

BALLANTYNE STRONG, INC.  
Form PRE 14A  
April 10, 2015

**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  
Filed by a Party other than the Registrant  
Check the appropriate box:  
Preliminary Proxy Statement  
**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material under §240.14a-12

**Ballantyne Strong, 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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**PRELIMINARY PROXY STATEMENT**

**SUBJECT TO COMPLETION**

**PRELIMINARY PROXY STATEMENT AND NOTICE**

**FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS**

**to be held at**

**Hilton Garden Inn  
4025 Windward Plaza  
Alpharetta, Georgia 30005**

**on**

**May 13, 2015 at 9:00 a.m. (Eastern Daylight Time)**

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## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be held May 13, 2015

The Annual Meeting of Stockholders of Ballantyne Strong, Inc. will be held at Hilton Garden Inn, 4025 Windward Plaza, Alpharetta, Georgia 30005, on May 13, 2015 at 9:00 a.m., Eastern Daylight Time, (including any adjournments or postponements thereof, the “Annual Meeting”) for the following purposes:

1. To elect directors to the Company's Board of Directors (the “Board”) for one-year terms.
2. To consider and act upon a non-binding advisory resolution to approve the compensation of the Company’s Named Executive Officers, as described in the Proxy Statement.
3. To ratify the appointment of KPMG LLP as the Company’s independent auditors for the fiscal year ending December 31, 2015.
4. To transact such other business as may properly be brought before the Annual Meeting or any adjournment or postponement thereof.

Only those stockholders of record at the close of business on March 16, 2015, (the “Record Date”) shall be entitled to notice of the Annual Meeting and to vote at the Annual Meeting.

**Your vote is important. Whether or not you plan to attend the Annual Meeting in person, please vote your WHITE proxy card as soon as possible to assure a quorum. Please vote in one of these three ways:**

- (1) Visit the website at *www.proxyvote.com* and have your WHITE proxy card in hand to vote through the internet, or
- (2) Use the toll-free telephone number listed on the WHITE proxy card, or
- (3) Mark, sign, date and promptly return the enclosed WHITE proxy card in the postage-paid envelope.

**If you vote on the website or by telephone you do not need to return a proxy card by mail, unless you wish to change your vote or revoke your vote.**

Voting by any of these methods will ensure that you are represented at the Annual Meeting even if you are not there in person. Stockholders who have previously voted but attend the Annual Meeting may withdraw their proxy if they wish to do so, and vote in person.

If you desire assistance in scheduling overnight accommodations in Alpharetta, contact Tiffanie Pusateri at Ballantyne at (402) 829-9403. Early reservations are encouraged.

The formal meeting of stockholders will be followed by a review of our business. I look forward to seeing you at the Annual Meeting.

If you have any questions or require any assistance in executing your proxy, please call or e-mail:

**D.F. King & Co., Inc.**

**Stockholders call toll-free: (866) 796-1292**

**Banks and Brokerage Firms call: (212) 269-5550**

**E-mail: [btn@dfking.com](mailto:btn@dfking.com)**

Important Notice regarding the availability of proxy materials for the Annual Meeting: The Company's Proxy Statement, its Annual Report to stockholders and this Notice are available at [www.strong-world.com](http://www.strong-world.com) or [www.proxyvote.com](http://www.proxyvote.com).

Dated this [•] day of April, 2015.

By Order of the Board of Directors

Gary L. Cavey

President and Chief Executive Officer

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**PRELIMINARY PROXY STATEMENT**

**SUBJECT TO COMPLETION**

**FOR ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 13, 2015**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Ballantyne Strong, Inc. (the "Company"). The 2015 Annual Meeting of Stockholders will be held on May 13, 2015 at 9:00 a.m., Eastern Daylight Time, at Hilton Garden Inn, 4025 Windward Plaza, Alpharetta, Georgia 30005 and its telephone number is (770) 369-9000.

**GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

*Who may vote?*

The Company has one class of voting shares outstanding. Only stockholders of record of our common stock at the close of business on March 16, 2015, the Record Date, are entitled to receive notice of the Annual Meeting and to vote the shares of common stock that they held on the Record Date. At the close of business on March 16, 2015, the Company had 14,103,396 shares of outstanding common stock, all of which are entitled to vote at the Annual Meeting. Each share of common stock will have one vote on each matter to be voted on. The shares of common stock held in treasury will not be voted.

*What is the purpose of the Annual Meeting?*

At the Company's Annual Meeting, stockholders will act upon the matters described in the accompanying notice of meeting. In addition, management will report on Ballantyne's performance during fiscal 2014 and respond to questions from stockholders.

*Who may attend the Annual Meeting?*

All stockholders as of the Record Date, or their duly appointed proxies, may attend the Annual Meeting.

*What constitutes a quorum?*

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the Company's common stock outstanding on the Record Date will constitute a quorum, permitting action to be taken and the conduct of business at the Annual Meeting. As of the Record Date, 14,103,396 shares of common stock were outstanding. Broker non-votes, abstentions and proxies marked "withheld" for the election of directors, 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.

*May I vote by proxy card, by telephone or through the internet?*

You may vote by proxy card, by telephone or through the internet. 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 refer to the instructions on the **WHITE** proxy card.

*Has the Company been notified that a stockholder intends to propose an alternative slate of director nominees at the Annual Meeting?*

Yes. Fundamental Global Investors, LLC, and certain of its affiliates (collectively, the "Global Investors Group") has notified the Company of its intention to propose an alternative slate of seven (7) director nominees for election at the Annual Meeting in opposition to the slate of nominees recommended by the Board of Directors. The Global Investors Group's proposed nominees have **NOT** been endorsed by the Board of Directors, and the Board of Directors recommends a vote "**FOR**" each of the Board's nominees for director on the enclosed **WHITE** proxy card accompanying this proxy statement. The Board strongly urges you **NOT** to sign or return any proxy card sent to you by the Global Investors Group. If you have previously submitted a proxy card sent to you by the Global Investors Group, you can revoke that proxy and vote for the Board of Directors' nominees and on the other matters to be voted on at the Annual Meeting by using the enclosed **WHITE** proxy card.

***What should I do if I receive a proxy card from the Global Investors Group?***

The Global Investors Group has notified the Company that it intends to nominate an alternative slate of seven (7) director nominees for election at the Annual Meeting in opposition to the slate of nominees recommended by the Board of Directors. You may receive proxy solicitation materials from the Global Investors Group, including an opposition proxy statement and proxy card. The Company is not responsible for the accuracy of any information contained in any proxy solicitation materials used by the Global Investors Group or any other statements that it may otherwise make. ***The Board of Directors does not endorse the Global Investors Group's nominees and recommends that you disregard any proxy card or solicitation materials that may be sent to you by the Global Investors Group. Voting to "withhold" with respect to any Global Investors Group nominee on a proxy card sent to you by the Global Investors Group is not the same as voting for the Board of Directors' nominees because a vote to "withhold" with respect to any Global Investors Group nominee on its proxy card will revoke any proxy you previously submitted. If you have already voted, or do vote, using a proxy card sent to you by the Global Investors Group, you have every right to change your vote by executing and returning the enclosed WHITE proxy card or by voting by telephone or via the Internet by following the instructions provided on the enclosed WHITE proxy card. Only the latest dated proxy you submit will be counted. If you have any questions or require any assistance in executing your proxy, please call or e-mail:***

**D.F. King & Co., Inc.**

**Stockholders call toll-free: (866) 796-1292**

**Banks and Brokerage Firms call: (212) 269-5550**

**E-mail: [btn@dfking.com](mailto:btn@dfking.com)**

***Why is the Board of Directors nominating a slate of six directors for the available seven seats at the Annual Meeting?***

D. Kyle Cerminara was invited by the Company to join the Board and was appointed in February 2015 through Board action filling a vacancy on the Board. Following the announcement of the proxy contest initiated by the Global Investors Group, the Board invited Mr. Cerminara to remain on the Company's slate of nominees even though it recognized that he would also be on the Global Investors Group's slate of nominees. The Company was informed on March 30, 2015 that Mr. Cerminara was not willing to consent to also be on the Company's slate of nominees. In view of the short amount of time remaining before the Annual Meeting on May 13, 2015, the Company does not believe it is practicable to find and vet another nominee to fill the vacancy on the Company's slate. Accordingly, the Company is nominating only six nominees to fill the seven Board seats up for election. The time period for advance notice of director nominations required by the Company's Bylaws has passed so that no nominees can be submitted at the Annual Meeting other than those submitted by the Company or the Global Investors Group. As a result, at least one of the nominees submitted by the Global Investors Group will be elected at the Annual Meeting. The Board believes ensuring that fresh perspective is brought to the Board, through the election of at least one nominee of the Global Investors Group, is consistent with the openness and spirit of reasonable compromise the Company has exhibited throughout this proxy contest. The Board strongly urges you to submit your voting instructions **"FOR ALL"** six of the

nominees recommended by the Board.

***May I change my vote?***

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting. You may change your vote on the internet or by telephone (only your latest internet or telephone proxy submitted prior to the Annual Meeting will be counted), or by signing and returning a new proxy card with a later date, or by attending the meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the meeting or specifically request in writing that your prior proxy be revoked.

If you have previously signed a proxy card sent to you by the Company or any participants in an opposing solicitation, you may change your vote by marking, signing, dating and returning the enclosed **WHITE** proxy card in the accompanying pre-paid envelope or by voting by telephone or via the Internet by following the instructions on your **WHITE** proxy card. Submitting a later proxy card sent to you by the Company or any participants in an opposing solicitation will revoke votes you have already made. ***Only the latest validly executed proxy that you submit will be counted.***

***How does the Board recommend I vote?***

Unless you give instructions on your **WHITE** proxy card, the persons named as proxy holders on the **WHITE** proxy card will vote in accordance with the recommendations of the Board of Directors. The Board's recommendation is set forth in the description of each proposal in this Proxy Statement. With respect to any other matter that properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

***How Does the Contested Solicitation Impact Voting Matters?***

If you have already delivered, or if you deliver at a later date, a properly executed **WHITE** proxy, you do not have to do anything further unless you want to change your vote. In the event you do not execute a new proxy, you will be disenfranchised as to any proposal from opposing solicitations to the extent that we will not have specific instructions concerning your preferences. In such a case, the persons indicated as proxies on the **WHITE** proxy card will, using the proxy you have already submitted, exercise their discretion and vote "**AGAINST**" each proposal by opposing solicitor participants. If you have not previously voted or if you wish to revoke or change your vote, please complete, date, sign, and return the enclosed **WHITE** proxy card, or vote the **WHITE** proxy card by telephone or electronically according to the instructions.

Any proxy given by a stockholder may be revoked at any time prior to its use by execution of a later dated proxy, by a personal vote at the meeting, or by a timely written notice of revocation to the Corporate Secretary of the Company. If voting in person, please bring written evidence confirming your ownership of the shares you wish to vote.

**You may be solicited by or on behalf of the Global Investors Group in an attempt to get you to sign their proxy card. We urge you not to sign any proxy card or other materials you may receive from the Global Investors Group. Only your latest dated proxy card will be counted, and any proxy card sent in for any reason could invalidate previous WHITE proxy cards sent by you to support the Company's position.**

The Company is not responsible for the accuracy of any information provided by or relating to the Global Investors Group contained in any proxy solicitation materials filed or disseminated by, or on behalf of, the Global Investors Group or any statements the Global Investors Group may otherwise make. The Global Investors Group chooses which of our stockholders will receive its proxy solicitation materials.

*How many votes are required to approve each Proposal?*

**Proposal 1—Election of directors to the Ballantyne Board, each to hold office until our 2016 Annual Meeting of Stockholders and a successor is elected and qualified.**

As a result of the Global Investors Group's intention to nominate seven alternative director nominees in opposition to the six nominees recommended by the Board there are more than seven nominees for election to the Board. Under our Bylaws, this means that the seven candidates receiving the highest number of "FOR" votes cast by holders of shares represented in person or by proxy at the Annual Meeting will be elected. This number is called a plurality. A properly executed proxy card marked "WITHHOLD" with respect to the election of a director nominee will be counted for purposes of determining if there is a quorum at the Annual Meeting, but will not be considered to have been voted for the director nominee. Similarly, any broker non-votes will be counted for purposes of determining if there is a quorum, but will not be considered to have been voted for the director nominee.

**THE ONLY WAY TO SUPPORT ALL SIX OF THE BALLANTYNE DIRECTOR NOMINEES IS TO SUBMIT YOUR VOTING INSTRUCTIONS "FOR" THE BOARD'S NOMINEES ON THE WHITE PROXY CARD. PLEASE DO NOT SIGN OR RETURN A BLUE PROXY CARD FROM THE GLOBAL INVESTORS GROUP, EVEN IF YOU INSTRUCT TO "WITHHOLD" ON THEIR DIRECTOR NOMINEES. DOING SO WILL REVOKE ANY PREVIOUS VOTING INSTRUCTIONS YOU PROVIDED ON THE COMPANY'S WHITE PROXY CARD.**

**Proposal 2—Advisory Vote on Executive Compensation.**

The affirmative vote of a majority of the shares present or represented by proxy at the meeting or entitled to vote will be deemed by the Board to constitute the advisory vote on executive compensation.

**Proposal 3—Ratification of Independent Auditors.**

The affirmative vote of a majority of the shares present or represented by proxy at the meeting or entitled to vote is required to approve Proposal 3, ratification of the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ended December 31, 2015.

**Other Proposals.** No other matters are anticipated to be brought before the meeting.

***What should I do if I receive more than one WHITE proxy card or other set of proxy materials from the Company?***

If you hold your shares in multiple accounts or registrations, you will receive a **WHITE** proxy card for each account. Please sign, date and return all **WHITE** proxy cards you receive from the Company. If you choose to vote by phone or via the Internet, please vote once for each **WHITE** proxy card you receive to ensure that all of your shares are voted. Only your latest dated proxy for each account will be voted.

You will likely receive multiple mailings from the Global Investors Group, and the Company may conduct multiple mailings prior to the Annual Meeting date to ensure stockholders have the Company's latest proxy information and materials to vote. The Company will send you a new **WHITE** proxy card with each mailing, regardless of whether you have previously voted. The latest dated proxy you submit will be counted, and, if you wish to vote as recommended by the Board of Directors, then you should only submit the **WHITE** proxy cards.

***What is a broker non-vote?***

If you hold your shares in street name and do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. In this situation, a "broker non-vote" occurs. Shares constituting broker non-votes are not counted or deemed to be present or represented for the purpose of determining whether stockholders have approved a matter, but they are counted as present for the purpose of determining a quorum at the Annual Meeting.

***Who pays the expenses incurred in connection with the solicitation of proxies?***

The Company will bear the cost of its 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. The Company has retained D.F. King & Co., Inc. ("D.F. King & Co.") for a fee of up to \$75,000, of which \$20,000 was a non-refundable retainer, plus expense reimbursement to assist in proxy solicitation activities. D.F. King & Co. expects that approximately [•] of its employees will assist in the solicitation. In addition, the Company will reimburse brokers, custodians, nominees and other persons holding shares for others for their reasonable expenses in sending proxy materials to the beneficial owners of such shares and in obtaining their proxies. The Company's aggregate expenses, including those of D.F. King & Co., related to the Company's solicitation of proxies in excess of those normally spent for an Annual Meeting as a result of the potential proxy contest, and excluding salaries and wages of its regular employees, are expected to be approximately \$[•], approximately \$[•] of which has been spent to date.

***How can I find out the results of the voting at the Annual Meeting?***

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a Current Report on Form 8-K that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an amendment to the Form 8-K to publish the final results.

***How may I get additional copies of the Annual Report?***

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, including financial statements, is available through our website at [www.strong-world.com](http://www.strong-world.com). For a printed copy, please contact our Corporate Secretary by mail at the address listed below:

Attn: Corporate Secretary  
Ballantyne Strong, Inc.  
13710 FNB Parkway, Suite 400  
Omaha, NE 68154

## **BACKGROUND TO OPPOSING SOLICITATION**

In various Securities and Exchange Commission (“SEC”) filings, the Global Investors Group has reported that it began purchasing shares of the Company’s common stock in January 2013.

On September 3, 2014, having continued making acquisitions of shares of the Company’s common stock increasing aggregate beneficial ownership of the Global Investors Group above the 5% reporting threshold required by SEC rules, the Global Investors Group filed a Schedule 13D disclosing that it beneficially owned 1,092,710 shares of the Company’s common stock. The Global Investors Group reported that its beneficial ownership represented 7.7% of the 14,181,222 outstanding shares of the Company’s common stock as of August 5, 2014, as reported in the Company’s Form 10-Q filed on August 8, 2014. In the filing, the Global Investors Group reserved the right to formulate any plans or proposals to change or influence control and management of the Company. In connection with continued rapid purchasing of the Company’s common stock, the Global Investors Group first amended its Schedule 13D a few weeks later, on September 12, 2014, reporting beneficial ownership of 1,441,839 shares of the Company’s common stock, representing 10.2% of the outstanding shares of the Company’s common stock based on the same numbers. The following month, on October 3, 2014, the Global Investors Group filed a second amendment to its Schedule 13D, reporting beneficial ownership of 1,754,890 shares of the Company’s common stock, representing 12.4% of the outstanding shares of the Company’s common stock again based on the same numbers. In addition, the Global Investors Group filed a Statement of Changes in Beneficial Ownership on Form 4 with the SEC on October 31, 2014 reporting beneficial ownership of 1,879,705 shares of the Company’s common stock, representing 13.3% of the outstanding shares of the Company’s common stock.

In response to the Global Investors Group’s rapid acquisition of shares of the Company’s common stock in 2014 and without a commitment by the Global Investors Group not to continue acquiring shares, the Board unanimously adopted the Rights Plan, dated as of November 5, 2014, with Computershare, Inc. as Rights Agent, in order to protect the Company’s stockholders from a creeping acquisition of control without payment of a control premium to all stockholders. In order to ensure that protection, any person who acquired beneficial ownership of 15% or more of the Company’s outstanding shares would be subject to significant dilution unless they negotiated with the Board to provide fair treatment of all stockholders.

The Global Investors Group continued acquiring shares of the Company’s common stock, and filed a third amendment to its Schedule 13D on February 26, 2015. The third amendment reported beneficial ownership by the Global Investors Group of 1,957,040 shares of the Company’s common stock, representing 13.6% of the 14,421,222 shares of the Company’s common stock outstanding as of November 3, 2014, as reported in the Company’s Form 10-Q filed on November 7, 2014.

In an exercise of openness to the concerns and points of views of certain shareholders, the Company's President and Chief Executive Officer, Gary Cavey, and a member of the Company's Board of Directors, Samuel C. Freitag, met with a representative of the Global Investors Group, D. Kyle Cerminara, several times during 2014 to address and provide an open forum for certain of the Global Investors Group's concerns and questions regarding the Company's recent acquisitions and future plans and strategies. During these discussions, Mr. Cerminara expressed a desire that they be granted representation on the Company's Board of Directors.

To address Mr. Cerminara's requests and to obtain fresh perspectives from a representative of a significant shareholder of the Company, Mr. Cerminara was appointed to the Board effective February 20, 2015.

On March 16, 2015, the Global Investors Group filed a fourth amendment to its Schedule 13D disclosing beneficial ownership of 1,985,748 shares of the Company's common stock, representing 14.1% of the 14,092,129 shares of the Company's common stock outstanding as of March 3, 2015, as reported in the Company's Form 10-K filed on March 6, 2015. The fourth amendment reports that Fundamental Global Investors, LLC, the investment manager of the Global Investors Group's funds, owns a 50% interest in CWA Asset Management Group, LLC, which beneficially owns another 88,936 shares of the Company's common stock, representing another 0.6% of the Company's outstanding shares of common stock.

The Global Investors Group also disclosed in its March 16, 2015 amended Schedule 13D that it had submitted notice to the Company of its intent to nominate an alternative slate of seven director nominees to the Company's Board of Directors at the Annual Meeting. In connection with the fourth amendment, the Global Investors Group filed a press release on March 16, 2015 stating the names of its director nominees (who are participants, along with the Global Investors Group, in the proxy solicitations by the Global Investors Group) and including brief backgrounds of each.

Mr. Cerminara attended the regularly called meeting of the Board held on March 18, 2015, which was the first Board meeting he had attended. During the Board meeting and various breakout sessions during that meeting, discussions were held with Mr. Cerminara regarding his willingness to settle the proxy contest and various scenarios under which such a settlement might take place. In exploring the possibility of a settlement involving the addition to the Board of certain directors nominated by the Global Investors Group, Mr. Cerminara expressed his insistence that his nominees constitute a majority of the Board.

The other directors informed Mr. Cerminara that if the Global Investors Group expected to obtain a majority of the Board through settlement of this proxy contest, he would need to submit a strategic plan and financial projections that could reasonably be expected to result in producing shareholder value that is equal or superior to that produced by execution of the Company's strategic plan. Without such a plan, we believe we would be surrendering Board control without assurance that such action would be in the best interests of shareholders and would not be consistent with our fiduciary duty to shareholders.

In order to assist the Global Investors Group's efforts to develop such a plan, the Company provided access to relevant information to the Global Investors Group, subject to the terms of a confidentiality agreement to assure compliance with Regulation FD and protection of the confidentiality of such information.

The Board also proposed that if such a plan were presented and determined by the Board not to produce superior value, the Board would nevertheless be willing to settle the proxy contest by an agreement pursuant to which: (i) size of the Board would be increased to eight directors and the Global Investors Group would be allowed to nominate four of those directors, (ii) the Global Investors Group would agree not to increase its ownership beyond 20% of our outstanding shares, and (iii) with that ownership cap in place, the Shareholder Rights Plan would be terminated. If the Global Investors Group's plan was presented and determined by the Board to produce superior value, the Board offered that the settlement of the proxy contest would be pursuant to an agreement in which (i) the size of the Board would be kept at seven or increased to nine and the Global Investors Group would be allowed to nominate a majority of the directors, and (ii) the same ownership cap would be agreed to in exchange for termination of the Rights Plan and the other terms of the settlement.

The Board's willingness to settle the proxy contest on either set of these basic terms was predicated on the following considerations:

- (i) the Board would be able to fulfill its fiduciary duties to act in the best interests of shareholders to pursue a plan most likely to produce superior shareholder value;

(ii) the benefits of preserving continuity and institutional knowledge of Ballantyne's businesses, industries, competitive environment, the strengths and weaknesses of Ballantyne's personnel and other teachings from experience on the Board (A) would be best achieved by maintaining a majority of the current directors, but (B) could still be impactful if Board action required building a consensus to prevent a deadlock if the Board size was set at eight members and the existing Board and the Global Investors Group could each nominate four directors;

(iii) the addition of more skills, fresh insights and broader perspectives could be useful to increasing the Board's effectiveness without losing the benefits of continuity described above;

(iv) proxy contests are expensive, distracting to management and have the potential to disrupt our operations and momentum at a critical time in the development of the Company's digital communications business; and

(v) the pragmatic recognition that achieving success in the proxy contest would be challenging in view of the Company's financial performance since embarking on the necessary effort to transform the Company's business, without the shareholders having the same information and in-the-trenches experience that the Board possesses regarding the likelihood that this turnaround will be achieved.

Following completion of the settlement discussions and the regular items of business at that meeting, the Board adopted resolutions forming an Executive Committee of the Board to fulfill all functions of the Board between Board meetings. In recognition of the conflict created by initiation of the proxy contest, all of the Board members, except Mr. Cerminara, were appointed as members of the Executive Committee, and Mr. Freitag was appointed as Chairman of the Executive Committee. Mr. Cerminara was in attendance at the Board meeting when the Executive Committee was formed and expressed his understanding of the need for the Executive Committee to be formed. After the Board meeting adjourned, the Executive Committee met and authorized the following: (i) the engagement of Duff & Phelps to provide advice on valuation of the Company and the valuation that may result from the proposal and related projections that may be provided by the Global Investors Group in connection with the possible settlement of the proxy contest referenced above and (ii) the engagement of D.F. King & Co. to serve as the Company's proxy solicitor in connection with the proxy contest.

On March 19, 2015, the Company's President and Chief Executive Officer held a town hall meeting for employees in order to answer their questions regarding the announced proxy contest and to encourage them to stay focused on doing their job to the best of their abilities. He also encouraged the employees to execute better and generate results that demonstrate that our growth strategies are gaining traction.

On March 23, 2015, the Company issued a press release regarding the proxy contest initiated by the Global Investors Group. The press release expressed the Company's surprise and disappointment of the news of the proxy contest in view of prior constructive discussions with Mr. Cerminara regarding our business and growth strategies, our invitation for him to join our Board and the openness we had expressed to adding other new directors he proposed that would work collaboratively to enhance shareholder value. It also described our belief that the initiation of the proxy contest is an unnecessary and costly measure that has the potential to disrupt the Company's operations and momentum at a critical time in the development of its digital communications business. It also reiterated our commitment to continuing our practice of exploring all options for enhancing shareholder value, including returning capital to shareholders, considering strategic business combinations, reinvesting in the business to accelerate organic growth and enhancing efficiencies through cost reduction initiatives, among other considerations.

The Global Investors Group filed its preliminary proxy statement on March 26, 2015 containing information regarding its nomination of an alternative slate of director nominees to replace all of our current directors other than Mr. Cerminara. The Global Investors Group reported beneficial ownership of 2,074,684 shares of the Company's common stock, representing approximately 14.7% of the outstanding shares, based on the Company's outstanding stock as of March 3, 2015, as reported in the Company's Form 10-K filed on March 6, 2015. In addition, the Global Investors Group reported that one of its director nominees is the beneficial holder of an additional 7,500 shares of the Company's common stock.

In connection with the Board's desire to foster openness with the Company's largest shareholders and to continue the addition of a fresh perspective on the Board, Mr. Cerminara was offered a position on the Company's slate of director nominees. Mr. Cerminara notified the Company on March 30, 2015 that he was not consenting to inclusion in the Company's slate of director nominees. Due to the timing of Mr. Cerminara's decision, the difficulty in identifying a qualified replacement nominee and the proximity to the Annual Meeting date, the Company has only selected six director nominees, as more fully discussed below in connection with "Proposal One—Election of Directors."

On April 7, 2015, the Global Investors Group presented its proposal to the Board in connection with the possible settlement described in the Letter to Stockholders. The Board and its financial advisor, Duff & Phelps, and legal counsel, Stinson Leonard Street LLP, continue to evaluate that proposal and are continuing to hold discussions with the Global Investors Group to determine whether a settlement can be reached and documented. Like the Global Investors Group, we are continuing our communication efforts for the proxy context during this hiatus to fulfill our fiduciary duty to inform shareholders so that they can make an appropriate investment decision in the event that the proxy context cannot be settled.

You may receive an opposition proxy statement and proxy card as well as follow-up solicitation material from the Global Investors Group. **The Board urges you to DISCARD any proxy card sent to you by the Global Investors Group.**

The Global Investors Group's alternative slate of director nominees is not on the agenda for the Annual Meeting. If the Global Investors Group properly raises their nomination of such slate at the Annual Meeting, the nominations will be voted upon.

If you have voted a **WHITE** proxy card prior to your receipt of an opposition proxy card, the persons named as proxies on the **WHITE** proxy card intend to exercise their discretion to vote with respect to the proposal, if any, from the Global Investors Group, if properly raised at the Annual Meeting, and will vote "**AGAINST**" any such proposal. If you would like the persons named as proxies to vote differently, you will be able to change your vote by voting the **WHITE** proxy card attached to any future supplements filed by us.

#### **FORWARD-LOOKING STATEMENTS**

Except for historical information, this proxy statement contains certain forward-looking statements, as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended, relating to future events and the financial performance of Ballantyne. Such statements are only predictions and involve risks and uncertainties, resulting in the possibility that the actual events or performance will differ materially from such predictions. For a non-exclusive list of major factors which could cause the actual results to differ materially from the predicted results in the forward looking statements, please refer to the "Risk Factors" section of Part I, Item 1A, of the Company's Annual Report on Form 10-K for the year ended December 31, 2014. Those factors are not ranked in any particular order.

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

*Largest Owners of Ballantyne Shares*

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 the Record Date of March 16, 2015.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership(1)</b>	<b>Percent of Class(2)</b>
Ariel Investments, LLC 200 E. Randolph Drive, Suite 2900 Chicago, IL 60601	2,074,182	14.71%
Global Investors Group 4201 Congress Street, Suite 140 Charlotte, NC 28209	1,985,748 (3)	14.08%
Royce & Associates LLC 6300 Bee Cave Road, Building One Austin, TX 78749	1,014,019	7.19%
Dimensional Fund Advisors LP 6300 Bee Cave Road, Building One Austin, TX 78749	998,478	7.08%

This information is based on Schedules 13G and 13D, as amended, filed with the Securities and Exchange Commission. Ariel filed an amended Schedule 13G on February 13, 2015; the Global Investors Group filed an amended Schedule 13D on March 16, 2015; Royce filed an amended Schedule 13G on January 6, 2015; and Dimensional filed an amended Schedule 13G on February 5, 2015.

(2)Based upon 14,103,396 shares outstanding on March 16, 2015.

(3)

The Global Investors Group has reported, in an amended Schedule 13D filed on March 16, 2015, that its investment manager owns 50% of CWA Asset Management Group, LLC, which holds 88,936 shares of the Company's common stock, representing approximately 0.6% of the Company's outstanding shares of common stock. The Global Investors Group's preliminary proxy statement, filed with the Securities and Exchange Commission on March 26, 2015, reports aggregate beneficial ownership by the Global Investors Group of 2,074,684 shares of the Company's common stock, representing approximately 14.7% of the Company's outstanding shares of common stock, based on the Company's outstanding stock as of March 3, 2015, as reported in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 6, 2015.

### *Share Ownership of Directors and Officers*

The following chart sets forth, as of the close of business on March 16, 2015, certain information concerning beneficial ownership of common stock by each director and director nominee of the Company, each of the named executive officers (as defined below), and all directors and executive officers as a group.

Name	Number of Shares		Percent of Common Stock(2)
	Beneficially Owned(1)		
Gary L. Cavey, President and CEO	164,645	(3)	1.2
Nathan D. Legband, Vice President, CFO, and Treasurer	-	-	-
Christopher D. Stark, Senior Vice President and COO	65,613	(5)	*
Ray F. Boegner, Senior Vice President	68,773	(6)	*
David G. Anderson, Senior Vice President, General Counsel and Secretary	28,575	(7)	*
	260,829	(8)	1.8

Samuel C. Freitag, Chairman of the Board			
James C. Shay, Director	24,910	(9)	*
Marc E. LeBaron, Director	45,710	(10)	*
William F. Welsh, II, Director	156,460	(11)	1.1
Donde Plowman, Director	29,566	(13)	*
D. Kyle Cerminara, Director (14)	-	(15)	-
Mary A. Carstens, Senior Vice President, CFO, and Treasurer (17)	3,389	(4)	*
Mark D. Hasebroock, Director (14)	3,000	(12)	*
All directors and executive officers as a group (11 persons)	845,081	(16)	6.0%

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

All executive officers beneficially own 327,606 shares, excluding 3,389 shares beneficially owned by Mary A. Carstens (16), including exercisable stock options and restricted stock, or 2.3% of the outstanding common stock. (1)(14)

(1) Each director, nominee and officer not shown as being a part of a group owns all outstanding shares directly and has sole or shared voting and investment power over such shares. The number of shares shown for stockholders reporting ownership as part of a group represents the total number of shares over which any member of the group has sole or shared voting or investment power.

(2) Based upon 14,103,396 shares of common stock outstanding as of March 16, 2015. Each named person is deemed to be the beneficial owner of shares of common stock that may be acquired within 60 days of March 16, 2015, upon the exercise of stock options. The shares also include restricted stock which will vest within 60 days of March 16, 2015, as the individuals have sole or shared voting and investment power over such shares. 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, nominees and executive officers as a group includes the shares of common stock issuable pursuant to presently exercisable stock options and non-vested restricted stock. However, the shares of common stock so issuable upon exercise of stock options or unvested restricted stock by any such person are not included in calculating the percentage of common stock beneficially owned by any other stockholder.

(3) Includes 32,895 shares of common stock directly owned by Mr. Cavey, 45,000 shares held in the Gary L. Cavey Revocable Trust of which Mr. Cavey is the Trustee and 86,750 shares purchasable pursuant to presently exercisable stock options.

(4) Includes 3,389 shares of common stock directly owned by Ms. Carstens.

(5) Includes 43,113 shares of common stock directly owned by Mr. Stark and 22,500 shares purchasable pursuant to presently exercisable stock options.

(6) Includes 46,273 shares of common stock directly owned by Mr. Boegner and 22,500 shares purchasable pursuant to presently exercisable stock options.

(7) Includes 13,575 shares of common stock directly owned by Mr. Anderson and 15,000 shares purchasable pursuant to presently exercisable options.

(8) Includes 155,869 shares of common stock directly owned by Mr. Freitag, 98,000 shares of common stock held by Mr. Freitag's wife and children and 6,960 shares of restricted common stock vesting within 60 days of March 16, 2015.

(9) Includes 17,950 shares of common stock directly owned by Mr. Shay and 6,960 shares of restricted common stock vesting within 60 days of March 16, 2015.

(10) Includes 38,750 shares of common stock directly owned by Mr. LeBaron and 6,960 shares of restricted common stock vesting within 60 days of March 16, 2015.

- (11) Includes 149,500 shares of common stock directly owned by Mr. Welsh and 6,960 shares of restricted common stock vesting within 60 days of March 16, 2015.
- (12) Includes 3,000 shares of common stock directly owned by Mr. Hasebroock.
- (13) Includes 22,606 shares of common stock directly owned by Dr. Plowman and 6,960 shares of restricted common stock vesting within 60 days of March 16, 2015.
- (14) Mr. Hasebroock retired from the Board of Directors effective February 20, 2015. The Board appointed Mr. D. Kyle Cerminara to serve the remaining portion of Mr. Hasebroock's term.

- (15) Although Mr. Cerminara is not reported as a beneficial owner of shares of common stock in the Global Investors Group's Amendment No. 4 to its Schedule 13D, filed on March 16, 2015, Mr. Cerminara is listed as a reporting person on a Statement of Changes in Beneficial Ownership filed on Form 4 with the SEC on March 13, 2015. In that Form 4, Mr. Cerminara notes that, as a principal in Fundamental Global Partners GP, LLC, FG Partners GP, LLC and/or Fundamental Global Investors, LLC, Mr. Cerminara may be deemed to be a beneficial owner of the shares of common stock beneficially owned by Fundamental Global Partners, LP and Fundamental Global Partners Master Fund, LP, which are each members of the Global Investors Group and are included in the share ownership disclosures above under the caption "*—Largest Owners of Ballantyne Shares.*"

- (16) Includes 520,531 shares of common stock owned directly by all directors, nominees and executive officers as a group, 45,000 shares owned indirectly by the Gary L. Cavey Revocable Trust, 98,000 shares of common stock held by Mr. Freitag's wife and children, 34,800 shares of restricted common stock vesting within 60 days of March 16, 2015 and 146,750 shares purchasable pursuant to presently exercisable stock options.
- (17) Ms. Carstens retired from the Company on September 2, 2014. Mr. Legband was promoted from Corporate Controller to Vice President, Treasurer and Chief Financial Officer effective September 2, 2014.

## PROPOSAL ONE

### ELECTION OF DIRECTORS

Ballantyne's Certificate of Incorporation, as amended, and Bylaws, as amended, provide for the annual election of all directors. The Bylaws allow the Board to set the number of directors from time to time and to appoint directors between Annual Meetings. For purposes of this 2015 Annual Meeting the Board of Directors has set the number of directors at seven.

At the 2014 Annual Meeting stockholders elected seven (7) directors, namely William F. Welsh, II, Gary L. Cavey, Marc E. LeBaron, Mark D. Hasebroock, Donde Plowman, Samuel C. Freitag and James C. Shay. Effective February 20, 2015, Mr. Hasebroock retired from the Board of Directors. The Board appointed Mr. D. Kyle Cerminara to serve the remaining portion of Mr. Hasebroock's term.

In connection with the Board's desire to foster openness with the Company's largest shareholders and to continue the addition of a fresh perspective on the Board, Mr. Cerminara was offered a position on the Company's slate of director nominees. Mr. Cerminara notified the Company on March 30, 2015 that he was not consenting to inclusion in the Company's slate of director nominees. Due to the timing of Mr. Cerminara's decision, the difficulty in identifying a qualified replacement nominee and the proximity to the Annual Meeting date, only six of the presently-serving directors have been nominated by the Board for re-election. Information on these current directors and Ballantyne's corporate governance disclosures follow this proposal.

The Global Investors Group has proposed an alternative slate of seven director nominees for election at the Annual Meeting in opposition to the nominees recommended by the Board of Directors, which includes one of the presently-serving directors, Mr. Cerminara. The Global Investors Group's proposed nominees have **NOT** been endorsed by the Board of Directors, and the Board of Directors recommends a vote "**FOR**" each of the Board's nominees for director on the enclosed **WHITE** proxy card accompanying this proxy statement. The Board strongly urges you **NOT** to sign or return any proxy card sent to you by the Global Investors Group. If you have previously submitted a proxy card sent to you by the Global Investors Group, you can revoke that proxy and vote for the Board of Directors' nominees and on the other matters to be voted on at the Annual Meeting by voting the enclosed **WHITE** proxy card.

If you have any questions or require any assistance in executing your proxy, please call or e-mail:

**D.F. King & Co., Inc.**

**Stockholders call toll-free: (866) 796-1292**

**Banks and Brokerage Firms call: (212) 269-5550**

E-mail: [btn@dfking.com](mailto:btn@dfking.com)

## **THE BOARD OF DIRECTORS RECOMMENDS A VOTE**

**“FOR” THE ELECTION OF ALL THE NOMINEES ON THE WHITE PROXY CARD.**

## **BOARD OF DIRECTORS**

For the reasons described above, the Board of Directors has nominated a slate of six directors for the available seven seats at the Annual Meeting and is soliciting proxies for the six Ballantyne nominees named herein. Because the Board has nominated a slate of six directors for the available seven seats at the Annual Meeting, we expect that at least one nominee that was not nominated by the Board will be elected at the Annual Meeting. The Global Investors Group is the only stockholder that has notified the Company of its intention to nominate directors for election at Annual Meeting by the applicable deadline in our Bylaws. Therefore, the Board of Directors expects that at least one board seat will be filled by a Global Investors Group nominee. Even if you submit your voting instructions **“FOR ALL”** of Ballantyne’s six director nominees on the **WHITE** proxy card, we expect that at least one nominee that is nominated by the Global Investors Group will be elected as a director at the Annual Meeting. The Board of Directors strongly urges you to vote **“FOR ALL”** six of the nominees recommended by the Board on the **WHITE** proxy card.

Set forth below is a list of the seven (7) current directors and certain information regarding them. The information below also sets forth the year in which each current director became a director of the Company. Except for D. Kyle Cerminara, who has not received a nomination to the Board’s slate of director nominees, each of these individuals has been nominated for election at the Annual Meeting. Each director nominee, if elected, will be entitled to serve until the 2016 Annual Meeting of Stockholders and a successor is elected and qualified.

**Samuel C. Freitag**, age 59, has been an independent private investor since January of 2004. From July 2002 to December 2003, he was President of McCarthy Capital Corporation, a private equity fund manager of approximately \$300 million in capital. From 1986 until 1997, he held various positions with George K. Baum Merchant Bank, LLC, including serving as Senior Managing Director and Director, Investment Banking. Mr. Freitag has served as a director of Ballantyne since June 2011. The Nominating and Corporate Governance Committee believes that Mr. Freitag’s investment banking experience and service on other boards of directors provide him the executive experience and knowledge to qualify him to serve as a director.

**Gary L. Cavey**, age 66, has been the Company’s President, CEO and a director since November 2010. From 2009 until joining the Company, Mr. Cavey served as COO of Midland Radio Corporation, an international industry leader in the manufacture and sale of two-way wireless communications systems for consumer and industrial applications. From 1999 until 2008, Mr. Cavey was President/CEO and Chairman of MAC Equipment, Inc., a leading manufacturer

and marketer of pneumatic conveying and air filtration systems serving numerous industries. In selecting Mr. Cavey to serve as a director, the Nominating and Corporate Governance Committee considered his 15-plus years' experience serving as a senior executive with his previous employers, his prior and current service on other corporate boards and the Company's history of having its CEO serve on the Board.

**James C. Shay**, age 51, is the Senior Vice President, Finance and Strategic Planning, and Chief Financial Officer for Great Plains Energy, Inc. (NYSE: GXP) and Kansas City Power & Light Company, a position he has held since July 2010. Previously, Mr. Shay served as Chief Financial Officer for Northern Power Systems from 2009 to 2010, Managing Director of Frontier Investment Bank from 2007 to 2009, Chief Financial Officer for Machine Laboratory, LLC (after its acquisition from BOA) from 2004 to 2006 and in various positions with BHA from 1992 until its acquisition of Machine Laboratory LLC in 2004. Mr. Shay is a Certified Public Accountant. Mr. Shay has served as a director of Ballantyne since May 2012. The Nominating and Corporate Governance Committee believes that Mr. Shay's extensive background in finance and accounting as well as his executive experience qualify him to serve as a director.

**Marc E. LeBaron**, age 60, has served as Chairman/CEO of Lincoln Industries from 2001 to present. He previously served as President of Lincoln Industries from 1982 until becoming Chairman/CEO. He is also a director of Assurity Life Insurance Company. Mr. LeBaron has served as a director of Ballantyne since 2005. The Nominating and Corporate Governance Committee believes that Mr. LeBaron's 30-plus years of organizational leadership experience, his ability to identify and implement business strategy and knowledge of corporate governance give him the operational expertise and breadth of knowledge which qualify him to serve as a director.

**William F. Welsh, II**, age 73, was Chairman/CEO of Election Systems & Software from 1993 until his retirement in October 2003. He has served as a director of Lindsay Corporation (NYSE: LNN) since 2001. Mr. Welsh has served as a director of Ballantyne since 2000. The Nominating and Corporate Governance Committee believes that Mr. Welsh's prior executive level leadership and experience as a Chief Executive Officer give him the operational expertise and breadth of knowledge to understand Ballantyne's business operations. His service on other boards of directors also provides a high level of expertise in strategic matters and corporate governance. All of these qualities are supportive of the Nominating and Corporate Governance Committee's selection of Mr. Welsh as a director.

**Donde Plowman**, age 62, has been the Dean of the University of Nebraska-Lincoln's College of Business Administration and a Professor of Management since July 2010. She was previously the head of the Department of Management at the University of Tennessee from 2007 to 2010. She previously held the position of Professor of Management at the University of Texas in San Antonio from 2000 to 2007, and Associate Dean for graduate programs and research and director of the Ph.D. program at the College of Business from 2000 to 2003. Dr. Plowman has published more than 40 articles and book chapters on management topics and has served as a management training consultant. Dr. Plowman has served as a director of Ballantyne since June 2011. The Nominating and Corporate Governance Committee believes that Dr. Plowman's experience in business management academics, senior level academic leadership and management experience qualify her to serve as a director.

**D. Kyle Cerminara**, age 37, is CEO, Co-Founder and Partner of Fundamental Global Investors, an SEC registered investment advisor that manages equity and fixed income hedge funds. He is also Co-Chief Investment Officer of Capital Wealth Advisors, a wealth advisor and multi-family office affiliated with Fundamental Global Investors. In addition he is on the board of directors of blueharbor bank, a publicly traded community bank in Mooresville, NC. Previously, Mr. Cerminara was a Portfolio Manager at Sigma Capital Management from 2011 to 2012, a Director and

Sector Head of the Financials Industry at Highside Capital Management from 2009 to 2011, a Portfolio Manager and Director at CR Intrinsic Investors from 2007 to 2009, Vice President, Associate Portfolio Manager and Analyst at T. Rowe Price from 2001 to 2007, and an Analyst at Legg Mason from 2000 to 2001. The Nominating and Corporate Governance Committee believes that Mr. Cerminara's investment banking experience and service on other boards of directors provide him the executive experience and knowledge to qualify him to serve as a director.

## CORPORATE GOVERNANCE

The Board of Directors operates pursuant to the provisions of the Company's Certificate of Incorporation (as amended) and Bylaws (as amended) 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

• Corporate Governance Principles including procedures for bringing concerns or complaints to the attention of the Board, any Committee or individual director

• Audit Committee Charter

• Nominating and Corporate Governance Committee Charter

• Compensation Committee Charter

These corporate governance documents are available on the Company's website at [www.strong-world.com](http://www.strong-world.com).

### **Board Leadership Structure and Role of the Board in Risk Oversight**

The Chairman of our Board and the Chief Executive Officer are not the same person. Since 2001, our Board has separated these duties, operating under the belief that a Board comprised of a majority of independent directors should be chaired by an independent director. It is also our Board's belief that separation of these roles is appropriate for Ballantyne so as to create a distinction between strategic and operational leadership of our business. That said, it has also been the Board's belief that our Chief Executive Officer, as the central operational and hands-on decision maker and the officer charged with implementing and overseeing the policies set by the Board, should serve as a director. Accordingly, Mr. Cavey serves as a director, as did his predecessor.

One of the Board's key functions is informed oversight of the Company's risk management process. The Board does not have a standing risk management committee, but rather administers this oversight function directly through the Board as a whole, as well as through various Board standing committees that address risks inherent in their respective areas of oversight. In particular, the Board is responsible for monitoring and assessing strategic and operational risk

exposure. The Audit Committee has the responsibility to consider and discuss major financial risk exposures and the steps management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also provides oversight of the performance of the internal audit function. The Nominating and Corporate Governance Committee monitors the effectiveness of the Company's corporate governance guidelines and the selection of prospective Board members and their qualifications. The Compensation Committee, in conjunction with the Audit Committee, assesses and monitors whether any of the Company's compensation policies and programs have the potential to encourage excessive risk-taking. Typically, the entire Board meets with management and the applicable Board committees at least annually to evaluate and monitor respective areas of oversight. Both the Board as a whole and the various standing committees receive periodic reports from individuals responsible for risk management, as well as incidental reports as matters may arise. It is the responsibility of the committee chairs to report findings regarding material risk exposures to the Board as quickly as possible.

### **Board Independence**

The Board of Directors is composed of a majority of independent directors as defined by the listing requirements of the NYSE MKT. The Board of Directors has determined that each of Messrs. Welsh, LeBaron, Freitag, Shay, Cerminara, and Dr. Plowman are all independent directors of the Company under the listing standards adopted by the NYSE MKT. It is the policy of the Board that the independent directors meet in executive session (i.e., without management present) at each regular Board Meeting as well as when they as a group deem such meeting appropriate or necessary. During 2014, the independent directors met four (4) times in person. The Chairman of the Board presides at the meeting of independent directors. All the independent directors attended at least seventy-five percent of the aggregate number of meetings held.

### **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 Meeting Attendance**

The Board of Directors held four (4) meetings in person during 2014. In addition, the Board of Directors held one (1) meeting via teleconference. Each current director attended at least seventy-five percent of the aggregate number of meetings held.

### **Board Attendance at Annual Meeting**

All members of the Board of Directors are encouraged to attend the Annual Meeting. All directors serving at the time attended the 2014 Annual Meeting.

### **Stock Ownership Guidelines for Directors and Officers**

The Company's Corporate Governance Principles state that directors are expected to own the number of shares of common stock equal to the value of three times their annual retainer. New directors have three years in which to meet this expectation. The Compensation Committee annually reviews the status of this expectation. The Chief Executive Officer is expected to own shares equal to the value of 75% of his annual base salary. Other officers are expected to own shares in an amount indexed to that of the CEO based upon their respective base salaries. Officers have three years from the date of their appointment to satisfy this expectation. The Compensation Committee annually reviews the status of this expectation.

**BOARD COMMITTEES**

The Board has an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. The current charters for each of the Committees are available on our website, *www.strong-world.com*. The members of the Board committees, as of the date of this Proxy Statement, are identified in the following table:

<b>Director</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Nominating and Corporate Governance Committee</b>
Samuel C. Freitag	X	X	X
James C. Shay	Chair		X
Marc E. LeBaron	X	Chair	X
William F. Welsh		X	Chair
Donde Plowman	X		X
D. Kyle Cerminara	X	X	X

**Audit Committee**

The Audit Committee of the Company's Board of Directors consists of directors Shay (Chair), LeBaron, Freitag, Plowman, and Cerminara who are independent directors, as defined by NYSE MKT listing requirements. The Audit Committee acts under a written charter adopted by the Board of Directors. All Audit Committee members are financially literate. The Board of Directors has determined that Mr. Shay is an "audit committee financial expert" as defined by Item 407(d)(5)(ii) 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. At least annually and generally on a quarterly basis, the Committee reviews and discusses matters separately with management of the Company and with the Company's independent auditors.

The Committee is directly responsible for the appointment of the independent registered public accounting firm engaged to prepare and issue an audit report on the financial statements and internal controls 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 has delegated the responsibility of approving proposed non-audit services that arise between Committee meetings to the Chairman, provided that the decision to approve the services is presented for ratification at the next scheduled Committee meeting. During 2014, the Committee held 2 meetings in person. In addition, the Committee held 3 meetings via teleconference. All Committee members attended at least seventy-five percent of the aggregate number of meetings held, with the exception of Mr. Freitag who was absent from two meetings due to illness.

### **Compensation Committee**

The Compensation Committee of the Company's Board of Directors consists of directors LeBaron (Chair), Welsh, and Freitag. All members of the Committee are independent as defined by the NYSE MKT listing requirements. The Compensation Committee acts under a written charter adopted by the Board of Directors. The Committee functions include, but are not limited to:

• Determining the compensation of the Chief Executive Officer.

• Overseeing all other executive officers' compensation, including salary and payments under the Company's incentive and stock plans.

• Administering the Company's stock compensation plans including approving all individual grants and awards under these plans.

- Reviewing compensation for non-employee directors and recommending changes to the Board.

The Compensation Committee has engaged Compensation Strategies, Inc. as the Committee's independent executive compensation consultant as needed. Compensation Strategies reports directly to the Committee and provides advice on the structure and amounts of executive and director compensation. In addition, they also assisted with the development of the 2010 Long-Term Incentive Plan.

The Committee held 2 meetings in person during 2014. In addition, the Committee held 2 meetings via teleconference. All Committee members attended at least seventy-five percent of the aggregate number of meetings held.

### **Nominating and Corporate Governance Committee**

The members of the Nominating and Corporate Governance Committee are directors Welsh (Chair), LeBaron, Freitag, Plowman, Shay and Cerminara. All members of the Nominating and Corporate Governance Committee are independent as defined by the NYSE MKT listing requirements. The Nominating and Corporate Governance Committee acts under a written charter adopted by the Board of Directors. The functions of the Committee include, among other items, overseeing all aspects of the Company's corporate governance functions including compliance with significant legal, ethical and regulatory requirements. The Nominating and Corporate Governance Committee also 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 and Corporate Governance Committee held one (1) meeting in person during 2014. All Committee members attended at least seventy-five percent of the aggregate number of meetings held.

**Director Nomination Process**—The Nominating and Corporate Governance Committee believes that the Company is well-served by its current directors. In the ordinary course, absent special circumstances or a material change in the criteria for Board membership, the Committee will re-nominate incumbent directors who continue to be qualified for Board service and are willing to continue as directors. If an incumbent director is not standing for re-election or if a vacancy occurs between annual stockholder meetings, the Committee will seek out potential candidates for Board appointment who meet the criteria for selection as a nominee and have the specific qualities or skills being sought. Director candidates will be selected based upon input from the members of the Board, senior management of the Company and, if the Committee deems appropriate, a third-party search firm.

Candidates will be 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 issues is of particular value, executive officers of other corporations are desirable candidates. Ballantyne does not have a set policy or process for considering "diversity", however that term may be defined, in identifying nominees. However, Ballantyne's corporate governance principles provide that the Nominating and Governance Committee shall strive to identify and recruit individuals whose diverse talents, experiences and backgrounds enhance the inclusive environment in which the Board currently functions. The Committee relies upon its judgment of the foregoing general criteria and the following personal criteria in selecting candidates for nomination to the Board of Directors:

Independence and absence of conflicts of interest

- Honesty, integrity and accountability
- Substantial business experience with a practical application to the Company's needs
- Willingness to ask tough questions in a constructive manner that adds to the decision making process of the Board
- Demonstrated ability to think strategically and make decisions with a forward looking focus
- Ability to assimilate relative information on a broad range of topics
- Willingness to express independent thought
- Team player
- Willingness to make a strong commitment of time and attention to the Board's processes and affairs
- Ability to commit to Company stock ownership

The Nominating and Corporate Governance Committee evaluated Messrs. William F. Welsh, II, Gary L. Cavey, Marc E. LeBaron, Samuel C. Freitag, James C. Shay, Dr. Donde P. Plowman, and D. Kyle Cerminara, all of whom are incumbent directors, and recommended their nomination to the Board of Directors. The Board, in turn, nominated these seven persons for re-election as directors at the 2015 Annual Meeting of Stockholders.

The Nominating and Corporate Governance 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.

## EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

### Executive Summary

The following is a list of the names and ages of the current executive officers of the Company, their business history and their term of office with the Company.

<b>Name</b>	<b>Age</b>	<b>Position and Principal Occupation</b>	<b>Officer Since</b>
Gary L. Cavey	66	Director, President and CEO of the Company since November 2010. From 2009 to 2010 served as COO of Midland Radio Corporation. From 1999 until 2008, served as President/CEO and Chairman of MAC Equipment, Inc.	2010
Nathan D. Legband			