You are cordially invited to attend the 2006 Annual Meeting of Stockholders of Ampex Corporation, to be held at The Peninsula Hotel, located at 700 Fifth Avenue and 55th Street, New York, New York 10019, on Friday, May 19, 2006 at 10:00 a.m.

The matters expected to be acted upon at the meeting are described in detail in the accompanying Notice of 2006 Annual Meeting of Stockholders and proxy statement. A proxy card, as well as a copy of the Company's 2005 Annual Report, is included with the proxy statement. These materials are being sent to stockholders on or about April 14, 2006.

It is important that your shares be represented at the Annual Meeting, whether or not you plan to attend. Accordingly, please take a moment now to complete, sign, date and mail the enclosed proxy card.

We look forward to seeing you at the Meeting.

Sincerely,

Edward J. Bramson  
*Chairman*



**1228 Douglas Avenue  
Redwood City, California 94063**

**NOTICE OF 2006 ANNUAL MEETING OF STOCKHOLDERS**

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2006 Annual Meeting of Stockholders (the "Annual Meeting") of Ampex Corporation, a Delaware corporation (the "Company"), will be held at The Peninsula Hotel, located at 700 Fifth Avenue and 55th Street, New York, New York 10019, on Friday, May 19, 2006 at 10:00 a.m. for the following purposes:

1. To elect two Class III directors to serve until the 2009 Annual Meeting of Stockholders.
2. To vote on a proposal to ratify the selection of BDO Seidman, LLP as the Company's independent registered public accounting firm for the current fiscal year.
3. To transact such other business as may properly come before the Annual Meeting and any adjournment thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice.

Only stockholders of record at the close of business on March 22, 2006 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. If you are not a holder of record but hold your shares in a brokerage account in the broker's name or through a bank or other nominee (i.e., in "street name"), and you plan to attend the Annual Meeting, you will be asked to provide proof of beneficial ownership as of the Record Date, such as a recent bank or brokerage account statement, a copy of the voter instruction form provided by your bank, broker or nominee, or similar evidence of ownership.

Please note that you may be asked to present valid picture identification, such as a driver's license or passport.

By Order of the Board of Directors

Edward J. Bramson  
*Chairman*

Redwood City, California

April 14, 2006

***Whether or not you expect to attend the Annual Meeting, please complete, date and sign the accompanying proxy card and return it promptly in the enclosed envelope.***

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**AMPEX CORPORATION**

**PROXY STATEMENT**

**April 14, 2006**

**The Board of Directors of Ampex Corporation, a Delaware corporation (referred to throughout this proxy statement as Ampex, the Company, we or our ), is soliciting your proxy to vote at the 2006 Annual Meeting of Stockholders to be held at The Peninsula Hotel, located at 700 Fifth Avenue and 55th Street, New York, New York 10019, on Friday, May 19, 2006 at 10:00 a.m. (the 2006 Annual Meeting or the Meeting ). Only holders of record of our Class A Common Stock, \$0.01 par value per share ( Class A Stock ), at the close of business on March 22, 2006 will be entitled to vote. This proxy statement and the accompanying proxy card or voter instruction form were first mailed to stockholders on or about April 14, 2006. An Annual Report containing all the information specified under the applicable rules of the Securities and Exchange Commission (the SEC ) was mailed to each stockholder concurrently with a copy of this proxy statement.**

**VOTING RIGHTS**





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Only holders of record of our Class A Stock at the close of business on March 22, 2006 (the Record Date ) are entitled to notice of, and to vote at, the 2006 Annual Meeting. At the close of business on the Record Date, there were 3,820,273 shares of Class A Stock outstanding and entitled to vote, and no shares held in treasury. The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of Class A Stock entitled to vote at the Meeting (1,910,137 shares) will constitute a quorum for the transaction of business. On all matters to be voted upon at the Meeting and any adjournment or postponement thereof, each holder of Class A Stock will be entitled to one vote for each share held as of the Record Date. Directors will be elected by a plurality of the votes cast in the election of directors. Shares of Class A Stock may not be voted cumulatively for the election of directors. Approval of Proposal No. 2 will require the affirmative vote of the holders of a majority of the shares of Class A Stock present, in person or by proxy, and entitled to vote at the Meeting.

If you properly sign and return the enclosed proxy card, your shares represented thereby will be voted. If you specify in the proxy card how your shares are to be voted, they will be voted as specified. If you do not specify how your shares are to be voted, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our Board of Directors. The Board's recommendations are set forth below the description of each proposal in this proxy statement. In summary, the Board recommends a vote:

*for* our nominees for election to the Board (see Proposal No. 1); and

*for* ratification of the selection of BDO Seidman, LLP as the Company's independent registered public accounting firm for fiscal 2006 (see Proposal No. 2).

All of the foregoing matters have been proposed by Ampex, and none of them are related to or conditioned on the approval of any other matters. With respect to any other matters that properly come before the Meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

If you are not a holder of record of Class A Stock but you hold your shares in street name, you are considered the *beneficial owner* of our Class A Stock and these proxy materials are being forwarded to you, together with a voter instruction form, by your bank, broker or nominee, as the case may be. As a beneficial owner, you have the right to direct your bank, broker or nominee how to vote your shares and you are also invited to attend the Annual Meeting. Please refer to the voter instruction form provided to you by your bank, broker or nominee for instructions on directing the record holder how to vote your shares.

If you wish to vote your shares in person at the Annual Meeting, you must obtain a legal proxy from the bank, broker or nominee that holds your shares, issued in your name, which gives you the right to vote the shares at the Annual Meeting. Please contact your bank, broker or nominee for information on how to obtain a legal proxy.

Our transfer agent will tabulate all votes cast. Abstentions will be counted as present in determining whether a quorum exists, but will have the same effect as a vote against a proposal (other than with respect to the proposal relating to the election of directors). Brokerage firms, banks and other nominees have authority to vote their customers' unvoted shares on some routine matters. We believe that Proposal 1 and Proposal 2 are routine matters. If you are a beneficial owner of Class A Stock and you hold your shares in street name, and you don't vote your shares, the nominee may exercise discretion to vote your shares for or against a routine proposal or to leave your shares unvoted. If the nominee entitled to vote your shares leaves them unvoted or does not have discretionary voting authority to vote on a specific proposal, it is called a broker non-vote. A broker non-vote will be counted as present in determining whether a quorum exists, but will be disregarded in determining whether a proposal has been approved.

#### **SOLICITATION AND REVOCABILITY OF PROXIES**



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Ampex is soliciting proxies in the enclosed form, and will pay the expenses of soliciting such proxies. Following the original mailing of the proxies and other soliciting materials, Ampex and/or its agents may also solicit proxies by mail, telephone, telegraph, facsimile or in person. We do not currently expect that we will retain a proxy solicitation firm. Following the original mailing of the proxies and other soliciting materials, we will request brokers, custodians, nominees and other record holders of our Class A Stock to forward copies of the proxy and other soliciting materials to persons for whom they hold shares of Class A Stock and to request authority for the exercise of proxies. In such cases, upon the request of the record holders, we will reimburse such holders for their reasonable expenses.

If you are a holder of record and you sign a proxy in the form accompanying this proxy statement, you will have the power to revoke it prior to the 2006 Annual Meeting, or at the Meeting prior to the vote pursuant to the proxy. You may revoke your proxy by: (i) delivering a written notice to the Company stating that the proxy is revoked; (ii) executing a subsequent proxy in the same name and presenting it at the Meeting; or (iii) attending the Meeting and voting in person. If your shares are held of record by a bank, broker or other nominee (i.e., in street name ), you may change your vote by submitting a new voter instruction form to your bank, broker or nominee or, if you have obtained a legal proxy from the record holder giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

### **COMPANY BACKGROUND**



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Ampex is a leading innovator and licensor of visual information technology. During our 61-year history, we have developed substantial proprietary technology relating to the electronic storage, processing and retrieval of data, particularly images. We currently hold approximately 550 patents and patent applications covering digital image-processing, digital image compression and recording technologies. We leverage our investment in technology through our corporate licensing division, which licenses our patents to manufacturers of consumer electronics products. Through our wholly-owned subsidiary, Ampex Data Systems Corporation ( Data Systems ), we also incorporate this technology in the design and manufacture of very high performance data storage products, principally used in defense applications to gather digital images and other data from aircraft, satellites and submarines. These products are also used in flight and sensor test applications.

We have two business segments, which we refer to as our Recorders segment and our Licensing segment. Our Recorders segment primarily includes the sale and service of data acquisition and instrumentation recorders (which record data and images, rather than computer information), and to a lesser extent mass data storage products, all of which are made by our manufacturing subsidiary, Data Systems. Our Licensing segment involves the licensing of our intellectual property to manufacturers of consumer digital video products through our corporate licensing division.

We incorporated in Delaware in January 1992 as the successor to a business originally organized in 1944. References to Ampex, the Company, we or our include subsidiaries and predecessors of Ampex Corporation, unless the context indicates otherwise.

**PROPOSAL NO. 1 ELECTION OF CLASS III DIRECTORS**





**Background**



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The number of directors comprising our full Board of Directors is five, divided into three classes, designated Class I, Class II and Class III. The Class I directors (Edward J. Bramson and William A. Stoltzfus, Jr.) were elected at the 2004 Annual Meeting of Stockholders for three-year terms that will expire at the 2007 Annual Meeting of Stockholders. The Class II director (Douglas T. McClure, Jr.) was elected at the 2005 Annual Meeting for a three-year term that will expire at the 2008 Annual Meeting of Stockholders. The Class III directors (Craig L. McKibben and Peter Slusser) to be elected at the 2006 Annual Meeting of Stockholders will serve for three-year terms that will expire at the 2009 Annual Meeting. A director may not be removed from office before the expiration of his elected term except for cause, and only with the approval of the holders of a least 80% of the Company's voting stock.

Each of our current Class III directors, Messrs. McKibben and Slusser, has been nominated for reelection as a Class III director by our Board of Directors, upon recommendation of the Nominating and Corporate Governance Committee. (See Board and Committee Meetings - Nominating and Corporate Governance Committee, below.) Following the 2006 Annual Meeting, we will have two Class I directors, one Class II director and two Class III directors constituting the full Board.

### **Election of Class III Directors**



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At the 2006 Annual Meeting, stockholders will elect two Class III directors who will hold office until the 2009 Annual Meeting of Stockholders and until their respective successors have been elected and qualified or until their earlier resignation, removal for cause or death. The Class III directors will be elected by a plurality vote of the holders of Class A Stock represented and voting at the Meeting. Shares represented by the accompanying proxy will be voted for the election of the nominees recommended by our management, unless the proxy is marked in such a manner as to withhold authority to so vote. If a nominee for any reason is unable to serve or for good cause will not serve, the Board may designate a substitute nominee, in which case the persons named as proxies will vote for the substitute nominee designated by the Board. We are not aware that our nominees will be unable to, or for good cause will not, serve as directors.

### **Directors/Nominees**



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Certain information concerning our incumbent directors, as well as the nominees for election as Class III directors, is set forth below.

Name of Director	Age	Principal Occupation	Director Since
<b>Class I Directors:</b>			
Edward J. Bramson(1)	55	Director, Chairman of the Board and Chief Executive Officer of the Company	1992
William A. Stoltzfus, Jr. (2)	81	Retired Vice President, Chemical Bank	1992
<b>Class II Director:</b>			
Douglas T. McClure, Jr. (2)	53	Partner, G.C. Andersen Partners, LLC	1995



**Class III Directors/Nominees:**

Craig L. McKibben(1)	55	Director, Vice President, Chief Financial Officer and Treasurer of the Company	1992
Peter Slusser(2)	76	President and Chief Executive Officer, Slusser Associates, Inc.	1992

- 
- (1) Member of Executive Committee.
- (2) Member of Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, Stock Incentive Plan Committee and Stock Bonus Plan Committee.

**Class I Directors**



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Edward J. Bramson is our Chairman of the Board and Chief Executive Officer. He has been an officer and director of Ampex and our predecessors since 1987, and has been our Chief Executive Officer since January 1991. Mr. Bramson is also president and a director of AFC Holdings Corporation, a wholly-owned subsidiary of the Company. He serves as chairman and chief executive officer of Sherborne Holdings Incorporated, Sherborne & Company Incorporated and Second Jefferson Corporation, and is a limited partner of Newhill Partners, L.P. These entities, which are private investment holding companies, may be deemed to be our affiliates. Mr. Bramson is also an officer, director and stockholder of HIP-IV Incorporated ( HIP-IV ), a privately-held investment company, and since September 2005 has been a stockholder and director of Hanover General Partner I and certain affiliated entities comprising a hedge fund (the Hanover Fund ) advised by an affiliate of Hanover Investors Ltd., a UK financial advisory firm. He also serves as a director of Hillside Capital Incorporated, a private industrial holding company with which he has been associated since 1976, and since June 2, 2005 has served on the board of Elementis Group plc, a global specialty chemical business, and is currently its Executive Chairman. Mr. Bramson previously served as chairman from October 2003 to July 2004, and a non-executive director from July 2004 to April 2005, of 4imprint Group, plc, a company listed on the London Stock Exchange.

William A. Stoltzfus, Jr. has been a director of Ampex since September 1992. Mr. Stoltzfus was a Vice President of Chemical Bank from 1984 through his retirement in 1992, where he was responsible for marketing the bank's products in the Middle East. From 1972 to 1976, Mr. Stoltzfus was the U.S. Ambassador to Kuwait.

### **Class II Director**



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Douglas T. McClure, Jr., the Class II director, has been a director of Ampex since February 1995. Mr. McClure has been a partner with G. C. Andersen Partners, LLC, a merchant banking firm, since January 2002. Prior to that, he was a Managing Director of The Private Merchant Banking Company, a position he held since February 1996. From 1992 to 1994, he was a Managing Director of New Street Capital Corporation, a merchant banking firm, and from 1987 to 1992, he was a Managing Director of Drexel Burnham Lambert Incorporated.

### **Class III Directors/Nominees**



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Craig L. McKibben is Vice President, Chief Financial Officer and Treasurer of Ampex. Mr. McKibben has been an officer and a director of Ampex and our predecessors since 1989. He also serves in the following capacities with our other subsidiaries: as vice president and treasurer of Ampex Data Systems Corporation and AFC Holdings Corporation, as director, vice president and treasurer of Ampex Holdings Corporation, and as director, president and chief financial officer of Ampex Finance Corporation. Mr. McKibben is also an officer and director of Sherborne Holdings Incorporated and Sherborne & Company Incorporated, an officer of Second Jeffson Corporation, and an officer and stockholder of HIP-IV. Since September 2005, Mr. McKibben has served as director of Hanover General Partner I and certain affiliated entities comprising the Hanover Fund. From 1983 to 1989, he was a partner at the firm of Coopers & Lybrand L.L.P., a predecessor of PricewaterhouseCoopers LLP, independent public accountants.

Peter Slusser has been a director of Ampex since March 1992. Since July 1988, Mr. Slusser has been the President and Chief Executive Officer of Slusser Associates, Inc., a private investment banking company. From December 1975 to March 1988, he was Managing Director and Head of Mergers and Acquisitions for PaineWebber Incorporated. Mr. Slusser currently serves as a director of Sparton Corporation, an undersea defense products and electronics contract manufacturer, and a director and Audit Committee member of Unigene Laboratories, Inc., a biopharmaceutical company engaged in the research, innovation and delivery of small proteins for medical use. He is also a director of Sherborne Holdings Incorporated.

**The Board recommends a vote FOR the election of Craig L. McKibben and Peter Slusser as Class III directors.**

#### **Board and Committee Meetings**





The Company's policy is to encourage members of our Board of Directors to devote adequate time and attention to fulfilling their responsibilities as directors, including by attending meetings of our stockholders, Board and Board committees on which they serve. During the year ended December 31, 2005, our Board met eight times. Each director who served on the Board during fiscal 2005 attended at least 75% of the total number of meetings of the Board and Board committees on which he served. All of our Board members attended our 2005 Annual Meeting of Stockholders in New York, New York. Our independent directors (within the meaning of the listing standards of The NASDAQ Stock Market, Inc. ( Nasdaq )) also hold two additional meetings a year without the presence of management.

Standing committees of the Board include an Executive Committee, an Audit Committee (established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act )), a Nominating and Corporate Governance Committee, a Compensation Committee, a Stock Incentive Plan Committee and a Stock Bonus Plan Committee.

*Executive Committee.* Messrs. Bramson and McKibben are currently members of the Executive Committee. The Executive Committee generally is authorized to exercise all power and authority of the Board to the extent permitted by Delaware law, except for amending our Certificate of Incorporation or By-Laws, issuing stock or taking certain actions relating to a corporate merger, consolidation or dissolution. The Executive Committee did not meet during fiscal 2005.

*Audit Committee.* Messrs. McClure, Slusser and Stoltzfus are currently members of the Audit Committee. Each of them is independent, within the meaning of the Nasdaq listing standards. The Board has determined that each of Messrs. McClure and Slusser qualifies as an audit committee financial expert within the meaning of the SEC regulations. Mr. McKibben serves as Secretary, but is not a member, of the Audit Committee. The functions of the Audit Committee are described below under the heading Audit Committee Report and in its charter, which was attached to our 2005 proxy statement. The Audit Committee met eight times during fiscal 2005.

*Nominating and Corporate Governance Committee.* In August 2005, our Board of Directors adopted the charter for its Nominating and Corporate Governance Committee. This charter is available on our website ([www.ampex.com](http://www.ampex.com)). Messrs. McClure, Slusser and Stoltzfus are currently members of the Nominating and Corporate Governance Committee. Each of them is independent within the meaning of the Nasdaq listing standards. This committee did not meet during fiscal 2005.

In addition to its charter, the Committee operates in accordance with the Company's *Policy Regarding Director Nominations and Stockholder Communications with the Board and Corporate Governance Guidelines*. These policies are also available on our website ([www.ampex.com](http://www.ampex.com)). Under the charter and policies, the Committee evaluates and recommends candidates for the Board, assesses the performance of the Board and recommends compensation and other benefits for Board members, among other things. The Committee considers director candidates recommended from a variety of sources, including nominees recommended by the Company's Board, management, stockholders and third parties, which may from time to time include executive or other search firms.

**In evaluating potential nominees, the members of the Committee consider such factors as they deem appropriate, including the current Board composition and whether the candidate would qualify as independent, as well as the candidate's overall skills and experience, other board service and business and professional commitments.**

Stockholders may recommend director candidates by submitting the name and pertinent information about each candidate to the Board in accordance with the procedures described below under Stockholder Communications with the Board. The Committee will consider such candidates, and will evaluate them on the same basis as candidates recommended by our management, the Board, the Committee and any third parties. Stockholders of record may also nominate directors for election to the Board by following the procedures described in our By-Laws.

*Compensation Committee.* Messrs. McClure, Slusser and Stoltzfus are currently members of the Compensation Committee. The Compensation Committee determines salaries and other compensation for our executive officers (except for compensation under the 1992 Stock Incentive Plan and the 2000 Stock Bonus Plan, which is determined by the Stock Incentive Plan Committee and the Stock Bonus Plan Committee, respectively). Mr. Bramson resigned from the Compensation Committee in March 2005. Prior to his resignation, Mr. Bramson abstained from decisions regarding his own compensation. The Compensation Committee met twice during fiscal 2005.

*Stock Incentive Plan Committee.* Messrs. McClure, Slusser and Stoltzfus are currently members of the Stock Incentive Plan Committee. The function of the Stock Incentive Plan Committee is to administer our 1992 Stock Incentive Plan and any successor or additional stock incentive plans. The Stock Incentive Plan Committee met twice during fiscal 2005.

*Stock Bonus Plan Committee.* Messrs. McClure, Slusser and Stoltzfus are currently members of the Stock Bonus Plan Committee. The Stock Bonus Plan Committee administers and has the power to interpret our 2000 Stock Bonus Plan. Upon recommendation of management, the Stock Bonus Plan Committee has the power to determine the individuals eligible to receive awards under the 2000 Stock Bonus Plan, and the terms of those awards, subject to the limits set forth in the 2000 Stock Bonus Plan. The Stock Bonus Plan Committee did not meet during fiscal 2005.

#### **Stockholder Communications with the Board**



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As described above, our Board of Directors has adopted a *Policy Regarding Director Nominations and Stockholder Communications with the Board*, a copy of which is available on our website ([www.ampex.com](http://www.ampex.com)). Under the policy, stockholders who wish to contact the Board, a Board committee or any individual Board members may do so by writing to the Company's Secretary, Joel D. Talcott, Esq., at Ampex Corporation, 1228 Douglas Avenue, Redwood City, CA 94063. The Secretary will collect and organize all stockholder communications, and determine which of them will be relayed to the Board or individual members, as appropriate, depending upon the specific facts and circumstances outlined in each communication, and any processing instructions that the Secretary may have received from time to time from the Board or individual Board members. For example, communications relating to the Company's accounting, internal controls and auditing matters may be referred to the Audit Committee or its individual members for review.

### **Directors Compensation**



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Directors who are officers of Ampex receive no additional compensation for serving on our Board of Directors or any Board committee. For 2005, we paid each non-employee director a retainer of \$22,500 for service on the Board and Board committees, and an incremental fee of \$2,500 for service on the Audit Committee. Non-employee directors are also entitled to reimbursement of their related out-of-pocket expenses. In addition, we granted to each non-employee director a nonqualified option under our 1992 Stock Incentive Plan to acquire 1,000 shares of Class A Stock, at an exercise price of \$38.25 per share. These options will become vested in full on the date of the 2006 Annual Meeting, and will expire approximately 15 months thereafter.

**Compensation Committee Interlocks and Insider Participation**





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During fiscal 2005, Messrs. Bramson, McClure, Slusser and Stoltzfus served as members of the Board's Compensation Committee. Mr. Bramson resigned from the committee in March 2005. Prior to his resignation, he did not participate in decisions with respect to his own compensation. During our 2005 fiscal year, we held a secured promissory note issued by Second Jefferson Corporation ( SJC ), an affiliated corporation controlled by Mr. Bramson, in which Mr. McKibben is also an officer. Also during 2005, we paid approximately \$1.0 million of consulting fees to a British financial advisory company and entered into certain related transactions with HIP-IV, an entity affiliated with Messrs. Bramson and McKibben. These transactions are more fully described below under the caption Certain Relationships and Related Transactions.

During fiscal 2005, Mr. McKibben was an executive officer of Ampex and a director of Sherborne Holdings Incorporated ( SHI ) and Sherborne & Company Incorporated ( SCI ), each of which had an executive officer (Mr. Bramson) who served as a director of Ampex and, until March 2005, on its Compensation Committee. In addition, during fiscal 2005, Mr. Bramson was an executive officer of Ampex, and a director of SHI, SCI, FJC, SJC and HIP-IV. During fiscal 2005, each of these entities had an executive officer (Mr. McKibben) who served as a director of the Company.

### **Code of Ethics**



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We have a *Proper Business Practices Policy*, which is a code of business conduct and ethics that applies to all of our employees, including our Chief Executive Officer, our Chief Financial Officer and our Controller. The policy relates to legal compliance, conflicts of interest, record-keeping, financial reporting and other matters. Our Board has also adopted a *Code of Ethics* specifically for our CEO and all financial officers and executives, including our CFO and Controller. The *Code of Ethics* supplements the *Proper Business Practices Policy* and is intended to promote ethical conduct and compliance with law and to deter wrongdoing and conflicts of interest. The text of these documents is available on our website ([www.ampex.com](http://www.ampex.com)). We may post certain amendments to or waivers from these policies on our website. Please note, however, that the information contained on our website is not incorporated by reference in, or considered to be a part of, this proxy statement.

### **PROPOSAL NO. 2 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**



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The Audit Committee of our Board of Directors has appointed BDO Seidman, LLP ( BDO ) as our principal independent registered public accounting firm to audit our financial statements for fiscal 2006, and you are being asked to ratify their selection. The Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of our registered public accountants, who report directly to the Audit Committee. Although we are not required to submit the selection of BDO to a vote of our stockholders for ratification, our Board of Directors has directed that this matter be submitted to a vote of our stockholders for ratification on an advisory basis. If our stockholders fail to approve the selection of BDO, the Audit Committee will reconsider whether to retain BDO, and may retain that firm or another firm without resubmitting the matter to a vote of our stockholders. Even if stockholders vote in favor of the appointment of BDO, the Audit Committee may, in its discretion, appoint different independent auditors at any time during fiscal 2006 if it determines that such a change would be in the best interests of the Company and our stockholders.

BDO was appointed by the Audit Committee on December 13, 2004, and has audited our financial statements for fiscal 2004 and 2005. BDO was appointed following the resignation of PricewaterhouseCoopers LLP ( PWC ) on December 10, 2004. Prior to PWC s resignation, PWC and its predecessors had audited our financial statements (including those of our predecessor companies) for our fiscal years from 1987 through 2003.

During our fiscal years ended December 31, 2003 and 2002 and through December 10, 2004, there were no disagreements between PWC and Ampex on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure that, if not resolved to the satisfaction of PWC, would have caused them to make reference to the subject matter of the disagreement in their reports on our financial statements for such years. During our fiscal years ended December 31, 2003 and 2002 and through December 10, 2004, there were no reportable events (as defined in Item 304(a)(1)(v) of Regulation S-K). The reports of

PWC on our financial statements for the fiscal years ended December 31, 2003 and 2002 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principle. Neither the Company, nor anyone on our behalf, has ever consulted with BDO on the application of accounting principles to a specific transaction (completed or proposed) or the type of audit opinion that might be rendered on our financial statements.

PWC's letter to the SEC stating its agreement with the statements made herein was filed as an exhibit to our current report on Form 8-K filed with the SEC on December 16, 2004.

Representatives of BDO are expected to be present at the Meeting, will be given an opportunity to make a statement at the Meeting if they desire to do so, and are expected to be available to respond to appropriate questions. The affirmative vote of the holders of a majority of the Company's outstanding shares of Class A Stock represented and voting at the Meeting is required for approval of this Proposal.

**The Board recommends a vote FOR this proposal.**

The following table summarizes the aggregate fees that Ampex expects to pay BDO for fiscal 2005 and fiscal 2004.

Type of Fees	Fiscal 2005	Fiscal 2004
Audit Fees	\$ 625,000	\$ 205,000
Audit Related Fees	0	0
Tax Fees	0	0
All Other Fees	0	0
Total Fees	\$ 625,000	\$ 205,000

**Audit Fees**





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Audit Fees were for the audit of our annual financial statements (including with respect to fiscal 2005 the audit of our internal control over financial reporting), the review of our quarterly financial statements, audits of our domestic subsidiaries, consents and assistance with review of documents we filed with the SEC.

### **Audit Related Fees**



BDO did not bill us for any assurance or related services for fiscal 2005 that were reasonably related to their audit and review of our financial statements which were not covered by Audit Fees.

**Tax Fees**



BDO did not bill us for any tax compliance, tax advice or tax planning services for fiscal 2005.

**All Other Fees**



BDO did not bill us for any products or services other than those described above under Audit Fees.

**Pre-Approval by Audit Committee**





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Under its charter, the Audit Committee is required to approve all products and services to be provided by our independent accountants, and all fees and other compensation to be paid to them. All of the services described above that were provided to us by BDO were pre-approved by the Audit Committee, which determined that such services were compatible with maintaining the independence of BDO from Ampex.

**Work Performed by BDO s Full-Time, Permanent Employees**



Substantially all of BDO s work on the audit of our financial statements for 2005 was performed by its partners and full-time employees.

**AUDIT COMMITTEE REPORT**



*The following Audit Committee Report does not constitute soliciting material, and should not be deemed filed or incorporated by reference into any other Ampex filing under the Securities Act of 1933, as amended (the Securities Act ), or the Exchange Act, except to the extent we specifically incorporate this Report by reference therein.*

The Audit Committee of our Board of Directors acts under a charter adopted by the Board on June 9, 2000, and amended on March 18, 2005, a copy of which was attached to our 2005 proxy statement. The Committee is composed of three independent directors, as defined in its charter and under the Nasdaq listing standards. Craig L. McKibben serves as the Secretary of the Committee, but is not a member.

The purpose of the Audit Committee is to assist the Board by overseeing our accounting and financial reporting processes and the audits of our financial statements. Management has primary responsibility for our financial statements and the reporting process, including our system of internal controls. In fulfilling its responsibilities, among other things, the Committee:

is directly responsible for the appointment, compensation, retention, scope of work and oversight of our independent accountants, and evaluation of their independence;

works to provide an open avenue of communication among our auditors, management and the Board, and reviews and discusses with management and the auditors our financial reports and SEC filings; and

oversees our auditing, accounting and financial reporting processes generally, and our systems of internal and disclosure controls, legal and regulatory compliance, ethics and the handling of complaints relating to our auditing process.

In this context, the Audit Committee has reviewed and discussed our audited financial statements for fiscal 2005 (the 2005 Financial Statements ) with management and with BDO Seidman, LLP, the Company's independent registered public accounting firm. Management represented to the Committee that the 2005 Financial Statements were prepared in accordance with generally accepted accounting principles, and discussed significant accounting and disclosure issues with the Committee. The Committee discussed with BDO the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).

The Audit Committee has received from BDO the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and has discussed with BDO its independence from Ampex and our management, including a review of audit and non-audit fees for services performed for us.

Based on the reviews and discussions described above, the Audit Committee recommended to the Board that the 2005 Financial Statements be included in our Annual Report on Form 10-K for our fiscal year ended December 31, 2005, for filing with the SEC. The Committee and the Board also have recommended, subject to shareholder approval, the selection of BDO as our independent auditors for fiscal 2006.

**AUDIT COMMITTEE**

Peter Slusser, Chairman

Douglas T. McClure, Jr.

William A. Stoltzfus, Jr.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**





**General**



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As of the date of this proxy statement, our authorized capital stock consists of our Class A Stock, our Class C Common Stock, par value \$0.01 per share ( Class C Stock ), and our Preferred Stock, par value \$1.00 per share ( Preferred Stock ). On the Record Date, there were 3,820,273 shares of Class A Stock outstanding, no shares held in treasury, and no shares of Class C Stock or Preferred Stock outstanding. Holders of our Class A Stock are entitled to elect all members of our Board of Directors.

As of the Record Date, there were 288 record holders of Class A Stock (reflecting approximately 8,288 beneficial owners), and no record holders of Class C Stock or Preferred Stock.

### **Security Ownership of Certain Beneficial Owners**



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The following table sets forth certain information regarding the beneficial ownership of our Class A Stock by each person known by us to be the beneficial owner of more than 5% of our Class A Stock as of the Record Date. Unless otherwise indicated, the stockholders named below have sole voting and investment power with respect to all shares shown as beneficially owned by them. However, as indicated by the notes following the table, certain shares may be deemed to be beneficially owned by more than one holder as a result of attribution of ownership among affiliated persons and entities, or pursuant to contractual or other arrangements. The inclusion of any shares for any stockholder shall not be deemed an admission that the stockholder is, for any purpose, a beneficial owner of the shares.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
Class A Common Stock, \$0.01 par value	Edward J. Bramson(1)	504,440	13.0%
	Craig L. McKibben(2)	228,031	5.9%
	Knoll Capital Management, LP(3)	288,872	7.6%
	Gruber & McBaine Capital Management, LLC (4)	193,813	5.1%

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(1) Edward J. Bramson is our Chairman of the Board and Chief Executive Officer. His address is 135 East 57<sup>th</sup> Street, 32<sup>nd</sup> Floor, New York, New York 10022. Mr. Bramson has stated, in certain filings with the SEC, that he disclaims beneficial ownership of certain shares shown in the table above for purposes of Sections 13(d), 13(g) and 16 of the Exchange Act, or otherwise. Mr. Bramson is the controlling stockholder of Second Jefferson Corporation ( SJC ), and serves as co-administrator of the Ampex Retirement Master Trust (the Ampex Trust ). Mr. Bramson is also the controlling stockholder of Sherborne & Company Incorporated ( SCI ). SCI is the general partner of a partnership that controls the voting stock of Sherborne Holdings Incorporated ( SHI ). Accordingly, Mr. Bramson may be deemed to own beneficially all shares of Class A Stock beneficially owned, directly or indirectly, by SJC, the Ampex Trust, SCI and SHI. However, Mr. Bramson has no pecuniary interest in the shares held by the Ampex Trust. The shares shown in the table include: 205,468 shares owned directly by Mr. Bramson; 50,000 shares subject to outstanding options granted under the Company s 1992 Stock Incentive Plan (25,000 of which are or will become exercisable within 60 days of the Record Date); 20,000 shares beneficially owned by SJC; 172,347 shares beneficially owned by the Ampex Trust;

1,698 shares beneficially owned by SCI; and 54,927 shares beneficially owned by SHI and a subsidiary of SHI. Of the total shares reported as beneficially owned, Mr. Bramson shares investment power with respect to 172,347 shares.

(2) Craig L. McKibben is a director and executive officer of Ampex. His address is 135 East 57<sup>th</sup> Street, 32<sup>nd</sup> Floor, New York, New York 10022. Mr. McKibben has stated, in certain filings with the SEC, that he disclaims beneficial ownership of certain shares shown in the table above for purposes of Sections 13(d), 13(g) and 16 of the Exchange Act, or otherwise. Mr. McKibben serves as co-administrator of the Ampex Trust and, accordingly, Mr. McKibben may be deemed to own beneficially all shares of Common Stock beneficially owned by such trust. However, he has no pecuniary interest in the shares held by the Ampex Trust. The shares shown in the table include: 28,451 shares owned directly by Mr. McKibben; 27,233 shares subject to outstanding options granted under the Company's 1992 Stock Incentive Plan (all of which are or will become exercisable within 60 days of the Record Date); and 172,347 shares beneficially owned by the Ampex Trust. Of the total shares reported as beneficially owned, Mr. McKibben shares investment power with respect to 172,347 shares.

(3) According to a Schedule 13G filed with the SEC on February 9, 2006, Knoll Capital Management, LP ( KCMLP ) is an investment manager located at 237 Park Avenue<sup>th</sup> Floor, New York, New York 10166. Fred Knoll, the principal partner and president of KCMLP, is also deemed to be a beneficial owner of the shares reported by KCMLP, and shares voting and investment power with KCMLP with respect to such shares.

(4) According to the Schedules 13G and 13G/A filed with the SEC on January 30, 2006 and February 3, 2006, respectively, Gruber & McBaine Capital Management, LLC ( GMCM ) is a registered investment adviser located at 50 Osgood Place, Penthouse, San Francisco, CA 94133, and is a member of a group (within the meaning of Rule 13d-5(b) of the Exchange Act) formed together with Jon D. Gruber and J. Patterson McBaine, managers, controlling persons and portfolio managers of GMCM, and Eric B. Swergold. Each of Messrs. Gruber, McBaine and Swergold shares voting and investment power with GMCM with respect to the 193,813 shares reported by GMCM. In addition, Messrs. Gruber and McBaine beneficially own 22,897 shares and 22,130 shares, respectively, and each has sole voting and investment power with respect to his shares.

#### Security Ownership of Management





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The following table sets forth certain information as to shares of our Class A Stock known by us to be beneficially owned as of the Record Date by: (i) each director and nominee; (ii) our Chief Executive Officer and the other four most highly compensated executive officers who were officers as of December 31, 2005; and (iii) all current directors and executive officers as a group. No executive officer or director of the Company owns securities of any parent or subsidiary of the Company (other than directors' qualifying shares), except as indicated in the footnotes to the table below. Unless otherwise indicated, the stockholders named below have sole voting and investment power with respect to all shares shown as beneficially owned by them. The inclusion of any shares for any stockholder in the table below shall not be deemed an admission that such stockholder is, for any purpose, the beneficial owner of such shares. An asterisk denotes beneficial ownership of less than 1% of the class of securities indicated.

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Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
Class A Common Stock, \$0.01 par value	Edward J. Bramson(1)	504,440	13.0%
	Craig L. McKibben(2)	228,031	5.9%
	Douglas T. McClure, Jr. (3)	7,825	*
	Peter Slusser(4)	4,625	*