

BALLANTYNE OF OMAHA INC
Form DEF 14A
April 24, 2006
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))**
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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 24, 2006 at 4:00 p.m. (Central time)

**Proxy Statement
For The
May 24, 2006
Annual Stockholders Meeting**

Dear Stockholder:

You are cordially invited to attend Ballantyne's Annual Meeting of Stockholders on Wednesday, May 24, 2006 at 4:00 p.m., CDT. The meeting will be held at the Doubletree Guest Suites Hotel, Executive Place, 7270 Cedar Street, Omaha, Nebraska.

During the meeting, we will discuss each item of business described in this Notice of Annual Meeting of Stockholders and Proxy Statement.

The formal meeting of Stockholders will be followed by a review of Ballantyne's business operations and our outlook for the future. Following the meeting, you are invited to an informal reception where you can visit with the Directors and Officers about the activities of the Company.

If you cannot attend the meeting in person, please vote your shares by proxy. Please complete, sign and date the enclosed proxy card and return it in the postage paid envelope. Your prompt voting of your shares will help your Company avoid additional solicitation costs. Your vote is important, either in person or by proxy.

I look forward to seeing you at our Annual Meeting.

Sincerely,

John P. Wilmers
President and Chief Executive Officer

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held May 24, 2006**

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 68124, on May 24, 2006 at 4:00 p.m. CDT for the following purposes:

1. To elect three directors of the Company to three-year terms.
2. To consider and act upon a proposal to amend Ballantyne's Certificate of Incorporation and Bylaws to elect directors annually.
3. 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 31, 2006, (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 2005 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 24th day of April, 2006.

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. (the Company). The Company's principal offices are located at 4350 McKinley Street, Omaha, Nebraska and its telephone number is 402-453-4444. The 2006 Annual Meeting of Stockholders will be held on May 24, 2006 at 4:00 p.m. CDT at the DoubleTree Guest Suites Hotel, 7270 Cedar Street, Omaha, Nebraska. Stockholders of record at the close of business on March 31, 2006 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 24, 2006.

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 31, 2006.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Pequot Capital Management, Inc.(1)	1,503,200	11.1 %
Richard L. Scott(2) 201 West Main Street Louisville, KY 40202	674,600	5.0 %

(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 13D filed with the Securities and Exchange Commission on May 24, 2004 by Richard L. Scott.

APPOINTMENT AND REVOCATION OF PROXIES

As of the close of business on March 31, 2006, the Company had 13,530,031 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 nominees for election to the Board of Directors who receive the greatest number of votes cast for the election of the directors by shares present at the meeting, in person or by proxy, and entitled to vote, shall be elected the directors. Approval of the Proposal to amend Ballantyne's Certificate of Incorporation and Bylaws requires the affirmative vote of holders of a two-thirds majority of all shares entitled to vote at the meeting. Abstentions and broker non-votes will have no effect on the outcome of these proposals.

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 nominees 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 CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following chart sets forth, as of the close of business on March 31, 2006, 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	284,611 (2)	2.10 %
Daniel E. Faltin, Executive Vice President	14,500 (3)	0*
Brad J. French, CFO	187,425 (4)	1.39 %
Ray F. Boegner, Senior Vice President	151,300 (5)	1.12 %
William F. Welsh, II, Chairman of the Board	178,000 (6)	1.32 %
Alvin Abramson, Director	40,375 (7)	0*
Marc E. LeBaron, Director	19,250 (8)	0*
Mark D. Hasebroock, Director	31,500 (9)	0*
All directors and executive officers as a group	906,961 (10)	6.70 %

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

All executive officers beneficially own 637,836 shares including exercisable stock options, or 4.71% of the outstanding common stock.(1)(11)

(1) Based upon 13,530,031 shares of common stock outstanding as of March 31, 2006. Each named person is deemed to be the beneficial owner of shares of common stock that may be acquired within 60 days of March 31, 2006 upon the exercise of stock options (assumes vesting of certain outside directors stock options effective May 25, 2006). 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 66,686 shares of common stock directly owned by Mr. Wilmers and 217,925 shares purchasable pursuant to presently exercisable stock options.

(3) Includes 2,000 shares of common stock directly owned by Mr. Faltin and 12,500 shares purchasable pursuant to presently exercisable stock options.

(4) Includes 94,637 shares of common stock directly owned by Mr. French and 92,788 shares purchasable pursuant to presently exercisable stock options.

(5) Includes 3,000 shares of common stock directly owned by Mr. Boegner and 148,300 shares purchasable pursuant to presently exercisable stock options.

(6) Includes 38,625 shares of common stock directly owned by Mr. Welsh and 139,375 shares purchasable pursuant to presently exercisable stock options.

(7) Includes 1,000 shares of common stock directly owned by Mr. Abramson and 39,375 shares purchasable pursuant to presently exercisable stock options.

- (8) Includes 3,500 shares of common stock directly owned by Mr. LeBaron and 15,750 shares purchasable pursuant to presently exercisable stock options.
- (9) Includes 31,500 shares purchasable pursuant to presently exercisable stock options.
- (10) Includes 209,448 shares of common stock owned directly by all directors and executive officers as a group and 697,513 shares purchasable pursuant to presently exercisable stock options.
- (11) Includes 166,323 shares of common stock owned directly by all executive officers and 471,513 shares purchasable pursuant to presently exercisable stock options.

**PROPOSAL 1
ELECTION OF DIRECTORS**

The Bylaws of the Company currently provide that the directors be divided into three classes. The members of each class serve staggered three-year terms. Messrs. Alvin Abramson and Marc E. LeBaron are the Class I directors; Messrs. William F. Welsh, II and Mark D. Hasebroock are Class II directors; and Mr. John P. Wilmers is the Class III director. Messrs. Welsh's and Hasebroock's terms expire this year and both have been nominated for a three-year term expiring in 2009. The Board of Directors has also nominated Mr. Christopher E. Beach to serve as a Class II director such that three Class II directors are to be elected at this meeting. Mr. Beach is a consultant and private investor. Mr. Beach has a consulting arrangement with Pequot Capital Management, Inc., which is the beneficial owner of approximately 11% of the Company's common stock. Mr. Beach is also a former employee and an investor in certain private investment funds managed by Pequot Capital Management, Inc. Pequot Capital Management, Inc. did not solicit the Board to nominate Mr. Beach.

The terms of the Class I, Class II and Class III directors expire on the Annual Meeting of Stockholders to be held in 2008, 2009 and 2007, respectively. The Board of Directors is recommending that the stockholders approve 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. The proposal, if adopted by the stockholders, would provide that starting in 2007, directors will be elected annually so that by the annual meeting in 2009, all directors will be elected annually. See Proposal 2 for further details.

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The Board of Directors has set the number of directors for 2006 at six (6). The chart below sets forth a list of the names, ages and past five-year business history of each current director and the new nominee and any public company directorships held by such persons and, the year in which each became a director of the Company.

Name	Age	Employment History	Director Since	No. of Shares	%
Class I: Term Expires in 2008					
Alvin Abramson	77	Retired certified public accountant; former director of Nebraska Department of Motor Vehicles. Chairman of Audit Committee.	2002	40,375	0*
Marc E. LeBaron	51	Chairman/CEO, Lincoln Plating, 2001 - present. President, Lincoln Plating, 1984 - 2001. Director of Assurity Insurance Co. Member of Audit, Compensation and Nominating Committees.	2005	19,250	0*
Class II: Nominees for Election at the Annual Meeting for a Term Expiring in 2009					
William F. Welsh II	64	Chairman of the Board. Served as Chairman of Election Systems, Inc. from 2000 to October 31, 2003. Director of Lindsay Manufacturing Company since 2000. Chairman of Compensation and Nominating Committees.	2000	178,000	1.32%
Mark D. Hasebroock	46	Chairman and Co-founder of Netshops, Inc. from 2002 to present. Executive Vice President of Sales and Chief Operating Officer of GiftCertificates.com from January 2000 to February 2002. Member of Audit, Compensation and Nominating Committees.	2003	31,500	0*
Christopher E. Beach	36	Consultant and private investor from 2002 to present. Principal and Portfolio Manager of Pequot Capital Management, Inc. from 1993 to 2002.	N/A	204,600	1.51%
Class III: Term Expires in 2007					
John P. Wilmers	61	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.	1995	284,611	2.1%

* Less than 1% of common stock outstanding.

Compensation of Directors

The Company does not pay directors who are also officers or employees of the Company additional compensation for their service as directors.

In 2005, compensation for non-employee directors included the following:

- Annual retainer of \$20,000
- \$1,000 for each Board meeting attended
- \$500 for each Board meeting held by telephone conference
- Expenses of attending Board meetings
- New directors are automatically granted 23,625 stock options on the first business day after election. They are automatically granted an additional 23,625 stock options every three years as long as they continue to serve on the Board.
- vesting at a rate of 7,875 shares on the first business day after election
- vesting an additional 7,875 shares on the first business day after each annual stockholders meeting, assuming they continue to serve on the Board
- exercise price of all 23,625 options is fair market value on date of initial grant
- options have a term of five years

The Board of Directors held seven meetings during 2005. In addition, the Board of Directors took action by unanimous consent in writing in lieu of a special meeting one time. No director was present for less than 75% of all Board and committee meetings.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE
FOR ALL NOMINEES IN PROPOSAL 1.**

LIST OF CURRENT EXECUTIVE OFFICERS OF THE COMPANY

The following is a list of the names and ages of the current executive officers of the Company, their business history for at least the last five years and their term of office with the Company.

Name	Age	Position and Principal Occupation	Officer Since
John P. Wilmers	61	Director of Company; President and CEO of Company since March 1997; previously Executive Vice President of Company since 1992; joined Company in 1981 and has served in various capacities thereafter.	1988
Daniel E. Faltin	49	Executive Vice President of the Company since June 1, 2003; previously President of Chief Automotive Systems, Inc. (Chief), a Nebraska-based manufacturer and marketer of collision repair equipment from January 1999 to February 2002. Before assuming responsibilities as President, he served for five years as Chief's Vice-President of sales and marketing.	2003
Brad J. French	53	CFO since 1996; Secretary and Treasurer since 1992; joined Company as Controller in 1990.	1992
Ray F. Boegner	56	Senior Vice President; previously Senior Vice President of Sales; Vice President of Sales prior to November 1996; joined Company in 1985.	1997

EXECUTIVE COMPENSATION

The following table sets forth a summary of the compensation paid to the Chief Executive Officer and three other executive officers of the Company for the fiscal years ended December 31, 2005, 2004, and 2003.

Summary Compensation Table

	Long Term Compensation Awards	Payouts
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