MARLTON TECHNOLOGIES INC
Form PRE 14A
September 28, 2005

SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant [x]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[x] Preliminary Proxy Statement

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[ ] Definitive Proxy Statement

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Marlton Technologies, 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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MARLTON TECHNOLOGIES, INC.
2828 CHARTER ROAD
PHILADELPHIA, PENNSYLVANIA 19154

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD DECEMBER 19, 2005
[TIME]

Dear Shareholder:

We strongly encourage your attendance and participation at a Special Meeting of Shareholders of Marlton Technologies, Inc., which will be held at _____ on Monday, December 19, 2005, commencing at _____ to consider and vote upon the following matters:

1. a proposal to amend the Articles of Incorporation to effect a 1 for 5,000 reverse stock split of the Company's class of Common Stock; and

2. the transaction of such other business as may properly come before the Special Meeting or any adjournments thereof.

As a result of the reverse stock split if approved, (i) each shareholder holding fewer than 5,000 shares of the Company's Common Stock will receive $1.25 per share in cash from the Company and will cease to be a Marlton shareholder; (ii) each shareholder holding greater than 5,000 shares of the Common Stock will receive one share for every 5,000 shares they own and will receive $1.25 in cash for each share that would otherwise be converted into a fractional share as a result of the proposed reverse split; and (iii) the number of shareholders of record of the Company will decrease to fewer than 300 holders so that the Company can deregister its Common Stock as a class under the Securities Exchange Act of 1934, and terminate the Company's public reporting obligation with the Securities and Exchange Commission.

We have enclosed a proxy statement which more fully explains the proposed reverse split. Only holders of record as of the close of business on [record date], 2005, will be entitled to receive notice of and to vote at the Special Meeting and any adjournments thereof.

THE BOARD OF DIRECTORS EMPHASIZES THE IMPORTANCE OF YOUR VOTE ON THE PROPOSAL DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT. THE BOARD HAS REVIEWED THE TERMS OF THE PROPOSED REVERSE SPLIT AND HAS DETERMINED THAT IT IS FAIR TO, AND IN THE BEST INTERESTS OF, THE COMPANY AND ITS SHAREHOLDERS. THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE APPROVAL OF THE PROPOSED REVERSE

SPLIT.

WHETHER OR NOT YOU PLAN TO BE PRESENT AT THE SPECIAL MEETING, PLEASE PROMPTLY COMPLETE, SIGN, DATE AND RETURN THE FORM OF PROXY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

By order of the Board of Directors,

Alan I. Goldberg
Corporate Secretary

MARLTON TECHNOLOGIES, INC.
2828 CHARTER ROAD
PHILADELPHIA, PENNSYLVANIA 19154

PROXY STATEMENT

SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD DECEMBER 19, 2005
[TIME]

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of Marlton Technologies, Inc. (the "Company" or "Marlton"), to be used at a Special Meeting of Shareholders to be held at _____ on December 19, 2005, commencing at _____, and at any adjournments thereof (the "Special Meeting"). If the enclosed form of proxy is properly executed and returned, the shares represented thereby will be voted in accordance with the instructions specified by the shareholder. This proxy statement and form of proxy were first mailed or delivered to shareholders on or about [mailing date], 2005.

You are being asked to consider and vote on the following matters:

1. a proposal to amend the Company's Articles of Incorporation to effect a 1 for 5,000 reverse stock split (the "Reverse Split") of the Company's class of Common Stock (the "Common Stock"); and

2. the transaction of such other business as may properly come before the Special Meeting or any adjournments thereof.

As a result of the Reverse Split if approved, (i) each shareholder holding fewer than 5,000 shares of Common Stock will receive $1.25 per share in cash from the Company and will cease to be a Marlton shareholder; (ii) each shareholder holding greater than 5,000 shares of Common Stock will receive one share for every 5,000 shares they own and will receive $1.25 in cash for each share that would otherwise be converted into a fractional share as a result of the Reverse Split; and (iii) the number of shareholders of record of the Company will decrease to fewer than 300 holders so that the Company can deregister its Common Stock as a class under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and terminate the Company's public reporting obligation with the Securities and Exchange Commission (the "SEC").

THE REVERSE STOCK SPLIT DESCRIBED IN THIS PROXY STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE FAIRNESS OR MERITS OF THE REVERSE STOCK SPLIT NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

SUMMARY TERM SHEET

The following summary term sheet, including the section entitled "Questions and Answers About the Special Meeting and the Reverse Split," emphasizes certain material details of the proposed Reverse Split. In addition to reviewing this summary term sheet, we strongly encourage you to read the more detailed description of the proposed transaction provided in this proxy statement. The date on which the Reverse Split takes effect is referred to herein as the "Effective Date."

REVERSE STOCK SPLIT	The Board has unanimously approved the Reverse Split in order to reduce the Company's number of shareholders of record to fewer than 300 holders. Shareholders who own fewer than 5,000 shares of Common Stock on the Effective Date will no longer be shareholders of the Company ("Discontinued Shareholders"). Shareholders holding more than 5,000 shares on the Effective Date will remain shareholders of the Company after the Reverse Split ("Continuing Shareholders"), but will receive payment for any fractional shares that would result from the Reverse Split. The shares we purchase will be retired and the outstanding shares eliminated by the Reverse Split will become authorized but unissued shares. See "PROPOSAL NO.1 - TO EFFECT A REVERSE STOCK SPLIT."
PAYMENT	Discontinued Shareholders will receive $1.25 in cash per share as a result of the Reverse Split; Continuing Shareholders will receive the same cash consideration for any shares that would otherwise become fractional shares as a result of the Reverse Split. See "Effects on Shareholders with Fewer Than 5,000 Shares of Common Stock" and "Effects on Shareholders with 5,000 or More Shares of Common Stock."
SHAREHOLDER APPROVAL	The affirmative vote of the holders of a majority of the outstanding shares of Common Stock present and entitled to vote at the Special Meeting is required to approve the Reverse Split. Senior officers of the Company own approximately 43% of the outstanding shares of Common Stock and have indicated that they will vote to approve the Reverse Split. The transaction does not require the approval of a majority of the unaffiliated shareholders. See "PROPOSAL NO.1 - TO EFFECT A REVERSE STOCK SPLIT."
PURPOSE OF TRANSACTION	The Reverse Split represents the first step in the Company's plan to terminate its public reporting obligations under the Exchange Act by reducing the number of its shareholders of record to fewer than 300 holders, and deregistering its class of Common Stock from under the Exchange Act. See "Purposes and Advantages of the Reverse Split."

REASONS FOR TRANSACTION	The Board believes that the escalating costs and heightened disclosure obligations associated with being a public reporting company, particularly the pending internal control, audit assessment and review requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("SOA"), and the limited trading market and analyst coverage for the Common Stock do not justify the perceived benefits of being a public reporting company. See "Purposes and Advantages of the Reverse Split."
SPECIAL COMMITTEE	The Board appointed a Special Committee composed of three independent directors to consider and review the terms of the Reverse Split and to recommend the approval or rejection of the Reverse Split to the Board. The Special Committee retained the firm of Mufson Howe Hunter & Partners LLC ("MHH") as its financial advisor to evaluate and report on the fairness of the Reverse Split to unaffiliated shareholders. See "PROPOSAL NO.1 - TO EFFECT A REVERSE STOCK SPLIT - Background of the Proposal."
FAIRNESS OF TRANSACTION	MHH has rendered its opinion that the consideration is fair to unaffiliated shareholders. Based in part on that opinion, the Board believes that the consideration is fair to the Company's shareholders, including its unaffiliated shareholders, and recommends that shareholders vote to approve the Reverse Split. See "Fairness of the Reverse Stock Split."
DISSENTERS' OR APPRAISAL RIGHTS	Shareholders who receive shares and/or cash in the Reverse Split do not have dissenters' or appraisal rights under Pennsylvania law. See "Appraisal and Dissenters' Rights."
TRADING MARKET	After the Effective Date, the Common Stock will no longer be quoted or traded on the American Stock Exchange (the "Amex"), but may be traded on the over-the-counter market and quoted in the Pink Sheets although no assurances in this regard can be made.
FINAL BOARD APPROVAL	If the proposal is approved by the shareholders, the Board would still retain the authority to determine whether to effect the Reverse Split. While it is unlikely that it would do so, the Board could elect to delay or even abandon the Reverse Split without further action by shareholders. See "PROPOSAL NO.1 - TO EFFECT A REVERSE STOCK SPLIT."
CERTIFICATES	Shareholders should not send stock certificates to the Company at this time. If the Reverse Split is approved and effected, shareholders will be notified about forwarding certificates and receiving payment.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE REVERSE SPLIT

Q: WHAT IS THE TIME AND PLACE OF THE SPECIAL MEETING?

A: The Special Meeting will be held at [location] on December 19, 2005 at [time].

Q: WHAT PROPOSALS WILL BE VOTED ON AT THE SPECIAL MEETING?

A: Shareholders will be asked to vote on a proposal to approve the Reverse Split, and to transact such other business as may properly come before the meeting.

Q: WHY IS THE REVERSE SPLIT BEING PROPOSED?

A: If completed, the Reverse Split would reduce the number of shareholders of record to fewer than 300 persons and would allow the Company to deregister its class of Common Stock under the Exchange Act and terminate its public company reporting obligations. As a result, the Company would no longer be obligated to comply with the SEC's public company reporting requirements or the new SOA provisions.

Q: WHAT ARE THE ADVANTAGES OF DEREGISTERING?

A: The benefits of deregistering include:

- eliminating the costs associated with preparing and filing disclosure documents under the Exchange Act with the SEC, as well as reducing audit and accounting costs;
- eliminating the costs of SOA compliance and related regulations, including in particular SOA Section 404, which requires public reporting companies to establish costly systems of internal controls over financial reporting and provide annual assessments of the efficacy of such controls;
- increasing protection of sensitive customer and commercial or financial information from disclosure to current and future competitors;
- affording our shareholders who hold fewer than 5,000 shares immediately before the Reverse Split the opportunity to receive cash for their shares without having to pay brokerage commissions and other transaction costs; and
- enabling management to focus its time and resources on the achievement of the Company's strategic business objectives rather than meeting public company reporting obligations.

Q: WHAT ARE THE DISADVANTAGES OF DEREGISTERING?

A: Some of the disadvantages include:

- Discontinued Shareholders will not have an opportunity to liquidate their shares after the Reverse Split at a time and for a price of their own choosing; instead, they will receive a

pre-determined amount of cash for their shares and will no longer be our shareholders with the opportunity to participate in or benefit from any future potential appreciation in our value;

- Continuing Shareholders will not be able to readily access information regarding the Company and its operations from publicly available materials filed with the SEC or Amex following the Reverse Split;
- our shares may experience a further reduction in liquidity as a result of their delisting from trading on Amex;
- equity-based compensation, such as stock options, may be perceived to have less value due to our status as a non-reporting company. This may adversely effect our ability to recruit key employees;
- our Common Stock may become less attractive as consideration for acquisitions of other operating companies or assets; and
- the Company will be less able to access the public markets for additional financing in the future.

Q: IS IT POSSIBLE THAT THE NUMBER OF HOLDERS OF RECORD WILL INCREASE, THEREBY MAKING US A REPORTING COMPANY AGAIN?

A: We would have to re-register under the Exchange Act if the number of holders of record of our Common Stock exceeds 300 holders of record on January 1 of any subsequent year. After the Reverse Split is effected, we may attempt to repurchase any shares of Common Stock proposed to be transferred by a Continuing Shareholder if such proposed transfer might cause the number of holders of record of our Common Stock to equal or exceed 300.

Q: IF I OWN FEWER THAN 5,000 SHARES, IS THERE ANY WAY I CAN CONTINUE TO BE A SHAREHOLDER AFTER THE TRANSACTION?

A: If you currently own fewer than 5,000 shares of our Common Stock, you can continue to be a shareholder after the Effective Date by purchasing, in the open market or in private purchases, enough additional shares to cause you to own a minimum of 5,000 shares in a single account immediately prior to the Effective Date. There is no assurance, however, that any shares will be available for purchase prior to the Effective Date.

Q: IS THERE ANYTHING I CAN DO TO TAKE ADVANTAGE OF THE OPPORTUNITY TO RECEIVE CASH FOR MY SHARES AS A RESULT OF THE TRANSACTION IF I CURRENTLY OWN MORE THAN 5,000 SHARES?

A: If you currently own 5,000 or more shares, you can receive cash for shares you own as of the Effective Date if you reduce your ownership to fewer than 5,000 shares by selling such shares in the open market or otherwise transferring them. There is no assurance, however, that any purchasers of shares will be available prior to the Effective Date.

Q: WHAT HAPPENS IF I OWN A TOTAL OF 5,000 OR MORE SHARES BENEFICIALLY, BUT I HOLD FEWER THAN 5,000 SHARES OF RECORD IN MY NAME AND FEWER THAN 5,000 SHARES WITH MY BROKER IN "STREET NAME"?

A: An example of this would be that you have 1,000 shares registered in

your own name with our transfer agent and you have 4,000 shares registered with your broker in "street name." Accordingly, you are the beneficial owner of a total of 5,000 shares, but you do not own 5,000 shares of record or beneficially in the same name. If this is the case, as a result of the transaction, you would receive cash for the 1,000 shares you hold of record, and you will also receive cash for the 4,000 shares held in street name if your broker or other nominee accepts our offer for beneficial owners of fewer than 5,000 shares of our Common Stock held in the broker's or nominee's name to receive cash. You can avoid this result by consolidating your holdings of 5,000 or more shares into a single account prior to the Effective Date.

Q: WHAT ARE THE FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTION TO ME?

A: Shareholders who do not receive any cash as a result of the Reverse Split should not recognize any gain or loss. For Continuing Shareholders, their tax basis and holding period in the shares of our Common Stock should change proportionally after the reverse split. Shareholders who will be paid in cash for some or all of their shares of our Common Stock as a result of this transaction will generally recognize capital gain or loss for federal income tax purposes if the shares were held for more than one year. Such gain or loss will be measured by the difference between the cash received by such shareholder and the aggregate adjusted tax basis of the shares of Common Stock that were redeemed in the transaction. Continuing Shareholders who received cash for fractional shares as a result of the Reverse Split may have dividend income. While we do not provide tax advice to any shareholder, a summary of the generally applicable material tax consequences of the Reverse Split can be found in the section "Federal Income Tax Consequences."

Q: AM I ENTITLED TO DISSENTERS' OR APPRAISAL RIGHTS?

A: Under the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"), statutory dissenters' or appraisal rights are not available in a reverse stock split transaction.

Q: WHAT IS THE VOTING RECOMMENDATION OF OUR BOARD OF DIRECTORS?

A: Based on the recommendation of the Special Committee and the report of MHH, the Board has determined that the Reverse Split is advisable and in the best interests of the Company and its shareholders. The Board has therefore unanimously approved the Reverse Split and recommends that you vote "FOR" approval of this matter at the Special Meeting.

Q: WHAT IS THE COST TO THE COMPANY TO EFFECT THE REVERSE STOCK SPLIT?

A: We estimate that the total cash outlay of the Reverse Split will be approximately $1,813,500, including the amount to be paid in lieu of fractional shares. This figure includes at least $251,000 in transaction expenses which we expect to incur, including the legal, accounting and financial advisor fees, and distribution costs. This estimated amount could increase or decrease if the number of fractional shares that will be outstanding upon the Reverse

Split changes as a result of purchases or sales of shares of our Common Stock prior to the Effective Date.

Q: WHAT SHARES CAN I VOTE?

A: You may vote all shares of our Common Stock that you own as of the close of business on the record date, which is [RECORD DATE]. These shares

include (1) shares held directly in your name as the "holder of record," and (2) shares held for you in "street name" as the "beneficial owner" through a nominee (such as a broker or bank). Nominees may have different procedures and, if you own shares in a street name, you should contact your nominee prior to voting.

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. Once the Reverse Split is consummated, we will send instructions on where to send your stock certificates and how you will receive any cash payments you may be entitled to receive. Shareholders who hold one or more full shares are not entitled to any cash payments and should not send in their stock certificates for re-issuance. The old pre-split stock certificates remain valid.

Q: CAN I VOTE MY SHARES WITHOUT ATTENDING THE SPECIAL MEETING?

A: Whether you hold your shares directly as the shareholder of record or beneficially in "street name," you may direct your vote without attending the Special Meeting. You may vote by signing your proxy card or, for shares held in "street name," by signing the voting instruction card sent to you by your broker or nominee and mailing it in the enclosed, pre-addressed envelope. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign but do not provide instructions, your shares will be voted in favor of the Reverse Split.

Q: CAN I CHANGE MY VOTE?

A: You may change your proxy instructions at any time prior to the vote at the Special Meeting. For shares held directly in your name, proxies may be revoked at any time prior to being voted (i) by delivery of written notice to the Company's Corporate Secretary, (ii) by submission of a later dated proxy (which automatically revokes the earlier dated proxy card), or (iii) by revoking the proxy and voting in person at the Special Meeting. Attendance at the Special Meeting will not cause your previously signed proxy card to be revoked unless you specifically so request. For shares held beneficially by you in street name, you may change your vote only by submitting new voting instructions to your broker or nominee. Shares held in street name may not be voted by you at the Special Meeting other than through voting instructions submitted to your broker or nominee before the meeting.

Q: WHAT ARE THE VOTING REQUIREMENTS TO APPROVE THE REVERSE STOCK SPLIT?

A: Under the PBCL, the presence at the Special Meeting in person or by proxy of the holders of at least a majority of the issued and outstanding Marlton shares as of the record date is necessary to establish a quorum to consider the Reverse Split proposal. Approval of the Reverse Split will require the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the Special Meeting.

Q: HOW ARE VOTES COUNTED?

A: You may vote "FOR," "AGAINST" or "ABSTAIN" on the Reverse Split. If you sign and date your proxy card with no further instructions, your shares will be voted "FOR" the approval of the transaction, all in accordance with the recommendations of our Board of Directors.

Q: WHERE CAN I FIND THE VOTING RESULTS OF THE SPECIAL MEETING?

A: We will announce preliminary voting results at the Special Meeting

and publish final results in a Current Report on Form 8-K filed with the SEC or by amending the Schedule 13E-3 filed in connection with the Reverse Split.

Q: IF THE REVERSE SPLIT IS APPROVED BY OUR SHAREHOLDERS, DOES IT HAVE TO BE DECLARED BY OUR BOARD OF DIRECTORS?

A: No. While our Board may proceed with the Reverse Split at any time without further notice to or action on the part of our shareholders, the Board may also determine to delay or abandon the declaration of the Reverse Split based on new or changed circumstances that, in its sole discretion, it believes merit such delay or abandonment.

Q: HOW WILL WE OPERATE AFTER THE TRANSACTION?

A: If the Reverse Split is consummated, and assuming that we have fewer than 300 holders of record after the transaction, we would deregister under the Exchange Act and no longer be subject to the SEC's reporting and related requirements under the federal securities laws that are applicable to public reporting companies. The Common Stock would be delisted from trading on Amex and would be expected to trade in the over-the-counter market. We expect to otherwise conduct our business in accordance with our current operation.

PROPOSAL NO. 1 -- TO EFFECT A REVERSE STOCK SPLIT

The Board of Directors is seeking the approval of the transaction discussed below. If approved by the shareholders, and upon final action by the Board, a 1 for 5,000 reverse stock split of our Common Stock will be effected. Shareholders who own less than 5,000 shares of Common Stock will receive $1.25 in cash per share and will cease to be shareholders of the Company. Shareholders who own more than 5,000 shares will continue as shareholders holding one (1) share for every 5,000 shares held prior to the Effective Date and receiving cash at the same rate in lieu of any fractional shares. The shares we purchase will be retired and the outstanding shares eliminated by the Reverse Split will become authorized but unissued shares. As of [date of this proxy], there were 12,939,696 shares of Common Stock outstanding and held by approximately [holders] of record. Of these holders, approximately [#] hold of record fewer than 5,000 shares of Common Stock.

BACKGROUND OF THE PROPOSAL

In recent years, the disclosure obligations of public companies have been heightened by an increasingly complex process of complying with the Exchange Act's filing and reporting requirements. We incur substantial direct and indirect costs associated with the preparation and filing of the Exchange Act's reporting requirements imposed on public reporting companies. The financial costs and time demands associated with public reporting increased significantly with the implementation of SOA, including the significant costs and burdens of meeting the pending internal control evaluation and audit requirements of SOA Section 404. While the SEC has delayed the application of Section 404 to non-accelerated filers like us until our 2007 fiscal year, the cost of implementing Section 404's internal control procedures is expected to be burdensome and costly for a small company like Marlton.

We will have to incur substantial costs to implement these procedures unless and until we deregister under the Exchange Act. Historically, we have also incurred substantial indirect costs as a result of the management time expended to prepare and review our public filings. These indirect costs are

expected to increase under the SOA and Section 404 in particular.

Over the period since the implementation of these heightened disclosure requirements, the daily trading volume for our Common Stock has averaged approximately 10,000 shares, ranging from a large number of days with almost no trading at all to infrequent spikes of over 50,000 shares. The Board believes that the erratic trading volumes have resulted in a highly inefficient market for the Common Stock, with the trading price varying from a recent high of $1.56 to a low of $0.20 per share in 2002. These low trading volumes and market capitalization have limited the Company's ability to use its Common Stock as a source of funding. The Company has not raised any capital through the sales of Common Stock in a public offering in over five years and has no plans to do so in the foreseeable future.

The Board has also determined that, given the Company's size, the absence of sustained interest from public investors and securities research analysts, and other factors, the Company has not enjoyed appreciable enhancement in its image which often results from reporting company status.

In light of these circumstances, our Board believes that it is in the best interest of the Company and its shareholders to undertake the Reverse Split, enabling us to deregister our

Common Stock under the Exchange Act. Deregistering will relieve us of the administrative burden, cost and competitive disadvantages associated with filing reports and otherwise complying with the requirements imposed under the Exchange Act and the SOA.

Previously, our Board, acting upon the recommendation of a special committee of independent directors, entered into in an agreement in 2002 to merge the Company into an entity controlled by, among others, Messrs. Jeffery K. Harrow, Chairman of the Company's Board of Directors, Scott J. Tarte, Vice Chairman of the Board, Robert B. Ginsburg, President and Chief Executive Officer of the Company, and Alan I. Goldberg, General Counsel and Corporate Secretary of the Company. If consummated, the merger would have resulted in the Company ceasing to be a public reporting company. Subsequently, the group offered to terminate the merger transaction after other persons approached the Board with varying inquiries or proposals to acquire the Company. The committee, after considering and evaluating a number of factors relating to Marlton, the proposal to terminate the merger agreement and the two other preliminary inquiries regarding possible acquisitions of Marlton, and after consulting with its independent financial advisor and counsel, recommended to the Board that it accept the proposal to terminate the merger agreement and that it not pursue discussions with the two other potential acquirers. The Board accepted the recommendations of the committee and executed an agreement terminating the proposed merger.

While the Company's officers and directors have had informal discussions since 2002 about whether the Company was achieving the benefits of being a public reporting company when weighed against the costs of complying with our public company reporting obligations, the Board did not consider taking any formal steps to deregister the Common Stock until 2005.

In a meeting of the Board on August 4, 2005, with all the directors present, the Board began to discuss the possibility of terminating its public reporting obligations with the SEC by deregistering its class of Common Stock from under the Exchange Act. In connection with its consideration of the deregistration, the Board sought the advice of outside counsel and was

subsequently provided with a briefing on the mechanics of a reverse stock split and deregistration. Because the Board believes that future growth and further enhancement of shareholder value remain viable prospects for the Company, the Board determined that it remained in the best interests of the Company and a majority of our shareholders for the Company to continue as an independent company, but not as a public reporting company.

On August 8, 2005, at a meeting of the Board with all directors and counsel present, the Board established a Special Committee consisting of independent directors Messrs. A.J. Agarwal, Washburn Oberwager and Richard Vague to review the reverse stock split proposal and authorized it to engage a financial adviser and other consultants to review the fairness of the transaction and its consideration to the Company's shareholders, including unaffiliated shareholders. At the meeting, the directors, counsel and management discussed potential investment banker candidates to review the fairness of the proposed consideration. The Special Committee selected three potential candidates and authorized its members to interview those firms.

On August 15, 2005, at a meeting of the Special Committee with all members present, the committee reviewed the materials provided and qualifications of the three candidates for investment banker adviser to the Special Committee, and listened to presentations by the candidates. The Special Committee was advised of any prior contacts with the candidates, noting that one candidate had provided a prior valuation of the company in 2004 and a founding member of another had performed investment banking work for the Company when employed by a different

investment banking firm. The Special Committee discussed each of the candidates and determined that two had met the Special Committee's requirements to serve as its financial adviser.

On August 16, 2005, at a meeting of the Special Committee with all members and counsel present, the Special Committee reviewed the qualifications of the final two investment banker candidates and determined to select MHH to serve as its financial adviser, subject to clarification of the scope and cost of the representation with representatives of MHH. The committee authorized the chairman to contact MHH for the required clarification and to ask that it be prepared to address the committee at its next meeting.

On August 22, 2005, at a meeting of the Special Committee with all members present, as well as counsel and senior management of the Company, the Special Committee reviewed its anticipated selection of MHH as its financial adviser and confirmed the selection of MHH. Representatives of MHH were then asked to join the meeting and to provide an overview of their process and schedule for rendering its advice to the committee.

On August 29, 2005, at a meeting of the Special Committee with all members present along with counsel and representatives of MHH, the committee reviewed preliminary terms of a reverse stock split. The Special Committee also discussed the current trading levels of the Common Stock, the possibility of a third party offer for the Company, SEC processing of the reverse split materials and the outlines of a fairness opinion from MHH as part of its review of the transaction. The Special Committee reaffirmed its desire to terminate the Company's public company reporting obligation, but to remain an independent company and not to put the Company up for sale. The Special Committee also authorized its chairman to confirm the preliminary terms of the reverse split as soon as possible.

At a meeting of the Special Committee on September 13, 2005, with all members present, as well as counsel, representatives of MHH and senior management of the Company, the revised terms of the Reverse Split were presented and discussed, including a range of cash consideration values and a discussion of the source of funding for the Reverse Split. The Special Committee was advised that the Company's primary lender had indicated informally that it would consent to the transaction and the Company could use its revolving credit facility to fund the transaction subject to availability under its borrowing formula, but that its formal approval would be required. Mr. Harrow indicated to the Special Committee that he and Mr. Tarte would loan the Company any additional funds it may need to complete the payments to the shareholders receiving cash for their shares, on the same terms as the credit facility. In addition, MHH provided an oral presentation of recent going private transactions including the range of premiums paid in those transactions.

On September 19, 2005, at a meeting of the Special Committee with all members present, as well as counsel and representatives of MHH, the committee was provided with a review of the Reverse Split proposal, including a discussion of the recent trading activity and increase in stock price. MHH representatives noted the negative growth of the Company for the last two of the previous three years, as well as general economic conditions, and presented its analysis of the proposal, using multiple methodologies, including premiums paid, comparable company, discounted cash flow and cost of capital procedures. Following a discussion with and questioning of MHH representatives regarding their evaluation procedures and results, the meeting was adjourned to later in the day. The meeting was subsequently reconvened and the discussion continued. Based upon the work product of MHH,

the Special Committee instructed MHH to request a revised proposal that was within the range of fair values MHH had presented and above the trading price on the day proposed.

At a meeting on September 22, 2005, of all members of the Special Committee and the Board, as well as counsel and representatives of MHH and senior management, a revised proposal was presented. After discussion of the revised proposal by the Special Committee and MHH, the Board determined that the proposal was fair to the unaffiliated shareholders and approved the Reverse Split and determined to present the proposal to the shareholders for approval with its recommendation that the shareholders approve the Reverse Split. The Board retained the authority to terminate the transaction even after shareholder approval.

SPECIAL FACTORS

PURPOSES AND ADVANTAGES OF THE REVERSE SPLIT

PURPOSE. The principal purpose of the Reverse Split is to decrease the number of holders of record of our Common Stock below 300 holders. This will:

- allow termination of the registration of our Common Stock under the Exchange Act resulting in the suspension of our duties to file

annual and quarterly reports, proxy statements and other filings with the SEC and to comply with SOA;

- provide management more time to focus on the long term strategic objectives of the Company rather than on the frequent periodic filing requirements imposed on public reporting companies;

- avoid required or inadvertent disclosure of the Company's sensitive commercial, financial and operating information to competitors and potential competitors; and

- allow shareholders with under 5,000 shares to receive cash for their shares of our Common Stock at a fair price. We will pay all transaction costs incurred, allowing our shareholders to avoid brokerage commissions.

COST SAVINGS. Due in part to a series of highly-publicized corporate scandals and the resulting legislative action, the costs of maintaining public company status have increased dramatically in recent years. In particular, SOA has imposed a host of new compliance burdens upon public companies. These rapidly evolving obligations have translated into significant costs for reporting companies, including increased audit fees, securities counsel fees, outside director fees and greater potential liability faced by officers and directors. On top of the financial costs, compliance with these guidelines requires substantial amounts of time and attention from the members of our management team, distracting them from their pursuit of operational success. As a relatively small publicly traded company, we feel that these mounting costs will detract from the financial success of our Company.

Our Board believes that, by deregistering our shares of Common Stock and suspending our periodic reporting obligations, we will realize annual cost savings of approximately $453,000 in 2006, and $353,000 thereafter. These estimated annual cost savings reflect, among other things: (i) a reduction in audit, legal and other fees required for publicly held companies, (ii) the elimination of various internal costs associated with filing periodic reports with the SEC, (iii) the reduction or elimination of the cost of officers' and directors' liability insurance, (iv) the reduction or elimination of various clerical and other expenses, including printing, stock transfer and proxy solicitation expenses, and (v) the reallocation of management and personnel time.

OPERATIONAL FLEXIBILITY. Our Board believes that consummating the Reverse Split and ending our status as a public reporting company will enable management to concentrate its efforts on our long-term growth, free from the constraints and distractions of public reporting status. Our Board believes that we will benefit more if its business decisions can be made with a view toward long-term growth and with less emphasis on the effect of decisions upon the short-term earnings and the consequent short-term effect of such earnings on the market value of our Common Stock.

COMPETITIVE PROTECTION. As a public reporting company, we are required to disclose information to the public, including to actual and potential competitors, that may be helpful to these competitors in challenging our business operations. Some of this information includes the identity of material customers, including the percentage of our business that originates from those customers, known trends and contingencies that may impact our operating results and the identity of key employees. These competitors and potential competitors can use that information against us in an effort to take

market share, employees and customers away from us. Terminating our public company reporting obligation will protect that sensitive information from required or inadvertent disclosure.

DISADVANTAGES OF THE PROPOSAL

REDUCTION OF PUBLIC SALE OPPORTUNITIES FOR OUR SHAREHOLDERS. Following the transaction, we anticipate that the already limited market for shares of our Common Stock may be reduced or eliminated altogether. Our shareholders may no longer have the option of selling their shares of our Common Stock in a public market. While shares may be traded in the over-the-counter market and quoted in the Pink Sheets for some period of time, any such market for our Common Stock may be highly illiquid after the suspension of our periodic reporting obligations.

LOSS OF CERTAIN PUBLICLY AVAILABLE INFORMATION. Upon terminating the registration of our Common Stock under the Exchange Act, our duty to file periodic reports with the SEC would be suspended. The information regarding our operations and financial results that is currently available to the general public and our investors will not be available after we have terminated our registration. Upon the suspension of our duty to file reports with the SEC, investors seeking information about us may have to contact us directly to receive such information. We cannot assure you that we will be in a position to provide the requested information to an investor. While our Board acknowledges the circumstances in which such termination of publicly available information may be disadvantageous to some of our shareholders, our Board believes that the overall benefit to the Company to no longer being a public reporting company substantially outweighs the disadvantages to those shareholders.

POSSIBLE SIGNIFICANT DECLINE IN THE VALUE OF OUR SHARES. Because of the limited liquidity for the shares of our Common Stock following the consummation of the Reverse Split and the diminished opportunity for our shareholders to monitor actions of our management due to the lack of public information, continuing shareholders may experience a decrease in the value of their shares of our Common Stock, which decrease may be significant.

INABILITY TO PARTICIPATE IN ANY FUTURE INCREASES IN VALUE OF OUR COMMON STOCK. Discontinued Shareholders will have no further financial interest in the Company and thus will not have the opportunity to participate in any potential appreciation in the value of our shares. Our Board of Directors determined that this factor does not make the transaction unfair to shareholders, because those shareholders who wish to remain shareholders after the Reverse Split can do so by acquiring additional shares so that they own at least 5,000 shares of our Common Stock before the Effective Date.

ALTERNATIVES TO THE REVERSE SPLIT

The Board and the Special Committee did not give substantial consideration to many alternatives to the Reverse Split proposal, including selling the Company. Upon concluding that the termination of its public reporting requirement and delisting of its Common Stock from Amex represented an important strategic objective for the Company, the Board solicited the advice of legal counsel on the most advantageous means of accomplishing this objective. With the help of its legal counsel, the Board discussed a possible issuer tender offer for the Common Stock, but identified the Reverse Split as the preferred vehicle for its purpose. The Board eliminated a possible issuer tender offer because it did not offer adequate assurance of reducing the number of record

holders of the Common Stock below the necessary threshold of 300. Without such assurance, the Board feared the possibility of a costly transaction that failed to achieve its intended result. The Board favored the precision of the Reverse Split, allowing them to predict the number of post-transaction shareholders based upon the specified split ratio.

EFFECTS ON SHAREHOLDERS WITH FEWER THAN 5,000 SHARES OF COMMON STOCK

If the Reverse Split is implemented, Discontinued Shareholders will:

- not receive a fractional share of Common Stock as a result of the Reverse Split;
- receive a cash payment in exchange for surrender of the shares of our Common Stock they held on the Effective Date in accordance with the procedures described in this proxy statement;
- not be required to pay any service charges or brokerage commissions in connection with the Reverse Split;
- not receive any interest on the cash payments made as a result of the Reverse Split; and
- have no further ownership interest in our Company and no further voting rights.

Cash payments to Discontinued Shareholders as a result of the Reverse Split will be subject to income taxation if the cash payment exceeds a shareholder's tax basis. For a discussion of the federal income tax consequences of the Reverse Split, please see the section of this proxy statement entitled "Federal Income Tax Consequences."

If you do not currently hold at least 5,000 shares of Common Stock in a single account and you want to continue to hold shares of our Common Stock after the Reverse Split, you may do so by taking either of the following actions:

- purchase a sufficient number of additional shares of our Common Stock in the open market or privately and have them registered in your name and consolidated with your current record account, if you are a record holder, or have them entered in your account with a nominee (such as your broker or bank) in which you hold your current shares so that you hold at least 5,000 shares of our Common Stock in your account on the Effective Date; or
- if you hold an aggregate of 5,000 or more shares in one or more accounts, consolidate your accounts so that you hold at least 5,000 shares of our Common Stock in one account immediately before the Effective Date.

Either course of action will require you to act far enough in advance to ensure completion by the close of business on the day prior to the Effective Date.

EFFECTS ON SHAREHOLDERS WITH 5,000 OR MORE SHARES OF COMMON STOCK

If the Reverse Split is consummated, Continuing Shareholders

will:

- continue to be our shareholders and will be the only persons entitled to vote as shareholders after the consummation of the Reverse Split;
- receive cash for any of their shares that would otherwise become fractional shares as a result of the Reverse Split; and
- likely experience a reduction in liquidity (which may be significant) with respect to their shares of our Common Stock.

FAIRNESS OF THE REVERSE SPLIT

A Special Committee of the independent members of our Board of Directors has reviewed the purpose, structure, effects, advantages and disadvantages of the Reverse Split proposal and determined that the transaction is in the best interests of Marlton and is substantively and procedurally fair to unaffiliated holders of our Common Stock. The Special Committee did not assign a specific weight to each of the factors it considered in a formulaic fashion, but rather viewed each factor in light of the overall facts, circumstances and cost benefit analysis that led to initial proposal of the Reverse Split. A discussion of the specific factors considered by the Special Committee and the Board in making the fairness determination follows.

PROCEDURAL FAIRNESS. Although the Special Committee did not obtain an unaffiliated stockholder representative to act on behalf of the unaffiliated shareholders and the approval of a majority of the unaffiliated holders of Common Stock is not required to authorize the transaction, the Special Committee and the Board believe that the Reverse Split is procedurally fair because:

- the Special Committee, which the Board established to review the Reverse Split proposal, consisted entirely of independent directors and has unanimously approved the transaction;
- the transaction is being effected in accordance with the applicable requirements of Pennsylvania law;
- the Special Committee retained the services of MHH to serve as financial advisor for the transaction and render an opinion as to the fairness of the cash consideration to be received by Discontinued Shareholders and Continuing Shareholders receiving cash consideration in lieu of fractional shares;
- the Transaction is being submitted to a vote of Marlton shareholders and is subject to approval of a majority of the outstanding shares of Common Stock;
- affiliated and unaffiliated shareholders are treated equally under the Reverse Split proposal;

- stockholders can increase, divide or otherwise adjust their existing holdings, prior to the Effective Date, so as either to retain some or all of their shares or to receive cash with respect to some or all of their shares; and

- Discontinued Shareholders would likely have the option to repurchase shares of Marlton in the over-the-counter market.

Of particular importance to the Board's determination of procedural fairness was the equal treatment of affiliated and unaffiliated shareholders. The Board noted that shareholders would receive the same cash consideration in the transaction, regardless of their affiliation with the Company. Although the Board considered the fact that shareholders would receive differing treatment based upon the size of their holdings, the Board did not feel that this aspect of the transaction impacted procedural fairness due to the ability of shareholders to adjust their holdings prior to the consummation of the transaction based upon their preferences. By announcing the transaction before the Effective Date, the Board recognized that our shareholders may alter their holdings with respect to the 5,000 share threshold and thereby determine whether or not they wish to remain Marlton shareholders or receive cash in exchange for their holdings.

SUBSTANTIVE FAIRNESS. In order to facilitate its consideration of the substantive fairness of the Reverse Split to unaffiliated shareholders, the Special Committee retained MHH to serve as its financial advisor in connection with the transaction. MHH performed a thorough due diligence review of the Company and its financial results and projections, including conversations with members of the Company's senior management. MHH also undertook an analysis of the valuation multiples and financial terms of recent mergers and acquisitions of other business service companies in comparison to similar data for Marlton. Based upon this review, MHH determined that $1.24 to $1.57 per share represented a fair range of values for the Common Stock. The Special Committee relied significantly on this determination in approving the transaction consideration at $1.25 per share. The Board agreed that $1.25 represented a fair price based on the analysis of the MHH and the recommendation of the Special Committee. For more information on the fairness opinion, see "Opinion of Mufson Howe Hunter & Partners LLC."

In addition to receiving fair consideration for their shares, the Special Committee also considered the fact that Discontinued Shareholders and other shareholders receiving cash would get the benefit of selling their shares without paying brokerage fees or commissions. The Special Committee noted that this feature of the transaction weighed in favor of the overall substantive fairness of the Reverse Split because it allowed shareholders receiving cash to realize more value for their shares than a sale in the open market would afford them.

The Special Committee also considered the substantive fairness of the transaction to unaffiliated shareholders who would be Continuing Shareholders following the Reverse Split. The Special Committee and the Board agreed that the Reverse Split was substantively fair to these Continuing Shareholders as well. The Board reached this conclusion based on the fact that Continuing Shareholders would retain the ability to participate in the future profitability of the Company. Since a principal purpose behind the Reverse Split proposal was to eliminate its public company reporting obligations and thereby improve operational efficiency, the Special Committee and the Board reasoned that Continuing Shareholders could benefit from the long term cost savings resulting from this transaction. The Special Committee and the Board also considered that holders of over 5,000 Marlton shares would have the option to reduce their holdings below the transaction

threshold before the Effective Date if they wished to receive the transaction consideration rather than continue to hold the Company's shares.

In light of the fairness opinion delivered by MHH, the recommendation of the Special Committee of independent directors, and thorough consideration of the advantages and disadvantages of the Reverse Split, the Board has determined that the transaction is in all respects fair to both affiliated and unaffiliated holders of our Common Stock.

OPINION OF MUFSON HOWE HUNTER & PARTNERS LLC

On September 22, 2005, MHH rendered its opinion to the Special Committee that the proposed price per share to be paid to shareholders in connection with the reverse split of $1.25 is fair, from a financial point of view, to the shareholders. The full text of MHH's opinion is attached as Exhibit A to this document. The fairness opinion is also available for inspection and copying at Marlton's principal executive offices located at 2828 Charter Road, Philadelphia, Pennsylvania 19154. We encourage you to read MHH's opinion to understand the information reviewed, assumptions made, analyses prepared, and matters considered by MHH, as well as the limitation of its opinion.

MHH's opinion is for the use and benefit of the Board in its evaluation of the Reverse Split and is not intended for any other purpose. MHH's opinion does not constitute a recommendation to Marlton stockholders as to how such shareholders should vote with respect to the Reverse Split.

The following is a summary of MHH's opinion and the analyses that MHH prepared to support its opinion. In arriving at its opinion, MHH, among other things:

(a) reviewed a draft of the preliminary proposal, as described in a draft of Marlton's proxy statement, dated September 16, 2005;

(b) reviewed the Company's 10-Qs for the three months ended June 30, and March 31, 2005 and its 10-Ks for the years ended December 31, 2002, 2003 and 2004;

(c) reviewed Marlton's detailed forecasts for the years ending December 31, 2005 and 2006 and summary forecasts for the years ending December 31, 2007, 2008 and 2009 and prepared discounted cash flow analyses from such forecasts;

(d) discussed with members of the senior management of Marlton, the Company's business, operating results, financial condition and prospects;

(e) compared stock prices, operating results, earnings estimates and financial condition of certain publicly-traded tradeshow design and marketing services companies which MHH deemed reasonably comparable to Marlton, to similar data for Marlton;

(f) compared valuation multiples (to the extent available) and other financial terms of mergers and acquisitions of certain tradeshow design and marketing services companies which MHH deemed reasonably comparable to Marlton, to similar data for Marlton;

(g) compared premiums or discounts to recent share prices for certain recent reverse stock splits;

(h) analyzed Marlton's stock price trading history; and

(i) reviewed certain other information and performed other analyses that MHH deemed appropriate.

In arriving at its opinion, MHH assumed that all information publicly available to it or furnished to it by the Company was accurate and complete. MHH is not aware of any facts or circumstances that would make such information inaccurate or misleading, but MHH has not independently verified and does not assume any responsibility or liability for such information. With respect to the forecasts furnished to MHH by the Company, MHH assumed that such forecasts were reasonably prepared on a basis reflecting the best currently available estimates and judgments of Marlton's management as to the future results of operations and financial condition of the Company. MHH conducted only a limited physical inspection of Marlton's facilities and did not appraise any of the assets of the Company. MHH has assumed that the Reverse Split will be completed as described in the proxy material, and has also assumed that all governmental, regulatory or other consents required to consummate the Reverse Split will be obtained without any material restrictions imposed on the Company. MHH's opinion is based upon market, economic and other conditions as they exist on, and can be evaluated as of, the date MHH rendered its opinion.

In connection with rendering its opinion, MHH performed certain financial, comparative and other analyses as summarized below. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, such an opinion is not readily susceptible to partial analysis or summary description. Furthermore, in arriving at its opinion, MHH did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, MHH believes that its analyses must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion. In its analyses, MHH made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond MHH's control. Neither Marlton, MHH nor any other person assumes responsibility if future results differ materially from those assumed. Any estimates contained in these analyses were not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those set forth therein. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which such businesses actually may be sold.

PREMIUMS PAID ANALYSIS. MHH reviewed acquisition transactions of publicly-traded companies in the business services market since 2003. For each of these transactions, MHH compared the acquisition price with the closing prices per share of the acquired company one-month and one-week prior to the announcement of the transaction. For the one-month premiums, this resulted in a median premium of 25.1% since 2003, with a range of 14.6% to 34.0% based upon the thirty-third (33%) and sixty-

seventh (67%) percentiles. For the one-week premiums, this resulted in a median premium of 22.3% since 2003, with a range of 13.0% to 32.3% based upon the thirty-third (33%) and sixty-seventh (67%) percentiles.

MHH also reviewed seventeen recent transactions which were announced during the past 6 months comparable to the Marlton transaction. In connection with such analysis, MHH reviewed publicly available information of selected transactions involving reverse stock splits with a stated purpose similar to the Company's transaction. For each of these transactions, MHH determined the "cash out" price of the transaction with the closing price per share of the company one-month and one-week prior to the announcement of the transaction. For the one-month premiums, this resulted in a median premium of 22.4% since 2003, with a range of 18.7% to 32.2% based upon the thirty-third (33%) and sixty-seventh (67%) percentiles. For the one-week premiums, this resulted in a median premium of 23.0% since 2003, with a range of 14.4% to 32.1% based upon the thirty-third (33%) and sixty-seventh (67%) percentiles.

MHH applied these premiums to the Company's 5-day and 3-month volume weighted average price ("VWAP") of $1.394 and $1.064, respectively. This resulted in a range of indicated values of $1.20 to $1.87.

COMPARABLE COMPANY ANALYSIS. In connection with its opinion, MHH compared certain financial information, including the market values and trading multiples of the Company, with similar information for publicly traded companies whose business MHH believed to be comparable to that of the Company. MHH noted that none of the companies used in this analysis were identical to the Company. The companies used in the comparison were:

- Viad Corp (VVI)
- GL Events
- Ambassadors International Inc. (AMIE)
- Co-Active Marketing Group, Inc.

Based on the market values of these companies, MHH determined various multiples of their latest 12 months' earnings before interest, taxes, depreciation and amortization ("EBITDA"). Using these multiples and noting that the Company was particularly comparable to Viad Corp., MHH determined that that the range of EBITDA multiples was 7.4x to 13.2x, with a median of 10.0x. MHH determined the relevant range for Marlton to be 7.4x to 12.6x. Applying these multiples to both the Company projected LTM EBITDA through September 30, 2005 and its projected LTM EBITDA through December 31, 2005 resulted in a range of implied enterprise value from approximately $31.4 million to approximately $57.2 million. Consequently, the range of implied value per share was $1.22 to $2.40.

COMPARABLE MERGERS & ACQUISITIONS ANALYSIS. Using publicly available information, MHH reviewed and compared the purchase prices and valuation multiples paid in twelve acquisitions of business services companies that MHH deemed comparable to the Company. MHH calculated the enterprise values for each target company as a multiple of its LTM EBITDA. The range of EBITDA multiples was 6.2x to 11.0x,

with a median of 8.3x. MHH determined the relevant range for Marlton to be 7.5x to 10.4x. When only acquisitions with total values under $100 million were taken into consideration, the range of EBITDA multiples was 6.2x to 11.0x, with a median of 7.5x. MHH determined the relevant range for Marlton to be 6.2x to 11.0x.

Applying these multiples to both the Company projected LTM EBITDA through September 30, 2005 and its projected LTM EBITDA through December

31, 2005 resulted in a range of implied enterprise value from approximately $26.3 million to approximately $49.9 million. Consequently, the range of implied value per share was $0.98 to $2.07.

Given the limited number of comparable transactions, MHH also evaluated a much larger group of acquisitions which included all business services companies acquired since January 1, 2003. MHH calculated the enterprise values for each target company as a multiple of its LTM EBITDA.

For all the transactions, this resulted in a median multiple of 8.1x since 2003, with a range of 7.4x to 10.4x based upon the thirty-third (33%) and sixty-seventh (67%) percentiles.

For the all transactions under $100 million in transaction value, this resulted in a median multiple of 7.4x since 2003, with a range of 6.0x to 10.9x based upon the thirty-third (33%) and sixty-seventh (67%) percentiles.

For the all transactions under $50 million in transaction value, this resulted in a median multiple of 6.3x since 2003, with a range of 5.5x to 8.1x based upon the thirty-third (33%) and sixty-seventh (67%) percentiles.

Applying these multiples to both the Company projected LTM EBITDA through September 30, 2005 and its projected LTM EBITDA through December 31, 2005 resulted in a range of implied enterprise value from approximately $23.5 million to approximately $49.4 million. Consequently, the range of implied value per share was $0.84 to $2.04.

DISCOUNTED CASH FLOW ANALYSIS. MHH prepared a discounted cash flow analysis to derive a range of values for Marlton. MHH utilized projections through 2009 furnished to it by the management of Marlton. MHH calculated the present values of the projected free cash flows (net income plus depreciation and certain other non-cash expenses, less cash for working capital and capital expenditures) for the five months ended December 31, 2005 and the four fiscal years ending December 31, 2009 and the terminal value. To calculate a terminal value for Marlton at the end of the forecast period, MHH applied a range of 6.0 to 8.0 times projected year ending December 31, 2009 EBITDA. MHH used discount rates of 20.5 percent to 23.5 percent.

Based on the foregoing, MHH calculated the range of implied equity values per share for Marlton of $1.00 to $1.43 based on Marlton management's projections.

CONCLUSION. Based upon the above analyses, MHH determined that $1.25 per share is fair, from a financial point of view, to the shareholders. Only the Special Committee and the Board are entitled to rely on the opinion and advisory services of MHH.

MHH, as part of its financial advisory business, is frequently engaged in rendering financial advice in connection with mergers and acquisitions and was selected by the Board based upon its qualifications, reputation and experience in similar transactions. MHH has acted as the financial advisor to the Special Committee in connection with the proposed transaction and Marlton has agreed to pay MHH a fee of $75,000. Pursuant to the agreement between Marlton and MHH, $25,000 of the fee was to be paid as a retainer, $25,000 was to be paid when MHH orally delivered its opinion and the balance was to be paid upon the delivery of its written opinion to the Special

Committee. In addition, the Company has agreed to reimburse MHH for its reasonable out-of-pocket expenses not to exceed $10,000. and to indemnify MHH against certain liabilities relating to or arising from this engagement.

SPECIAL INTERESTS OF AFFILIATED PERSONS IN THE TRANSACTION

In considering the recommendation of our Board with respect to the Reverse Split, our shareholders should be aware that our executive officers and directors have interests in the transaction which may differ from those of our shareholders generally. These interests may create potential conflicts of interest. After the Reverse Split, our directors and executive officers will face less legal exposure compared to public reporting company directors and officers. While there are still significant controls, regulations and liabilities for directors and executives officers of unregistered companies, the legal exposure for the members of our Board and our executive officer will be reduced after the Reverse Split.

In addition, Messrs. Harrow and Tarte have agreed to serve as back-up lenders in the event that the Company is unable to fund the transaction under its existing credit facility. Please see "Costs of the Transaction and Source of Funds."

COSTS OF THE TRANSACTION AND SOURCE OF FUNDS

Based on estimates of the record ownership of shares of our Common Stock, the number of shares outstanding and other information as of [Record Date], and assuming that approximately 1,250,000 shares are redeemed, we estimate that the total funds required to consummate the Reverse Split will be around $1,813,500, of which approximately $1,562,500 will be used to pay the consideration to shareholders entitled to receive cash for their shares of our Common Stock and $251,000 will be used to pay the costs of the reverse stock split, as follows:

Legal, Accounting and Financial Advisor	$225,000
Special Meeting, Printing and Distribution	15,000
SEC Filing Fees and Press Releases	1,000
Transfer Agent Fees	10,000
TOTAL TRANSACTION FEES	$251,000

We intend to the finance the Reverse Split through funds obtained from our revolving credit facility with Bank of America (the "Loan Facility"), to the extent we have the requisite availability under our borrowing formula. This Loan Facility provides maximum borrowing capacity of $15,000,000 at a total effective interest rate of 6%. The Loan Facility restricts the Company's ability to pay dividends, and includes certain financial covenants including fixed charge coverage ratio and maximum capital expenditure amount. The Loan Facility is incorporated herein by reference to the Exhibits 10.21, 10.39, 10.40 and 10.41 of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

The Company currently has about $7,000,000 in availability under the Loan Facility, and expects to have at least $3,000,000 in availability at year end. The Loan Facility prohibits any payment in respect of stock, redemption of stock and certain intercompany transfers of fund without the lender's consent. Although the proposed Reverse Split would violate these

prohibitions if consummated, we have obtained the preliminary approval of the lender to fund the transaction under the Loan Facility.

In the event that we are unable to fully fund the Reverse Split through the Loan Facility due to lack of sufficient availability or otherwise, the Company has secured a commitment from Messrs. Harrow and Tarte to loan Marlton the amount necessary to consummate the transaction, at the same interest rate charged under the Loan Facility and repayable at such time as Marlton has availability under such facility.

FEDERAL INCOME TAX CONSEQUENCES

Summarized below are material federal income tax consequences to us and to our shareholders resulting from the Reverse Split, if consummated. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, more commonly referred to as the Code, the Treasury Regulations, issued pursuant thereto, and published rulings and court decisions in effect as of the date hereof, all of which are subject to change. This summary does not take into account possible changes in such laws or interpretations, including amendments to the Code, other applicable statutes, Treasury Regulations and proposed Treasury Regulations or changes in judicial or administrative rulings; some of which may have retroactive effect. No assurance can be given that any such changes will not adversely affect the federal income tax consequences of the Reverse Split.

This summary does not address all aspects of the possible federal income tax consequences of the Reverse Split and is not intended as tax advice to any person or entity. In particular, and without limiting the foregoing, this summary does not consider the federal income tax consequences to our shareholders in light of their individual investment circumstances nor to our shareholders subject to special treatment under the federal income tax laws (for example, tax exempt entities, life insurance companies, regulated investment companies and foreign taxpayers), or who hold, have held, or will hold our Common Stock as part of a straddle, hedging, or conversion transaction for federal income tax purposes. In addition, this summary does not address any consequences of the Reverse Split under any state, local or foreign tax laws.

We will not obtain a ruling from the Internal Revenue Service or an opinion of counsel regarding the federal income tax consequences to our shareholders as a result of the Reverse Split. Accordingly, you are encouraged to consult your own tax advisor regarding the specific tax consequences of the proposed transaction, including the application and effect of state, local and foreign income and other tax laws.

This summary assumes that you are one of the following: (i) a citizen or resident of the United States, (ii) a domestic corporation, (iii) an estate the income of which is subject to United States federal income tax regardless of its source, or (iv) a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust. This summary also assumes that you have held and will continue to hold your shares as capital assets for federal income tax purposes.

You should consult your tax advisor as to the particular federal, state, local, foreign, and other tax consequences, applicable to your specific circumstances.

We believe that the Reverse Split will be treated as a

"recapitalization" for federal income tax purposes. This should result in no material federal income tax consequences to us or to our shareholders who do not receive cash in the transaction. However, if you are receiving cash in the transaction, you may not qualify for tax-free "recapitalization" treatment for federal income tax purposes.

SHAREHOLDERS WHO DO NOT RECEIVE CASH IN CONNECTION WITH THE REVERSE SPLIT. If you (1) continue to hold Common Stock directly immediately after the Reverse Split, and (2) you receive no cash as a result of the Reverse Split, you should not recognize any gain or loss in the Reverse Split for federal income tax purposes. Your aggregate adjusted tax basis in your shares of our Common Stock held immediately after the Reverse Split will be equal to your aggregate adjusted tax basis in such shares held immediately prior to the Reverse Split and you will have the same holding period or periods in your Common Stock as you had in such Common Stock immediately prior to the Reverse Split.

SHAREHOLDERS WHO RECEIVE CASH IN CONNECTION WITH THE REVERSE SPLIT. If you (1) receive cash in exchange for your shares as a result of the Reverse Split, (2) you do not continue to hold any Common Stock directly immediately after the Reverse Split, and (3) you are not related to any person or entity that holds Common Stock immediately after the Reverse Split, you will recognize capital gain or loss on the Reverse Split for federal income tax purposes, with such gain measured by the difference between the cash you received for your shares and your aggregate adjusted tax basis in those shares.

If you receive cash in exchange for some of your shares of our Common Stock as a result of the Reverse Split, but either continue to directly own stock immediately after the Reverse Split, or are related to a person or entity who continues to hold stock immediately after the Reverse Split, you will recognize capital gain or loss in the same manner as set forth in the previous paragraph, provided that your receipt of cash either is "not essentially equivalent to a dividend," or constitutes a "substantially disproportionate redemption of stock," as described below.

- "NOT ESSENTIALLY EQUIVALENT TO A DIVIDEND." You will satisfy the "not essentially equivalent to a dividend" test if the reduction in your proportionate interest in the Company resulting from the Reverse Split (taking into account for this purpose the Common Stock owned by persons related to you) is considered a "meaningful reduction" given your particular facts and circumstances. In other cases, the Internal Revenue Service has ruled that a small reduction by a minority shareholder whose relative stock interest is minimal and who exercises no control over the affairs of a corporation will satisfy this test.

- "SUBSTANTIALLY DISPROPORTIONATE REDEMPTION OF STOCK." The receipt of cash in the Reverse Split will be a "substantially disproportionate redemption of stock" for you if the percentage of the outstanding shares of our Common Stock owned by you (and by persons related to you) immediately after the Reverse Split is (a) less than 50% of all outstanding shares and (b) less than 80% of the percentage of shares of our Common Stock owned by you immediately before the Reverse Split.

In applying these tests, you will be treated as owning shares of our Common Stock actually or constructively owned by certain individuals and

entities related to you. If your receipt of cash in exchange for Common Stock is not treated as capital gain or loss under any of the tests, it will be treated first as ordinary dividend income to the extent of your ratable share of our current and accumulated earnings and profits, then as a tax-free return of capital to the extent of your aggregate adjusted tax basis in your shares, and any remaining amount will be treated as capital gain. See "CAPITAL GAIN AND LOSS" and "SPECIAL RATE FOR CERTAIN DIVIDENDS," below.

CAPITAL GAIN AND LOSS. For individuals, net capital gain (defined generally as your total capital gains in excess of capital losses for the year) recognized upon the sale of capital assets that have been held for more than 12 months generally will be subject to tax at a rate not to exceed 15%. Net capital gain recognized from the sale of capital assets that have been held for 12 months or less will continue to be subject to tax at ordinary income tax rates. Capital gain recognized by a corporate taxpayer will continue to be subject to tax at the ordinary income tax rates applicable to corporations. There are limitations on the deductibility of capital losses.

SPECIAL RATE FOR CERTAIN DIVIDENDS. In general, dividends are taxed at ordinary income rates. However, you may qualify for a 15% rate of tax on any cash received in the Reverse Split that is treated as a dividend as described above, if (i) you are an individual or other non-corporate shareholder, (ii) you have held the shares of our Common Stock with respect to which the dividend was received for more than 60 days during the 120-day period beginning 60 days before the dividend date, as determined under the Code, and (iii) you were not obligated during such period (pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. You are urged to consult with your tax advisor regarding your applicability for, and the appropriate federal, state, local, foreign or other tax treatment of, any such dividend income.

WITHHOLDING TAX ON NON U.S. PERSONS. If you are not a U.S. person (a "Non U.S. Person"), cash payments made to you that qualify as a dividend, as described above, may be subject to a withholding of a 30% U.S. tax. Cash payments that you receive from payment for fractional or odd lot shares are likely to be classified as a dividend because you are likely to have increased your percentage ownership in the Common Stock as a result of the Reverse Split. We will determine at the time of payment if we are required to withhold. You may reduce the rate of withholding if you provide us with a properly executed form W-8BEN on which you claim the benefits of an applicable tax treaty.

If the 30% (or reduced) tax withheld exceeds your actual U.S. tax liability, you may filed with the IRS for a refund.

BACKUP WITHHOLDING. Shareholders will be required to provide their social security or other taxpayer identification numbers (or, in some instances, additional information) in connection with the Reverse Split to avoid backup withholding requirements that might otherwise apply. The letter of transmittal will require each shareholder to deliver such information when the Common Stock certificates are surrendered following the Effective Date. Failure to provide such information may result in backup withholding at a rate of 28%.

As explained above, the amounts paid to you as a result of the Reverse Split may result in dividend income, capital gain income, or some combination of dividend and capital gain income to you depending on your individual circumstances. You should consult your tax advisor as

to the particular federal, state, local, foreign, and other tax consequences of

the transaction, in light of your specific circumstances.

THE PRECEDING DISCUSSION OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE REVERSE SPLIT IS GENERAL AND DOES NOT INCLUDE ALL CONSEQUENCES TO EVERY SHAREHOLDER UNDER FEDERAL, STATE, LOCAL, OR FOREIGN TAX LAWS. ACCORDINGLY, EACH SHAREHOLDER SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO IT OF THE REVERSE STOCK SPLIT, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY PROPOSED CHANGES IN APPLICABLE LAW.

APPRAISAL AND DISSENTERS' RIGHTS

The Pennsylvania Business Corporation Law of 1988, as amended, does not afford shareholders appraisal or dissenters' rights for a reverse split transaction.

RECOMMENDATION OF THE BOARD

Our Board has unanimously determined that the Reverse Split is from all perspectives fair to, and in the best interests of, the Company and its shareholders. Members of the Board and senior officers of the Company own approximately 43% of the outstanding shares of Common Stock and have indicated that they will vote to approve the Reverse Split.

THEREFORE, THE BOARD RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE APPROVAL OF THE REVERSE SPLIT ON THE ATTACHED PROXY.

THE COMPANY

Marlton Technologies, Inc., through its Sparks Exhibits & Environments and Sparks Custom Retail subsidiaries, is engaged in the design, marketing and production of trade show, museum, theme park and themed interior exhibits, store fixtures, premium incentive plans, corporate events, and point of purchase displays, both domestically and internationally. Our executive offices are located at 2828 Charter Road, Philadelphia, Pennsylvania 19154 and our telephone number is (215) 676-6900.

RECENT DEVELOPMENTS

On March 15, 2005, Sparks Exhibits & Environments Corp., a subsidiary of the Company, acquired substantially all of the assets and assumed specified liabilities of Showtime Enterprises, Inc. and its subsidiary, Showtime Enterprises West, Inc. (collectively "Showtime") from the Chapter 11 bankruptcy proceeding which Showtime had filed in January 2005. Showtime designed, marketed and produced trade show exhibits, point of purchase displays, museums and premium incentive plans. Showtime had sales of approximately $21 million in 2004. The aggregate purchase price was $6.3 million, comprised of $2.8 million paid in cash, $1.7 million for contingent royalty and percentage of sales payments, $1 million of long-term debt assumption and $0.8 million for stock warrants. The Company financed this acquisition by increasing its revolving credit facility borrowing capacity and obtaining a new term loan. The Company's Audit Committee engaged the Company's registered public accounting firm to perform the required audit of Showtime's financial statements.

It was subsequently determined that such audit could not be performed due to the unavailability of necessary documentation and personnel of Showtime due to the bankruptcy proceeding. The Company subsequently applied for a waiver of these financial statement requirements with the Office of Chief

Accountant of the SEC, but the waiver was denied. The inability to file these audited financial statements would limit the Company's ability to engage in certain types of transactions requiring SEC review, including without limitation, public offerings and certain private offerings of securities and business combination transactions requiring shareholder approval.

MARKET INFORMATION FOR OUR COMMON STOCK

Our common stock trades on Amex under the symbol "MTY." The following table sets forth the quarterly high and low sales prices for our last two fiscal years and the first three quarters of this fiscal year.

	SALES PRICE ($)	
FISCAL YEAR 2003	HIGH	LOW
First Quarter	.33	.18
Second Quarter	.40	.29
Third Quarter	.80	.38
Fourth Quarter	.80	.42

	SALES PRICE ($)	
FISCAL YEAR 2004	HIGH	LOW
First Quarter	.67	.45
Second Quarter	.66	.45
Third Quarter	.70	.53
Fourth Quarter	.98	.58

	SALES PRICE ($)	
FISCAL YEAR 2005	HIGH	LOW
First Quarter	1.48	.72
Second Quarter	1.25	.68
Third Quarter	[1.56]	[.70]

DIVIDEND POLICY

No dividends were paid during the past two fiscal years. The Company currently intends to employ all available funds in the business. Future dividend policy will be determined in accordance with the financial requirements of the business. However, the Company's loan agreement provides that the Company may not pay dividends to its shareholders without the lender's prior written consent and also provides restrictions on the ability of the Company's subsidiaries to transfer funds to the Company in the form of dividends, loans or advances.

DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is information about our directors and executive officers, including their names, ages, all positions and offices held by each of them, the period during which each has served in his current role, and the principal occupations of each over the past five years.

JEFFREY K. HARROW, age 48, serves as our Chairman and has been a director and officer of the Company since November 2001. Mr. Harrow served as President and CEO of CMPExpress.com from 1999 through 2000. Mr. Harrow negotiated the sale of the CMPExpress.com business to Cyberian Outpost (Nasdaq ticker "COOL") in September 2000. From 1982 through 1998, Mr. Harrow was the President, CEO and a Director of Travel One, which was in 1998 the 6th largest travel management company in the United States. Mr. Harrow previously served as a board member for the Company and has served as a board member for Eastern Airlines Advisory Board, Cherry Hill National Bank (sold to Meridian Bank), and Hickory Travel Systems. Mr. Harrow is a graduate of George Washington University School of Government and Business Administration earning his B.B.S. in 1979.

A.J. AGARWAL, age 39, has been a director since 2001. Mr. Agarwal is a Senior Managing Director in the Mergers & Acquisitions Advisory Group for The Blackstone Group. Since joining Blackstone 1992, Mr. Agarwal has worked on a variety of mergers and acquisitions transactions (both in an advisory capacity and as a principal). Before joining Blackstone, Mr. Agarwal was with Bain & Company. Mr. Agarwal graduated from Princeton University magna cum laude and Phi Beta Kappa and received an MBA from Stanford University Graduate School of Business. He serves as a trustee of Princeton University's Foundation for Student Communication, the publisher of Business Today magazine.

WASHBURN OBERWAGER, age 58, has been a director since 2002. Mr. Oberwager was Chief Executive Officer and a co-owner from 1987 to 1999 of Western Sky Industries, Inc., a leading manufacturer of aircraft systems and components. This $170 million business was divested in 1999. Since that time, Mr. Oberwager has provided equity capital for high tech companies and has been a principal in Avery Galleries, which specializes in American paintings.

SCOTT J. TARTE, age 43, has served as an officer and director of the Company since November 2001 and is currently Vice Chairman of the Company. From January 2001 to November 2001, Mr. Tarte served as acting CEO of Medidata Solutions, a privately held technology company specializing in applications that streamline the data collection process for clinical trials of new drug compounds seeking FDA approval. From January 1988 to November 1998, Mr. Tarte was an owner and served as Chief Operating Officer of Travel One. Mr. Tarte oversaw all corporate operations and finance of the company, and shared responsibility for strategic planning with Mr. Harrow. In November 1998, Travel One was sold to the American Express Corporation. Mr. Tarte launched American Express One, a $3 billion travel division representing a consolidation of the prior Travel One organization and over $2 billion of legacy American Express business. In December 1999, Mr. Tarte resigned his position with American Express but agreed to remain as a paid consultant. Mr. Tarte graduated from the University of Pennsylvania with a B.A. in 1984 and he received his law degree from Fordham University in 1987.

RICHARD VAGUE, age 49, has been a director since 2001. Mr. Vague co-founded Juniper Financial in 1999, a direct consumer bank with advanced internet and wireless functionality. Mr. Vague is the Chairman and CEO of Juniper Financial. Prior to co-founding Juniper Financial, from 1985 to 1999, Mr. Vague was co-founder, Chairman and CEO of First USA, a credit card company that grew from a virtual start-up in 1985 to the largest VISA credit card issuer

in the

world. He also served as chairman of Paymentech, the merchant payment-processing subsidiary of First USA and is a former board member of VISA.

ROBERT B. GINSBURG, age 51, is our Chief Executive Officer and President and has served as an officer of the Company since August 1990. Mr. Ginsburg also served as a director of the Company from 1990 to 2004. From 1985 to August 1990, Mr. Ginsburg was actively involved in the development and management of business opportunities, including the acquisition of manufacturing companies, investment in venture capital situations and the provision of finance and management consulting services as a principal of Omnivest Ventures, Inc. Mr. Ginsburg is a Certified Public Accountant.

ALAN I. GOLDBERG, age 53, is our General Counsel and Corporate Secretary and has served as an officer of the Company since August 1990. Mr. Goldberg also served as a director of the Company from 1991 to the 2004. From April 1987 through August 1990 he was involved in venture capital investments and business acquisitions as a principal of Omnivest Ventures, Inc. Mr. Goldberg is a corporate attorney.

STEPHEN P. ROLF, age 50, became Chief Financial Officer and Treasurer of the Company in January 2000. Mr. Rolf was employed from 1977 to December 1999 by Hunt Corporation, a New York Stock Exchange listed manufacturer and distributor of office and graphics products. Mr. Rolf worked in various financial capacities for Hunt Corporation, including Vice President and Controller.

Each director and executive officer is a citizen of the United States and may be contacted at the Company's executive offices at 2828 Charter Road, Philadelphia, Pennsylvania 19154, telephone number (215) 676-6900.

To the Company's knowledge, none of our executive officers or directors has been convicted in a criminal proceeding during the past five years (excluding traffic violations or similar misdemeanors) or has been a party to any judicial or administrative proceeding during the past five years (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information concerning the shares of Common Stock, beneficially owned as of [Record Date], by (i) the Company's directors; (ii) the Company's executive officers; (iii) the Company's directors and executive officers as a group; and (iv) each person or entity known to the Company to own beneficially more than 5% of the outstanding shares of Common Stock.

	Shares of Common Stock Beneficially Owned Prior to Reverse Stock Split

Name and Address of Beneficial Owners, Officers and Directors	No. of Shares	Percent of Class
Scott J. Tarte	4,198,816 (1) (3)	27.9
Jeffrey K. Harrow	4,188,344 (2) (3)	27.8
Robert B. Ginsburg	2,634,684 (3) (4) (5)	18.1
Alan I. Goldberg	1,300,772 (6)	9.4
A.J. Agarwal	100,000 (7)	-
Richard Vague	100,000 (8)	-
Washburn Oberwager	100,000 (9)	-
Stephen P. Rolf	121,000 (10)	-
All directors and executive officers as a group (8 persons)	12,743,616 (11)	63.3%
Lawrence Schan	990,750 (12)	7.7
Stanley D. Ginsburg	815,467 (13)	6.3
Ira Ingerman	774,367 (14)	6.0
Lombard Associates	1,044,926 (15)	8.1

(1) Includes an aggregate of 2,125,000 shares which Mr. Tarte may acquire upon the exercise of outstanding options and warrants.

(2) Includes an aggregate of 2,138,336 shares which Mr. Harrow may acquire upon the exercise of outstanding options and warrants.

(3) Messrs. Harrow, Tarte and R. Ginsburg are parties to a Stockholders' Agreement as described below. The amount listed does not include shares held by other parties to the Stockholders' Agreement, and each party disclaims beneficial ownership of all shares held by the other parties thereto.

(4) Includes an aggregate of 1,630,021 shares which Mr. Ginsburg may acquire upon the exercise of outstanding options and warrants.

(5) Does not include for each of Messrs. Goldberg and Ginsburg 194,670 shares

held by the Company's 401(k) Plan for the benefit of the Company's employees. Each of Messrs. Goldberg and Ginsburg is a trustee of such plan, and each disclaims beneficial ownership of all such shares except those shares held for his direct benefit as a participant in such plan.

(6) Includes an aggregate of 896,221 shares which Mr. Goldberg may acquire upon the exercise of outstanding options and warrants.

(7) Includes an aggregate of 100,000 shares which Mr. Agarwal may acquire upon the exercise of outstanding options and warrants.

(8) Includes an aggregate of 100,000 shares which Mr. Vague may acquire upon the exercise of outstanding options and warrants.

(9) Includes an aggregate of 100,000 shares which Mr. Oberwager may acquire upon the exercise of outstanding options and warrants.

(10) Includes an aggregate of 120,000 shares which Mr. Rolf may acquire upon the exercise of outstanding options and warrants.

(11) Includes shares beneficially owned by Messrs. Harrow, Tarte, R. Ginsburg, Goldberg, Agarwal, Vague, Oberwager and Rolf. The address for each of the Company's executive officers and directors is 2828 Charter Road, Philadelphia, Pennsylvania, 19154.

(12) Mr. Schan's address is: 507 Fishers Road, Bryn Mawr, PA 19010.

(13) Mr. Stanley Ginsburg's address is: 50 Belmont Ave., #1014, Bala Cynwyd, PA 19004.

(14) Mr. Ingerman's address is: 1300 Centennial Road, Narbeth, PA 19072.

(15) Lombard Associates is a sole proprietorship owned by Charles P. Stetson, Jr. and its address is: 115 East 62nd Street, New York, New York 10021.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS WITH AFFILIATES

The Company leases its principal facility in Philadelphia from 2828 Partnership L.P., a limited partnership whose general partners are Stanley Ginsburg (the father of Robert Ginsburg, our President and Chief Executive Officer) and Ira Ingerman, each a beneficial owner of more than five percent of our Common Stock. In 2004, the Company paid $771,025 pursuant to this lease.

STOCKHOLDERS' AGREEMENT

On November 20, 2001, Messrs. Tarte, Harrow and Robert Ginsburg and the Company entered into a Stockholders' Agreement pursuant to which, with certain exceptions, (i) Messrs. Tarte and Harrow have the right to designate that number of individuals as nominees (which nominees include Tarte and Harrow) for election as directors as shall represent a majority of the Company Board, (ii) Messrs. Tarte, Harrow and Ginsburg will vote their shares of Common Stock in favor of the Messrs. Tarte and Harrow designees and Mr. Ginsburg, (iii) without the prior written consent of Mr. Ginsburg, for a period of seven years following the effective date of the Stockholders' Agreement, Messrs. Tarte and Harrow agreed not to vote any of their shares of Common Stock in favor of (x) the merger of the Company, (y) the sale of substantially all of the Company's assets, or (z) the sale of all the shares of Common Stock, in the

event that in connection with such transactions the shares of Common Stock are valued at less than $2.00 per share, (iv) Messrs. Tarte, Harrow and Ginsburg will recommend to the Board that it elect Mr. Harrow as the Chairman of the Board of the Company, Mr. Ginsburg as the President and Chief Executive Officer of the Company, and Mr. Tarte as the Vice Chairman of the Board of the Company and as the Chief Executive Officer of each subsidiary of the Company, and (v) Messrs. Tarte, Harrow and Ginsburg shall have a right of first refusal with respect to one another in connection with any sale of the shares of Common Stock held by them. The term of the Stockholders' Agreement is 20 years. For the Company's last Annual Meeting, Messrs. Tarte and Harrow did not designate any nominees for directors other than themselves. Due to the Amex's requirement that a majority of the Board be comprised of independent directors, Mr. Ginsburg has waived the Stockholders' Agreement requirement (and his employment agreement requirement) that Messrs. Tarte and Harrow vote for him as a nominee for director, as long as the Company provides him with Board observer rights allowing him to receive notice and all materials for Board meetings as provided to Board members and the right to attend Board meetings without any voting rights.

FINANCIAL STATEMENTS AND OTHER INFORMATION

A summary of the Company's financial information can be found in our Annual Report on Form 10-K for the year ended December 31, 2004, which is included as Exhibit B to this proxy statement, and our Quarterly Report on Form 10-Q for the quarter ended September 31, 2005, which is included as Exhibit C to this proxy statement.

OTHER MATTERS

PROXY SOLICITATION

The Company will bear the expense of the solicitation of proxies for use at the Special Meeting. In addition to solicitation of proxies by the mails, some of our officers and directors may solicit proxies by telephone, facsimile or personal interview without any additional remuneration. The Company will reimburse brokers, nominees, custodians and other fiduciaries for expenses in forwarding proxy materials to their principals.

"RULE 13E-3 TRANSACTION" TRANSACTION

The Reverse Split described in this proxy statement is considered a "Rule 13e-3 transaction" as defined under the Exchange Act because it has the purpose or effect of reducing the number of record owners of the Common Stock to less than 300 persons and will lead to delisting of the Common Stock from trading on Amex. As required by the rules of the SEC, we have filed a Rule 13e-3 Transaction Statement on Schedule 13E-3 with the SEC. The Schedule 13E-3 is available on the SEC's website at http://www.sec.gov or by contacting the Company's Corporate Secretary at the address above.

PROXY REVOCATION AND VOTING OF SHARES

A properly executed proxy may be revoked at any time prior to it being voted (i) by delivery of written notice to the Company's Corporate Secretary, (ii) by submission of a later dated proxy, or (iii) by revoking the proxy and voting in person at the Special Meeting.

Only shareholders of record at the close of business on [Record Date] will be entitled to vote at the Special Meeting. On that date

there were 12,939,696 shares of Common Stock issued and outstanding. Each share of Common Stock is entitled to one vote on all matters submitted to the shareholders for approval. A majority of the issued and outstanding shares of Common Stock eligible to vote must be represented in person or by proxy at the meeting to establish a quorum. The affirmative vote of the holders of a majority of the outstanding shares of Common Stock present and entitled to vote at the Special Meeting is required to approve the Reverse Split and any other proposals which may properly come before the meeting or any adjournments thereof.

Abstentions, votes withheld, and broker non-votes will be counted for purposes of determining a quorum but will not be counted otherwise. Broker non-votes occur as to any particular proposal when a broker returns a proxy but does not have authority to vote on such proposal.

WHERE YOU CAN FIND MORE INFORMATION

As permitted by the SEC, this proxy statement omits certain information contained in the Schedule 13E-3. As explained above, the Schedule 13E-3, and any amendments or exhibits that it incorporates by reference, remain available for shareholder inspection. Statements made in this proxy statement, or any other document which this proxy statement incorporates by reference, should not necessarily be considered complete. Each such statement is qualified in its entirety by reference to that document filed as an exhibit with the SEC.

As a public company, we are currently subject to the informational reporting requirements of the Exchange Act. In compliance with this obligation, the Company files annual, quarterly and periodic reports, proxy statements and other communicative documents with the SEC. The SEC maintains a public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549 where visitors may copy and read any document that we file with the SEC. You may call the SEC at 1-800-732-0330 to gain further information about the public reference room. Certain of our SEC filings are also available to the public through the SEC's website at http://www.sec.gov.

We have included with this proxy statement copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2004, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

OTHER MATTERS FOR THE MEETING

The Board knows of no other matters to be brought before the Special Meeting. If other matters properly come before the meeting, the persons named in the accompanying form of proxy will exercise their best judgment in voting the proxies solicited and received by the Company.

EXHIBIT A

Opinion of Mufson Howe Hunter & Partners LLC

[LOGO] Mufson Howe Hunter & Partners LLC
INVESTMENT BANKING

1600 Market Street, 16th Floor
Philadelphia, PA 19103
Phone: 215.399.5400
Fax: 215.399.5415
www.mhhco.com

September 22, 2005

Special Committee of the Board of Directors
Marlton Technologies, Inc.
2828 Charter Road
Philadelphia, PA 19154

Attention: Richard W. Vague, Member of the Special Committee

To: Members of the Special Committee and Board of Directors,

We understand that Marlton Technologies, Inc. ("Marlton", or the "Company") proposes to undertake a 5,000-to-1 reverse stock split of common stock, resulting in (i) the cash-out of all record holders of fewer than 5,000 shares of common stock, and (ii) a decrease in the number of shareholders of record to below 300 persons, which will permit the Company to deregister its common stock under the Securities Exchange Act of 1934, delist the Common Stock from trading on the American Stock Exchange and terminate the Company's public reporting obligation with the Securities and Exchange Commission (the "Reverse Split.") As a result of the Reverse Split, shareholders holding less than 5,000 shares of the Company's common stock will receive $1.25 in cash per share; shareholders holding more than 5,000 shares will receive the same cash consideration for any fractional shares that they hold after the effective time of the Reverse Split.

You have requested our opinion as to the fairness, from a financial point of view, of the cash consideration to be received by the shareholders of Marlton Technologies (other than its executive officers) pursuant to the Reverse Split. Our opinion does not address the relative merits of the Reverse Split nor any other alternatives to the Reverse Split that might exist for the Company.

In arriving at our opinion, we have, among other things:

(a) reviewed a draft of the proposal, as described in a draft of the Company's Proxy Statement, dated September 16, 2005;

(b) reviewed the Company's 10-Qs for the three months ended June 30, and March 31, 2005 and its10-Ks for the years ended December 31, 2002, 2003 and 2004;

(c) reviewed Marlton's detailed forecasts for the years ending December 31, 2005 and 2006 and summary forecasts for the years ending December 31, 2007, 2008 and 2009 and prepared discounted cash flow analyses from such forecasts;

(d) discussed with members of the senior management of Marlton, the Company's business, operating results, financial condition and prospects;

(e) compared stock prices, operating results, earnings estimates and financial condition of certain publicly-traded tradeshow design and marketing services companies we deemed reasonably comparable to Marlton, to similar data for Marlton;

Board of Directors
Marlton Technologies, Inc.
September 22, 2005

(f) compared valuation multiples (to the extent available) and other financial terms of mergers and acquisitions of certain tradeshow design and marketing services companies we deemed reasonably comparable to Marlton, to similar data for Marlton;

(g) analyzed Marlton's stock price trading history; and

(h) reviewed certain other information and performed other analyses that we deemed appropriate.

In arriving at our opinion, we assumed that all information publicly available to us or furnished to us by the Company was accurate and complete. We are not aware of any facts or circumstances that would make such information inaccurate or misleading, but we have not independently verified and do not assume any responsibility or liability for such information. With respect to the forecasts furnished to us by the Company, we assumed that such forecasts were reasonably prepared on a basis reflecting the best currently available estimates and judgments of Marlton's management as to the future results of operations and financial condition of the Company. We conducted only a limited physical inspection of Marlton's facilities and did not appraise any of the assets of the Company. We have assumed that the Reverse Split will be completed as described in the proxy material, and have also assumed that all governmental, regulatory or other consents required to consummate the Reverse Split will be obtained without any material restrictions imposed on the Company. Our opinion is based upon market, economic and other conditions as they exist on, and can be evaluated as of, the date of this letter.

Our opinion is for the use and benefit of the Board of Directors of Marlton in its evaluation of the Reverse Split and is not intended for any other purpose. Our opinion does not constitute a recommendation to Marlton stockholders as to how they should vote with respect to the Reverse Split.

Based upon and subject to the foregoing, we are of the opinion as of the date of this letter; the proposed price per share to be paid to shareholders in connection with the Reverse Split of $1.25 is fair, from a financial point of view, to the shareholders (other than its executive officers).

We acted as the exclusive financial advisor to the Special Committee of Marlton's Board of Directors in connection with the Reverse Split. The Company will pay us a fee for our services, a portion of which has already been paid to us and the remainder is payable upon delivery of this opinion. The Company has also agreed to reimburse us for our reasonable expenses and to indemnify us for certain liabilities relating to or arising from this opinion.

Very truly yours,

Mufson Howe Hunter & Partners LLC

MEMBER OF NATIONAL ASSOCIATION OF SECURITIES DEALERS AND

SECURITIES INVESTOR PROTECTION CORPORATION

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EXHIBIT B

Annual Report on Form 10-K for the Year Ended December 31, 2004

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EXHIBIT C

Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2005

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PRELIMINARY COPY
REVOCABLE PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF
MARLTON TECHNOLOGIES, INC.

MARLTON TECHNOLOGIES, INC. SPECIAL MEETING OF SHAREHOLDERS
December __, 2005

IMPORTANT

Please complete both sides of the Proxy Card. Sign, date and return the attached Proxy Card in the postage paid envelope as soon as possible. Your vote is important, regardless of the number of shares that you own.

The undersigned shareholder of Marlton Technologies, Inc. ("Marlton") hereby constitutes and appoints _____ as the Proxy or Proxies of the undersigned with full power of substitution and resubstitution,

to vote at the Special Meeting of Shareholders of Marlton to be held at the _____, on December __, 2005, at ___:___ __.m., local time (the "Special Meeting"), all of the shares of the Common Stock of Marlton which the undersigned is entitled to vote at the Special Meeting, or at any adjournment thereof, on each of the following proposals, all of which are described in the accompanying Proxy Statement:

1. The amendment of Marlton's Articles of Incorporation to effect a 1-for-5,000 reverse stock split of Marlton's class of Common Stock (the "Reverse Split"). As a result of the Reverse Split, (a) each shareholder owning fewer than 5,000 shares of Common Stock immediately before the Reverse Split will receive $1.25 in cash, without interest, for each share owned by such shareholder immediately prior to the Reverse Split and will no longer be a shareholder of Marlton; and (b) each shareholder holding greater than 5,000 shares of Common Stock will receive one share for every 5,000 shares they own and will receive $1.25 in cash for each share that would otherwise be converted into a fractional share as a result of the Reverse Split.

[_] FOR [_] AGAINST [_] ABSTAIN

2. In their discretion, upon such other business as may properly come before the Special Meeting or any adjournments thereof.

IMPORTANT: Please sign and date this Proxy on the reverse side. Your Board of Directors recommends a vote "FOR" the approval of the amendments to Marlton's Articles of Incorporation to effect the Reverse Split.

This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. Unless otherwise specified, the shares will be voted FOR the approval of the amendment to Marlton's Articles of Incorporation to effect the Reverse Split.

All Proxies previously given by the undersigned are hereby revoked. Receipt of the Notice of the Special Meeting of Shareholders of Marlton and of the accompanying Proxy Statement is hereby acknowledged.

Please sign exactly as your name appears above. When signing as attorney, executor, administrator, trustee, guardian or agent, please give your full title. If share are held jointly, each holder should sign.

_____	_____
Signature	Signature
Dated: _____, 2005	Dated: _____, 2005

PLEASE SIGN, DATE AND RETURN THIS PROXY PROMPTLY IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED FOR MAILING IN THE U.S.A.