

BALLANTYNE OF OMAHA INC
Form DEF 14A
April 20, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant x

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Check the appropriate box:

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

Ballantyne of Omaha, Inc.

(Name of Registrant as Specified In Its Charter)

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

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**NOTICE AND PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS**

to be held at

Doubletree Guest Suites Hotel
Executive Place
7270 Cedar Street
Omaha, Nebraska 68124

on

Wednesday, May 23, 2007 at 4:00 p.m. (Central time)

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held May 23, 2007**

The Annual Meeting of Stockholders of Ballantyne of Omaha, Inc. will be held at the Doubletree Guest Suites Hotel, Executive Place, 7270 Cedar Street, Omaha, Nebraska, on May 23, 2007 at 4:00 p.m. CDT for the following purposes:

1. To elect one director of the Company to a one year term.
2. To transact such other business as may properly be brought before the meeting or any adjournment thereof.

Only those stockholders of record at the close of business on March 30, 2007, (the Record Date) shall be entitled to notice of the meeting and to vote at the meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting in person, please submit your proxy as soon as possible to assure a quorum. You can vote by telephone, on the internet, or by mail with a proxy card. Voting by any of these methods will ensure that you are represented at the Annual Meeting even if you are not there in person. Please review the instructions on the proxy card regarding these voting options. Stockholders who have previously voted but attend the meeting may withdraw their proxy if they wish to do so, and vote in person.

Important: Your prompt return of the Proxy Card will help save your Company the expense and extra work of additional solicitation.

If you desire assistance in scheduling overnight accommodations in Omaha, contact Debbie Wilbeck at Ballantyne at (402) 453-4444, ext. 303. Early reservations are encouraged.

Our 2006 Annual Report, which is not a part of the proxy soliciting material, is enclosed.

I look forward to seeing you at the Annual Meeting.

Dated this 20th day of April, 2007.

By Order of the Board of Directors

John P. Wilmers
President and Chief Executive Officer

**PROXY STATEMENT
GENERAL INFORMATION**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Ballantyne of Omaha, Inc. (Ballantyne or the Company). The Company s principal offices are located at 4350 McKinley Street, Omaha, Nebraska and its telephone number is 402-453-4444. The 2007 Annual Meeting of Stockholders will be held on May 23, 2007 at 4:00 p.m. CDT at the Doubletree Guest Suites Hotel, 7270 Cedar Street in Omaha, Nebraska. Stockholders of record at the close of business on March 30, 2007 are entitled to notice of, and to vote at, the meeting and any adjournment thereof. This Proxy Statement was first mailed to stockholders on approximately April 20, 2007.

VOTING SHARES AND PRINCIPAL HOLDERS

The following table shows each person or entity Ballantyne knows to be the beneficial owner of more than five percent of the Company s outstanding common stock as of March 30, 2007.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|--|-------------------------|
| Pequot Capital Management, Inc.(1) 500 Nyala Farm Road Westport, CT 06880 | 1,503,200 | 10.9 % |
| Cramer Rosenthal McGlynn, LLC(2) 520 Madison Avenue New York, NY 10022 | 1,227,000 | 8.9 % |

(1) This information is based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 14, 2006 by Pequot Capital Management, Inc.

(2) This information is based on a Schedule 13G filed with the Securities and Exchange Commission on February 13, 2007 by Cramer Rosenthal McGlynn, LLC.

APPOINTMENT AND REVOCATION OF PROXIES

As of the close of business on March 30, 2007, the Company had 13,800,584 shares of outstanding common stock, all of which are entitled to vote at the Annual Meeting.

Each share is entitled to one vote on each matter presented.

Transaction of business may occur at the meeting if a quorum is present. A quorum will be present if a majority of the voting power of the outstanding shares of common stock are present at the meeting, in person or by proxy. If a quorum is present at the Annual Meeting, the nominee for election to the Board of Directors who receives the greatest number of votes cast for the election of the director by shares present at the meeting, in person or by proxy, and entitled to vote, shall be elected.

Proxies which are properly signed and returned will be voted at the meeting. Stockholders may specify their preference by marking the appropriate boxes on the proxy and the proxy will then be voted in accordance with such specifications. In the absence of such specifications, the proxy will be voted for the election of the nominee for director and in accordance with the instructions of the Board of Directors as to any other matters. Broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but will not be counted for purposes of determining the number of votes cast with respect to a proposal. Stockholders who attend the meeting may vote in person even though they have voted by proxy. A proxy is revocable at any time before it is voted and a proxy is automatically revoked upon the giving of a subsequent proxy or by voting in person at the meeting. The Company will bear the cost of solicitation of proxies, including the charges and expenses of brokers and others for forwarding solicitation materials to beneficial owners of stock. In addition to the use of mail, proxies may be solicited by personal interview, telephone or facsimile. Mellon Investor Services LLC, the Company s Transfer Agent, is prepared to assist the Company to solicit proxies, if necessary.

SECURITY OWNERSHIP OF DIRECTORS AND NAMED EXECUTIVE OFFICERS

The following chart sets forth, as of the close of business on March 30, 2007, certain information concerning beneficial ownership of common stock by each director of the Company, each of the named executives (as defined below), and all directors and executive officers as a group.

| Name | Number of Shares Beneficially Owned | Percent of Common Stock(1) |
|---|-------------------------------------|----------------------------|
| John P. Wilmers, President and CEO | 286,611 (2) | 2.1 % |
| Kevin S. Herrmann, CFO | 46,875 (3) | * |
| Ray F. Boegner, Senior Vice President | 101,300 (4) | * |
| William F. Welsh, II, Chairman of the Board | 145,875 (5) | 1.1 % |
| Christopher E. Beach, Director | 260,350 (6) | 1.9 % |
| Alvin Abramson, Director | 48,250 (7) | * |
| Marc E. LeBaron, Director | 27,125 (8) | * |
| Mark D. Hasebroock, Director | 39,375 (9) | * |
| All directors and executive officers as a group | 955,761 (10) | 6.9 % |

* Less than 1% of common stock outstanding.(1)

All executive officers beneficially own 434,786 shares including exercisable stock options, or 3.2% of the outstanding common stock.(1)(11)

(1) Based upon 13,800,584 shares of common stock outstanding as of March 30, 2007. Each named person is deemed to be the beneficial owner of shares of common stock that may be acquired within 60 days of March 30, 2007 upon the exercise of stock options (assumes vesting of certain outside directors stock options effective May 24, 2007). Accordingly, the number of shares and percentage set forth next to the name of such person, all executive officers as a group and all directors and executive officers as a group includes the shares of common stock issuable pursuant to presently exercisable stock options. However, the shares of common stock so issuable upon exercise by any such person are not included in calculating the percentage of common stock beneficially owned by any other stockholder.

(2) Includes 68,686 shares of common stock directly owned by Mr. Wilmers and 217,925 shares purchasable pursuant to presently exercisable stock options.

(3) Includes 4,000 shares of common stock directly owned by Mr. Herrmann and 42,875 shares purchasable pursuant to presently exercisable stock options.

(4) Includes 3,000 shares of common stock directly owned by Mr. Boegner and 98,300 shares purchasable pursuant to presently exercisable stock options.

(5) Includes 98,625 shares of common stock directly owned by Mr. Welsh and 47,250 shares purchasable pursuant to presently exercisable stock options.

(6) Includes 244,600 shares of common stock directly owned by Mr. Beach and 15,750 shares purchasable pursuant to presently exercisable stock options.

(7) Includes 1,000 shares of common stock directly owned by Mr. Abramson and 47,250 shares purchasable pursuant to presently exercisable stock options.

(8) Includes 3,500 shares of common stock directly owned by Mr. LeBaron and 23,625 shares purchasable pursuant to presently exercisable stock options.

(9) Includes 39,375 shares purchasable pursuant to presently exercisable stock options.

(10) Includes 423,411 shares of common stock owned directly by all directors and executive officers as a group and 532,350 shares purchasable pursuant to presently exercisable stock options.

(11) Includes 75,686 shares of common stock owned directly by all executive officers and 359,100 shares purchasable pursuant to presently exercisable stock options.

CORPORATE GOVERNANCE

The Board of Directors operates pursuant to the provisions of the Company's Certificate of Incorporation and Bylaws and has also adopted several corporate governance policies to address significant corporate governance issues. The Board of Directors has adopted the following governance documents:

- Code of Ethics
- Audit Committee Charter
- Nominating Committee Charter
- Procedures for bringing concerns or complaints to the attention of the Audit Committee

These corporate governance documents are available in print to any stockholder upon request.

Board Independence

The Board of Directors is composed of a majority of independent directors as defined by the listing requirements of the American Stock Exchange (AMEX).

Communication to the Board

Stockholders wishing to communicate with the Board of Directors should address written correspondence to the Secretary of the Company who will present the communication to the Board.

Board Attendance at Annual Meeting

All members of the Board of Directors are encouraged to attend the Annual Meeting. All Directors attended the 2006 Annual Meeting.

AUDIT COMMITTEE

The Company has a standing Audit Committee of the Board of Directors. The Audit Committee consists of Messrs. Abramson (Chair), Beach, Hasebroock and LeBaron, who are independent directors, as defined by AMEX listing requirements. All Audit Committee members are financially literate. The Board of Directors has determined that Mr. Abramson is an audit committee financial expert as defined by Item 407(d)(5)(i)(A)(1) of Regulation S-K of the Securities and Exchange Commission. The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company, and performs such other duties as are directed by the Board. The Committee's role includes a particular focus on the qualitative aspects of financial reporting to stockholders, and on the Company's processes to manage business and financial risk, and for compliance with significant applicable legal, ethical and regulatory requirements. The Committee is directly responsible for the appointment of the independent registered public accounting firm engaged to prepare or issue an audit report on the financial statements of the Company and periodically reviews and evaluates their performance and independence from management. All audit and permitted non-audit services are pre-approved by the Committee. Any services not covered by prior pre-approval or services exceeding the pre-approved cost levels, must be approved in advance by the

Committee. The Committee acts under a written charter, which was amended and restated by the Board of Directors during 2006. A copy of the Audit Committee Charter is appended to this proxy statement as Appendix A. During 2006, the Audit Committee met four times with all members present.

COMPENSATION COMMITTEE

The Compensation Committee is responsible for reviewing and recommending to the Board of Directors annually the compensation to be paid to the President and Chief Executive Officer of the Company. The Compensation Committee of the Company's Board of Directors consists of directors Welsh, as Chair, LeBaron and Hasebroock. The Committee met one time in 2006 via teleconference.

The Committee functions include:

- Determining the compensation of the Chief Executive Officer;
- Overseeing all other executive officers' compensation, including salary and payments under the Company's bonus and stock plans.

The Company also has an Outside Director Stock Option Committee, which is responsible for the granting of options under the Outside Directors Stock Option Plan. The Outside Director Stock Option Committee is comprised of Messrs. Brad French and Myron Kaplan, the Company's outside counsel. This committee took action by unanimous consent in lieu of a special meeting one time during 2006.

NOMINATING COMMITTEE

The members of the Nominating Committee are Messrs. Welsh (Chair), Abramson, Beach, LeBaron and Hasebroock. All members of the Nominating Committee are independent as defined by the AMEX listing requirements. The Nominating Committee acts under a written charter adopted by the Board of Directors. The Nominating Committee reports to and assists the Board of Directors in identifying individuals for membership to the Board and recommends to the Board the director nominees for the next Annual Meeting of Stockholders. The Nominating Committee met two times during 2006.

Director Nomination Process

Nominees are chosen for their ability to represent all of the stockholders, and for their character, judgment, fairness and overall ability. As a group, they are expected to set the appropriate policy for the Company, and to bring to the Board of Directors broad experience in business matters and an insight and awareness of the appropriate and ever-changing role that corporations should have in society. Because the advice of those facing similar problems is of particular value, executive officers of other corporations are desirable nominees.

The following personal criteria will be considered in selecting candidates for the Board of Directors:

- Independence
- Wisdom
- Integrity
- Understanding and general acceptance of our corporate philosophy
- Valid business or professional knowledge and experience, that can bear on our strategies and deliberations
- Proven record of accomplishment
- Willingness to speak one's mind

- Ability to challenge and stimulate management
- Future orientation
- Willingness to commit time and energy

The Nominating Committee evaluated John P. Wilmers using these criteria, and recommended his nomination to the Board of Directors. The Board, in turn, nominated Mr. Wilmers for election as a director at the 2007 Annual Meeting of Stockholders.

The Nominating Committee will also consider proposals for nominees for director from stockholders which are made in writing to the Secretary of the Company and comply with Bylaw requirements. The recommendation must contain sufficient background information concerning the nominee to enable a proper judgment to be made as to his or her qualifications. Recommendations must also include a written statement from the candidate expressing a willingness to serve.

**PROPOSAL 1
ELECTION OF DIRECTORS**

The Bylaws of the Company previously provided that the directors be divided into three classes. The members of each class served staggered three-year terms. Messrs. Alvin Abramson and Marc E. LeBaron were the Class I directors; Messrs. William F. Welsh, II, Christopher E. Beach and Mark D. Hasebroock were Class II directors; and Mr. John P. Wilmers was the Class III director. The terms of the Class I, Class II and Class III directors were to expire at the Annual Meeting of Stockholders to be held in 2008, 2009 and 2007, respectively.

In 2006, the Board of Directors and the stockholders approved an amendment to the Company's Certificate of Incorporation and Bylaws to declassify the Board of Directors to provide for the annual election of all directors. Current directors will continue to serve the remainder of their elected terms. Beginning with the election of what was the Class III director at this Annual Meeting, directors will be elected annually so that by the Annual Meeting in 2009, all directors will be elected annually. Mr. Wilmers' term expires this year and the Board of Directors has nominated him to serve until the 2008 Annual Meeting. The election of Mr. Wilmers requires the affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote. Consequently, votes withheld and broker non-votes with respect to the election of the directors will have no impact on his election. Proxies which are properly signed and returned will be voted at the meeting. Stockholders may specify their preference by marking the appropriate boxes on the proxy and the proxy will then be voted in accordance with such specifications. In the absence of such specifications, the proxy will be voted for the election of the nominee for director and in accordance with the instructions of the Board of Directors as to any other matters.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE
FOR THE ELECTION OF MR. WILMERS.**

BOARD OF DIRECTORS

The Board of Directors has set the number of directors for 2007 at six (6). The chart below sets forth a list of the names, ages and past five-year business history of each current director, any public company directorships held by such persons and, the year in which each became a director of the Company.

Term Expires in 2008

Alvin Abramson, age 78, Self-employed business consultant since 2000. Retired Certified Public Accountant. Served as Director of the Company since May 2002. Member of Audit (Chair) and Nominating Committees.

Marc E. LeBaron, age 52, Chairman/CEO of Lincoln Plating from 2001 to present. Previously, President of Lincoln Plating. Director of Assurity Life Insurance Company. Served as Director of the Company since 2005. Member of Audit, Compensation and Nominating Committees.

Term Expires in 2009

William F. Welsh, II, age 65, Retired Chairman/CEO of Election Systems & Software. Director of Lindsay Manufacturing since 2000. Served as Director of the Company since 2000. Chairman of the Board and Member of Compensation (Chair), Nominating (Chair) and Financial/Strategic Planning and Corporate Governance Committees.

Christopher E. Beach, age 37, Founder of Bayshore Capital Management, LLC, an investment firm specializing in small and micro-cap public companies, since June 2006. Previously a consultant and private investor. Mr. Beach has a consulting arrangement with Pequot Capital Management, Inc. (Pequot), which is the beneficial owner of approximately 11% of Ballantyne s common stock. Mr. Beach is also a former employee and an investor in certain private investment funds managed by Pequot. Served as Director of the Company since 2006. Member of Audit and Nominating Committees.

Mark D. Hasebroock, age 47, Chairman and Co-Founder of NetShops, Inc. from 2002 to present. Served as Director of the Company since 2003. Member of Audit, Compensation, Nominating and Financial/Strategic Planning and Corporate Governance Committees.

Nominee: Term Expiring in 2008

John P. Wilmers, age 62, President and CEO of the Company since March 1997, previously executive Vice President of the Company since 1992; joined the Company in 1981 and served in various capacities thereafter. Served as Director of the Company since 1995.

The Board of Directors held six meetings during 2006. In addition, the Board of Directors held one meeting via teleconference. All Directors serving at the time participated in all meetings.

Director Compensation

| | Change in | | | | | | |
|-------------------------|--|-------------------------|-----------------------------|---|---|----------------------------|---------------|
| | Fees Earned Or Paid in Cash (\$)(1) | Stock Awards (\$) | Option Awards (\$)(2) | Non-Equity Incentive Plan Compensation (\$) | Pension Value and Nonqualified Deferred Comp. Earn. (\$) | All Other Comp. (\$) | Total (\$) |
| Alvin Abramson | 26,000 | | 18,070 | | | | 44,070 |
| Christopher E. Beach(3) | 15,088 | | 12,797 | | | | 27,885 |
| Mark D. Hasebroock | 26,000 | | 12,797 | | | | 38,797 |
| Marc LeBaron | 26,000 | | 18,070 | | | | 44,070 |
| William F. Welsh, II | 26,000 | | 18,070 | | | | 44,070 |