

BLONDER TONGUE LABORATORIES INC
Form DEF 14C
April 25, 2006

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

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

BLONDER TONGUE LABORATORIES, INC.

Name of the Registrant as Specified In Its Charter

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

BLONDER TONGUE LABORATORIES, INC.
One Jake Brown Road
Old Bridge, New Jersey 08857

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 24, 2006

To Our Stockholders:

The 2006 Annual Meeting of Stockholders of Blonder Tongue Laboratories, Inc. (the "Company") will be held at the Hilton East Brunswick, Three Tower Center, East Brunswick, New Jersey 08816, on May 24, 2006, beginning at 10:00 a.m., local time, for the following purposes:

1. To elect two Directors constituting Class II of the Board of Directors to serve until the 2009 Annual Meeting of Stockholders or until their successors have been elected and qualified;
2. To ratify the appointment of Marcum & Kliegman LLP, certified public accountants, as the Company's independent registered public accountants for the year ending December 31, 2006; and
3. To transact such other business as may properly come before the meeting or any adjournments thereof. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the Annual Meeting or any adjournments thereof.

A proxy, if properly executed and received in time for the voting, will be voted in the manner directed therein. If no direction is made, such proxy will be voted FOR all proposals therein.

The Board of Directors has fixed the close of business on March 31, 2006 as the record date for determining stockholders entitled to notice of the meeting and to vote at such meeting or any adjournments thereof, and only stockholders of record at the close of business on March 31, 2006, are entitled to notice of and to vote at such meeting or any adjournments thereof.

Your attention is directed to the attached Proxy Statement for further information regarding each proposal to be made.

You are cordially invited to attend the meeting. Whether or not you plan to attend, you are urged to complete, date and sign the enclosed proxy and return it promptly. If you receive more than one form of proxy, it is an indication that your shares are registered in more than one account, and each such proxy must be completed and returned if you wish to vote all of your shares eligible to be voted at the meeting.

By Order of the Board of Directors

Robert J. Pallé, Jr., President, Chief
Operating Officer and Secretary

April 25, 2006

PLEASE COMPLETE AND RETURN THE PROXY IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. IF YOU ATTEND THE MEETING AND DESIRE TO VOTE IN PERSON AT THE MEETING, YOUR PROXY WILL BE RETURNED TO YOU UPON WRITTEN NOTICE TO THE SECRETARY OF THE COMPANY REVOKING YOUR PROXY.

BLONDER TONGUE LABORATORIES, INC.
One Jake Brown Road
Old Bridge, New Jersey 08857

PROXY STATEMENT FOR
THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON
MAY 24, 2006

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Blonder Tongue Laboratories, Inc., a Delaware corporation (the "Company"), to be voted at the 2006 Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held at the Hilton East Brunswick, Three Tower Center, East Brunswick, New Jersey 08816 on May 24, 2006, at 10:00 a.m., local time, and at any adjournment or adjournments thereof.

All proxies delivered pursuant to this solicitation are revocable at any time before they are exercised, by written notice to the Secretary of the Company or by delivering a later dated proxy. Attendance at the Annual Meeting will not, without delivery of the written notice described in the immediately preceding sentence, constitute revocation of a proxy. The mailing address of the principal executive offices of the Company is One Jake Brown Road, Old Bridge, New Jersey 08857. The Company's telephone number is (732) 679-4000. This Proxy Statement and the enclosed form of proxy will be mailed to each stockholder on or about April 25, 2006, together with the Annual Report on Form 10-K for the year ended December 31, 2005.

All properly executed proxies delivered pursuant to this solicitation and not revoked will be voted at the Annual Meeting in accordance with the directions given. Regarding the election of Directors to serve until the 2009 Annual Meeting of Stockholders, in voting by proxy, stockholders may vote in favor of all nominees or withhold their votes as to all nominees or withhold their votes as to specific nominees. With respect to any other proposals to be voted upon, stockholders may vote in favor of a proposal, against a proposal or may abstain from voting. Stockholders should specify their choices on the enclosed form of proxy. If no specific instructions are given with respect to the matters to be acted upon, the shares represented by a signed proxy will be voted FOR the election of all nominees and FOR ratification of the appointment of Marcum & Kliegman LLP as independent registered public accountants for the fiscal year ending December 31, 2006. Directors will be elected by a plurality of the votes cast by the holders of the shares of Common Stock voting in person or by proxy at the Annual Meeting. Thus, abstentions will have no effect on the vote for election of Directors. Approval of any other matters to come before the Annual Meeting will require the affirmative vote of the holders of a majority of the shares of Common Stock of the Company present in person or by proxy at the Annual Meeting. Abstentions are deemed present for quorum purposes and entitled to vote and, therefore, will have the effect of a vote against any matter other than the election of Directors. Broker non-votes occur when a broker or other nominee holding shares for a beneficial owner does not vote on a proposal because the beneficial owner has not provided voting instructions and the broker does not have discretionary authority to vote shares on the matter. Broker non-votes are not considered to be shares "entitled to vote" (other than for quorum purposes), will not be included in vote totals and will have no effect on the outcome of any matters to be voted upon at the Annual Meeting.

Management is not aware at the date hereof of any matter to be presented at the Annual Meeting other than the election of Directors and the other proposals described in the attached Notice of Annual Meeting of Stockholders. If any other matter is properly presented, the persons named in the proxy will vote thereon according to their best judgment.

The expense of soliciting proxies for the Annual Meeting, including the cost of preparing, assembling and mailing the notice, proxy and Proxy Statement, will be paid by the Company. The solicitation will be made by use of the mails, through brokers and banking institutions, and by officers and regular employees of the Company. Proxies may be

solicited by personal interview, mail, telephone or facsimile transmission.

Only owners of record of the common stock, \$.001 par value per share, of the Company ("Common Stock") at the close of business on March 31, 2006 (the "Record Date"), are entitled to notice of and to vote at the Annual Meeting or any adjournments or postponements thereof. Each owner of record on the Record Date is entitled to one vote for each share of Common Stock of the Company so held. There is no cumulative voting. On the Record Date, there were 8,015,406 shares of Common Stock issued, outstanding and entitled to vote.

PROPOSAL NO. 1 - ELECTION OF DIRECTORS

The Company's Certificate of Incorporation, as amended, provides that the Board shall consist of between five and eleven members, as determined from time to time by the Board, divided into three classes as nearly equal in number as possible. The size of the Board has currently been set at nine directors, with each class comprised of three directors. The term of the current Class II Directors expires at the 2006 Annual Meeting, the term of the current Class III Directors expires at the 2007 Annual Meeting and the term of the current Class I Directors expires at the 2008 Annual Meeting. The successors to each class of Directors whose terms expire at an Annual Meeting will be elected to hold office for a term expiring at the Annual Meeting of Stockholders held in the third year following the year of their election.

The Directors whose terms will expire at the 2006 Annual Meeting of Stockholders are Robert J. Pallé, Jr., Gary P. Scharmett and James H. Williams. Mr. Williams has decided for personal reasons not to stand for reelection as a Class II Director. The Nominating Committee has recommended and the Board has determined, effective upon the expiration of Mr. Williams' term at the 2006 Annual Meeting, to reduce the size of the Board to eight Directors and eliminate one position from the Class II Directors. Messrs. Pallé and Scharmett have been recommended for nomination by the Nominating Committee and nominated by the Board to stand for reelection as Directors at the 2006 Annual Meeting of Stockholders, to hold office until the 2009 Annual Meeting of Stockholders and until their successors are elected and qualified. Messrs. Pallé and Scharmett have consented to serve for the new terms, if elected.

Recommendation of the Board of Directors Concerning the Election of Directors

The Board of Directors of the Company recommends a vote FOR Robert J. Pallé, Jr. and Gary P. Scharmett as Class II Directors to hold office until the 2009 Annual Meeting of Stockholders and until their successors are elected and qualified. Proxies received by the Board of Directors will be so voted unless stockholders specify in their proxy a contrary choice.

DIRECTORS AND EXECUTIVE OFFICERS

Nominee and Continuing Directors

The following table sets forth the names and certain information about each of the nominees for election as a Director of the Company and the continuing Directors of the Company:

<u>Name</u>	<u>Age</u>	<u>Director Since</u>
Nominees for a three-year term expiring in 2009 (Class II Directors):		
Robert J. Pallé, Jr.	60	1993
Gary P. Scharmett ⁽¹⁾	50	1997
Directors not standing for election this year whose terms expire in 2007 (Class III Directors):		
Robert B. Mayer ⁽²⁾⁽³⁾⁽⁴⁾	74	1995
James F. Williams ⁽²⁾	48	1993
Stephen K. Necessary ⁽⁵⁾⁽⁶⁾	49	2004

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- (1) Since February, 2004, a member of the Nominating Committee of the Board of Directors.
 - (2) Since December, 1995, a member of the Audit Committee of the Board of Directors.
 - (3) Since December, 1995, a member of the Compensation Committee of the Board of Directors.
 - (4) Since April 2004, a member of the Nominating Committee of the Board of Directors.
 - (5) Since May, 2005, a member of the Compensation Committee of the Board of Directors.
 - (6) Since May, 2005, a member of the Nominating Committee of the Board of Directors.

Directors not standing for election this year
whose terms expire in 2008 (Class I Directors):

John E. Dwight	70	1995
Robert E. Heaton ⁽¹⁾⁽²⁾	76	1998
James A. Luksch	75	1988

(1) Since May, 1998, a member of the Compensation Committee of the Board of Directors.

(2) Since June, 2000, a member of the Audit Committee of the Board of Directors.

Set forth below is a brief summary of the recent business experience and background of each nominee, continuing Director and executive officer:

John E. Dwight has been a Director of the Company since December 14, 1995. He was a Senior Vice President of the Company from September, 1997 through December, 2000. Mr. Dwight currently serves as Assistant to the President of the Company. From 1992 until September, 1997, Mr. Dwight served as President of Film Microelectronics, Inc., a designer and manufacturer of microelectronic products.

Robert E. Heaton has been a Director of the Company since March, 1998. He also presently serves on the Board of Directors, Audit Committee, Finance Committee and Executive Committee of Wheeling-Pittsburgh Steel Corp., the Board of Directors, Audit Committee and Finance Committee of Bayou Steel Corp., the Board of Directors and Audit Committee of PTC Alliance Co., and the Board of Directors of Calstrip Steel Corp. From April, 1993 through April, 1995, Mr. Heaton served as Vice Chairman of the Stainless Steel Group of Lukens, Inc. From April, 1981, through April, 1993, Mr. Heaton was President and Chief Executive Officer of Washington Steel Corporation until it was acquired by Lukens, Inc. Mr. Heaton is a past Chairman of the Specialty Steel Industry of North America.

James A. Luksch has been the Chief Executive Officer and a Director of the Company since November, 1988. He became Chairman of the Board in November, 1994. He also served as President of the Company from November, 1988 until May, 2003.

Robert B. Mayer has been a Director of the Company since December 14, 1995. From 1966 to 1991, he served in various executive positions, including Director and Regional President of Norstar Bank, N.A. (formerly known as Liberty National Bank & Trust Co.), a member of Fleet Financial Group. Mr. Mayer has from time to time served as a part-time instructor at State University of New York at Buffalo and is currently a Director and officer of People, Inc.

Stephen K. Necessary has been a Director of the Company since December, 2004. Since January, 2005, he has been Vice President-Video Product Development for Cox Communications, Inc. From June, 2002 to December, 2004, he served as President of Concurrent Computer Corporation's Video On Demand Division. From January, 2000 to June, 2002, Mr. Necessary served as the President, Chief Executive Officer and a Director of PowerTV, Inc, a software subsidiary of Scientific-Atlanta. From June, 1982 to February, 1991 and from October, 1995 to December, 1999, he held a number of positions with Scientific-Atlanta, including Vice President and General Manager of analog video systems and his final position of Corporate Vice President and Vice President of Marketing. From February, 1991 to October, 1995, he was employed by ANTEC Corporation, where his final position was President of the products group.

Robert J. Pallé, Jr. has been the President of the Company since May, 2003 and the Chief Operating Officer and Secretary of the Company since April, 1989. He became a Director of the Company in September, 1993. He also served as Executive Vice President from April, 1989 until May, 2003 and as Interim Treasurer from March through

April, 2001.

Gary P. Scharmatt has been a Director of the Company since December, 1997. Since January, 1989, Mr. Scharmatt has been a partner in the law firm of Stradley, Ronon, Stevens & Young, LLP, the Company's outside counsel, and served on the Board of Directors of that firm from January 2001 until December 2003.

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James F. Williams has been a Director of the Company since September, 1993. He has also served as the President and a Director of Ontario Consolidated Leasing, Inc., a heavy equipment leasing company, since March, 1997. Since April, 1996, Mr. Williams has also been the Chairman of the Board and Chief Executive Officer of Integrated Waste Services, Inc. Mr. Williams is the nephew of James H. Williams.

James H. Williams has been a Director of the Company since November, 1988, and served as Chairman of the Board of the Company from November, 1988 until November, 1994. Mr. Williams' term as a Class II Director will expire at the 2006 Annual Meeting and Mr. Williams has, for personal reasons, determined not to stand for reelection as a Class II Director. Mr. Williams presently serves as a consultant to the Company under a written agreement and will continue to provide consulting services to the Company pursuant to such agreement.

Other Executive Officers

Eric S. Skolnik, 41, has served as Senior Vice President of the Company since May, 2003 and as Chief Financial Officer, Treasurer and Assistant Secretary of the Company since May, 2001. He served as Interim Chief Financial Officer of the Company from January, 2001 through April, 2001. He was Corporate Controller of the Company from May, 2000 through January, 2001. From 1994 until May, 2000, Mr. Skolnik worked as a certified public accountant with BDO Seidman, LLP, the Company's former registered public accountants.

Norman A. Westcott, 65, has served as Senior Vice President - Operational Services of the Company since October, 1999 and was a Vice President of the Company from July, 1994 until October, 1999. Mr. Westcott is responsible for material purchasing and production.

Allen Horvath, 54, has served as Vice President - Manufacturing of the Company since May, 2003. Mr. Horvath is responsible for the Company's manufacturing activities. Mr. Horvath served as the Manufacturing Manager for the Company from 1998 until May 2003. Since 1976 Mr. Horvath has served the Company in several management positions in the areas of Production Testing, Engineering, Quality Control and Manufacturing.

Kant Mistry, 65, has served as Vice President - Engineering of the Company since May, 2003 and as Chief Technical Officer of the Company since July, 2000. From October, 1990 to July, 2000, Mr. Mistry served as the Chief Engineer of the Company.

Emily M. Nikoo, 40, has served as Vice President - Marketing and Technical Services of the Company since February, 2004. She was hired by the Company in March, 1995 as a product manager and has held several supervisory and management positions with the Company. From 1994 until March, 1995, Ms. Nikoo was the Vice President of Electronic Systems Advanced Technology, and from 1987 to 1994 she worked as an electrical engineering and project manager for Lockheed Martin Corporation in its space systems business segment. Ms. Nikoo is the daughter of James A. Luksch.

Peter F. Daly, Jr., 49, has served as Vice President - Sales of the Company since April, 2004. Mr. Daly is responsible for sales and customer service. Mr. Daly was a co-founder of Lamont Digital Systems, Inc. where he served as Senior Vice President and Chief Technology Officer from November, 2000 to November, 2003, during which time he oversaw the design, engineering and operation of complex fiber-to-the-home video, voice and data systems. From January, 1992 to November, 2000, Mr. Daly served as Vice President and Chief Operating Officer of Campus TeleVideo, a division of Lamont Digital Systems, Inc.

Director Independence

The Board of Directors has considered the independence of the Company's directors pursuant to Section 121A of the Rules of the American Stock Exchange. Based on this consideration, the Board has determined that Robert B. Mayer,

James F. Williams, Robert E. Heaton, Stephen K. Necessary and Gary P. Scharmett are independent pursuant to Section 121A.

Meetings of the Board of Directors; Committees

During the year ended December 31, 2005, there were eleven meetings of the Company's Board of Directors and each Director, other than James H. Williams, attended (either in person or via teleconference) at least 75% of the meetings held. Mr. Williams attended eight of the eleven meetings, representing 73% attendance at such meetings. The Board of Directors has three standing committees: the Compensation Committee, the Nominating Committee and the Audit Committee.

Compensation Committee. The Compensation Committee is currently comprised of Robert E. Heaton, Robert B. Mayer and Stephen K. Necessary, all of whom are non-employee Directors. Mr. Necessary was elected to the Compensation Committee in May 2005 to replace James F. Williams. The Compensation Committee is responsible to determine compensation for the Company's executive officers and to administer the Company's stock incentive plans, except for the Amended and Restated 1996 Director Option Plan and the 2005 Director Equity Incentive Plan. This committee held five meetings during 2005, all of which were attended (either in person or via teleconference) by each committee member who was serving as a committee member at the time of the meeting.

Nominating Committee. The Nominating Committee is currently comprised of Robert B. Mayer, Stephen K. Necessary and Gary P. Scharnett. Mr. Necessary was elected to the Nominating Committee in May 2005. The members of the Nominating Committee are independent, as independence for nominating committee members is defined in the American Stock Exchange listing standards. The Nominating Committee is responsible for, among other things, considering and making recommendations to the Board of Directors concerning the appropriate size of the Board and nominees to stand for election or fill vacancies on the Board. In particular, the Nominating Committee will identify, recruit, consider and recommend candidates to fill positions on the Board in accordance with its criteria for Board membership (as such criteria is generally described below). In searching for qualified director candidates to nominate for election at an annual meeting of stockholders, the Nominating Committee will initially consider nominating the current Directors whose terms are expiring and shall consider their past performance on the Board, along with the criteria for Board membership, in determining whether to nominate them for re-election. In connection with nominations for elections at annual meetings or to fill vacancies in the Board, the Nominating Committee may solicit the current members of the Board to identify qualified candidates through their business and other organizational networks and may also retain director search firms as it determines necessary in its own discretion. The Nominating Committee would then consider the potential pool of Director candidates derived from the foregoing process, select the top candidates to fill the number of openings based on their qualifications, the Board's needs (including the need for independent directors) and the criteria for Board membership. The Nominating Committee will then conduct a thorough investigation of the proposed candidates' backgrounds to ensure there is no past history that would disqualify such candidates from serving as Directors of the Company. Those candidates that are selected and pass the background investigation will be recommended to the full Board for nomination.

The criteria for a nominee to the Board includes, among other things:

- The highest personal and professional ethics, strength of character, integrity and values;
- Experience as a senior manager, chief operating officer or chief executive officer of a relatively complex organization or, if in a professional or scientific capacity, be accustomed to dealing with complex problems, or otherwise shall have obtained and excelled in a position of leadership;
- Education, experience, intelligence, independence, fairness, reasoning ability, practical wisdom, and vision to exercise sound, mature judgments on a macro and entrepreneurial basis on matters which relate to the current and long-term objectives of the Company;

- Competence and willingness to learn the Company's business, and the breadth of viewpoint and experience necessary for an understanding of the diverse and sometimes conflicting interests of stockholders and other constituencies;

- The nominee should be of such an age at the time of election to assure a minimum of three years of service as a director, and should be free and willing to attend regularly scheduled meetings of the Board of Directors and its committees over a sustained period and otherwise be able to contribute a reasonable amount of time to the affairs of the Company and its affiliates;
- The stature and capability to represent the Company before the public, stockholders, and other various individuals and groups that affect the Company; and
- Willingness to appraise objectively the performance of management in the interest of the stockholders and question management's assumptions when inquiry is appropriate.

While the Nominating Committee does not have a formal charter, the Board adopted guidelines addressing the purpose and responsibilities of the Nominating Committee in connection with its formation, which guidelines include procedures for recruiting, considering and recommending nominees to the Board and criteria for Board membership. Although the Nominating Committee will not consider any director candidates recommended by stockholders, the Board believes this is appropriate as the Company's certificate of incorporation and bylaws permit stockholders to directly nominate persons for election as Directors by following the procedures set forth therein. This committee held four meetings during 2005, all of which were attended (either in person or via teleconference) by each committee member who was serving as a committee member at the time of the meeting.

Audit Committee. The Company has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) under the Securities Exchange Act of 1934, as amended. The Audit Committee is currently comprised of James F. Williams, Robert B. Mayer and Robert E. Heaton, all of whom are non-employee Directors. The Audit Committee is responsible to, among other things, oversee the accounting and financial reporting process and audits of the financial statements, select, retain or terminate the engagement of independent auditors, review the plans and results of the audit engagement with the independent auditors, discuss with the independent auditors all accounting policies and practices to be used and alternative treatments of financial information discussed with management, oversee the work of the independent auditors, evaluate and pre-approve audit and non-audit services provided by the independent auditors, review the independence of the independent auditors, assure the regular rotation of the audit partners, consider the range of audit and non-audit fees and set the compensation of the independent auditors, review and discuss types of financial and earnings information released to any party, review with the appropriate parties the certifications required for the quarterly reports on Form 10-Q and annual reports on Form 10-K, and review the adequacy of the Company's internal accounting controls. This committee held nine meetings during 2005, all of which were attended (either in person or via teleconference) by each committee member.

The members of the Audit Committee are independent, as "independence" for audit committee members is defined in the American Stock Exchange listing standards. The Company's Board of Directors has determined that a member of the Audit Committee, James F. Williams, qualifies as an "audit committee financial expert" as defined in Section 401(h) of Regulation S-K promulgated by the Securities and Exchange Commission. He is also "independent," as such term is defined in Item 7(d)(3)(iv)(A) of Schedule 14A under the Securities Exchange Act of 1934, as amended. The Board of Directors adopted a written charter for the Audit Committee in June, 2000, which was amended by the Board of Directors in March, 2003 and March, 2004. The Audit Committee reviews and reassesses the charter for adequacy on an annual basis, most recently in March, 2006.

Board Policies Regarding Communications With the Board of Directors and Attendance at Annual Meetings

The Board of Directors maintains a process for stockholders to communicate with the Board of Directors. Stockholders wishing to communicate with the Board of Directors, or any individual member(s) of the Board of Directors, can send a written communication to the attention of the Board of Directors (or specific individual director(s), if applicable) at the following address: c/o Corporate Secretary, One Jake Brown Road, Old Bridge, New

Jersey 08857. Any such communication must state the number of shares beneficially owned by the stockholder making the communication. The Corporate Secretary will forward such communication to the full Board of Directors or to any individual director or directors to whom the communication is directed unless the communication is unduly hostile, threatening, illegal or similarly inappropriate, in which case the Corporate

Secretary has the authority to discard the communication or take appropriate legal action regarding the communication.

While the Company does not have a formal written policy regarding Board member attendance at its Annual Meeting, the Company actively encourages its directors to attend the Annual Meeting of Stockholders. All directors attended the Company's 2005 Annual Meeting of Stockholders.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors has:

- reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2005 with the Company's management;
- discussed with the Company's independent registered public accountants the matters required to be discussed by Statement on Accounting Standards No. 61, as the same was in effect on the date of the Company's financial statements;
- received the written disclosures and the letter from the Company's independent registered public accountants required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as the same was in effect on the date of the Company's financial statements; and
- discussed with the Company's independent registered public accountants their independence from the Company and its management.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, the financial reporting process, accounting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The Company's independent registered public accountants are responsible for performing an independent audit of the financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. The Audit Committee has relied, without independent verification, on the information provided to it and on the representations of management and the independent registered public accountants that the financial statements have been prepared in conformity with generally accepted accounting principles.

Based on the review and discussions referred to in the items above, the Audit Committee recommended to the Board of Directors that the audited financial statements for the fiscal year ended December 31, 2005 be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005.

The Audit Committee

James F. Williams, Chairman

Robert B. Mayer

Robert E. Heaton

Directors' Compensation

Each non-employee Director of the Company (other than James H. Williams) is paid a retainer at the annual rate of \$15,000, payable quarterly, a fee of \$1,000 for each Board meeting attended in person (\$500 if attendance was telephonic) and a fee of \$600 for each committee meeting attended in person (\$300 if attendance was telephonic or if attending on the same date as a Board meeting). Each Director is also reimbursed for certain travel, lodging and related expenses incurred in connection with attendance at Board and committee meetings. During calendar year 2005,

Messrs. Luksch, Pallé and Dwight did not receive any separate compensation for serving on the Board of Directors or any committees thereof.

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Effective January 1, 2000, the Company enacted a policy requiring each of the Company's Directors to maintain an investment in the Company's Common Stock during his or her entire tenure as a Director equal to at least \$25,000, calculated by taking the greater of (i) the amount paid for such stock by the Director and (ii) the highest fair market value of such stock. Non-employee directors of the Company are encouraged to purchase Company Common Stock equal to or exceeding one year's annual retainer during any three-year period until they meet this requirement.

In May, 1998, the stockholders of the Company approved the adoption of the Company's Amended and Restated 1996 Director Option Plan, as further amended by approval of the stockholders in May, 2003 (the "1996 Plan"). The 1996 Plan expired on January 2, 2006. The 1996 Plan is administered by the Board of Directors. Under the 1996 Plan, Directors who were not employed by the Company or any subsidiary of the Company and were not so employed within the six months prior to the date of grant were eligible to receive options from time to time to purchase a number of shares of Common Stock as determined by the Board; provided, however, that no Director could be granted options to purchase more than 5,000 shares of Common Stock in any one calendar year. The exercise price for such shares was the fair market value thereof on the date of grant, and the options vest as determined in each case by the Board of Directors. Options granted under the 1996 Plan are generally exercisable over the term of the option, as determined by the Board; however, no option granted under the 1996 Plan had a term of greater than ten years from the date of grant. A maximum of 200,000 shares were available to be awarded under the 1996 Plan of which 153,000 shares are currently subject to outstanding awards.

On February 2, 2005, each of the Company's non-employee Directors, other than James H. Williams, was granted an option under the 1996 Plan to purchase 5,000 shares of Common Stock at an exercise price equal to \$3.85 per share. These options vested on May 31, 2005 and expire on February 1, 2015.

In May 2005, the stockholders of the Company approved the adoption of the Blonder Tongue Laboratories, Inc. 2005 Director Equity Incentive Plan (the "Director Plan"). The Director Plan is administered by the Board of Directors. Under the Director Plan, Directors who are not currently employed by the Company or any subsidiary of the Company and who have not been so employed within the past six months are eligible to receive equity-based awards from time to time as determined by the Board. A maximum of 200,000 shares may be awarded under the Director Plan, and any shares subject to an award which is terminated, canceled, expired or forfeited for any reason will again be available for the grant of an award. Under the Director Plan, eligible Directors may be awarded stock options to purchase a number of shares of Common Stock ("Stock Options"), stock appreciation rights to receive the excess, if any, of the fair market value of a specified number of shares of Common Stock at the time of exercise over the grant price ("SARS") or stock awards at no cost to the Director ("Stock Awards") which may be either restricted stock or unrestricted stock. Each grant of a Stock Option, SAR or Stock Award shall be subject to a written Award Agreement which shall specify the terms and conditions of the grant as determined by the Board of Directors, provided, however, that the exercise price for any Stock Option or SAR granted shall not be less than the fair market value of the underlying Common Stock on the date of grant. The Director Plan expires on February 1, 2015.

On March 28, 2006, each of the Company's non-employee Directors, other than James H. Williams, was granted an option under the Director Plan to purchase 10,000 shares of Common Stock at an exercise price equal to the greater of (i) \$1.905 per share (the fair market value of the Company's Common Stock on March 28, 2006) and (ii) the fair market value of the Company's Common Stock on the second trading day following the date of public disclosure of the Company's financial results for the first quarter ending March 31, 2006. These options vest on March 28, 2007 and expire on March 27, 2016.

The Company is party to a consulting and non-competition agreement with James H. Williams for the purpose of obtaining advice and counseling from Mr. Williams concerning strategic planning and financial and business matters. Under this agreement, as amended, Mr. Williams is obligated to make himself available to the Company for up to 25 hours per month, in addition to time spent attending to his duties as a member of the Board of Directors of the Company. Mr. Williams is paid at the rate of \$168,525 per year for his services under this agreement, subject to

adjustment on a basis consistent with adjustments to compensation for the Company's senior management. The agreement provides a cap of \$200,000 on payments to be made thereunder during any calendar year. The initial term of this agreement expired on December 31, 2004 and automatically renews thereafter for successive one year terms (subject to termination at the end of any renewal term on at least 90 days' notice).

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The agreement was automatically renewed for a one-year term, expiring December 31, 2006. Payments to Mr. Williams under this consulting agreement are in lieu of any other payments in connection with his services as a Director or committee member, other than the reimbursement of certain travel, lodging and related expenses incurred in connection with attendance at Board and committee meetings.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors and executive officers, and persons who own more than ten percent of the Common Stock, to file with the Securities and Exchange Commission (the "Commission") and the American Stock Exchange, initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, Directors and greater than ten percent stockholders (collectively, "Reporting Persons") are additionally required to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations of the Reporting Persons that no other reports were required with respect to fiscal year 2005, all Section 16(a) filing requirements applicable to the Reporting Persons were complied with on a timely basis in fiscal year 2005.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of the Company's Common Stock as of March 15, 2006 by (i) each person who is known by the Company to beneficially own more than five percent of the Company's Common Stock, (ii) each of the Company's Directors, including nominee Directors, (iii) each of the executive officers named in the Summary Compensation Table, and (iv) all executive officers and Directors as a group. Except as otherwise indicated, the persons named in the table have sole voting and investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

Name and Address of Beneficial Owner ⁽¹⁾⁽²⁾	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class Beneficially Owned
James A. Luksch	1,224,200 ⁽³⁾	15.27%