

AMBASE CORP  
Form 10-K  
March 30, 2015

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

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT  
TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the fiscal year ended December 31, 2014

OR

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

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

Commission file number 1-07265

AMBASE CORPORATION  
(Exact name of registrant as specified in its charter)

DELAWARE 95-2962743  
(State of incorporation) (I.R.S. Employer Identification No.)

One South Ocean Boulevard, Suite 301, Boca Raton, Fl. 33432  
(Address of principal executive offices)

Registrant's telephone number, including area code: (203) 532-2000

Securities registered pursuant to Section 12(g) of the Act:

Title of each class  
Common Stock (\$0.01 par value)

Rights to Purchase Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes No  X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  
Yes No  X

Edgar Filing: AMBASE CORP - Form 10-K

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K.

---

Edgar Filing: AMBASE CORP - Form 10-K

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "accelerated filer", "large accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No .

At February 28, 2015, there were 40,737,751 shares of registrant's Common Stock outstanding. At June 30, 2014, the aggregate market value of registrant's voting securities (consisting of its Common Stock) held by nonaffiliates of the registrant, based on the average bid and asking price on such date of the Common Stock of \$1.39 per share was approximately \$33.2 million. The Common Stock constitutes registrant's only outstanding class of security.

Portions of the registrant's definitive Proxy Statement for its 2015 Annual Meeting of Stockholders, which Proxy Statement the registrant intends to file with the Securities and Exchange Commission not later than 120 days after the close of its fiscal year, are incorporated by reference with respect to certain information contained therein, in Part III of this Annual Report.

The Exhibit Index is located in Part IV, Item 15, Page 41.

---

AmBase Corporation  
Annual Report on Form 10-K  
December 31, 2014

TABLE OF CONTENTS

	Page
PART I	
Item 1. Business	1
Item 1A. Risk Factors	2
Item 1B. Unresolved Staff Comments	6
Item 2. Properties	6
Item 3. Legal Proceedings	6
Item 4. Mine Safety Disclosures	6
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	7
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	7
Item 8. Consolidated Financial Statements and Supplementary Data	13
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	38
Item 9A. Controls and Procedures	38
Item 9B. Other Information	38
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	39
Item 11. Executive Compensation	39
Item 12. Security Ownership of Certain Beneficial Owners & Management and Related Stockholder Matters	39
Item 13. Certain Relationships and Related Transactions and Director Independence	40
Item 14. Principal Accounting Fees and Services	40

PART  
IV

Item 15. Exhibits and Financial Statement Schedules

41

---

## PART I

### ITEM 1. BUSINESS

AmBase Corporation (the "Company" or "AmBase") is a Delaware corporation that was incorporated in 1975. AmBase is a holding company which has an equity investment in a real estate development property to develop real property in New York, New York. The Company also owns a commercial office building in Greenwich, Connecticut that is managed and operated by the Company. The building is approximately 14,500 square feet; with approximately 3,500 square feet utilized by the Company for its offices; the remaining space is currently unoccupied and available for lease. The executive office of the Company is located at One South Ocean Boulevard, Suite 301, Boca Raton, Florida 33432.

The Company's assets currently consist primarily of cash and cash equivalents, an equity investment in a real estate development property and real estate owned. The Company earns non-operating revenue consisting principally of investment earnings on investment securities and cash equivalents. As further discussed in Part II – Item 8 - Note 5 to the Company's consolidated financial statements, in June 2013, the Company, through a newly formed subsidiary, purchased an equity interest in a real estate development property through a joint venture agreement to purchase and develop real property located at 105 through 111 West 57<sup>th</sup> Street in New York, New York (the "111 West 57<sup>th</sup> Property"). The Company continues to evaluate a number of possible acquisitions and is engaged in the management of its assets and liabilities. From time to time, the Company and its subsidiaries may be named as a defendant in various lawsuits or proceedings. The Company intends to aggressively contest all litigation and contingencies, as well as pursue all sources for contributions to settlements. For a discussion of lawsuits and proceedings, including a discussion of the Supervisory Goodwill Settlement Agreement – Tax Gross-up and income tax matters, see Part II – Item – 8 – Notes 10 and 11 to the Company's consolidated financial statements.

The Company had 4 full time and 2 part-time employees at December 31, 2014.

#### Background

In August 1988, the Company acquired Carteret Bancorp Inc., which through its principal wholly owned subsidiary Carteret Savings Bank, FA, was principally engaged in retail and consumer banking, and mortgage banking including mortgage servicing. On December 4, 1992, the Office of Thrift Supervision ("OTS") placed Carteret Savings Bank, FA in receivership under the management of the Resolution Trust Corporation ("RTC") and a new institution, Carteret Federal Savings Bank, was established to assume the assets and certain liabilities of Carteret Savings Bank, FA. Following the seizure of Carteret Savings Bank, FA, the Company was deregistered as a savings and loan holding company by the OTS, although the OTS retains jurisdiction for any regulatory violations prior to deregistration.

The Company was a plaintiff in a legal proceeding, commenced in 1993, seeking recovery of damages from the United States Government for the loss of the Company's wholly-owned subsidiary, Carteret Savings Bank, F.A. (the "Supervisory Goodwill" legal proceedings). Pursuant to a Settlement Agreement between the Company, the Federal Deposit Insurance Corporation-Receiver ("FDIC-R") and the Department of Justice ("DOJ") on behalf of the United States of America (the "United States"), (the "Settlement Agreement") as approved by the United States Court of Federal Claims (the "Court of Federal Claims"), in October 2012, the United States paid \$180,650,000 directly to AmBase (the "Settlement Amount"). As part of the Settlement Agreement in the Company's Supervisory Goodwill legal proceedings, the Company is entitled to a tax gross-up in an amount to be determined if and when any federal taxes should be imposed on the Settlement Amount. In December 2014, the Internal Revenue Service ("IRS") completed their review of the examination of the Company's 2012 Federal Income Tax Return with no change to the tax return as filed. For additional information including a discussion of the Supervisory Goodwill Settlement Agreement – Tax Gross-up and income tax matters see Part II – Item 8 – Notes 10 and 11 to the Company's consolidated financial statements.

In December 1997, the Company formed a new wholly owned subsidiary, SDG Financial Corp. ("SDG Financial"), to pursue merchant banking activities. SDG Financial purchased an equity interest in SDG, Inc. ("SDG") and was granted the exclusive right to act as the investment banking/financial advisor to SDG, Inc. and all of its subsidiaries and affiliates. The Company also purchased convertible preferred and common stock in AMDG, Inc. ("AMDG"), a majority owned subsidiary of SDG. SDG and AMDG are development stage pharmaceutical companies. The Company remains a shareholder in SDG and AMDG and will continue to monitor the status of SDG and its subsidiary, AMDG, Inc. These investments have no current carrying value, as the Company's original cost basis was previously written off.

## STOCKHOLDER INQUIRIES

Stockholder inquiries, including requests for the following: (i) change of address; (ii) replacement of lost stock certificates; (iii) Common Stock name registration changes; (iv) Quarterly Reports on Form 10-Q; (v) Annual Reports on Form 10-K; (vi) proxy material; and (vii) information regarding stockholdings, should be directed to:

American Stock Transfer & Trust Company, LLC  
6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219  
Attention: Shareholder Services  
(800) 937-5449 or (718) 921-8200 Ext. 6820

As the Company does not maintain a website, copies of Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Proxy Statements can also be obtained directly from the Company free of charge by sending a request to the Company by mail as follows:

AmBase Corporation  
100 Putnam Green, 3rd Floor  
Greenwich, CT 06830  
Attn: Shareholder Services

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). Accordingly, the Company's public reports, including Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Proxy Statements, can be obtained through the Securities and Exchange Commission ("SEC") EDGAR Database available on the SEC's website at [www.sec.gov](http://www.sec.gov). Materials filed with the SEC may also be read or copied by visiting the SEC's Public Reference Room, 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

## ITEM 1A.RISK FACTORS

The Company is subject to various risks, many of which are beyond the Company's control, which could have a negative effect on the Company and its financial condition. As a result of these and other factors, the Company may experience material fluctuations in future operating results on a quarterly or annual basis which could materially and adversely affect the Company's business, financial condition, operating results and stock price. An investment in the Company's stock involves various risks, including those mentioned below and elsewhere in this Annual Report on Form 10-K (this "Annual Report"), and those that are detailed from time to time in the Company's other filings with the Securities and Exchange Commission. You should carefully consider the following risk factors, together with all of the other information included or incorporated by reference in this Annual Report, before you decide whether to purchase the Company's common stock.

The Company is in a competitive business.

The real estate industry is highly competitive. The Company competes for tenants for its unoccupied rental space with a large number of real estate property owners and other companies that sublet properties. The Company's principal means of competition are rents charged in relation to the income producing potential of the location. In addition, the Company expects other major real estate investors, some with much greater resources than the Company has, may compete with the Company for attractive acquisition opportunities. These competitors include REITs, investment banking firms and private institutional investors. This competition has increased prices for commercial properties and may impair the Company's ability to make suitable property acquisitions on favorable terms in the future.

Illiquidity of real estate limits our ability to act quickly.

Real estate investments are relatively illiquid. Such illiquidity may limit our ability to react quickly in response to changes in economic and other conditions. If we want to sell an investment, we might not be able to dispose of that investment in the time period we desire, and the sales price of that investment might not recoup or exceed the amount of our investment. These limitations on our ability to sell our properties or investments could have a material adverse effect on our financial condition and results of operations.

---



The Company is subject to risks inherent in owning, developing and leasing real estate.

The Company is subject to varying degrees of risk generally related to leasing and owning real estate, many of which are beyond the Company's control. In addition to general risks related to owning commercial real estate, the Company's risks include, among others:

- deterioration in regional and local economic and real estate market conditions,
- failure to complete construction and lease-up on schedule or within budget may increase debt service expense and construction and other costs,
- increased operating costs, including insurance premiums, utilities and real estate taxes, due to inflation and other factors which may not necessarily be offset by increased rents,
- changes in interest rate levels and the availability of financing,
- fluctuations in tourism patterns,
- adverse changes in laws and regulations (including tax, environmental, zoning and building codes, landlord/tenant and other housing laws and regulations) and agency or court interpretations of such laws and regulations and the related costs of compliance,
- potential changes in supply of, or demand for rental properties similar to the Company's,
- competition for tenants and changes in rental rates,
- concentration in a single real estate asset and class,
- needs for additional capital which may be required for needed development or repositioning of one or more real estate assets may exceed the Company's abilities or its desired minimum level of liquidity,
- difficulty in reletting properties on favorable terms or at all,
- impairments in the Company's ability to collect rent payments when due,
- the potential for uninsured casualty and other losses,
- the impact of present or future environmental legislation and compliance with environmental laws,
- changes in federal or state tax laws, and
- acts of terrorism and war.

Each of these factors could have a material adverse effect on the Company's ability to receive distributions from its properties and investments and the Company's financial condition and results of operations. In addition, real estate investments are relatively illiquid, which means that the Company's ability to promptly sell the Company's property in response to changes in economic and other conditions may be limited.

Development and redevelopment activities may be delayed, not completed, and/or not achieve expected results.

As the Company pursues investments in and/or development and redevelopment projects, these projects generally require various governmental and other approvals, which have no assurance of being received. The Company's investment in development and redevelopment activities generally entail certain risks, including the following:

- funds may be expended and management's time devoted to projects that may not be completed,
- construction costs of a project may exceed original estimates possibly making the project economically unfeasible,
- projects may be delayed due to, without limitation, adverse weather conditions, labor or material shortages,
- occupancy rates and rents at a completed project may be less than anticipated, and
- expenses at completed development projects may be higher than anticipated.

These risks may reduce the funds available for distribution to the Company and have a material adverse effect on the Company's financial condition and results of operations. Further, investment in and the development and redevelopment of real estate is also subject to the general risks associated with real estate investments. For further information regarding these risks, see the risk factor "The Company is subject to risks inherent in owning, developing and leasing real estate."

Fluctuations in the local market in which the Company's current equity investment in a development property is located may adversely impact the Company's financial condition and operating results.

The Company's current equity investment in a development property is located in New York City. This geographic concentration could present risks if the New York City property market performance falls below expectations. The economic condition of this market could affect occupancy, property revenues, and expenses, from the property and its underlying asset value. The financial results of major local employers also may impact the cash flow and value of a property. This could have a negative impact on the Company's financial condition and operating results, which could affect the Company's ability to receive distributions from its investment interest in the property.

Property ownership through equity investments and/or in joint ventures could subject us to the differing business objectives of our co-venturers.

The Company has entered into, and may continue in the future to enter into, equity investments and/or joint ventures (including limited liability companies and partnerships) in which the Company does not hold a direct or controlling interest in the assets underlying the entities in which it invests, including equity investments and/or joint ventures in which (i) the Company owns a direct interest in an entity which controls such assets, or (ii) the Company owns a direct interest in an entity which owns indirect interests, through one or more intermediaries, of such assets. These equity investments and/or joint ventures may include ventures through which the Company would own an indirect economic interest of less than 100 percent of a property owned directly by such joint ventures, and may include equity investments and/or joint ventures that the Company does not control or manage. These investments involve risks that do not exist with properties in which the Company owns a controlling interest with respect to the underlying assets, including the possibility that (i) our co-venturers or partners may, at any time, become insolvent or otherwise refuse to make capital contributions when due, (ii) we may be subject to additional capital calls for joint venture development or other expenses which we may be unable or unwilling to meet, possibly resulting in substantial dilution of our investment, (iv) we may become liable with respect to guarantees of payment or performance by the joint ventures, or (v) we may become subject to buy-sell arrangements which could cause us to sell our interests or acquire our co-venturer's or partner's interests in a joint venture. Even where we have major decision rights or do not have major decision rights, because we lack a controlling interest, our co-venturers or partners may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives. While we seek protective rights against such contrary actions, there can be no assurance that we will be successful in procuring any such protective rights, or if procured, that the rights will be sufficient to fully protect us against contrary actions. Our organizational documents do not limit the amount of available funds that we may invest in equity investments and/or joint ventures and/or partnerships. If the objectives of our co-venturers or partners are inconsistent with ours, it may adversely affect our ability to make receive and distributions or payments to our investors.

---

Our insurance coverage on our property or properties may be inadequate or our insurance providers may default on their obligations to pay claims.

We currently carry comprehensive insurance on our property or properties, including insurance for liability, fire and flood. We cannot guarantee that the limits of our current policies will be sufficient in the event of a catastrophe to our property or properties. We cannot guarantee that we will be able to renew or duplicate our current insurance coverage in adequate amounts or at reasonable prices. In addition, while our current insurance policies insure us against loss from terrorist acts and toxic mold, in the future, insurance companies may no longer offer coverage against these types of losses, or, if offered, these types of insurance may be prohibitively expensive. If any or all of the foregoing should occur, we may not have insurance coverage against certain types of losses and/or there may be decreases in the limits of insurance available. Should an uninsured loss or a loss in excess of our insured limits occur, we could lose all or a portion of the capital we have invested in a property or properties, as well as the anticipated future revenue from the property or properties. We cannot guarantee that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could adversely affect our financial condition and results of operations. If one or more of our insurance providers were to fail to pay a claim as a result of insolvency, bankruptcy or otherwise, the nonpayment of such claims could have an adverse effect on our financial condition and results of operations. In addition, if one or more of our insurance providers were to become subject to insolvency, bankruptcy or other proceedings and our insurance policies with the provider were terminated or canceled as a result of those proceedings, we cannot guarantee that we would be able to find alternative coverage in adequate amounts or at reasonable prices. In such case, we could experience a lapse in any or adequate insurance coverage with respect to one or more properties and be exposed to potential losses relating to any claims that may arise during such period of lapsed or inadequate coverage.

We are dependent on our key personnel whose continued service is not guaranteed and the loss of whose service could have a material adverse effect on our business.

Whether our business is successful will be dependent in part upon the leadership, strategic business direction and real estate experience of our executive officers, particularly Richard A. Bianco, our Chairman, President and Chief Executive Officer. Although we have entered into an employment agreement with Mr. Bianco, none of our executive officers or directors are subject to any covenants not to compete against the Company should they terminate their affiliation with the Company. While we believe that we could find replacements for these key personnel, loss of their services could adversely affect our operations. Although we carry some key man life insurance on Mr. Bianco, the amount of such coverage may not be sufficient to offset any adverse economic effects on our operations and we do not carry key man life insurance on any of our other executive officers or directors.

The Company may not be able to insure certain risks economically.

The Company may experience economic harm if any damage to the Company's property or properties is not covered by insurance. The Company cannot be certain that the Company will be able to insure all risks that the Company desires to insure economically or that all of the Company's insurers will be financially viable if the Company makes a claim. The Company may suffer losses that are not covered under the Company's insurance policies. If an uninsured loss or a loss in excess of insured limits should occur, the Company could lose capital invested in a property or properties, as well as any future revenue from the property or properties.

Changes in the composition of the Company's assets and liabilities through acquisitions, divestitures or corporate restructuring may affect the Company's results.

The Company may make future acquisitions or divestitures of assets or changes in how such assets are held. Any change in the composition of the Company's assets and liabilities or how such assets and liabilities are held could significantly affect the Company's financial position and the risks that the Company faces.

The Company may not be able to generate sufficient taxable income to fully realize the Company's deferred tax asset. The Company has federal income tax net operating loss ("NOL") carryforwards and other tax attributes. If the Company is unable to generate sufficient taxable income, the Company may not be able to fully realize the benefit of the NOL carryforwards.

Terrorist attacks and other acts of violence or war may affect the market, on which the Company's common stock trades, the markets in which the Company operates the Company's operations and the Company's results of operations.

Terrorist attacks or armed conflicts could affect the Company's business or the businesses of the Company's tenants. The consequences of armed conflicts are unpredictable, and the Company may not be able to foresee events that could have an adverse effect on the Company's business. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. They also could be a factor resulting in, or a continuation of, an economic recession in the U.S. or abroad. Any of these occurrences could have a significant adverse impact on the Company's operating results and revenues and may result in volatility of the market price for the Company's common stock.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data that may include intellectual property, our proprietary business information and that of our tenants and business partners, including personally identifiable information of our tenants and employees, on our networks. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation, which could adversely affect our business.

Because the Company from time to time maintains a majority of its assets in securities, the Company may in the future be deemed to be an investment company under the Investment Company Act of 1940 resulting in additional costs and regulatory burdens.

Currently, the Company believes that either it is not within the definition of "Investment Company" as the term is defined under the Investment Company Act of 1940 (the "1940 Act") or, alternatively, may rely on one or more of the 1940 Act's exemptions. The Company intends to continue to conduct its operations in a manner that will exempt the Company from the registration requirements of the 1940 Act. If the Company were to be deemed to be an investment company because of the Company's investments securities holdings, the Company would be required to register as an investment company under the 1940 Act. The 1940 Act places significant restrictions on the capital structure and corporate governance of a registered investment company, and materially restricts its ability to conduct transactions with affiliates. Compliance with the 1940 Act could also increase the Company's operating costs. Such changes could have a material adverse effect on the Company's business, results of operations and financial condition.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

#### ITEM 2. PROPERTIES

The Company owns a commercial office building in Greenwich, Connecticut. The building is approximately 14,500 square feet and is available for lease with approximately 3,500 square feet utilized by the Company for its offices.

The Company leases approximately 1,085 square feet of office space for its executive office at One South Ocean Boulevard, Suite 301, Boca Raton, Florida 33432, with a lease expiration date in March 2019.

#### ITEM 3. LEGAL PROCEEDINGS

For a discussion of the Company's legal proceedings, including the Company's Supervisory Goodwill Settlement Agreement - Tax Gross-up and income tax matters, see Part II - Item 8 - Notes 10 and 11 to the Company's consolidated financial statements.

---

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND  
5. ISSUER PURCHASES OF EQUITY SECURITIES

The Common Stock of the Company trades through one or more market makers, with quotations made available in the over-the-counter market under the symbol ABCP. The sales prices per share for the Company's Common Stock represent the range of the reported high and low bid quotations. Such prices reflect interdealer prices, without retail mark-up, markdown or commission, and may not necessarily represent actual transactions.

	2014		2013	
	High	Low	High	Low
First Quarter	\$1.23	\$1.14	\$1.27	\$0.96
Second Quarter	1.43	1.18	1.28	0.85
Third Quarter	1.45	1.29	1.25	0.90
Fourth Quarter	1.70	1.22	1.23	1.08

As of February 28, 2015, there were approximately 10,100 beneficial owners of the Company's Common Stock. No dividends were declared or paid on the Company's Common Stock in 2014 and 2013. The Company has no current plans to declare or pay dividends in the foreseeable future.

For information concerning the Company's stockholder rights plan, see Part II - Item 8 - Note 7 to the Company's consolidated financial statements.

Common Stock Repurchase Plan

In January 2002, and reaffirmed by the Company's Board of Directors in June 2013, the Company announced a common stock repurchase plan (the "Repurchase Plan") which allows for the repurchase by the Company of its common stock in the open market.

The Repurchase Plan is conditioned upon favorable business conditions and acceptable prices for the common stock. Purchases under the Repurchase Plan may be made, from time to time, in the open market, through block trades or otherwise. Depending on market conditions and other factors, purchases may be commenced or suspended any time or from time to time without prior notice.

From	To	Total Number of Shares Purchased	Average Price Paid per Share (including Broker Commissions)	Total Number Shares Purchased as Part of Publicly Announced Plans	Maximum Number Shares that may yet be Purchased under the Plan
-	Initial Balance	-	-	-	10,000,000

Edgar Filing: AMBASE CORP - Form 10-K

Prior to January 1, 2014	January 1, 2014 January 31, 2014	- 231,200	- 1.20	- 6,019,070	4,212,130 3,980,930
February 1, 2014	February 28, 2014	64,190	1.18	6,083,260	3,916,740
March 1, 2014	March 31, 2014	79,228	1.18	6,162,488	3,837,512
April 1, 2014	April 30, 2014	53,180	1.25	6,215,668	3,784,332
May 1, 2014	May 31, 2014	10,100	1.28	6,225,768	3,774,232
June 1, 2014	June 30, 2014	-	1.16	6,225,768	3,774,232
July 1, 2014	July 31, 2014	-	1.06	6,225,768	3,774,232
August 1, 2014	August 31, 2014	-	1.20	6,225,768	3,774,232
September 1, 2014	September 30, 2014	-	1.18	6,225,768	3,774,232
October 1, 2014	October 31, 2014	-	1.15	6,225,768	3,774,232
November 1, 2014	November 30, 2014	-	1.20	6,225,768	3,774,232
December 1, 2014	December 31, 2014	-	1.20	6,225,768	3,774,232
Total		437,898			

ITEM 7.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and related notes, which are contained in Part II - Item 8, herein.

BUSINESS OVERVIEW

AmBase Corporation (the "Company") is a holding company which has an equity investment in a real estate development property in New York, New York and owns a commercial office building in Greenwich, Connecticut.

The Company's assets currently consist primarily of cash and cash equivalents, an equity investment in a real estate development property, and real estate owned. The Company earns non-operating revenue consisting principally of investment earnings on investment securities and cash equivalents. As further discussed in Part II – Item 8 – Note 5 to the Company's consolidated financial statements, in June 2013, the Company, through a newly formed subsidiary, purchased an equity interest in a real estate development project through a joint venture agreement to purchase and develop real property located at 105 through 111 West 57<sup>th</sup> Street in New York, New York (the "111 West 57<sup>th</sup> Property"). The Company continues to evaluate a number of possible acquisitions and is engaged in the management of its assets and liabilities. From time to time, the Company and its subsidiaries may be named as a defendant in various lawsuits or proceedings. The Company intends to aggressively contest all litigation and contingencies, as well as pursue all sources for contributions to settlements. For a discussion of lawsuits and proceedings, including a discussion of the Supervisory Goodwill Settlement Agreement – Tax Gross-up and income tax matters, see Part II – Item 8 – Notes 10 and 11 to the Company's consolidated financial statements.

FINANCIAL CONDITION AND LIQUIDITY

The Company's assets at December 31, 2014, aggregated \$78,491,000, consisting principally of cash and cash equivalents of \$5,299,000, an equity investment in a real estate development property of \$71,038,000, and real estate

owned, net of \$1,776,000. At December 31, 2014, the Company's liabilities aggregated \$722,000. Total stockholders' equity was \$77,769,000.

For the year ended December 31, 2014, cash of \$3,087,000 was used by operations for the payment of operating expenses. The cash needs of the Company for 2014 were principally satisfied by the Company's financial resources and, to a lesser extent, the receipt of investment earnings on investment securities and cash equivalents. In addition, cash flows used by investment activities for 2014 include \$17,010,000 of additional equity investments in 111 West 57<sup>th</sup> Partners LLC. For additional information regarding subsequent capital calls and investment relating to 111 West 57<sup>th</sup> Partners, see Part II – Item 8 – Note 5 to the Company's consolidated financial statements.

The Company was a plaintiff in a legal proceeding, commenced in 1993, seeking recovery of damages from the United States Government for the loss of the Company's wholly-owned subsidiary, Carteret Savings Bank, F.A. (the "Supervisory Goodwill" legal proceedings). Pursuant to a Settlement Agreement between the Company, the Federal Deposit Insurance Corporation-Receiver ("FDIC-R") and the Department of Justice ("DOJ") on behalf of the United States of America (the "United States"), (the "Settlement Agreement") as approved by the United States Court of Federal Claims (the "Court of Federal Claims"), in October 2012, the United States paid \$180,650,000 directly to AmBase (the "Settlement Amount"). As part of the Settlement Agreement in the Company's Supervisory Goodwill legal proceedings, the Company is entitled to a tax gross-up in an amount to be determined if and when any federal taxes should be imposed on the Settlement Amount. In December 2014, the Internal Revenue Service ("IRS") completed their review of the examination of the Company's 2012 Federal Income Tax Return with no change to the tax return as filed. For additional information including a discussion of the Supervisory Goodwill Settlement Agreement – Tax Gross-up and income tax matters see Part II – Item 8 – Notes 10 and 11 to the Company's consolidated financial statements.

---



Pursuant to the accounting principles with regard to recognition of uncertain tax positions, (ASC 740-10, Accounting for Income Taxes), the Company was required to record an aggregate tax reserve of approximately \$36,045,000 (\$18.9 million for federal) as of December 31, 2013, to reflect the net tax effect plus accrued interest for potential tax audit and uncertainty that the \$152 million Carteret worthless stock tax deduction (uncertain tax position), could have been disallowed in whole or in part by the tax authorities. The Company believes that if any additional federal tax had been owed as a result of any adjustments, these potential amounts would be reimbursable to the Company pursuant to the tax gross-up provision of the Settlement Agreement. As a result, the Company recorded an indemnification asset – federal tax gross-up of \$18,429,000, as of December 31, 2013, to reflect the net amount (excluding accrued interest) of the federal uncertain tax position reserve recognized. A portion of the uncertain tax position reserve as of December 31, 2013 was attributable to certain state taxes on the Settlement Amount which were not reimbursable to the Company as part of the Settlement Agreement. In December 2014, the IRS completed their review of the examination of the Company's 2012 federal income tax return with no change to the tax return as filed, as a result the Company, in December 2014, recorded a reversal of the \$18,429,000 indemnification asset – federal tax gross-up and the reversal of the \$36,045,000 uncertain tax position reserve. For additional information including a discussion of the Supervisory Goodwill Settlement Agreement – Tax Gross-up and income tax matters see Part II – Item 8 – Notes 10 and 11 to the Company's consolidated financial statements.

For the year ended December 31, 2013, cash of \$2,267,000 was used by operations for the payment of operating expenses. The cash needs of the Company for 2013 were principally satisfied by the Company's financial resources and to a lesser extent, the receipt of investment earnings on investment securities and cash equivalents. In addition, cash flows used by investment activities for 2013, include a \$57,250,000 equity investment in 111 West 57<sup>th</sup> Partners LLC ("111 West 57<sup>th</sup> Partners").

Real estate owned consists of a commercial office building in Greenwich, Connecticut that is managed and operated by the Company. The building is approximately 14,500 square feet; with approximately 3,500 square feet utilized by the Company for its offices; the remaining space is currently unoccupied and available for lease. Although the portion of the building not being utilized by the Company is currently unoccupied and available for lease, based on the Company's analysis, including but not limited to the location of the property; current market rents in the area, leasing values, and comparable property sales, the Company believes the property's fair value exceeds the property's current carrying value. Therefore, the Company believes the carrying value of the property as of December 31, 2014 has not been impaired. For additional information see Part II – Item 8 – Note 4 to the Company's consolidated financial statements.

Accounts payable and accrued liabilities aggregated \$722,000 at December 31, 2014 and \$2,545,000 at December 31, 2013. Included in accounts payable and accrued liabilities at December 31, 2013, was an incentive compensation accrual of \$1,843,000 which could have been payable to Richard A. Bianco, the Company's Chairman, President and Chief Executive Officer ("Mr. R.A. Bianco") pursuant to his 2007 Employment Agreement between the Company and Mr. R.A. Bianco, as amended (the "2007 Employment Agreement") related to the tax gross-up indemnification asset. As a result of the completion by the IRS of the Company's 2012 federal income tax return examination with no changes to the tax return as filed, the \$1,843,000 incentive compensation accrual was reversed in December 2014, and was recorded as an expense reversal in the Company's consolidated statement of operations.

There are no material commitments for capital expenditures as of December 31, 2014. Inflation has had no material impact on the business and operations of the Company.

## RESULTS OF OPERATIONS

The Company earns non-operating revenue consisting principally of investment earnings on investment securities and cash equivalents. The Company's management believes that operating cash needs for the next twelve months will be met principally by the Company's financial resources and, to a lesser extent, the receipt of investment earnings on investment securities and cash equivalents.

The Company recorded net income of \$14,421,000 or \$0.35 per share for the year ended December 31, 2014. Included in net income for the year ended December 31, 2014, is an income tax benefit of \$35,862,000 principally relating to the reversal of the Company's uncertain tax position reserve as a result of the IRS's completion of the Company's 2012 federal income tax return examination with no changes to the tax return as filed and an incentive compensation accrual reversal of \$1,843,000 offset by the reversal of the \$18,429,000 indemnification asset – federal tax gross-up which was recorded as other expense in the Company's consolidated statement of operations. For the year ended December 31, 2013, the Company recorded a net loss of \$6,018,000 or \$0.14 per share.

Compensation and benefits increased to \$1,875,000 in 2014 from \$1,798,000 in 2013. The increased amounts in 2014 as compared to 2013 are due to general increased compensation and benefit expenses in 2014 versus 2013. No stock based compensation expense was recorded for the years ended December 31, 2014 and 2013.

Based on the IRS's completion of the Company's 2012 federal income tax return examination with no changes to the tax return as filed, the Company recorded an incentive compensation accrual reversal of \$1,843,000 reflected as an expense reversal in the Company's consolidated statement of operations for the year ended December 31, 2014. Pursuant to the 2007 Employment Agreement, Mr. R.A. Bianco, in September 2013, was paid \$50,000 of previously accrued incentive compensation based on the federal tax gross-up amount received in connection with the Supervisory Goodwill Settlement Agreement. Additional amount(s), to be determined, could be payable to Mr. R.A. Bianco pursuant to the 2007 Employment Agreement, based on value realized by the Company with respect to a gross-up for federal taxes imposed on the Settlement Amount, if any.

Professional and outside services expenses decreased to \$316,000 in 2014 from \$515,000 in 2013. The decrease in 2014 as compared to 2013 is principally the result of a higher level of legal fees and other professional fees incurred in 2013 in connection with the tax gross-up provisions of the Supervisory Goodwill Settlement Agreement. See Part II - Item 8 - Note 11 to the Company's consolidated financial statements for a discussion of the Supervisory Goodwill legal proceedings.

Property operating and maintenance expenses increased to \$134,000 in 2014 from \$131,000 in 2013. The increase is primarily due to a general increase in costs and the incurring of various repair and maintenance expenses in 2014 versus 2013.

Insurance expenses increased to \$108,000 in 2014, compared with \$43,000 in 2013. The increase is primarily due to an increase in insurance coverage levels and insurance premium costs.

Other operating expenses decreased slightly to \$300,000 in 2014 compared with \$310,000 in 2013 due to a general lower level of expenses in 2014 versus 2013.

Interest income decreased to \$10,000 in 2014 from \$50,000 in 2013. The decreased interest income is principally due to a lower average level of cash and cash equivalents and investments on hand in 2014 compared with the 2013 due to the Company's initial and additional investments in the 111 West 57<sup>th</sup> Street Property in June 2013 and during 2014.

Realized gains on sales of investment securities were \$20,000 in 2014 and \$39,000 in 2013. The gains are the result of the realization of gains on sales due to market appreciation.

Other expense of \$18,429,000 in 2014 relates to the reversal of the indemnification asset - federal tax gross-up which was recorded as a result of the IRS's completion of the Company's 2012 federal income tax return examination with no changes to the tax return as filed.

Equity income (loss) - 111 West 57<sup>th</sup> Partners of \$2,104,000 represents the Company's share of the 111 West 57<sup>th</sup> Partners' loss for the year ended December 31, 2014. Equity income (loss) - 111 West 57<sup>th</sup> Partners of \$1,118,000 in

2013 represents the Company's share of the 111 West 57<sup>th</sup> Partners' loss for the period June 28, 2013 through December 31, 2013. The increase in the loss for 2014 is due to increased expenses due to activity for the full year 2014 versus activity in 2013 from June 28, 2013 (date of investment).

For the year ended December 31, 2014, the Company recorded an income tax benefit of \$35,862,000. The 2014 income tax benefit is attributable to a current federal benefit of \$19,179,000 and a current state benefit of \$16,683,000. These amounts reflect the reversal of the Company's previously recorded uncertain tax position reserve, plus accrued interest as a result of the IRS's completion of the Company's 2012 federal income tax return examination with no changes to the tax return as filed. Included in the income tax benefit for the year ended December 31, 2014, is an income tax expense of \$183,000, attributable to a provision for a minimum tax on capital imposed by the state jurisdictions.

In connection with the reversal of the accounting for the uncertain tax position reserve liability as previously recorded, the Company expects that based on federal income tax returns as filed, an additional \$24.0 million of federal net operating loss carryforwards and an additional \$21.0 million of federal minimum tax credits will be available to the Company to reduce future federal taxable income subject their expiration as provided for in the federal tax code. These net operating loss carryforwards and minimum tax credits are offset by a full valuation allowance. For additional information including a discussion of income tax matters, see Part II – Item 8 – Note 10 to the Company's consolidated financial statements.

For the year ended December 31, 2013, the Company recorded an aggregate income tax provision of \$2,144,000. This amount is attributable to a provision for a minimum tax on capital imposed by the state jurisdictions and a provision of \$1,888,000 for federal and state interest expense on uncertain tax provisions.

A reconciliation between income taxes computed at the statutory federal rate and the provision for income taxes is included in Part II - Item 8 – Note 10 to the Company's consolidated financial statements.

For a further discussion of income taxes see Part II – Item 8 – Note 10 to the Company's consolidated financial statements.

#### APPLICATION OF CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are based on the selection and application of accounting principles generally accepted in the United States of America, which require us to make estimates and assumptions about future events that affect the amounts reported in our financial statements and the accompanying notes. Future events and their effects cannot be determined with absolute certainty. The determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and any such differences may be material to the consolidated financial statements. We believe that the following accounting policies, which are important to our consolidated financial position and consolidated results of operations, require a higher degree of judgment and complexity in their application and represent the critical accounting policies used in the preparation of our consolidated financial statements. If different assumptions or conditions were to prevail, the results could be materially different from our reported results. For a summary of all our accounting policies, including the accounting policies discussed below, see Part II - Item 8 - Note 2 to the Company's consolidated financial statements.

**Investment Securities:** Securities that the Company has both the positive intent and ability to hold to maturity are classified as held to maturity investments and are carried at amortized cost (which includes accrued interest).

Investment securities - held to maturity consist of U.S. Treasury Bills and are carried at amortized cost (which includes accrued interest) based upon the Company's intent and ability to hold these investments to maturity.

Investment securities – trading consist of investments in equity securities held for trading purposes and are carried at

fair value with net unrealized gains and losses recorded directly in the consolidated statement of operations.

Interest and dividends on investment securities are recognized when earned. Realized gains and losses on the sale of investment securities – held for trading are calculated using an average cost basis for determining the cost basis of the securities. The fair value of publicly traded investment securities is determined by reference to current market quotations.

Equity Method Investment: Investments and ownership interests are accounted for under the equity method of accounting if the Company has the ability to exercise significant influence, but not control (under GAAP), over the investment. Investments accounted for under the equity method are carried at cost, plus or minus the Company's equity in the increases and decreases in the net assets after the date of acquisition and certain other adjustments. The Company's share of income or loss for equity method investments is recorded in the consolidated statements of operations as equity income (loss). Dividends received, if any, would reduce the carrying amount of the Company's investment.

Legal Proceedings: From time to time the Company and its subsidiaries may be named as a defendant in various lawsuits or proceedings. The Company presently is not aware of any pending or threatened litigation which could have a material adverse effect on the consolidated financial statements presented herein. Management of the Company, in consultation with outside legal counsel, continually reviews the likelihood of liability and associated costs of pending and threatened litigation including the basis for the calculation of any litigation reserves which may be necessary. The assessment of such reserves includes an exercise of judgment and is a matter of opinion. The Company intends to aggressively contest all threatened litigation and contingencies, as well as pursue all sources for contributions to settlements. For a discussion of lawsuits and proceedings, see Part II - Item 8 - Note 11 to the Company's consolidated financial statements.

Income Tax Audits: The Company's federal, state and local tax returns, from time to time, may be audited by the tax authorities, which could result in proposed assessments or a change in the net operating loss ("NOL") carryforwards currently available. The Company's federal income tax returns for the years subsequent to 1992 have not been examined by the Internal Revenue Service ("IRS") or state authorities, except for tax years 2007 and 2012, which were examined by the IRS and have been concluded. In connection with the IRS's examination of the Company's 2012 federal income tax return, the IRS accepted the Company's federal NOL loss carryforward deductions from 1997 through 2006 which were utilized as part of the Company's 2012 federal income tax return to reduce the Company's 2012 federal taxable income. The Company has not been notified of any other potential tax audits by any federal, state or local tax authorities. As such, the Company believes the statutes of limitations for the assessment of additional federal and state tax liabilities are generally closed for tax years prior to 2011.

Deferred Tax Assets: As of December 31, 2014, the Company had deferred tax assets arising primarily from net operating loss carryforwards available to offset taxable income in future periods. A valuation allowance has been established for the entire net deferred tax asset as management, at the current time, has no basis to conclude that realization is more likely than not. The valuation allowance was calculated in accordance with current standards, which places primary importance on a company's cumulative operating results for the current and preceding years. We intend to maintain a valuation allowance for the entire deferred tax asset until sufficient positive evidence exists to support a reversal. See Part II - Item 8 - Note 10 to the Company's consolidated financial statements.

New Accounting Pronouncements: There are no new accounting pronouncements that could materially affect the Company's financial statements or results of operations for the periods reported herein.

Cautionary Statement for Forward-Looking Information

This Annual Report together with other statements and information publicly disseminated by the Company may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or make oral statements that constitute forward looking statements. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted or quantified. The forward-looking statements may relate to such matters as anticipated financial performance, future revenues or earnings, business prospects, projected ventures, anticipated market performance, anticipated litigation results or the timing of pending litigation, and similar matters. When used in this Annual Report, the words "estimates," "expects," "anticipates," "believes," "plans," "intends" and variations of such words and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties. The Company cautions readers that a variety of factors could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These risks and uncertainties, many of which are beyond the Company's control, include, but are not limited to those set forth in "Item 1A, Risk Factors" and elsewhere in this Annual Report and in the Company's other public filings with the Securities and Exchange Commission including, but not limited to: (i) transaction volume in the securities markets; (ii) the volatility of the securities markets; (iii) fluctuations in interest rates; (iv) risks inherent in the real estate business, including, but not limited to, insurance risks, tenant defaults, changes in occupancy rates or real estate values; (v) changes in regulatory requirements which could affect the cost of doing business; (vi) general economic conditions; (vii) changes in the rate of inflation and the related impact on the securities markets; (viii) changes in federal and state tax laws; (ix) certain assumptions regarding the outcome of pending legal and/or tax matters, based in whole or in part upon consultation with outside advisors, and (x) risks arising from unfavorable decisions in the Company's current material tax and litigation matters, or unfavorable decisions in other Supervisory Goodwill cases. These are not the only risks that we face. There may be additional risks that we do not presently know of or that we currently believe are immaterial which could also impair our business and financial position.

Undue reliance should not be placed on these forward-looking statements, which are applicable only as of the date hereof. The Company undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the date of this Annual Report or to reflect the occurrence of unanticipated events. Accordingly, there is no assurance that the Company's expectations will be realized.

## ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the Board of Directors and Shareholders of  
AmBase Corporation

We have audited the accompanying consolidated balance sheets of AmBase Corporation and Subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. Our audit also includes the financial statement schedule as of December 31, 2014 and 2013, and for the years then ended listed in the index at item 15. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of

internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AmBase Corporation and subsidiaries, as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/Marcum LLP  
Hartford, CT  
March 30, 2015

AMBASE CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Operations

(in thousands, except per share data)

	Years Ended December 31,	
	2014	2013
Operating expenses:		
Compensation and benefits	\$1,875	\$1,798
Incentive compensation accrual reversal	(1,843 )	-
Professional and outside services	316	515
Property operating and maintenance	134	131
Depreciation	48	48
Insurance	108	43
Other operating	300	310
Total operating expenses	938	2,845
Operating income (loss)	(938 )	(2,845 )
Interest income	10	50
Realized gains (losses) on sales of investment securities	20	39
Other expense - federal tax gross-up – indemnification asset reversal	(18,429)	-
Equity income (loss) – 111 West 57th Partners LLC	(2,104 )	(1,118 )
Income (loss) before income taxes	(21,441)	(3,874 )
Income tax expense (benefit)	(35,862)	2,144
Net income (loss) before non-controlling interest	14,421	(6,018 )
Net income (loss) attributable to non-controlling interest	-	-
Net income (loss)	\$14,421	\$(6,018 )
Net income (loss) per common share - basic	\$0.35	\$(0.14 )

Edgar Filing: AMBASE CORP - Form 10-K

Net income (loss) per common share - assuming dilution	\$0.35	\$(0.14 )
Weighted average common shares outstanding - basic	40,792	42,275
Weighted average common shares outstanding - assuming dilution	40,792	42,275

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

---

## AMBASE CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

(in thousands, except per share data)

	December 31, 2014	December 31, 2013
Assets:		
Cash and cash equivalents	\$5,299	\$6,940
Investments securities - held to maturity	-	14,798
Investments securities - trading carried at fair value	-	-
Total investment securities	-	14,798
Real estate owned:		
Land	554	554
Buildings	1,900	1,900
Real estate owned, gross	2,454	2,454
Less: accumulated depreciation	678	630
Real estate owned, net	1,776	1,824
Indemnification asset - federal tax gross-up	-	18,429
Investment in 111 West 57th Partners LLC	71,038	56,132
Other assets	378	240
Total assets	\$78,491	\$98,363
Liabilities and Stockholders' Equity:		
Liabilities:		
Accounts payable and accrued liabilities	\$722	\$2,545
Uncertain tax position reserve	-	36,045
Other liabilities	-	-
Total liabilities	722	38,590
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock (\$0.01 par value, 200,000 authorized, 46,410 issued and 40,738 outstanding in 2014 and 41,176 outstanding in 2013)	464	464
Additional paid-in capital	548,304	548,304
Accumulated deficit	(469,931)	(484,352)
Treasury stock, at cost – 2014 - 5,672 shares; 2013 - 5,234 shares	(5,168 )	(4,643 )
Total stockholders' equity	73,669	59,773
Non-controlling interest	4,100	-
Total stockholders' equity including non-controlling interest	77,769	59,773
Total liabilities and stockholders' equity	\$78,491	\$98,363

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

---



AMBASE CORPORATION AND SUBSIDIARIES  
 Consolidated Statements of Changes in Stockholders' Equity  
 Years Ended December 31, 2013 and 2012

(\$ in thousands, except per share data)	Common stock	Additional paid-in capital	Accumulated deficit	Treasury stock	Non-controlling interest	Total
December 31, 2012	\$ 464	\$ 548,304	\$ (478,334 )	\$ (2,168 )	\$ -	\$68,266
Net income (loss)	-	-	(6,018 )	-	-	(6,018 )
Common stock repurchased for treasury	-	-	-	(2,475 )	-	(2,475 )
December 31, 2013	464	548,304	(484,352 )	(4,643 )	-	59,773
Net income (loss)	-	-	14,421	-	-	14,421
Net income (loss) attributable to non-controlling interest	-	-	-	-	-	-
Equity contribution by non-controlling interest	-	-	-	-	4,100	4,100
Common stock repurchased for treasury	-	-	-	(525 )	-	(525 )
December 31, 2014	\$ 464	\$ 548,304	\$ (469,931 )	\$ (5,168 )	\$ 4,100	\$77,769

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

## AMBASE CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

	Years Ended December 31,	
(in thousands)	2014	2013
Cash flows from operating activities:		
Net income (loss)	\$14,421	\$(6,018 )
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation	48	48
Realized gains (losses) on sales of investment securities	(20 )	(39 )
Provision for uncertain tax position reserve	(36,045)	1,888
Equity (income) loss – 111 West 57th Partners LLC	2,104	1,118
Changes in operating assets and liabilities:		
Accrued interest receivable investment securities	-	3
Indemnification asset - federal tax gross-up	18,429	501
Other assets	(201 )	134
Accounts payable and accrued liabilities	(1,823 )	599
Federal taxes payable	-	(501 )
Other liabilities	-	-
Net cash provided (used) by operating activities	(3,087 )	(2,267 )
Cash flows from investing activities:		
Maturities of investment securities - held to maturity	27,793	213,148
Purchases of investment securities - held to maturity	(12,995)	(148,162)
Sales of investment securities - trading	956	817
Purchases of investment securities - trading	(936 )	(778 )
Equity investment – 111 West 57th Partners LLC	(17,010)	(57,250 )
Non-controlling interest contribution	4,100	-
Proceeds from (investment in) real estate limited partnership	63	-
Net cash provided (used) by investing activities	1,971	7,775
Cash flows from financing activities:		
Common stock repurchased for treasury	(525 )	(2,475 )
Net cash provided (used) by financing activities	(525 )	(2,475 )
Net change in cash and cash equivalents	(1,641 )	3,033
Cash and cash equivalents at beginning of year	6,940	3,907
Cash and cash equivalents at end of year	\$5,299	\$6,940
Supplemental cash flow disclosure:		
Income taxes paid	\$362	\$781

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

---

## AMBASE CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

#### Note 1 - Organization

AmBase Corporation ("AmBase" or the "Company") is a holding company which has an equity investment in a real estate development property to develop real property in New York, New York and, through a wholly owned subsidiary, owns a commercial office building in Greenwich, Connecticut that is managed and operated by the Company.

The Company's assets currently consist primarily of cash and cash equivalents, an equity investment in a real estate development property and real estate owned. The Company earns non-operating revenue consisting principally of investment earnings on investment securities and cash equivalents. As further discussed in Note 5, in June 2013, the Company, through a newly formed subsidiary, purchased an equity interest in a real estate development property through a joint venture agreement to purchase and develop real property located at 105 through 111 West 57<sup>th</sup> Street in New York, New York (the "111 West 57<sup>th</sup> Property"). The Company continues to evaluate a number of possible acquisitions and is engaged in the management of its assets and liabilities. From time to time, the Company and its subsidiaries may be named as a defendant in various lawsuits or proceedings. The Company intends to aggressively contest all litigation and contingencies, as well as pursue all sources for contributions to settlements. For a discussion of lawsuits and proceedings, including a discussion of the Supervisory Goodwill Settlement Agreement – Tax Gross-up and income tax matters - see Notes 10 and 11.

The Company was a plaintiff in a legal proceeding, commenced in 1993, seeking recovery of damages from the United States Government for the loss of the Company's wholly-owned subsidiary, Carteret Savings Bank, F.A. (the "Supervisory Goodwill" legal proceedings). The Supervisory Goodwill legal proceedings were settled in October 2012, pursuant to a Settlement Agreement between the Company, the Federal Deposit Insurance Corporation-Receiver ("FDIC-R") and the Department of Justice ("DOJ") on behalf of the United States of America (the "United States"), (the "Settlement Agreement") as approved by the United States Court of Federal Claims (the "Court of Federal Claims"). As part of the Settlement Agreement in the Company's Supervisory Goodwill legal proceedings, the Company is entitled to a tax gross-up in an amount to be determined if and when any federal taxes should be imposed on the Settlement Amount. In December 2014, the Internal Revenue Service ("IRS") completed their review of the examination of the Company's 2012 Federal Income Tax Return with no change to the tax return as filed. For additional information including a discussion of the Supervisory Goodwill Settlement Agreement – Tax Gross-up and income tax matters see – Notes 10 and 11.

#### Note 2 - Summary of Significant Accounting Policies

##### Basis of Accounting

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

##### Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions, that it deems reasonable, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates and assumptions.

##### Principles of consolidation

The consolidated financial statements are comprised of the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated.

#### Equity method investment

Investments and ownership interests are accounted for under the equity method of accounting if the Company has the ability to exercise significant influence, but not control (under GAAP), over the investment. Investments accounted for under the equity method are carried at cost, plus or minus the Company's equity in the increases and decreases in the net assets after the date of acquisition and certain other adjustments. The Company's share of income or loss for equity method investments is recorded in the consolidated statements of operations as equity income (loss). Dividends received, if any, would reduce the carrying amount of the Company's investment.

#### Non-controlling interests

Non-controlling interests as presented in the Company's consolidated balance sheets represents the minority ownership's investment in 111 West 57<sup>th</sup> Investment LLC, a Delaware limited liability company ("Investment LLC"). The investment was made on December 30, 2014, as such there are no net losses recorded in the Company's consolidated statement of operations for the year ended December 31, 2014, for the non-controlling interest. For additional information see Note 5.

#### Cash and cash equivalents

Highly liquid investments, consisting principally of funds held in short-term money market accounts, with original maturities of less than three months, are classified as cash equivalents. The majority of the Company's cash and cash equivalents balances are maintained with a limited number of major financial institutions. Cash and cash equivalents balances at institutions may, at times, be above the Federal Deposit Insurance Corporation insured limit per account.

#### Investment securities

Securities that the Company has both the positive intent and ability to hold to maturity are classified as held to maturity investments and are carried at amortized cost (which includes accrued interest). Investment securities - held to maturity consist of U.S. Treasury Bills and are carried at amortized cost (which includes accrued interest) based upon the Company's intent and ability to hold these investments to maturity. Investment securities – trading consist of investments in equity securities held for trading purposes and are carried at fair value with net unrealized gains and losses recorded directly in the consolidated statement of operations.

Interest and dividends on investment securities are recognized when earned. Realized gains and losses on the sale of investment securities – trading are calculated using an average cost basis for determining the cost basis of the securities. The fair value of publicly traded investment securities is determined by reference to current market quotations.

#### Income taxes

The Company and its domestic subsidiaries file a consolidated federal income tax return. The Company recognizes both the current and deferred tax consequences of all transactions that have been recognized in the consolidated financial statements, calculated based on the provisions of enacted tax laws, including the tax rates in effect for current and future years. Net deferred tax assets are recognized immediately when a more likely than not criterion is met; that is, a greater than 50% probability exists that the tax benefits will actually be realized sometime in the future.

Pursuant to the accounting principles with regard to recognition of uncertain tax positions, (ASC 740-10, Accounting for Income Taxes), the Company was required to record an aggregate uncertain tax position reserve as of December 31, 2013, to reflect the net tax effect plus accrued interest for potential tax audit and uncertainty that the Carteret Worthless Stock Tax Deduction (uncertain tax position), could have been disallowed in whole or in part by the tax authorities. The Company believes that if any additional federal tax had been owed as a result of any adjustments, these potential amounts would be reimbursable to the Company pursuant to the tax gross-up provision of the Settlement Agreement. As a result, the Company recorded an indemnification asset – federal tax gross-up to reflect the net amount (excluding accrued interest) of the federal uncertain tax position reserve recognized. A portion of the uncertain tax position reserve as of December 31, 2013 was attributable to certain state taxes on the Settlement Amount which were not reimbursable to the Company as part of the Settlement Agreement. In December 2014, the IRS completed their review of the examination of the Company's 2012 federal income tax return with no change to the tax return as filed, as a result the Company, in December 2014, recorded a reversal of the indemnification asset – federal tax gross-up and the reversal of the uncertain tax position reserve, as noted in the tables herein below. For additional information including a discussion of the Supervisory Goodwill Settlement Agreement – Tax Gross-up and income tax matters see Notes 10 and 11.

#### Earnings per share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of EPS that could occur if options to issue common stock were exercised. There were no stock options outstanding at December 31, 2014 and December 31, 2013.

#### Stock-based compensation

Under the Company's 1993 Stock Incentive Plan (the "1993 Plan"), the Company may grant to officers and employees of the Company and its subsidiaries, stock options ("Options"), stock appreciation rights ("SARs"), restricted stock awards ("Restricted Stock"), merit awards ("Merit Awards") and performance share awards ("Performance Shares"), through May 28, 2018. A pre-determined number of shares of the Company's Common Stock are reserved for issuance under the 1993 Plan (upon the exercise of Options and Stock Appreciation Rights, upon awards of Restricted Stock and Performance Shares); however, only a portion of such shares shall be available for issuance for Restricted Stock Awards and Merit Awards. Shares issued pursuant to the 1993 Plan shall be authorized but unissued shares of Common Stock. Options may be granted as incentive stock options ("ISOs") intended to qualify for favorable tax treatment under Federal tax law or as nonqualified stock options ("NQSOs"). SARs may be granted with respect to any Options granted under the 1993 Plan and may be exercised only when the underlying Option is exercisable. The 1993 Plan requires that the exercise price of all Options and SARs be equal to or greater than the fair value of the Company's Common Stock on the date of grant of that Option. The term of any NQSO, ISO or related SAR cannot exceed terms under federal tax law and/or as prescribed in the 1993 Plan. Subject to the terms of the 1993 Plan and any additional restrictions imposed at the time of grant, Options and any related SARs ordinarily will become exercisable pursuant to a vesting period prescribed at the time of grant. In the case of a "Change of Control" of the Company (as defined in the 1993 Plan), options granted pursuant to the 1993 Plan may become fully exercisable as to all optioned shares from and after the date of such Change in Control in the discretion of the Committee or as may otherwise be provided in the grantee's Option agreement. Death, retirement, or absence for disability will not result in the cancellation of any Options.

Stock-based compensation expense for all stock-based compensation awards for which vesting is based solely on employment service, are based on the grant date fair value estimated in accordance with accounting principles generally accepted in the United States of America. The Company recognizes these compensation costs for only those shares expected to vest, on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. Compensation expense relating to stock options is recorded in the Consolidated Statement of Operations, with a corresponding increase in additional paid-in capital in the Consolidated Statement of Changes in

Stockholders' Equity. See Note 9 herein for a further discussion of stock-based compensation.

#### Depreciation

Depreciation expense for the Company's owned building is recorded on a straight-line basis over the useful lives of the assets. Tenant improvements if any, would be depreciated over the lesser of the remaining life of the tenants' lease or the estimated useful lives of the improvements. For additional information see Note 4.

#### New Accounting Pronouncements

There are no new accounting pronouncements that could materially affect the Company's consolidated financial statements.

---

## Note 3 - Investment Securities

Investment securities - held to maturity consist of the following:

(in thousands)	December 31, 2014			December 31, 2013		
	Carrying Value	Amortized Cost	Fair Value	Carrying Value	Amortized Cost	Fair Value
Held to Maturity:						
U.S. Treasury Bills	\$-	\$ -	\$ -	\$14,798	\$ 14,798	\$14,798
	\$-	\$ -	\$ -	\$14,798	\$ 14,798	\$14,798

Investment securities – trading consist of the following:

(in thousands)	December 31, 2014			December 31, 2013		
	Carrying Value	Amortized Cost	Fair Value	Carrying Value	Amortized Cost	Fair Value
Trading:						
Equity Securities	\$-	\$ -	\$ -	\$-	\$ -	\$ -
	\$-	\$ -	\$ -	\$-	\$ -	\$ -

The gross unrealized gains (losses) on investment securities - held to maturity consist of the following:

(in thousands)

	December 31, 2014	December 31, 2013
Held to Maturity:		
Gross unrealized gains (losses)	\$ -	\$ -

Realized gains (losses) on the sales of investment securities – trading are as follows:

(in thousands)

	Year Ended	
	December 31, 2014	December 31, 2013
Net sale proceeds	\$ 956	\$ 817
Cost basis	936	778
Realized gains (losses)	\$ 20	\$ 39

---

## Note 4 – Real Estate Owned

Real estate owned consists of a commercial office building in Greenwich, Connecticut that is managed and operated by the Company. A portion of the building is utilized by the Company for its offices; the remaining space is currently unoccupied and available for lease. Depreciation expense for the building is calculated on a straight-line basis.

Information relating to the Company's real estate owned in Greenwich, Connecticut is as follows:

	December 31, 2014
Area of building in square feet	14,500
Square feet utilized by Company	3,500
Number of years depreciation is based upon	39

Although the portion of the building not being utilized by the Company is currently unoccupied and available for lease, based on the Company's analysis, the Company believes the property's fair value exceeds the property's current carrying value. The Company's impairment analysis includes a comprehensive range of factors including but not limited to: the location of the property; property condition; current market conditions; comparable sales; current market rents in the area; new building zoning restrictions; raw land values; new building construction costs; building operating costs; leasing values; and cap rates for comparable buildings in the area. Varying degrees of weight are given to each factor. Based on the Company's analysis, these factors taken together and/or considered individually, form the basis for the Company's analysis that no impairment condition exists.

The Company performs impairment tests on a regular basis and/or if events or circumstances indicate that the property's carrying value may not be recoverable. Based on the Company's analysis, the Company believes the carrying value of the real estate owned as of December 31, 2014, has not been impaired and, therefore, the carrying value of the asset is fully recoverable by the Company. The building is carried at cost, net of accumulated depreciation.

## Note 5 – Investment in 111 West 57th Partners LLC

On June 28, 2013, 111 West 57th Investment LLC, a Delaware limited liability company ("Investment LLC"), a newly formed subsidiary of the Company, entered into a joint venture agreement (as amended, the "JV Agreement") with 111 West 57th Sponsor LLC, a Delaware limited liability company (the "Sponsor"), an entity affiliated with Michael Stern of JDS Development Group, and Kevin Maloney of Property Markets Group, Inc., pursuant to which Investment LLC invested \$56,000,000 (the "Investment") in a real estate development property to purchase and develop the 111 West 57th Street Property. In consideration for making the Investment, Investment LLC was granted a 59% membership interest in 111 West 57th Partners LLC ("111 West 57th Partners"), a Delaware limited liability company, which indirectly acquired the 111 West 57th Property on June 28, 2013 (the "Joint Venture," and such date, the "Closing Date"). The JV Agreement was submitted into escrow pursuant to that certain Escrow Procedure Letter dated as of June 17, 2013 between Sponsor and Investment LLC (the "Escrow Letter"), and became effective on the Closing Date. The Company also indirectly contributed an additional \$1,250,000 to the Joint Venture in exchange for an additional indirect 1.3% interest in the Joint Venture. Other members and the Sponsor contributed an additional \$37,750,000 of cash and/or property to the Joint Venture.

The 111 West 57<sup>th</sup> Property was acquired from 57th Street Partners NY, LLC (an entity affiliated with Starwood Capital Group Global), Steinway, Inc., and 111 West 57th Street Associates, L.P. (an entity affiliated with Wexford Capital LLC), pursuant to three separate purchase agreements for various components of the 111 West 57<sup>th</sup> Property.



The aggregate purchase price as noted herein below includes various capitalized costs for the 111 West 57<sup>th</sup> Property. The acquisition of the 111 West 57<sup>th</sup> Property was partially financed pursuant to a mortgage and acquisition loan, as noted herein, by Annaly CRE LLC, a Delaware limited liability company that is a wholly-owned subsidiary of Annaly Commercial Real Estate Group, Inc., which closed concurrently with the acquisition of the 111 West 57<sup>th</sup> Property on the Closing Date. The Joint Venture plans to redevelop the 111 West 57<sup>th</sup> Property into an approximate combined 346,000 gross square foot luxury residential tower and retail project. The descriptions of each of the JV Agreement and the other agreements referenced herein are qualified in their entirety by the contents of the respective agreements.

The JV Agreement and related operating agreements generally provide that all distributable cash shall be distributed as follows: (i) first, 100% to the members in proportion to their percentage interests until Investment LLC has received distributions yielding a 20% internal rate of return as calculated; (ii) second, 100% to the Sponsor as a return of (but not a return on) any additional capital contributions made by the Sponsor on account of manager overruns; and (iii) thereafter, (a) 50% to the members in proportion to their respective percentage interests at the time of such distribution, and (b) 50% to the Sponsor.

Additionally, the JV Agreement provides that (i) Mr. R. A. Bianco, his immediate family, and/or any limited liability company wholly-owned thereby, and/or a trust in which Mr. R. A. Bianco and/or his immediate family is the beneficiary, shall at all times own, in the aggregate, not less than 20% of the outstanding shares of AmBase; and (ii) Mr. R. A. Bianco shall remain the Chairman of the Board of Directors of AmBase for the duration of the JV Agreement.

In March 2014, the Company entered into an amended and restated operating agreement for Investment LLC (the "Amended and Restated Investment Operating Agreement") to grant a 10% subordinated participation interest in Investment LLC to Mr. R. A. Bianco as contingent future incentive compensation for Mr. R. A. Bianco's past, current and anticipated ongoing role to develop and commercialize the Company's equity investment in the 111 West 57<sup>th</sup> Property. Pursuant to the terms of the Amended and Restated Investment Operating Agreement, Mr. R.A. Bianco has no voting rights with respect to his interest in Investment LLC, and his entitlement to receive 10% of the distributions from Investment LLC is subject to the Company first receiving distributions equal to 150% of the Company's initial aggregate \$57,250,000 investment in Investment LLC and the Joint Venture, plus any additional investments by the Company if any, and only with respect to any distributions thereafter. At the current time the Company has not expensed nor accrued any amounts relating to this subordinated participation interest, as no amount nor range of amounts can be reasonably estimated or assured.

During 2014, in connection with the funding of additional capital calls under the JV Agreement for required borrowing and development costs for the 111 West 57<sup>th</sup> Property development, the Company's management and its Board of Directors concluded that, given the continuing development risks of the Joint Venture, and the Company's financial position, the Company should not at that time increase its already significant concentration and risk exposure to the 111 West 57<sup>th</sup> Street Property and the Joint Venture. Nonetheless, the Company sought to limit dilution of its interest in the Joint Venture resulting from any failure to fund the capital call requirements, but at the same time wished to avoid the time, expense and financial return requirements (with attendant dilution and possible loss of voting rights) that obtaining a replacement third-party investor would require. The Company therefore entered into a second amended and restated operating agreement for Investment LLC pursuant to which 111 West 57<sup>th</sup> Capital LLC, a Delaware limited liability company wholly-owned by Mr. Richard A. Bianco ("Capital LLC"), was admitted as a member of Investment LLC. In exchange for Capital LLC contributing \$4,100,000 (or an approximate 5.8 % interest in Investment LLC) toward Investment LLC capital calls in respect of 111 West 57<sup>th</sup> Street, available cash of Investment LLC will be distributed first to Capital LLC until it has received a 20% internal rate of return (calculated as provided for in the JV Agreement), second to the Company until it has received 150% of its capital, and; thereafter, available cash is split 10/90 with 10% going to Mr. R.A. Bianco as the subordinated participation interest noted and 90% going to Capital LLC and the Company pari-passu, with Capital LLC receiving one-half of its pro-rata share based on capital contributed and the Company receiving the balance. No other material changes were made to the Amended and Restated Investment Operating Agreement, and neither Mr. Bianco nor Capital LLC has any voting

rights with respect to their interest and investment in Investment LLC.

Because of time constraints, concerns regarding the potential level of any financial dilution, complications relating to structure of the investments in the Joint Venture, bank constraints and potential loss of voting rights over the Joint Venture, the terms of Capital LLC's admission to and investment in the Investment LLC were reviewed by the Board of Directors and determined to be no less favorable to the Company than would have been obtained in negotiations with a third party unaffiliated with the Company, even assuming that any such third party investor was available and prepared to fund under the time constraints imposed by the JV Agreement. Based in part on such determination, the Board of Directors (with Mr. Bianco abstaining) unanimously approved the admission of Capital LLC to Investment LLC on the terms described.

During 2014, the Company made additional capital contributions to the Joint Venture.

Additional capital contributions during the period were as indicated below:

	Year Ended December 31, 2014
(in thousands)	
Additional capital contributions	\$ 17,010

Pursuant to a capital call due December 31, 2014, the Company was to contribute an aggregate of approximately \$10.3 million to the 111 West 57<sup>th</sup> Joint Venture. Of this aggregate amount, the Company only contributed approximately \$1.5 million in December 2014 for this capital call (not including amounts allocated to a subsequent capital call). The remaining December capital call amount was contributed by the Sponsor (the "December Shortfall Capital Contribution"). In accordance with the agreements, a shortfall capital contribution may be treated either as a member loan or as a dilutive capital contribution by the funding party valued at one and one-half times the amount actually contributed. The Sponsor deemed this December Shortfall Capital Contribution as a dilutive capital contribution to the Company at one and one-half times the amount, which the Sponsor contends would cause the Company to be diluted to approximately 50% at December 31, 2014. The Company believes in accordance with the terms of the agreements, this December Shortfall Capital Contribution should be treated as a Member Loan; therefore, resulting in no dilution to the Company. The Company is currently in discussions with the Sponsor regarding the treatment and allocation of these amounts.

In February 2015, the Company received a shortfall capital contribution notice pursuant to which it was to contribute approximately \$7.3 million to the 111 West 57<sup>th</sup> Joint Venture for additional development costs. The Company chose to contribute only approximately \$0.7 million of the requested amount. The remaining amount was contributed to the Joint Venture by the Sponsor. In accordance with the agreements, the Sponsor deemed this shortfall capital contribution as a dilutive capital contribution to the Company at one and one-half times the amount, which the Sponsor contends, if taken together with the December Shortfall Capital Contribution, would cause the Company to be diluted to approximately 45% after this event. The parties are currently in discussions with regard to the calculation of the revised investment percentages resulting from the dilutive shortfall capital contribution along with the treatment and allocation of these and the December Shortfall Capital Contribution amounts.

The Company has recorded the investment in 111 West 57<sup>th</sup> Partners utilizing the equity method of accounting, as pursuant to the various agreements the Company has significant influence, but does not have control, as defined under GAAP. Accordingly, the results of operations of 111 West 57<sup>th</sup> Partners are included in equity income (loss) in the Company's consolidated statements of operations. As of December 31, 2014, the Company's carrying amount of its investment in 111 West 57<sup>th</sup> Partners, as noted in the Company's consolidated balance sheet, is greater than the Company's equity in the underlying net assets of 111 West 57<sup>th</sup> Partners by \$867,000, categorized as goodwill, due to

Edgar Filing: AMBASE CORP - Form 10-K

a difference resulting from the reduction in equity for syndication fees paid relating to 111 West 57<sup>th</sup> Partners. The Company reviews its investments and ownership interests recorded under the equity method for impairment on a regular basis and/or if events or changes in circumstances indicate that a loss in the value of its investment may be other than temporary. There was no impairment on the Company's equity method investment for the years ended December 31, 2014 and 2013.

The following tables present summarized financial information for the Company's equity method investment in 111 West 57<sup>th</sup> Partners. The amounts shown represent 100% of the financial position and results of operations of 111 West 57<sup>th</sup> Partners for the dates indicated below.

	December 31, 2014	December 31, 2013
(in thousands)		
Assets:		
Real estate held for development, net	\$326,387	\$263,312
Escrow deposits	26,011	43,100
Other assets	16,370	18,062
Total assets	\$368,768	\$324,474
Liabilities:		
Mortgage payable	\$230,000	\$230,000
Other liabilities	8,319	2,767
Total liabilities	238,319	232,767
Equity:		
Total equity	130,449	91,707
Total liabilities and equity	\$368,768	\$324,474

	Year Ended December 31, 2014	June 28, 2013 through December 31, 2013
(in thousands)		
Rental income	\$ 1,039	\$ 1,106
Expenses	4,526	2,962
Net income (loss)	\$ (3,487 )	\$ (1,856 )

Note 6 - Savings Plans

The Company sponsors the AmBase 401(k) Savings Plan (the "Savings Plan"), which is a "Section 401(k) Plan" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"). The Savings Plan permits eligible employees to make contributions of a percentage of their compensation, which are matched by the Company at a percentage of the employees' elected deferral. Employee contributions to the Savings Plan are invested at the employee's discretion, in various investment funds. The Company's matching contributions are invested in the same manner as the compensation reduction contributions. All contributions are subject to maximum limitations contained in the Code.

The Company's matching contributions to the Savings Plan, charged to expense, were as follows:

(\$ in thousands)	Year Ended December	Year Ended December
-------------------	---------------------------	---------------------------

Edgar Filing: AMBASE CORP - Form 10-K

	31, 2014		31, 2013	
Company matching contributions	\$ 29		\$ 28	
Employer match %	33	%	33	%

---

## Note 7 - Stockholders' Equity

Authorized common stock consists of the following:

	December	December
(shares in thousands)	31, 2014	31, 2013
Par value	\$0.01	\$0.01
Authorized shares	200,000	200,000
Issued shares	46,410	46,410
Outstanding shares	40,738	41,176

Authorized cumulative preferred stock consists of the following:

	December	December
(shares in thousands)	31, 2014	31, 2013
Par value	\$0.01	\$0.01
Authorized shares	50,000	50,000
Issued shares	-	-
Outstanding shares	-	-

Changes in the outstanding shares of Common Stock of the Company are as follows:

(in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013
Common stock outstanding at beginning of period	41,176	43,284
Common stock repurchased for treasury	(438)	(2,108)
Issuance of treasury stock	-	-
Common stock outstanding at end of period	40,738	41,176

Changes in the treasury shares of Common Stock of the Company are as follows:

(in thousands)	Year Ended December 31, 2014	Year Ended December 31, 2013
Treasury stock held at beginning of period	5,234	3,126
Common stock repurchased for treasury	438	2,108
Issuance of treasury stock	-	-
Treasury stock held at end of period	5,672	5,234

---

## Common Stock Repurchase Plan

In January 2002, and reaffirmed by the Company's Board of Directors in June 2013, the Company announced a common stock repurchase plan (the "Repurchase Plan") which allows for the repurchase by the Company of its common stock in the open market.

The Repurchase Plan is conditioned upon favorable business conditions and acceptable prices for the common stock. Purchases under the Repurchase Plan may be made, from time to time, in the open market, through block trades or otherwise. Depending on market conditions and other factors, purchases may be commenced or suspended any time or from time to time without prior notice. Pursuant to the Repurchase Plan the Company repurchased shares of common stock from unaffiliated parties at various dates at market prices at their time of purchase, including broker commissions.

Information relating to the Repurchase Plan is as follows:

	Year Ended December (in thousands) 31, 2014
Common shares repurchased to treasury	438
Aggregate cost of shares repurchased	\$ 525
(in thousands)	December 31, 2014
Total number of common shares authorized for repurchase	10,000
Total number of common shares repurchased	6,226
Total number of shares that may still be repurchased	3,774

---

Common stock reserved for issuance under the Company's 1993 Stock Incentive Plan as further described in Note 9 herein, and other non-related employee benefit plans is as follows:

(in thousands)	December 31, 2014
1993 Stock Incentive Plan	4,320
Other employee benefit plan	110
Total common shares reserved for issuance	4,430

#### Stockholder Rights Plan

On January 29, 1986, the Company's Board of Directors declared a dividend distribution of one right for each outstanding share of Common Stock of the Company. The rights, as amended, which entitle the holder to purchase from the Company a common share at a price of \$75.00, are not exercisable until either a person or group of affiliated persons acquires 25% or more of the Company's outstanding common shares or upon the commencement or disclosure of an intention to commence a tender offer or exchange offer for 20% or more of the common shares. The rights are redeemable by the Company at \$0.05 per right at any time until the earlier of the tenth day following an accumulation of 20% or more of the Company's shares by a single acquirer or group, or the occurrence of certain Triggering Events (as defined in the Stockholder Rights Plan). In the event the rights become exercisable and thereafter, the Company is acquired in a merger or other business combination, or in certain other circumstances, each right will entitle the holder to purchase from the surviving corporation, for the exercise price, Common Stock having a market value of twice the exercise price of the right. The rights are subject to adjustment to prevent dilution and expire on February 10, 2016.

#### Note 8 - Earnings Per Share

The calculation of basic and diluted earnings per share, including the effect of dilutive securities is as follows:

(in thousands, except per share data)

	Year Ended December 31, 2014	Year Ended December 31, 2013
Net income (loss)	\$ 14,421	\$ (6,018 )
Weighted average common shares outstanding	40,792	42,275
Assumed dilutive effect of stock option exercise(s)	-	-
Weighted average common shares outstanding assuming dilution	40,792	42,275
Net income (loss) per common share - basic	\$ 0.35	\$ (0.14 )
Net income (loss) per common share - assuming dilution	\$ 0.35	\$ (0.14 )

Options to purchase shares of common stock which were excluded from the computation of diluted earnings per share due to the effect of being antidilutive in the computation of earnings per share were as follows:

(in thousands)	December 31, 2014	December 31, 2013
Option shares -	-	-

Note 9 - Incentive Plans

Under the Company's 1994 Senior Management Incentive Compensation Plan (the "1994 Plan"), any executive officer of the Company whose compensation is required to be reported to stockholders under the Securities Exchange Act of 1934 (the "Participants") and who is serving as such at any time during the fiscal year as to which an award is granted, may receive an award of a cash bonus ("Bonus"), in an amount determined by the Personnel Committee of the Company's Board of Directors (the "Committee") and payable from an annual bonus fund (the "Annual Bonus Pool"). The Committee may award Bonuses under the 1994 Plan to Participants not later than 120 days after the end of each fiscal year (the "Reference Year").

If the Committee grants a Bonus under the 1994 Plan, the amount of the Annual Bonus Pool will be an amount equal to the sum of (i) plus (ii), where:

(i) a percentage of the amount by which the Company's Total Stockholders' Equity, as defined, on the last day of a Reference Year increased over the Company's Total Stockholders' Equity, as defined, on the last day of the immediately preceding Reference Year; and

(ii) a percentage of the amount by which the Company's market value, as defined, on the last day of the Reference Year increased over the Company's market value on the last day of the immediately preceding Reference Year.

Notwithstanding the foregoing, the 1994 Plan provides that in the event of a decrease in either or both of items (i) and/or (ii) above, the Annual Bonus Pool is determined by reference to the last Reference Year in which there was an increase in such item. If the Committee determines within the time period to award a Bonus, the share of the Annual Bonus Pool to be allocated to Participants shall be pursuant to percentages of the Annual Bonus Pool as set forth in the 1994 Plan to the Company's Chief Executive Officer, and a percentage of the Annual Bonus Pool shall be allocated pro rata to each of the Company's Participants as determined by the Committee. The Committee in its discretion may reduce the percentage of the Annual Bonus Pool to any Participant for any Reference Year, and such reduction shall not increase the share of any other Participant. The 1994 Plan is not the exclusive plan under which the Executive Officers may receive cash or other incentive compensation or bonuses. No bonuses were paid attributable to the 1994 Plan for 2014 and 2013.

Under the Company's 1993 Stock Incentive Plan (the "1993 Plan"), the Company may grant to officers and employees of the Company and its subsidiaries, stock options ("Options"), stock appreciation rights ("SARs"), restricted stock awards ("Restricted Stock"), merit awards ("Merit Awards") and performance share awards ("Performance Shares") through May 28, 2018. A pre-determined number of shares of the Company's Common Stock are reserved for issuance under the 1993 Plan (upon the exercise of Options and Stock Appreciation Rights, upon awards of Restricted Stock and Performance Shares); however, only a portion of such shares are available for issuance for Restricted Stock Awards and Merit Awards. Such shares shall be authorized but unissued shares of Common Stock. Options may be granted as incentive stock options ("ISOs") intended to qualify for favorable tax treatment under Federal tax law or as nonqualified stock options ("NQSOs"). SARs may be granted with respect to any Options granted under the 1993 Plan and may be exercised only when the underlying Option is exercisable. The 1993 Plan requires that the exercise price of all Options and SARs be equal to or greater than the fair value of the Company's Common Stock on the date of grant of that Option. The term of any NQSO, ISO or related SAR cannot exceed terms under federal tax law and/or as prescribed in the 1993 Plan. Subject to the terms of the 1993 Plan and any additional restrictions imposed at the time of grant, Options and any related SARs ordinarily will become exercisable pursuant to a vesting period prescribed at the time of grant. In the case of a "Change of Control" of the Company (as defined in the 1993 Plan), Options granted pursuant to the 1993 Plan may become fully exercisable as to all optioned shares from and after the date of such Change in Control in the discretion of the Committee or as may otherwise be provided in the grantee's Option agreement. Death, retirement, or absence for disability will not result in the cancellation of any Options.



As a condition to any award of Restricted Stock or Merit Award under the 1993 Plan, the Committee may require a participant to pay an amount equal to, or in excess of, the par value of the shares of Restricted Stock or Common Stock awarded to him or her. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered during a "Restricted Period", which in the case of grants to employees shall not be less than one year from the date of grant. The Restricted Period with respect to any outstanding shares of Restricted Stock awarded to employees may be reduced by the Committee at any time, but in no event shall the Restricted Period be less than one year. Except for such restrictions, the employee as the owner of such stock shall have all of the rights of a stockholder including, but not limited to, the right to vote such stock and to receive dividends thereon as and when paid. In the event that an employee's employment is terminated for any reason, an employee's Restricted Stock will be forfeited; provided, however, that the Committee may limit such forfeiture in its sole discretion. At the end of the Restricted Period, all shares of Restricted Stock shall be transferred free and clear of all restrictions to the employee. In the case of a Change in Control of the Company (as defined in the 1993 Plan), an employee may receive his or her Restricted Stock free and clear of all restrictions in the discretion of the Committee, or as may otherwise be provided pursuant to the employee's Restricted Stock award.

Performance Share awards of Common Stock under the 1993 Plan shall be earned on the basis of the Company's performance in relation to established performance measures for a specific performance period. Such measures may include, but shall not be limited to, return on investment, earnings per share, return on stockholder's equity, or return to stockholders. Performance Shares may not be sold, assigned, transferred, pledged or otherwise encumbered during the relevant performance period. Performance Shares may be paid in cash, shares of Common Stock or shares of Restricted Stock in such portions as the Committee may determine. An employee must be employed at the end of the performance period to receive payments of Performance Shares; provided, however, in the event that an employee's employment is terminated by reason of death, disability, retirement or other reason approved by the Committee, the Committee may limit such forfeiture in its sole discretion. In the case of a Change in Control of the Company (as defined in the 1993 Plan), an employee may receive his or her Performance Shares in the discretion of the Committee, or as may otherwise be provided in the employee's Performance Share award.

Incentive plan activity is summarized as follows:

(shares in thousands)	Number of Shares Under Option	Weighted Average Exercise Price
Outstanding at December 31, 2012	-	\$ -
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2013	-	-
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2014	-	
Options exercisable at:		
December 31, 2014	-	\$ -
December 31, 2013	-	\$ -

Information relating to the 1993 Plan is as follows:

(in thousands)	December 31, 2014	December 31, 2013
Unamortized compensation cost relating to non-vested stock options	\$ -	\$ -
Stock based compensation expense recorded for the year ended	\$ -	\$ -
Options to purchase shares of common stock which were excluded from computation of diluted earnings per share due to the effect of being anti-dilutive in the computation of earnings per share.	-	
Common shares reserved for issuance	4,320	
Shares available for future stock option grants	4,320	
Intrinsic value of options outstanding	\$ -	
Intrinsic value of options exercisable	\$ -	

The fair value of option awards are estimated on the date of grant using the Black-Scholes-Merton option valuation model ("Black-Scholes") utilizing certain assumptions at the time of valuation. Expected volatilities are based on historical volatility of the Company's stock. The Company uses historical data to estimate option exercises and employee terminations within the valuation model. The expected term of options granted is estimated based on the contractual lives of option grants, option vesting period and historical data and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury bond yield in effect at the time of grant.

The Black-Scholes option valuation model requires the input of highly subjective assumptions, including the expected life of the stock-based award and stock price volatility. The assumptions utilized represent management's best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if other assumptions had been used, our recorded stock-based compensation expense could have been materially different from the amounts previously recorded. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. If the actual forfeiture rate is materially different from our estimate, the share-based compensation expense could be materially different. The Company believes that the use of the Black-Scholes model meets the fair value measurement objectives of accounting principles generally accepted in the United States of America and reflects all substantive characteristics of the instruments being valued.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, and given the substantial changes in the price per share of the Company's Common Stock, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Compensation expense relating to stock options would be recorded in the Consolidated Statement of Operations, with a corresponding increase to additional paid in capital in the Consolidated Statements of Changes in Stockholders' Equity. There were no stock option grants in 2014 and 2013.

## Note 10 - Income Taxes

The components of income tax expense (benefit) are as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
(in thousands)		
Federal - current	\$ (19,179 )	\$ 750
State - current	(16,683 )	1,394
Total current	(35,862 )	2,144
Federal - deferred	(10,200 )	(1,270 )
State - deferred	(324 )	(165,000 )
Change in valuation allowance	10,524	1,435
Total deferred	-	-
Income tax expense (benefit)	\$ (35,862 )	\$ 2,144

The components of pretax income (loss) and the difference between income taxes computed at the statutory federal rate and the provision for income taxes are as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
(in thousands)		
Income (loss) before income taxes	\$ (21,441 )	\$ (3,874 )
Tax expense (benefit) :		
Tax at statutory federal rate	\$ (7,504 )	\$ (1,356 )
State income taxes	183	256
Federal uncertain tax position reversal	(19,179 )	-
State uncertain tax position reversal	(16,866 )	-
Federal interest	-	750
State interest	-	1,138
Permanent items	(3,020 )	(79 )
Other	-	-
Change in valuation allowance	10,524	1,435
Income tax expense (benefit)	\$ (35,862 )	\$ 2,144

A reconciliation of the United States federal statutory rate to the Company's effective income tax rate is as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
--	------------------------------------	------------------------------------

Edgar Filing: AMBASE CORP - Form 10-K

Tax at statutory federal rate	35.0	%	35.0	%
State income taxes	(0.9)	)	(6.6)	)
Federal uncertain tax position reversal	89.5		-	
State uncertain tax position reversal	78.7		-	
Federal interest	-		(19.4)	)
State interest	-		(29.4)	)
Permanent difference, tax credits and other adjustments	14.1		2.1	
Other	-		-	
Change in valuation allowance	(49.1)	)	(37.0)	)
Effective income tax rate	167.3	%	(55.3)	)%

---

The Company's federal income tax returns for the years subsequent to 1992 have not been examined by the Internal Revenue Service ("IRS") or state authorities, except for tax years 2007 and 2012, which were examined by the IRS and have been concluded. In connection with the IRS's examination of the Company's 2012 federal income tax return, the IRS accepted the Company's federal NOL loss carryforward deductions from 1997 through 2006 which were utilized as part of the Company's 2012 federal income tax return to reduce the Company's 2012 federal taxable income. The Company has not been notified of any other potential tax audits by any federal, state or local tax authorities. As such, the Company believes the statutes of limitations for the assessment of additional federal and state tax liabilities are generally closed for tax years prior to 2011. Interest and/or penalties related to underpayments of income taxes, or if applicable on uncertain tax positions, would be included as a component of income tax expense (benefit). The accompanying financial statements do not include any amounts for penalties.

State income tax amounts for the year ended December 31, 2014 reflects a provision for a minimum tax on capital imposed by the state jurisdictions. State income tax amounts for the year ended December 31, 2013 includes accrued state interest expense for uncertain tax positions and a provision for a minimum tax on capital imposed by the state jurisdictions.

As part of the Company's 2012 federal income tax ("FIT") return, the Company recognized a worthless stock deduction for the Company's remaining tax basis related to its investment in Carteret (the "Carteret Worthless Stock Deduction" or "Carteret Tax Basis") in the computation of the Company's 2012 taxable income. The Company further reduced its 2012 federal taxable income through the utilization of its previously available federal tax net operating loss ("NOL") carryforward deductions in the computation of the Company's 2012 federal tax liability. The federal NOL carryforwards were required to be utilized in tax year 2012 as a result of the Internal Revenue Code ("IRC") regulations that require NOLs to be utilized in the first year in which the Company has taxable income; otherwise, use of the NOL carryforwards would be lost. The Carteret Worthless Stock Deduction was required to be recognized in the year of worthlessness, i.e. 2012.

The Company believes that pursuant to the terms of the Settlement Agreement, the Company could seek to recover the value of its federal NOL carryforwards and/or Carteret Tax Basis previously utilized by the Company to reduce its 2012 federal taxable income in connection with the filing of the Company's 2012 federal income tax return. Any such recovery, however, would be dependent on numerous factors and circumstances, including but not limited to, whether or not the Company generated future federal taxable income, the timing and amount of future federal taxable income generated by the Company, if any, the expiration of current and previously utilized NOL carryforwards, the United States Court of Federal Claims (the "Court of Claims") interpretation of the Settlement Agreement and other legal and factual interpretations. As a result, the Company can give no assurances as to the realization, the amount or the timing of any such recovery, if any.

The Carteret Tax Basis and federal NOL carryforward deductions utilized as part of the Company's 2012 federal income tax return as filed were as follows:

(in thousands)

Carteret Tax Basis	\$152,000
Federal NOL carryforwards utilized	\$25,000

Pursuant to the accounting principles with regard to recognition of uncertain tax positions, (ASC 740-10, Accounting for Income Taxes), the Company was required to record an aggregate uncertain tax position reserve as of December 31, 2013, to reflect the net tax effect plus accrued interest for potential tax audit and uncertainty that the Carteret Worthless Stock Tax Deduction (uncertain tax position), could have been disallowed in whole or in part by the tax authorities. The Company believes that if any additional federal tax had been owed as a result of any adjustments, these potential amounts would be reimbursable to the Company pursuant to the tax gross-up provision of the

Settlement Agreement. As a result, the Company recorded an indemnification asset – federal tax gross-up to reflect the net amount (excluding accrued interest) of the federal uncertain tax position reserve recognized. A portion of the uncertain tax position reserve as of December 31, 2013 was attributable to certain state taxes on the Settlement Amount which were not reimbursable to the Company as part of the Settlement Agreement. In December 2014, the IRS completed their review of the examination of the Company's 2012 federal income tax return with no change to the tax return as filed, as a result the Company, as of December 31, 2014, recorded a reversal of the indemnification asset – federal tax gross-up and the reversal of the uncertain tax position reserve, as noted in the tables herein below. For additional information including a discussion of the Supervisory Goodwill Settlement Agreement – Tax Gross-up see Note 11.

In connection with the uncertain tax position reserve in 2013, the Company had accrued federal and state interest expense for the potential underpayment of 2012 taxes. The interest expense was included as a component of income tax expense (benefit) in the consolidated statement of operations and as a component of the uncertain tax position reserve in the consolidated balance sheets.

---

Edgar Filing: AMBASE CORP - Form 10-K

A roll forward of the uncertain tax positions reserve, excluding accrued federal and state interest is as follows:

	December 31, 2014	December 31, 2013
(in thousands)		
Uncertain tax position reserve excluding accrued interest, at beginning of period	\$ 34,157	\$ 34,157
Federal uncertain tax position reserve excluding accrued interest	(18,429 )	-
State uncertain tax position reserve excluding accrued interest	(15,728 )	-
Uncertain tax position reserve excluding accrued interest, at end of period	\$-	\$ 34,157

The Company's uncertain tax positions tax reserve, including accrued interest is as follows:

	December 31, 2014	December 31, 2013
(in thousands)		
Federal uncertain tax positions reserve, including accrued federal interest	\$ -	\$ 19,179
State uncertain tax positions reserve, including accrued state interest	-	16,866
Total uncertain tax positions reserve, including accrued federal and state interest	\$ -	\$ 36,045

The interest expense related to the uncertain tax positions is as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
(in thousands)		
Federal	\$ -	\$ 750
State jurisdictions	-	1,138
Interest expense - taxes	\$ -	\$ 1,888

The Company's indemnification asset which reflects the potential amounts reimbursable pursuant to the tax gross-up provision of the Settlement Agreement for the federal uncertain tax position reserve recognized, is as follows:

	December 31, 2014	December 31, 2013
(in thousands)		
Indemnification asset – federal tax gross-up	\$ -	\$ 18,429

The utilization of certain carryforwards and carrybacks is subject to limitations under U.S. federal income tax laws. The Company has not yet filed its 2014 Federal income tax return, however, based on the Company's current analysis along with consultation with tax advisors, the Company expects that it will elect to not carryback and thus only carryforward any federal tax loss, if and when generated, for tax year 2014. For tax year 2013, the Company elected not to carryback and thus only carryforward the Company's 2013 tax loss carryforward. Based on the Company's federal tax returns filed or to be filed, the Company estimates it has federal NOL carryforwards available to reduce future federal taxable income or which would expire if unused, as indicated below.

The federal NOL carryforwards as of December 31, 2014 are as follows:

Tax Year Originating	Tax Year Expiring	Amount
2006	2026	\$500,000

2007	2027	12,700,000
2008	2028	4,600,000
2009	2029	2,400,000
2010	2030	1,900,000
2011	2031	1,900,000
2013	2033	3,700,000
2014	2034	4,900,000
		\$32,600,000

In addition, the Company has alternate minimum tax credit carryforwards ("AMT Credits"), which are not subject to expiration, as follows:

	Amount
AMT Credits	\$21,000,000

Based on the Company's State of Connecticut tax returns filed or to be filed, the Company estimates it has state NOL carryforwards to reduce future State of Connecticut taxable income, which would expire if unused, as indicated below. The state NOL carryforwards as of December 31, 2014 are as follows:

Tax Year	Tax Year	Amount
Originating	Expiring	
2011	2031	\$ 1,900,000
2013	2033	3,400,000
2014	2034	4,700,000
		\$ 10,000,000

The Company has calculated a net deferred tax asset arising primarily from NOL carryforwards as follows.

	December	December
	31, 2014	31, 2013
Net deferred tax asset	\$ 11,900,000	\$ 1,400,000
Valuation allowance	(11,900,000)	(1,400,000)
Net deferred tax asset recognized	\$-	\$-

A valuation allowance has been established for the entire net deferred tax asset, as management, at the current time, has no basis to conclude that realization is more likely than not. At the current time management does not believe that any significant changes in unrecognized income tax benefits are currently expected to occur over the next year. The net deferred tax asset amounts noted above for December 31, 2013, do not include the NOL's utilized in connection with the calculation of the uncertain tax position reserve as noted herein.

#### Note 11 - Legal Proceedings

The Company is or has been a party in a number of lawsuits or proceedings, including the following:

**Supervisory Goodwill Litigation – Tax Gross-up** - The Company was a plaintiff in a legal proceeding, commenced in 1993, seeking recovery of damages from the United States Government for the loss of the Company's wholly-owned subsidiary, Carteret Savings Bank, F.A. (the "Supervisory Goodwill" legal proceedings). A Settlement Agreement in the Supervisory Goodwill legal proceedings between the Company, the Federal Deposit Insurance Corporation-Receiver ("FDIC-R") and the Department of Justice ("DOJ") on behalf of the United States of America (the "United States"), was executed (the "Settlement Agreement") which was subject to approval by the United States



Court of Federal Claims (the "Court of Federal Claims"). On October 11, 2012, the Court of Federal Claims issued an order approving the Settlement Agreement, and on October 19, 2012, the United States paid \$180,650,000 directly to AmBase (the "Settlement Amount").

As part of the Settlement Agreement, the Company is entitled to a tax gross-up in an amount to be determined if and when any federal taxes should be imposed on the Settlement Amount. Based on the Company's 2012 federal income tax return as filed (subject to IRS audit adjustment/review), in March 2013, the Company paid \$500,729 of federal income taxes attributable to Alternative Minimum Tax ("AMT") rate calculations (the "2012 Federal Income Tax Paid"). Pursuant to the Settlement Agreement, Rule 60(b) of the Rules of the Court of Federal Claims will govern the process for receiving a tax gross-up. On May 3, 2013, the Company filed a Rule 60(b) Motion with the Court of Federal Claims seeking a tax gross-up from the United States for the 2012 federal income tax paid, plus applicable tax consequences relative to the reimbursement of this amount. The Company sought to: (i) reserve the right to seek a tax gross-up for any additional federal tax which could be owed as a result of additional taxes which may be imposed by the IRS upon tax return review or otherwise; and (ii) reserve the right to seek the economic value for deductions utilized against the Settlement Award. The DOJ, on behalf of the United States, filed their response brief in May 2013, and the Company filed its reply brief in June 2013. Subsequently, Senior Judge Smith held oral argument on June 12, 2013 and after the hearing filed an order directing the United States to pay AmBase reimbursement for 2012 Federal Income Taxes Paid as provided for in the Settlement Agreement, which amount was received by the Company in September 2013.

On August 6, 2013, Senior Judge Smith issued an opinion which addressed the relief sought by AmBase. In summary, the Court held that the Settlement Agreement is a contract and that it entitles the Company to receive both "(1) the amount of the tax consequences resulting from taxation of the damages award plus (2) the tax consequences of receiving the first component." But the Court did not award additional damages for the second component of the damages at that time given the remaining uncertainty surrounding the ultimate tax treatment of the settlement proceeds and the gross-up, as well as uncertainty relating to the Company's future income. The Court indicated that either the Company or the government is entitled to seek further relief "if, and when, the facts justify." The Court also stated that the "plain meaning of the agreement precludes state taxes from being included in any possible future gross-up calculations." Additionally, the Court indicated that AmBase "would first have to generate income" before it could attempt to recover compensation for the use of its NOLs to shield the settlement proceeds from federal taxation.

The Company believes that pursuant to the terms of the Settlement Agreement, the Company could seek to recover the value of its federal NOL carryforwards and/or Carteret Tax Basis previously utilized by the Company to reduce its 2012 federal taxable income in connection with the filing of the Company's 2012 federal income tax return. Any such recovery, however, would be dependent on numerous factors and circumstances, including but not limited to, whether or not the Company generated future federal taxable income, the timing and amount of future federal taxable income generated by the Company, if any, the expiration of current and previously utilized NOL carryforwards, the Court of Federal Claims interpretation of the Settlement Agreement and other legal and factual interpretations. As a result, the Company can give no assurances as to the realization, the amount or the timing of any such recovery, if any. For additional information, see Note 10 – to the Company's consolidated financial statements.

#### Note 12 - Fair Value Measurements

The Company applies fair value standards for recurring financial assets and liabilities only. The accounting framework for determining fair value includes a hierarchy for ranking the quality and reliability of the information used to measure fair value, which enables the reader of the financial statements to assess the inputs used to develop those measurements. The fair value hierarchy consists of three tiers as follows:

Level 1 – Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Observable market-based inputs or unobservable inputs that are corroborated by market data. These are inputs Level 2 – other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the measurement date.

Level 3 – Unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

The carrying amounts reported in the balance sheets for cash and cash equivalents are based on Level 1 criteria approximate fair value due to the short-term nature of these instruments. The fair value of investment securities held to maturity and investment securities held for trading are based on current market quotations and therefore are based on Level 1 criteria.

Note 13 – Commitments and Contingencies

In 2014, the Company entered into a lease agreement for office space for its executive office in Boca Raton, Florida. Future minimum rental payments for office space under non-cancellable operating leases as of December 31, 2014, were as follows (in thousands):

Year	Amount
2015	\$ 12
2016	13
2017	13
2018	14
2019	3
Thereafter	-
	\$ 55

Rent expense for the period was as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
(\$ in thousands)		
Rent expense	\$ 9	\$ -
Approximate square feet of leased office space	1,085	-

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow

timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of December 31, 2014, the Company completed an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective at a reasonable assurance level in timely alerting them to material information relating to us which is required to be included in our periodic Securities and Exchange Commission filings.

#### Evaluation of Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting (as defined in the Securities Exchange Act of 1934 Rule 13a-15(f) and 15d-15(f)) as of December 31, 2014. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (1992). Based on our assessment, we believe that, as of December 31, 2014, the Company's internal control over financial reporting is effective based on those criteria.

#### Changes in Internal Control Over Financial Reporting

There have been no changes during the most recent fiscal quarter in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### ITEM 9B. OTHER INFORMATION

None.

#### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning executive officers required by this item is set forth following Item 3 of Part I of this report under the caption "Executive Officers of the Registrant", pursuant to General Instruction G to Form 10-K. For the information required to be set forth by the Company in response to this item concerning directors of the Company, see the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 4, 2015, under the captions "Proposal No. 1 - Election of Directors" and "Information Concerning the Board and its Committees", which is incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2014 fiscal year.

#### Code of Ethics

We have adopted a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer and other senior officers. A copy of the Code of Ethics was filed with the SEC as Exhibit 14 to the Company's Annual Report

on Form 10-K for the year ended December 31, 2003.

#### ITEM 11.EXECUTIVE COMPENSATION

For the information required to be set forth by the Company in response to this item, see the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 4, 2015, under the captions "Executive Compensation," "Employment Contracts," and "Compensation of Directors" which are incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2014 fiscal year.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

#### ITEM 12.SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table summarizes information about securities authorized for issuance under equity compensation plans of the Company at December 31, 2014 as follows:

	Shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Shares available for future issuance
Equity Compensation Plans approved by stockholders	-	\$ -	4,320,000
Equity Compensation Plan not approved by stockholders	-	-	110,000
Total	-	\$ -	4,430,000

#### Plan not approved by stockholders

The Company has 110,000 shares of common stock reserved for issuance under the AmBase Corporation Stock Bonus Plan (the "Stock Bonus Plan"), which was approved by the Board of Directors of the Company in 1989. The purpose of the Stock Bonus Plan is to encourage individual performance and to reward eligible employees whose performance, special achievements, longevity of service to the Company or suggestions make a significant improvement or contribution to the growth and profitability of the Company. The Stock Bonus Plan is administered by the Personnel Committee of the Board of Directors. Members of the Personnel Committee are not eligible for an award pursuant to the Stock Bonus Plan. The Company's President may also designate eligible employees to receive awards, which are not to be in excess of 100 shares of Common Stock. No fees or expenses of any kind are to be charged to a participant. Any employee of the Company, except for certain officers or directors of the Company, is eligible to receive shares under the Stock Bonus Plan. Distributions of shares may be made from authorized but unissued shares, treasury shares or shares purchased on the open market.

For other information required to be set forth by the Company in response to this item, see the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 4, 2015, under the caption "Stock

Ownership", which is incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2014 fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

For the information required to be set forth by the Company in response to this item, see the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 4, 2015, under the captions "Proposal No. 1 - Election of Directors" and "Information Concerning the Board and its Committees," which are incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2014 fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information concerning Principal Accounting Fees and Services is set forth by the Company under the heading "Proposal 2 - Independent Registered Public Accounting Firm" in the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 4, 2015, which is incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2014 fiscal year.

---

PART IV  
 ITEM 15. EXHIBITS AND  
 FINANCIAL  
 STATEMENT  
 SCHEDULES

(a) Documents  
 filed as a part of  
 this report:

1. Index to  
 Financial            Page  
 Statements:

Report of  
 Independent  
 Registered        13  
 Public

Accounting  
 Firm  
 Consolidated  
 Statements of    14  
 Operations

Consolidated    15  
 Balance Sheets

Consolidated  
 Statements of    16  
 Changes in  
 Stockholders'

Equity  
 Consolidated  
 Statements of    17  
 Cash Flows

Notes to  
 Consolidated    18  
 Financial  
 Statements

2. Index to  
 Financial  
 Statements  
 Schedules:

Schedule III -  
 Real Estate and  
 Accumulated  
 Depreciation

(b) Exhibits:

3.1.            Restated  
                  Certificate of  
                  Incorporation  
                  of AmBase  
                  Corporation  
                  (as amended  
                  through  
                  February 12,

1991)  
(incorporated  
by reference to  
Exhibit 3A to  
the Company's  
Annual Report  
on Form 10-K  
for the year  
ended  
December 31,  
1990).

3.2. By-Laws of  
AmBase  
Corporation  
(as amended  
through March  
15, 1996),  
(incorporated  
by reference to  
Exhibit 3B to  
the Company's  
Annual Report  
on Form 10-K  
for the year  
ended  
December 31,  
1995).

4. Rights  
Agreement  
dated as of  
February 10,  
1986 between  
the Company  
and American  
Stock Transfer  
and Trust Co.  
(as amended  
March 24,  
1989,  
November 20,  
1990, February  
12, 1991,  
October 15,  
1993, February  
1, 1996 and  
November 1,  
2000,  
November 9,  
2005, and

November 10, 2010), (incorporated by reference to Exhibit 4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1990, the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1993, the Company's Annual Report on Form 10-K for the year ended December 31, 1995, the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000, the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2005, and the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010,



respectively).

10.1. 1993 Stock Incentive Plan as amended (incorporated by reference to Exhibit A to the Company's Proxy Statement for the Annual Meeting of Stockholders held on May 16, 2008).

10.2. 1994 Senior Management Incentive Compensation Plan (incorporated by reference to Exhibit A to the Company's Proxy Statement for the Annual Meeting of Stockholders held on May 27, 1994).

10.3. AmBase Officers and Key Employees Stock Purchase and Loan Plan (incorporated by reference to Exhibit 10E to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).

10.4. Employment Agreement dated as of March 30, 2006 between Richard A. Bianco and the Company, for employment from June 1, 2007 through May 31, 2012, (incorporated by reference to Exhibit 10H to the Company's Annual Report on Form 10-K for the year ending December 31, 2005), and as amended January 1, 2008, (incorporated by reference to Exhibit 10E to the Company's Annual Report on Form 10-K for the year ending December 31, 2007) as amended as of January 1, 2012, (incorporated by reference to Exhibit 10D to the Company's Annual Report on Form 10-K for the year ending December 31, 2011), and as amended as of June 17, 2013,

(incorporated by reference to the Company's Current Report on Form 8-K filed on June 21, 2013 and to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013).

10.5 111 West 57<sup>th</sup> Partners LLC Limited Liability Company Agreement. Dated as of June 28, 2013, (incorporated by reference to Exhibit 10.1 to Amendment no. 1 to the Company's Quarterly Report on Form 10-Q/A for the quarterly period ended June 30, 2013).

10.6 Loan Agreement. Dated as of June 28, 2013 among 111 West 57<sup>th</sup> LH LLC and 111 West 57<sup>th</sup> FE LLC collectively, as

Borrower and  
Annaly CRE  
LLC as Lender  
(incorporated  
by reference to  
Exhibit 10.1 to  
Amendment  
no. 1 to the  
Company's  
Quarterly  
Report on  
Form 10-Q/A  
for the  
quarterly  
period ended  
June 30,  
2013).

10.7 Escrow  
Procedure  
Letter  
Agreement  
dated June 17,  
2013,  
(incorporated  
by to Exhibit  
10.1 to  
Amendment  
no. 1 to the  
Company's  
Quarterly  
Report on  
Form 10-Q/A  
for the  
quarterly  
period ended  
June 30,  
2013).

10.8 Second  
Amended and  
Restated  
Limited  
Liability  
Company  
Agreement of  
111 West 57<sup>th</sup>  
Investment,  
LLC dated  
December 19,  
2014.

Edgar Filing: AMBASE CORP - Form 10-K

14. AmBase Corporation - Code of Ethics as adopted by Board of Directors (incorporated by reference to Exhibit 14 to the Company's Annual Report on Form 10-K for the year ending December 31, 2003).

21. Subsidiaries of the Registrant.

23. Consent of Independent Registered Public Accounting Firm.

31.1 Rule 13a-14(a) Certification of Chief Executive Officer Pursuant to Rule 13a-14.

31.2 Rule 13a-14(a) Certification of Chief Financial Officer Pursuant to Rule 13a-14.

32.1 Section 1350 Certification of Chief Executive Officer pursuant to Rule 18 U.S.C. Section 1350.

32.2 Section 1350 Certification of Chief Financial Officer pursuant to Rule 18 U.S.C. Section 1350.

99.1 August 31, 2012, Supervisory Goodwill Settlement Agreement (originally filed as Exhibit 99 to the Company's Current Report on Form 8-K filed on October 22, 2012 and incorporated by reference herein).

99.2 United States Court of Federal Claims Opinion and Order dated August 6, 2013 regarding tax gross-up, initially filed under seal reissued for publication August 16, 2013 (originally filed as Exhibit 99 to the Company's Current Report on Form 8-K filed on August 20, 2013 and incorporated by reference herein).

101.1 The following financial statements from AmBase Corporation's Annual Report on Form 10-K for the year ended December 31, 2014 formatted in XBRL: (i) Consolidated Statement of Operations; (ii) Consolidated Balance Sheets; (iii) Consolidated Statements of Cash Flow; and (iv) Notes to Consolidated Financial Statements.

Exhibits, except as otherwise indicated above, are filed herewith.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMBASE CORPORATION

/s/RICHARD A. BIANCO  
Chairman, President and Chief Executive  
Officer (Principal Executive Officer)  
Date: March 30, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities on the dates indicated.

/s/RICHARD A. BIANCO  
Chairman, President,  
Chief Executive Officer and Director  
Date: March 30, 2015

/s/JOHN FERRARA  
Vice President, Chief Financial Officer  
and Controller  
(Principal Financial and Accounting Officer)  
Date: March 30, 2015

/s/JERRY Y. CARNEGIE  
Director  
Date: March 30, 2015

/s/ ALESSANDRA F. BIANCO  
Director  
Date: March 30, 2015

/s/ THEODORE T. HORTON, JR.  
Director  
Date: March 30, 2015

/s/KENNETH M. SCHMIDT  
Director  
Date: March 30, 2015

AMBASE CORPORATION AND SUBSIDIARIES  
SCHEDULE III. REAL ESTATE AND ACCUMULATED DEPRECIATION  
December 31, 2014  
(dollars in thousands)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		Initial Cost		

Edgar Filing: AMBASE CORP - Form 10-K

Description	Encumbrances	to Company		Cost	Gross Amount at		Total
		Land	Building & Improvements	Capitalized Subsequent to Acquisition	which Carried at Close of Period	Building & Improvements	
Office Building: Greenwich, CT	\$ -	\$554	\$ 1,880	\$ 20	\$554	\$ 1,900	\$2,454
Total	\$ -	\$554	\$ 1,880	\$ 20	\$554	\$ 1,900	\$2,454

[Additional columns below]

[Continued from above table, first column(s) repeated]

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
Description	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation in Latest Income Statement is Computed
Office Building: Greenwich, CT	\$ 678	1970	April, 2001	39 years
Total	\$ 678			

[a] Reconciliation of total real estate carrying value is as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Balance at beginning of year	\$ 2,454	\$ 2,454
Improvements Acquisitions	-	-
Disposition	-	-
Balance at end of year	\$ 2,454	\$ 2,454
Total cost for federal tax purposes at end of each year	\$ 2,454	\$ 2,454

[b] Reconciliation of accumulated depreciation as follows:

Balance at beginning of year	\$630	\$582
Depreciation expense	48	48
Dispositions	-	-
Balance at end of year	\$678	\$630

DIRECTORS AND OFFICERS

Board of Directors

Edgar Filing: AMBASE CORP - Form 10-K

Richard A. Bianco  
Chairman, President and  
Chief Executive Officer  
AmBase Corporation

Jerry Y. Carnegie  
Private Investor

Alessandra F. Bianco  
Senior Officer  
BARC Investments,  
LLC

Theodore T.  
Horton, Jr.  
Private Investor

Kenneth M. Schmidt  
Private Investor

AmBase Officers  
Richard A. Bianco  
Chairman, President and Chief  
Executive Officer

John Ferrara  
Vice President, Chief Financial Officer  
and Controller

Joseph R. Bianco  
Treasurer

## INVESTOR INFORMATION

### Annual Meeting of Stockholders

The 2015 Annual Meeting is currently scheduled to be held at 9:00 a.m. Eastern Time, on Thursday, June 4, 2015, at:

Hyatt Regency Hotel  
1800 East Putnam Avenue  
Greenwich, CT 06870

### Corporate Headquarters

AmBase Corporation  
100 Putnam Green, 3rd  
Floor  
Greenwich, CT 06830-6027  
(203) 532-2000

### Common Stock Trading

AmBase stock is traded through one or more market-makers with quotations made available on the over-the-counter market.

Issue: Common Stock  
Abbreviation: AmBase  
Ticker Symbol: ABCP.OB

### Stockholder Inquiries

Stockholder inquiries, including requests for the following: (i) change of address; (ii) replacement of lost stock certificates; (iii) Common Stock name registration changes; (iv) Quarterly Reports on Form 10-Q; (v) Annual Reports on Form 10-K; (vi) proxy material; and (vii) information regarding stockholdings, should be directed to:

### Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC  
6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219  
Attention: Shareholder Services  
(800) 937-5449 or (718) 921-8200 Ext. 6820

American Stock Transfer &  
Trust Co. LLC  
6201 15<sup>th</sup> Ave.  
Brooklyn, NY 11219  
Attention: Shareholder  
Services  
(800) 937-5449 or (718)  
921-8200 Ext. 6820

In addition, the Company's  
public reports, including



Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Proxy Statements, can be obtained through the Securities and Exchange Commission EDGAR Database over the World Wide Web at [www.sec.gov](http://www.sec.gov).

Independent Registered Public Accountants

Marcum LLP  
Maritime Center  
555 Long Wharf Drive  
New Haven, CT 06511

Number of Stockholders

As of February 28, 2015, there were approximately 10,100 stockholders.