

UFP TECHNOLOGIES INC  
Form DEF 14A  
April 27, 2012

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
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**UFP TECHNOLOGIES, INC.**

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(Name of Registrant as Specified In Its Charter)

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

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-

**UFP TECHNOLOGIES, INC.**  
172 EAST MAIN STREET  
GEORGETOWN, MASSACHUSETTS 01833-2107 USA

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**of**  
**UFP TECHNOLOGIES, INC.**

*To Be Held on June 14, 2012*

The Annual Meeting of Stockholders of UFP Technologies, Inc. (the "Company") will be held on June 14, 2012, at 10:00 a.m., local time, at the Black Swan Country Club, 258 Andover St., Georgetown, Massachusetts 01833, for the following purposes:

1. To consider and act upon the election of the three Class I directors identified in the accompanying proxy statement to serve until the 2015 Annual Meeting of Stockholders and until their successors are duly elected.
2. To ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm.
3. If submitted to a vote of the Company's stockholders, to consider and act upon an adjournment of the annual meeting, including, if necessary, to solicit additional proxies in favor of the foregoing proposals if there are not sufficient votes for those proposals.
4. To transact such other business as may properly come before the annual meeting or any adjournment thereof.

The Board of Directors has fixed April 25, 2012 as the record date for determining the stockholders entitled to notice of, and to vote at, the Meeting.

You are cordially invited to attend the Meeting.

By Order of the Board of Directors

RONALD J. LATAILLE,  
*Secretary*

Georgetown, Massachusetts  
May 4, 2012

**YOUR VOTE IS IMPORTANT**

**YOU ARE URGED TO VOTE, SIGN, DATE, AND RETURN THE ACCOMPANYING ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN THE POSTAGE-PAID ENVELOPE ENCLOSED FOR THAT PURPOSE. EVEN IF YOU HAVE GIVEN YOUR PROXY, THE PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE EXERCISE BY FILING WITH THE SECRETARY OF THE COMPANY A WRITTEN REVOCATION, BY EXECUTING A PROXY WITH A LATER DATE, OR BY ATTENDING AND VOTING AT THE MEETING.**

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE COMPANY'S ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 14, 2012:** This Proxy Statement, the Company's Annual Report for the fiscal year ended December 31, 2011 and the Proxy Card are available at the Company's website, [www.ufpt.com/investors/filings.html](http://www.ufpt.com/investors/filings.html).

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**UFP TECHNOLOGIES, INC.**  
172 EAST MAIN STREET  
GEORGETOWN, MASSACHUSETTS 01833-2107 USA

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

*To Be Held on June 14, 2012*

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of UFP Technologies, Inc., a Delaware Corporation (the "Company") with its principal executive offices at 172 East Main Street, Georgetown, Massachusetts 01833, for use at the Annual Meeting of Stockholders to be held on June 14, 2012, and at any adjournment or adjournments thereof (the "Meeting"). The enclosed proxy relating to the Meeting is solicited on behalf of the Board of Directors of the Company and the cost of such solicitation will be borne by the Company. It is expected that this proxy statement and the accompanying proxy will be mailed to stockholders on or about May 4, 2012. Certain of the officers and regular employees of the Company may solicit proxies by correspondence, telephone or in person, without extra compensation. The Company may also pay to banks, brokers, nominees and certain other fiduciaries their reasonable expenses incurred in forwarding proxy material to the beneficial owners of securities held by them.

Only stockholders of record at the close of business on April 25, 2012 will be entitled to receive notice of, and to vote at, the Meeting. As of that date, there were outstanding and entitled to vote 6,693,778 shares of Common Stock, \$0.01 par value (the "Common Stock"), of the Company. Each such stockholder is entitled to one vote for each share of Common Stock so held and may vote such shares either in person or by proxy.

The enclosed proxy, if executed and returned, will be voted as directed on the proxy or, in the absence of such direction, in favor of (i) the election of the nominees identified herein as directors and (ii) ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm. The persons named as the proxies, R. Jeffrey Bailly and Ronald J. Lataille, were selected by the Board of Directors. If any other matters shall properly come before the Meeting, the enclosed proxy will be voted by the proxies in accordance with their best judgment. The proxy may be revoked at any time prior to exercise by filing with the Secretary of the Company a written revocation, by executing a proxy with a later date, or by attending and voting at the Meeting.

**PROPOSAL NO. 1  
ELECTION OF DIRECTORS**

At the Meeting, three Class I directors are to be elected to serve until the 2015 Annual Meeting of Stockholders and until their successors have been duly elected and qualified.

The Company's Certificate of Incorporation, as amended, provides that the Board of Directors shall be divided into three classes. At each Annual Meeting of Stockholders, the directors elected to succeed those whose terms expire shall be identified as being the same class as the directors they succeed and shall be elected to hold office for a term to expire at the third Annual Meeting of Stockholders following such election, and until their respective successors are duly elected and qualified, unless an adjustment in the term to which an individual director shall be elected is made because of a change in the number of directors.

The Company currently has a total of seven directors, consisting of three Class I directors, two Class II directors, and two Class III directors. The terms of the Class I directors, R. Jeffrey Bailly, David B. Gould and Marc Kozin, expire at the Meeting. Each of Messrs. Bailly, Gould and Kozin are being nominated for election as Class I directors, to hold office until the 2015 Annual Meeting of Stockholders and until their successors have been duly elected and qualified.

It is the intention of the persons named as proxies to vote for the election of the nominees. In the unanticipated event that any such nominee should be unable to serve, the persons named as proxies

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will vote the proxy for such substitutes, if any, as the present Board of Directors may designate. The nominees have not been nominated pursuant to any arrangement or understanding with any person.

The following table sets forth certain information with respect to each of our directors and nominees for director. When used below, positions held with the Company include positions held with the Company's predecessors and subsidiaries:

Name	Age	Position	Director Since	Year Term Expires/ Will Expire If Elected, Class
R. Jeffrey Bailly	50	President, Chief Executive Officer and Chairman of the Board of Directors	1995	2015, Class I
Kenneth L. Gestal	63	Director	1996	2013, Class II
David B. Gould ***	58	Director	2003	2015, Class I
Thomas Oberdorf*+##	54	Director	2004	2013, Class II
Marc Kozin++##	50	Director	2006	2015, Class I
David K. Stevenson***	69	Director	2007	2014, Class III
Robert W. Pierce, Jr.+##	58	Director	2008	2014, Class III

Lead Independent Director

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Member of the Audit Committee

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Chairman of the Audit Committee

+

Member of the Compensation Committee

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Chairman of the Compensation Committee

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Member of the Nominating Committee

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Chairman of the Nominating Committee

Mr. R. Jeffrey Bailly has served as Chairman of the Company since October 2006 and as Chief Executive Officer, President, and a director since January 1, 1995. He joined the Company in 1988 and served as a Division Manager (1989-1992), General Manager Northeast Operations (1992-1994), and as its Vice President of Operations (1994-1995). From 1984 through 1988, Mr. Bailly, a certified public accountant, was employed by Coopers & Lybrand. Mr. Bailly is a member of Young Presidents' Organization and serves on the Board of the New England Chapter of the World Presidents' Organization. As a result of these and other professional experiences, Mr. Bailly possesses particular knowledge and experience in operations, accounting, finance, mergers and acquisitions, and executive leadership within a manufacturing environment that strengthen the Board's collective qualifications, skills, and experience.

Mr. Gestal has served as a director of the Company since 1996. In June 2007, Mr. Gestal rejoined Decision Capital, L.P. as president and managing partner; Decision Capital is an alternative investment money management group, which Mr. Gestal had served previously as chief executive officer from 1998 through July 2005. From August 2005 through June 2007, Mr. Gestal served as Chief Operating Officer of Tricordia, LLC, an institutional marketing company. From November 1997 through December 1998, Mr. Gestal served as president of the Alternative Asset Management Group at Swiss Bank Corporation. Prior to that, Mr. Gestal was chairman of Institutional Global Finance Corp., a money management firm, from 1996 through October 1997. From 1991 to 1995, Mr. Gestal served Swiss Bank Corporation, a securities firm, first as president of SBCI Futures, then as president of SBC Government Securities Inc. and as a director of both firms. Prior to joining Swiss Bank Corporation, Mr. Gestal served as the president of Sanwa-BGK, a securities firm, and as chairman of its futures operations. Mr. Gestal is the brother-in-law of R. Jeffrey Bailly, the Chairman, Chief Executive Officer,



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and President of the Company. As a result of these and other professional experiences, Mr. Gestal possesses particular knowledge and experience in investment, capital markets and finance, economics and strategic planning that strengthen the Board's collective qualifications, skills, and experience.

Mr. Gould has served as a director of the Company since 2003. Mr. Gould has been president of Westfield Inc., an industrial real estate development company, since June 1999. Prior to that Mr. Gould was president and chief executive officer of Wood Structures, Inc., a manufacturer of structural building components for the construction industry from May 1991 through June 1999. Mr. Gould is an active member on numerous businesses' boards of advisors and directors as well as a member of several community organizations. As a result of these and other professional experiences, Mr. Gould possesses particular knowledge and experience in sales and marketing, and executive leadership within a manufacturing environment that strengthen the Board's collective qualifications, skills, and experience.

Mr. Kozin has served as a director of the Company since 2006. Mr. Kozin is presently a Senior Advisor at L.E.K. Consulting, after serving as its President from 1997 through 2011. Mr. Kozin has been on the board of directors of CrunchTime! Information Systems, Inc., an information systems company serving the restaurant and food service industry, since December 2002. Previously, Mr. Kozin served on the board of directors of Brandwise, Inc. from December 2002 to December 2005, Lynx Therapeutics, Inc. from July 2002 to March 2005, and Assurance Medical, Inc. from October 1999 to July 2001. As a result of these and other professional experiences, Mr. Kozin possesses particular knowledge and experience in strategic planning and leadership consulting of complex organizations that strengthen the Board's collective qualifications, skills, and experience.

Mr. Oberdorf has served as a director of the Company since 2004. Presently Mr. Oberdorf is Chief Financial Officer of SIRVA, Inc. a leading global provider of moving and relocation services to corporations, consumers and governments. From August 2010 through March 2011, Mr. Oberdorf consulted for Orchard Brands a multi-channel marketer of men's and women's apparel for the 55+ market segment. From December 2008 through August 2010, Mr. Oberdorf was Executive Vice President and Chief Financial Officer of infoGROUP, Inc., which provides business and consumer databases for sales leads and mailing lists, database marketing services, data processing services, e-mail marketing, market research, and sales and marketing solutions. From June 2006 through 2008, Mr. Oberdorf was Senior Vice President, Chief Financial Officer and Treasurer of Getty Images Inc., the world's leading creator and distributor of still imagery, footage and multi-media products, as well as a recognized provider of other forms of premium digital content, including music. From March 2002 through June 2006, Mr. Oberdorf was Senior Vice President, Chief Financial Officer and Treasurer of CMGI, Inc., a supply chain management, marketing distribution and ecommerce solutions company, where he served as a consultant from November 2001 through February 2002. From February 1999 through October 2001, Mr. Oberdorf was Senior Vice President and Chief Financial Officer of Bertelsmann AG's subsidiary, BeMusic Direct, a direct-to-consumer music sales company. From January 1981 through January 1999, Mr. Oberdorf served in various capacities at Readers Digest Association, Inc., most recently as Vice President Global Books & Home Entertainment Finance. As a result of these and other professional experiences, Mr. Oberdorf possesses particular knowledge and experience in manufacturing and accounting, finance, capital markets, and public company experience that strengthen the Board's collective qualifications, skills, and experience.

Mr. Stevenson has served as a director of the Company since March 2007. Mr. Stevenson served as a director of Chirex, Inc., a Nasdaq listed biotechnology company, from April 2000 until its acquisition by Rhodia SA in September 2000. Mr. Stevenson also served as a Trustee from 1999 to 2008 and as Board Chair in 2007 of Beth Israel Deaconess Hospital Needham, an affiliate of Beth Israel Deaconess Medical Center. He continues to serve on the Beth Israel Deaconess Hospital Needham Board of Advisors and presently serves on the Audit Committee. Mr. Stevenson also served as a director of Elderhostel, Inc., the leading provider of lifelong educational programs to people over 55, from May 2001 through May 2009. He has served as a director of various U.S. insurance subsidiaries of

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Sun Life Financial, Inc. (NYSE: SLF) since February 2002. Mr. Stevenson currently chairs the Audit and Nominating Committee of Sun Life Insurance and Annuity Company of New York. He is also a director of All States Asphalt, Inc., a private company. Mr. Stevenson, a CPA, was a partner at Arthur Andersen, LLP during his 33 year career in public accounting. As a result of these and other professional experiences, Mr. Stevenson possesses particular knowledge and experience in accounting, finance, and capital markets that strengthen the Board's collective qualifications, skills, and experience.

Mr. Pierce has served as a director of the Company since June 2008. Mr. Pierce serves as Chief Executive Officer, Chairman, and Co-Owner of Pierce Aluminum Companies, Inc. Pierce Aluminum supplies aluminum raw stock and finished goods to the marine, aerospace, medical, transportation, and defense industries. Over the last 40 years, Mr. Pierce has overseen the growth of the company from a small operating warehouse in Canton, Massachusetts, to a state of the art 150,000 square foot production facility and distribution center in Franklin, Massachusetts and seven regional warehouses across the country. Mr. Pierce currently serves on the Board of Directors of McLean Hospital (since 2010), Crohn's and Colitis Foundation of America New England Chapter (since 2010), and Overseers Marine Biological Laboratory Woods Hole, Massachusetts (since 2009). Mr. Pierce is a past board member of the National Association of Aluminum Distributors and Mass General Hospital for Children Business Advisory Board. As a result of these and other professional experiences, Mr. Pierce possesses particular knowledge and experience in manufacturing and design, innovation, engineering, sales and marketing, and executive leadership within a manufacturing environment that strengthen the Board's collective qualifications, skills, and experience.

Directors are elected by a plurality of the votes cast by stockholders entitled to vote at the Meeting.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE NOMINEES LISTED ABOVE.**



## CORPORATE GOVERNANCE

### Meetings of the Board of Directors

The Board of Directors of the Company held five meetings during 2011. Each director attended at least 75% of the aggregate of all meetings of the Board of Directors and each committee each such director served on during 2011. All of the Company's directors are encouraged to attend the Company's Annual Meeting of Stockholders. All of the Company's directors were in attendance at the Company's 2011 Annual Meeting.

### Independence, Diversity, Leadership Structure and Board Committees

#### *Independence*

The Company's Common Stock is listed on the NASDAQ Stock Market LLC, or Nasdaq, and Nasdaq's listing standards relating to director independence apply to the Company. The Board of Directors has determined that the following current directors are independent under applicable Nasdaq listing standards: Messrs. Stevenson, Gould, Kozin, Oberdorf and Pierce.

#### *Diversity*

The Company strives to have the members of its Board of Directors possess a diverse set of skills so as to best provide guidance to the management team and oversight to the Company. Skills sought include financial, capital markets, manufacturing, engineering, executive leadership, marketing and sales, organizational growth and strategic planning. The Company believes that it has a minimum of one director for each of these skills.

#### *Leadership Structure*

As noted above, our Board of Directors is currently comprised of seven directors, five of whom are independent under applicable standards. Assuming the nominees are elected at the Meeting, five of the Company's seven directors will be independent under applicable standards.

Mr. R. Jeffrey Bailly has served as Chief Executive Officer and member of the Board since January 1, 1995. He has served as Chairman of the Board since 2006.

We recognize that different board leadership structures may be appropriate for companies in different situations and believe that no one structure is suitable for all companies. We believe our current board leadership structure is optimal for us because it demonstrates to our employees, suppliers, customers, and other stakeholders that UFP Technologies is under strong leadership, with a single person setting the tone and having primary responsibility for managing our operations. Having a single leader for both the Company and the Board of Directors eliminates the potential for confusion or duplication of efforts, and provides clear leadership for the Company.

Because the positions of Chairman of the Board and Chief Executive Officer are held by the same person, the Board also believes it is appropriate for the independent Directors to elect one independent Director to serve as a Lead Independent Director. In addition to presiding at executive sessions of independent directors, the Lead Independent Director has the responsibility to: (1) coordinate with the Chairman of the Board and Chief Executive Officer in establishing the agenda and topic items for Board meetings; (2) retain independent advisors on behalf of the Board as the Board may determine is necessary or appropriate; and (3) perform such other functions as the independent directors may designate from time to time. Mr. Gould currently serves as the Lead Independent Director, a position he has held since June 2004.

We believe that our overall leadership structure, consisting of a single individual serving as Chief Executive Officer and Chairman of the Board, together with the number of independent, experienced

directors that make up the majority of our Board and the independent oversight of our Lead Independent Director, benefits the Company and its shareholders.

### ***Risk Oversight***

Our Board of Directors is responsible for overseeing the Company's risk management process. The Board focuses on the Company's general risk management strategy, the most significant risks facing the Company, and ensures that appropriate risk mitigation strategies are implemented by management. The Board is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters.

The Board of Directors has delegated to the Audit Committee oversight of certain aspects of the Company's risk management process. Among its duties, the Audit Committee reviews with management (a) the Company's policies with respect to risk assessment and risk management as well as the Company's significant areas of financial risk exposure and (b) the Company's system of disclosure controls and procedures and system of internal controls over financial reporting. Our Compensation Committee also considers and addresses risk as it performs its committee responsibilities. Both committees report to the full Board as appropriate, including when a matter rises to the level of a material or enterprise level risk.

The Company's management is responsible for day-to-day risk management. Our Treasury, Finance, and Internal Audit functions serve as the primary monitoring and testing function for company-wide policies and procedures, and manage the day-to-day oversight of the risk management strategy for the ongoing business. This oversight includes identifying, evaluating, and addressing potential risks that may exist at the enterprise, strategic, financial, operational, and compliance and reporting levels.

We believe the division of risk management responsibilities described above is an effective approach for addressing the risks we face and that our Board leadership structure supports this approach.

### ***Nominating Committee***

The Board of Directors has a Nominating Committee that was established by the Board of Directors in March 2012. The Nominating Committee is currently composed of Messrs. Gould, Oberdorf, Kozin, Stevenson and Pierce, each of whom is an independent Director under applicable Nasdaq standards. Mr. Gould serves as Chairman. Director nominees are selected by the Nominating Committee. The Nominating Committee operates pursuant to a written charter (the "Nominating Committee Charter") that was adopted by the Board of Directors and that complies with applicable Nasdaq listing standards. The Nominating Committee Charter is available at the Company's website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html). The Nominating Committee may consider candidates recommended by stockholders as well as from other sources such as other directors or officers, third party search firms or other appropriate sources. For all potential candidates, the Nominating Committee may consider all factors it deems relevant, such as a candidate's independence, character, ability to exercise sound judgment, diversity, age, demonstrated leadership, skills, including financial literacy, and experience in the context of the needs of the Board, and concern for the long-term interests of the stockholders. The Nominating Committee does not assign any particular weight or importance to any one of these factors but rather considers them as a whole. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources. If a stockholder wishes to recommend a candidate for election as a director at the 2013 Annual Meeting of Stockholders, it must follow the procedures described in "Stockholder Proposals and Recommendations for Director" below.

***Compensation Committee***

The Board of Directors has a Compensation Committee, which met on six occasions in 2011, and is currently composed of Messrs. Kozin, Oberdorf and Pierce, each of whom is an independent Director under applicable Nasdaq standards. Mr. Kozin serves as Chairman. The Compensation Committee operates pursuant to a written charter (the "Compensation Committee Charter") that was adopted by the Board of Directors and that complies with applicable Nasdaq listing standards. The Compensation Committee Charter, as amended, is available at the Company's website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html). Under the provisions of the Compensation Committee Charter, the primary functions of the Compensation Committee include determining salaries and bonuses for the Company's named executive officers, individuals to whom stock options, other equity-based awards and cash awards are granted, and the terms upon which such grants and awards are made, adopting incentive plans, overseeing risks associated with the Company's compensation policies and practices, evaluating the performance of the Company's named executive officers, reviewing with management compensation disclosures to be included in the Company's filings with the Securities and Exchange Commission ("SEC"), and determining director compensation, benefits and overall compensation. For a further description of the Company's determination of executive and director compensation, see "Executive Compensation" below.

***Audit Committee***

The Board of Directors has an Audit Committee established within the meaning of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee met seven times in 2011, and is currently composed of Messrs. Stevenson, Gould and Oberdorf. Mr. Stevenson serves as Chairman. The Audit Committee operates pursuant to a written charter (the "Audit Committee Charter") that was adopted by the Board of Directors and that complies with currently applicable SEC and Nasdaq rules. The Audit Committee Charter, as amended, is available at the Company's website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html). Under the provisions of the Audit Committee Charter, the primary functions of the Audit Committee are to assist the Board of Directors with oversight of (i) the Company's accounting and financial reporting processes, internal controls and external independent audits of the Company's financial statements and (ii) the qualifications, independence, appointment, retention, compensation and performance of the Company's registered public accounting firm. The Audit Committee is also responsible for the maintenance of "whistle-blowing" procedures, and the oversight of certain other compliance matters. See "Report of the Audit Committee" below.

The Board of Directors has determined that the current members of the Audit Committee are independent directors, as defined by the Audit Committee Charter, applicable SEC rules, and Nasdaq listing standards. In addition, the Board of Directors has determined that Messrs. Stevenson and Oberdorf qualify as "audit committee financial experts," as defined by applicable SEC rules, and that Messrs. Stevenson and Oberdorf satisfy Nasdaq's financial sophistication listing standards.

**Independent Registered Public Accounting Firm**

On November 30, 2011 the Audit Committee of the Board of Directors of UFP Technologies, Inc. (the "Company") approved the engagement of Grant Thornton LLP ("Grant Thornton") as the Company's new independent registered public accounting firm. CCR LLP ("CCR"), the Company's former independent registered public accounting firm, resigned as the Company's independent registered public accounting firm simultaneous with the engagement of Grant Thornton by the Company. This change was a result of Grant Thornton's acquisition of CCR on December 1, 2011.

The Audit Committee has appointed Grant Thornton independent accountants, to be the Company's independent registered public accounting firm and to audit the consolidated financial statements of the Company for the year ending December 31, 2012. The Company is advised that no

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member of Grant Thornton has any direct financial interest or material indirect financial interest in the Company since the date of its engagement, November 30, 2011, or has had any connection with the Company in the capacity of promoter, underwriter, voting trustee, director, officer or employee since such date.

CCR's reports on the Company's consolidated financial statements for the two years ended December 31, 2010 and 2009 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's fiscal years ended December 31, 2010 and 2009, and through November 30, 2011, there were no disagreements between the Company and CCR on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which, if not resolved to the satisfaction of CCR, would have caused CCR to make reference to the subject matter of such disagreement in connection with their report. None of the "reportable events" described in Item 304(a)(1)(v) of Regulation S-K of the SEC's rules and regulations have occurred during the fiscal years ended December 31, 2010 and 2009 or through November 30, 2011.

The Company requested CCR to furnish the Company with a letter addressed to the U.S. Securities and Exchange Commission stating whether CCR agrees with the above statements. A copy of CCR's letter dated December 1, 2011 is attached as Exhibit 16.1 to the Company's Current Report on Form 8-K filed with the SEC on December 5, 2011.

During the Company's fiscal years ended December 31, 2010 and 2009 and through November 30, 2011, neither the Company nor anyone acting on its behalf consulted Grant Thornton regarding (1) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and Grant Thornton did not provide either a written report or oral advice to the Company that was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue, or (2) any matter that was either the subject of a disagreement with CCR, which, if not resolved to the satisfaction of CCR, would have caused CCR to make reference to the subject matter of such disagreement in connection with their report, or any "reportable events" as described in Item 304(a)(1)(v) of Regulation S-K of the SEC's rules and regulations.

A representative of Grant Thornton is expected to be present at the Meeting and will be given the opportunity to make a statement if so desired. The representative will be available to respond to appropriate questions.

*Audit Fees.* The Company incurred an aggregate of approximately \$214,000 in fees for audit services from Grant Thornton and CCR for the fiscal year ended December 31, 2011. The Company incurred an aggregate of approximately \$162,000 in fees for audit services from CCR for the fiscal year ended December 31, 2010. Audit fees include fees and expenses for professional services rendered in connection with the audit of the Company's financial statements (including an audit of the Company's internal controls over financial reporting in 2011), reviews of the financial statements included in each of the Company's Quarterly Reports on Form 10-Q during those years and fees for services related to the Company's registration statements, consents and assistance with and review of documents filed with the SEC.

*Audit-Related Fees.* The Company incurred no audit-related fees in the fiscal years ended December 31, 2011 and 2010 from either Grant Thornton or CCR.

*Tax Fees.* The Company incurred no tax fees for the fiscal years ended December 31, 2011 and 2010, respectively, from either Grant Thornton or CCR.

*All Other Fees.* The Company incurred no other fees for the fiscal years ended December 31, 2011 and 2010, respectively, from either Grant Thornton or CCR.

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The Audit Committee has considered whether the provision of non-audit services by Grant Thornton is compatible with maintaining Grant Thornton's independence, and believes that the provision of such services is compatible.

### **Audit Committee Policy on Pre-Approval of Services of Independent Registered Public Accounting Firm**

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by Grant Thornton. These services may include audit services, audit-related services, tax services and other services.

### **Report of the Audit Committee**

The Audit Committee has:

Reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2011;

Discussed with Grant Thornton the Company's independent registered public accounting firm, the matters required to be discussed with audit committees under generally accepted auditing standards, including, among other things, the matters required to be discussed by the American Institute of Certified Public Accountants' Auditing Standards Codification Section 380 (Communication with Audit Committees), as adopted by the Public Company Accounting Oversight Board;

Received and reviewed the written disclosures and the letter from the Company's independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and discussed with the independent accountant the independent accountant's independence; and

Based on the review and discussions referred to above, recommended to the Board of Directors that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the Securities and Exchange Commission.

By the Audit Committee of the Board of Directors:

David K. Stevenson, *Chairman*  
Thomas Oberdorf  
David B. Gould

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of April 25, 2012, with respect to the beneficial ownership of the Company's Common Stock by each director, each nominee for director, each named executive officer in the Summary Compensation Table under "Executive Compensation" below, all executive officers and directors as a group, and each person known by the Company to be the beneficial owner of 5% or more of the Company's Common Stock. This information is based upon information received from or on behalf of the named individuals. Unless otherwise indicated, (i) each person identified possesses sole voting and investment power with respect to the shares listed and (ii) the address for each person named below is: c/o UFP Technologies, Inc., 172 East Main Street, Georgetown, Massachusetts 01833.

Name	Shares of Common Stock Beneficially Owned	Percentage of Class(1)
R. Jeffrey Bailly(2)	906,377	13.1%
Kenneth L. Gestal(2)(3)	106,207	1.6%
Mitchell C. Rock	70,185	1.0%
Ronald J. Lataille	122,637	1.8%
Richard LeSavoy	117,331	1.8%
Daniel J. Shaw, Jr.(2)	63,496	*
David B. Gould(2)(4)	92,466	1.4%
Thomas Oberdorf(2)	65,198	1.0%
Marc Kozin(2)	32,149	*
David K. Stevenson(2)(5)	37,141	*
Robert W. Pierce, Jr.(2)	38,877	*
Renaissance Technologies LLC(6) 800 Third Avenue New York, NY 10022	466,100	7.0%
Nantahala Capital Management, LLC(7) 100 First Stamford Place, 2 <sup>nd</sup> Floor Stamford, CT 06902	412,311	6.2%
Huber Capital Management LLC(8) 10940 Wilshire Blvd., Suite 925 Los Angeles, CA 90024	394,993	5.9%
Royce & Associates, LLC(9) 745 Fifth Avenue New York, NY 10151	508,070	7.6%
All executive officers and directors as a group (11 persons)(2)(3)(4)(5)(10)	1,652,064	23.1%

\*

Less than one percent

(1)

Based upon 6,693,778 shares of Common Stock outstanding as of April 25, 2012.

(2)

Includes shares issuable pursuant to stock options currently exercisable or exercisable within the next 60 days, as follows: 200,000 for R. Jeffrey Bailly, 53,457 for Kenneth L. Gestal, 10,000 for Daniel J. Shaw, Jr., 51,131 for David B. Gould, 64,580 for Thomas Oberdorf, 28,970 for Marc Kozin, 23,388 for David K. Stevenson and 21,259 for Robert W. Pierce, Jr.

(3)

Includes 10,000 shares owned by Mr. Gestal's spouse, as to which Mr. Gestal disclaims beneficial ownership.

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- (4) Includes 16,000 shares owned by Mr. Gould's spouse, as to which Mr. Gould disclaims beneficial ownership.
- (5) Includes 1,000 shares owned by Mr. Stevenson's spouse, as to which Mr. Stevenson disclaims beneficial ownership.
- (6) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G/A filed with the SEC by Renaissance Technologies LLC on February 13, 2012. As of December 31, 2011, Renaissance Technologies LLC had sole voting and dispositive power over 466,100 shares.
- (7) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G/A filed with the SEC by Nantahala Capital Management, LLC on February 14, 2012. As of December 31, 2011, Nantahala Capital Management, LLC had sole voting and dispositive power over 412,311 shares.
- (8) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G filed with the SEC by Huber Capital Management LLC on February 9, 2012. As of December 31, 2011, Huber Capital Management LLC had sole dispositive power over 394,993 shares, shared dispositive power over 0 shares, sole voting power over 153,892 shares and shared voting power over 85,699 shares.
- (9) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G filed with the SEC by Royce & Associates, LLC on January 23, 2012. As of December 31, 2011, Royce & Associates, LLC had sole voting and dispositive power over 508,070 shares.
- (10) Includes an aggregate of 452,785 shares that the executive officers and directors have the right to acquire within 60 days pursuant to the exercise of options.

### CODE OF ETHICS

Pursuant to Section 406 of the Sarbanes-Oxley Act of 2002, the Company has adopted a Code of Ethics for Senior Financial Officers that applies to the Company's principal executive officer and its principal financial officer, principal accounting officer, controller, and other persons performing similar functions. The Code of Ethics, as amended, is available at the Company's website, [www.ufpt.com/investors/governance.html](http://www.ufpt.com/investors/governance.html). If the Company makes any substantive amendments to this Code of Ethics or grants any waiver, including any implicit waiver, from a provision of this Code of Ethics to the Company's principal executive officer, principal financial officer, principal accounting officer, controller, or other persons performing similar functions, the Company will disclose the nature of such amendment or waiver, the name of the person to whom the waiver was granted and the date of waiver in a report on Form 8-K.

### EXECUTIVE OFFICERS

The names of the Company's executive officers who are not directors of the Company, and certain biographical information furnished by them, are set forth below:

Name	Age	Title
Mitchell C. Rock	44	Vice President of Sales and Marketing
Ronald J. Lataille	50	Vice President, Treasurer, Secretary and Chief Financial Officer
Richard LeSavoy	56	Vice President of Manufacturing
Daniel J. Shaw, Jr.	51	Vice President of Engineering

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Mr. Rock initially joined the Company in 1991 and served as Director, Sales and Marketing of the Company's Moulded Fibre division (now "Molded Fiber"). From May 1999 through October 2000, Mr. Rock served as Vice President Sales and Business Development of Esprocket, an internet start-up company. Mr. Rock rejoined the Company in April 2001 as Vice President, Sales and Marketing of the Company's Moulded Fibre division and has served as Vice President, Sales and Marketing for the entire Company since May 2002.

Mr. Lataille joined the Company in November 1997 as its Chief Financial Officer. Prior to joining the Company, Mr. Lataille served as Vice President, Treasurer and Chief Financial Officer of Little Switzerland, Inc. from 1991 through October 1997. He also served as interim President and Chief Executive Officer of Little Switzerland from October 1994 through October 1995. Mr. Lataille is a director of Seacoast United Soccer Foundation, a not for profit organization located in Exeter, New Hampshire.

Mr. LeSavoy initially joined the Company in 1983 and served as Materials Manager and then Operations Manager through 1987. From 1988 through 1995 Mr. LeSavoy served as Purchasing Manager and then Manufacturing Manager for the USCI Division of C.R. Bard, Inc., a multi-national developer, manufacturer and marketer of healthcare products. Mr. LeSavoy rejoined the Company in 1995 as Director of Operations for the Northeast Region and has served as Vice President, Manufacturing since February 2003.

Mr. Shaw joined the Company in 1983 and served as a Corporate Industrial Engineer through September, 1992. From October 1992 through September, 1996 Mr. Shaw served as Manager of Product Development and from October 1996 through May, 2000 as Director of Product Development. From June 2000 through May 2002 Mr. Shaw served as a Divisional Vice President of the Specialty Components Division. Since May 2002 Mr. Shaw has served as corporate Vice President, Engineering.

Executive officers are chosen by and serve at the discretion of the Board of Directors of the Company.

### EXECUTIVE COMPENSATION

The Company's compensation programs are determined by the Compensation Committee of the Board of Directors, which has the ongoing responsibility for establishing, implementing, and monitoring the Company's executive compensation programs. In 2008, the Compensation Committee engaged DolmatConnell & Partners, a Massachusetts-based compensation consulting firm, to perform a comprehensive comparative market study of the compensation programs offered to peer company chief executives and other executive officers. The Compensation Committee continues to use this information, strategy and philosophy to evaluate each component of compensation, including base salaries, incentive bonuses and other stock-based incentives for its named executive officers, annually in view of the Company's performance. The chief executive officer also makes recommendations to the Compensation Committee about the compensation of the Company's other named executive officers. The Compensation Committee considers the chief executive's recommendations before making a final determination of the compensation programs for the named executive officers.

The Company operates in a highly competitive and dynamic industry. The key objectives of its executive compensation programs are to attract, motivate and retain superior talent to enable the Company to achieve its business objectives and to align the financial interests of its executives with the stockholders of the Company. The compensation of named executive officers consists of (1) base salary, (2) incentive bonus, (3) long-term incentives and (4) other benefits and perquisites. In addition, the Company has an employment agreement with its chief executive officer.

*Base Salary.* Base salaries are determined based upon a variety of factors, including the executive's scope of responsibilities, a market competitive assessment of similar roles at other



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companies, and a comparison of salaries paid to peers within the Company. Base salaries are reviewed annually and may be adjusted after considering the above factors.

*Incentive Bonus.* In the past and for the Company's fiscal year ended 2011, the Company's named executive officers earned incentive bonuses. Bonuses are determined based on a combination of qualitative and quantitative, Company and individual measures, the details of which are established annually in the form of business objectives. The business objectives may vary for each executive based upon his or her responsibilities and may include financial and/or strategic measures. For example, in the past and for the Company's fiscal year ended 2011, Mr. R. Jeffrey Bailly, the Company's President and Chief Executive Officer, has earned an incentive bonus based on the Company's achievement of specified corporate financial goals as well as an incentive bonus based on Mr. Bailly's achievement of specified individual goals. The Compensation Committee establishes the performance criteria for each named executive officer's incentive bonus.

In 2011, bonuses for our named executive officers were largely based upon the Company achieving certain operating income targets, which were based upon the Company's internal budgets, with the bonus amounts set to fluctuate up or down based on the extent to which the Company achieved, did not achieve, or exceeded the operating income target. The bonus amounts for 2011 were also based in part on strategic objectives established for each named executive officer. The bonus amounts awarded for 2011 reflect the fact that the Company exceeded its operating income targets for 2011.

Subject to contractual commitments, the Compensation Committee retained sole discretion over all matters relating to the 2011 bonus payments including, without limitation, the decision to pay any bonuses, the amount of each bonus, if any, the ability to increase or decrease any bonus payment and make changes to any financial and/or strategic measures, discretion over the payment of partial awards in the event of employment termination, and the decision whether to allow recipients to receive a portion and if so, how much of their bonuses in the form of Common Stock.

*Long-term Incentives.* It is the philosophy of the Company and the Compensation Committee to provide executives with long-term incentives and, thus, align their financial interests with those of the Company's shareholders. Among the Company's various plans, the Company maintains two plans the Company's 1993 Employee Stock Option Plan, which expired in 2010, and the Company's 2003 Incentive Plan that provide long-term rewards and incentives to the Company's named executive officers, as well as other participants.

Beginning in 2006, the Company implemented a stock unit award program for the named executive officers under the 2003 Incentive Plan. The stock unit awards represent a right to receive shares of the Company's Common Stock in varying amounts based on the achievement of financial performance objectives for the Company and, in certain instances, time-based vesting requirements. Based upon the Company's financial results for its 2011 fiscal year, the Compensation Committee determined that the Company had achieved the "threshold" financial performance target relating to stock unit awards granted in 2011, but that the "target" and "maximum" financial performance targets had not been achieved.

Certain named executive officers have stock options outstanding under the Company's 1993 Employee Stock Option Plan. The stock options allow the named executive officers, as well as other key employees, the right to acquire shares of Common Stock at a price equal to the fair market value of the Common Stock on the date of grant. With the exception of the chief executive officer, whose stock options vested immediately upon grant, the stock options are subject to a vesting period. In 2011, no stock options were granted to named executive officers.

## Other Benefits and Perquisites

*CEO Stock Awards* For the past several years, and again in 2011, the Company has granted to Mr. R. Jeffrey Bailly, its Chief Executive Officer, an award of Common Stock as a component of his overall compensation. The objective of this equity component is to greater align the chief executive officer's interests with those of the Company's shareholders. The stock is typically issued to the chief executive officer in the last week of the fiscal year, assuming the chief executive officer remains employed by the Company on that date. The chief executive officer is also granted an additional cash award to pay the income taxes associated with receiving this grant of Common Stock (a "gross-up"). In 2011, consistent with the terms of his employment agreement, the chief executive officer was granted 25,000 shares and the gross-up associated with this grant amounted to approximately \$271,800.

As described further below, the Compensation Committee has decided that, beginning in 2012, Mr. Bailly's award of Common Stock should be determined as a variable number of shares based on a fixed dollar value, rather than a fixed number of shares to be granted yearly. This change has been evidenced by an amendment to Mr. Bailly's employment agreement, as detailed under "Employment Contract" below.

*Deferred Compensation Plan* In 2006, the Company implemented the UFP Technologies Executive Nonqualified Excess Plan ("Deferred Comp Plan"). Under the Deferred Comp Plan, named executive officers and other key employees are eligible to defer up to 90% of base salary and 100% of bonus and/or commissions into the Plan. Investments of the deferrals are directed by the participants and returns on the deferrals are determined accordingly. Employer contributions into the Plan are discretionary and determined by the Compensation Committee. No employer contributions were made in 2011.

*Supplemental Disability Insurance* Beginning in 2007, named executive officers received long-term disability insurance coverage to supplement the Company's group long-term disability plan. The objective is to provide named executive officers with sufficient coverage to replace a significant portion of his wages in the event of disability. The premiums are paid for by the Company and amounted to approximately \$12,000 in the aggregate for all named executive officers in 2011.

*Profit Sharing/401(k) Plan* All employees, including named executive officers, who meet certain criteria are eligible to participate in the UFP Technologies, Inc. 401(k) Plan (the "401(k) Plan"). Participants in the 401(k) Plan can defer up to 20% of their gross compensation, subject to IRS limitations, on a pre-tax basis. The Company matches employee deferrals at a discretionary rate, which was 50% of employee deferrals up to a maximum of 2% of an employee's gross wages in 2011. In addition, the Company may make an additional discretionary profit sharing contribution which was 1.75% of gross wages in 2011. No employee deferrals are required to receive an allocated portion of the profit sharing contribution.

*Perquisites* The Company provides welfare benefits to its named executive officers at no cost to the executives. The chief executive officer is also eligible for additional perquisites including club memberships, life insurance and Company paid tax preparation fees. These chief executive officer perquisites are offered principally to facilitate the chief executive officer's role as a Company representative within the community, and to entertain customers.

## Policy on Stock Option Timing and Pricing

The Company's Board of Directors adopted a policy whereby stock options are only to be granted by majority vote of members of the Compensation Committee at a Committee meeting. The Company's policy is to permit trading of Company securities commencing 48 hours after the release of quarterly or annual earnings, assuming that, at such time, there is, in the opinion of the Directors, no material inside information pending. The Company's 2003 Incentive Plan establishes fair market value as the closing price on the date of grant of any equity security, including stock options, granted pursuant to such plan.

**Tax Considerations**

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended, which provides that the Company may not deduct compensation of more than \$1,000,000 that is paid to certain individuals other than qualified performance-based compensation. The Company believes that compensation paid under the management incentive plans is generally fully deductible for federal income tax purposes. However, in certain situations, the Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its named executive officers. In this regard, for 2011, no named executive officer received compensation in excess of the limits imposed by Section 162(m) and, therefore, the Company believes that all executive compensation is deductible for federal income tax purposes.

**SUMMARY COMPENSATION TABLE 2011, 2010, 2009**

Name and Principal Position	Year	Salary(1)	Stock Awards(2)	Non-Equity	All Other	Total
				Incentive Plan Compensation (\$)(3)	Compensation (\$)(4)	
R. Jeffrey Bailly, President, Chief Executive Officer and Chairman	2011	\$ 330,000	\$ 533,250	\$ 271,641	\$ 336,972	\$ 1,471,863
	2010	\$ 330,000	\$ 512,481	\$ 363,000	\$ 285,299	\$ 1,490,780
	2009	\$ 315,000	\$ 319,331	\$ 362,250	\$ 173,401	\$ 1,169,982
Ronald J. Lataille Vice President, Treasurer, Secretary and Chief Financial Officer	2011	\$ 220,000	\$ 25,000	\$ 80,000	\$ 13,412	\$ 338,412
	2010	\$ 220,000	\$ 75,000	\$ 110,000	\$ 13,963	\$ 418,963
	2009	\$ 210,000	\$ 50,000	\$ 85,000	\$ 28,530	\$ 373,530
Richard LeSavoy Vice President of Manufacturing	2011	\$ 220,000	\$ 25,000	\$ 80,000	\$ 13,882	\$ 338,882
	2010	\$ 220,000	\$ 75,000	\$ 110,000	\$ 54,033	\$ 459,033
	2009	\$ 210,000	\$ 50,000	\$ 90,000	\$ 29,878	\$ 379,878
Mitchell C. Rock Vice President of Sales and Marketing	2011	\$ 220,000	\$ 25,000	\$ 80,000	\$ 13,319	\$ 338,319
	2010	\$ 210,000	\$ 75,000	\$ 110,000	\$ 13,375	\$ 408,375
	2009	\$ 195,000	\$ 50,000	\$ 80,000	\$ 27,537	\$ 352,537
Daniel J. Shaw, Jr. Vice President of Engineering	2011	\$ 168,000	\$ 20,000	\$ 55,000	\$ 11,618	\$ 254,618
	2010	\$ 168,000	\$ 60,000	\$ 75,000	\$ 11,808	\$ 314,808
	2009	\$ 160,000	\$ 40,000	\$ 62,000	\$ 22,322	\$ 284,322

(1) On February 17, 2012, the Compensation Committee approved increases in the base salaries of Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw to \$350,000, \$230,000, \$230,000, \$230,000 and \$175,000, respectively, effective January 1, 2012.

(2) For 2009 represents stock unit awards of 50,314, 11,792, 11,792, 11,792 and 9,434 to Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively. The 2009 stock unit awards were granted on February 24, 2009 and valued at \$4.24, the closing price of the Company's Common Stock on the date of grant. For 2010 represents stock unit awards of 41,556, 9,741, 9,741, 9,741 and 7,791 to Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively. The 2010 stock unit awards were granted on February 19, 2010 and valued at \$7.70, the closing price of the Company's Common Stock on the date of grant. For 2011 represents stock unit awards of 6,498, 1,243, 1,243, 1,243 and 994 to Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively. The 2011 stock unit awards to Messrs. Lataille, LeSavoy, Rock and Shaw were granted on February 18, 2011 and valued at \$20.11, the closing price of the Company's Common Stock on the date of grant. The 2011 stock unit award granted to Mr. Bailly was granted on March 2, 2011 and valued at \$16.93, the closing price of the Company's Common Stock on the date of grant. Amounts reflected in the table

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represent the grant date fair value of the stock unit awards computed in accordance with FASB ASC, Topic 718, Compensation - Stock Compensation. In the case of Mr. Bailly, these amounts also include (i) for 2009, 25,000 shares of the Company's Common Stock that were granted to him on February 24, 2009 and issued on December 31, 2009 valued at \$4.24 the closing price of the Common Stock on the grant date, (ii) for 2010, 25,000 shares of the Company's Common Stock that were granted to him on February 19, 2010 and issued on December 31, 2010 valued at \$7.70, the closing price of the Company's Common Stock on the grant date and (iii) for 2011, 25,000 shares of the Company's Common Stock that were granted to him on March 2, 2011 and issued on December 22, 2011 valued at \$16.93, the closing price of the Company's Common Stock on the grant date.

(3)

Represents incentive bonuses earned in 2009, 2010 and 2011 that were paid in March, 2010, 2011 and 2012, respectively. For 2010 and 2009 the named executive officers were allowed to take up to 50% of their earned incentive bonuses in the form of Common Stock with the number of shares determined as the bonus amount divided by the closing price of the Company's Common Stock on the date of grant. For 2009 and 2010 the dates of grant of the Common Stock portion of the incentive bonuses were February 19, 2010 and February 18, 2011, respectively, and the fair-market value of the Common Stock was \$7.70 and \$20.11, respectively. Incentive bonuses earned in 2009 and paid in 2010 were as follows: \$362,250 for Mr. Bailly, \$63,750 and 2,760 shares of stock for Mr. Lataille, \$67,500 and 2,922 shares of stock for Mr. LeSavoy, \$60,000 and 2,597 shares of stock for Mr. Rock and \$46,500 and 2,013 shares of stock for Mr. Shaw. Incentive Bonuses earned in 2010 and paid in 2011 were as follows: \$363,000 for Mr. Bailly, \$110,000 for Mr. Lataille, \$55,000 and 2,735 shares of stock for Mr. LeSavoy, \$110,000 for Mr. Rock and \$75,000 for Mr. Shaw. Incentive Bonuses earned in 2011 and paid in 2012 were as follows: \$271,641 for Mr. Bailly, \$80,000 for Mr. Lataille, \$80,000 for Mr. LeSavoy, \$80,000 for Mr. Rock and \$55,000 for Mr. Shaw.

(4)

Represents (i) for Mr. Bailly, Company reimbursement for club fees, tax preparation services and life insurance premiums; (ii) for each of the named executive officers, compensation for the taxes attributable to stock awards and shares issued in lieu of cash bonuses in 2009 of \$117,000, \$15,300, \$16,200, \$14,400 and \$11,160 for Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively, in 2010 of \$219,000 and \$39,600 for Messrs. Bailly and LeSavoy, respectively; and in 2011 of \$271,800 for Mr. Bailly and (iii) for each of the named executive officers, car allowances and 401(k) contributions in 2009, 2010 and 2011.

### Employment Contract

On October 8, 2007, the Company entered into an employment agreement with Mr. R. Jeffrey Bailly, the Company's President and Chief Executive Officer and the Chairman of the Company's Board of Directors. The Agreement is terminable by either party at any time, as provided below. On March 2, 2011 the Company and Mr. Bailly executed an amendment to the employment agreement. Pursuant to the terms of the amendment, effective January 1, 2012, Mr. Bailly's annual salary increased from not less than \$300,000 to not less than \$350,000, and the Annual Stock Grant Award changed from 25,000 shares of the Company's Common Stock to \$300,000 worth of shares of the Company's Common Stock.

As amended, the employment agreement provides that Mr. Bailly will receive a minimum annual salary of \$350,000 and consideration for discretionary bonuses. Pursuant to the agreement, Mr. Bailly will receive an annual stock grant award (the "Annual Stock Grant Award") on or about January 1 of each year entitling him to receive on or before December 31 (the "Issue Date") of each year an aggregate of \$300,000 worth of shares of the Company's Common Stock, provided that Mr. Bailly remains employed with the Company through the Issue Date of each such year. Subject to applicable "golden-parachute" rules, the Company has agreed to reimburse Mr. Bailly for the amount of federal

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and state income taxes attributable to the Annual Stock Grant Award. Annual Stock Grant Awards are to be made under the Company's 2003 Incentive Plan.

Mr. Bailly's agreement prohibits him from competing with the Company for a period of eighteen months following the termination of his employment for any reason. The employment agreement provides Mr. Bailly with certain other benefits, including the opportunity to participate in the Company's stock option plans, insurance plans and other employment benefits as may be generally available to senior executives of the Company, as well as for the direct payment or reimbursement of tax preparation fees, certain dues and fees relating to club memberships and other fringe benefits.

Under the terms of the Agreement, if (i) Mr. Bailly's employment with the Company is terminated by the Company without cause, (ii) if Mr. Bailly terminates his employment with the Company for good reason (including a reduction in his base salary, the amount of the Annual Stock Grant Award or certain other benefits, removal from his position as president or chief executive officer, required relocation outside the greater Boston, Massachusetts area or a material reduction in his overall level of responsibility), or (iii) Mr. Bailly voluntarily terminates his employment within six months of a change of control of the Company, then the Company is required to pay Mr. Bailly a lump sum amount equal to three times his average annual compensation for the two years preceding. However, these termination payments shall be limited to an amount that would not result in the imposition of an excise tax or denial of a tax deduction for the Company under the tax code's golden parachute rules. If Mr. Bailly's employment with the Company is terminated by the Company without cause, or if Mr. Bailly terminates his employment with the Company for good reason, or upon a change of control of the Company, then (i) any shares in the Annual Stock Grant Award not issued to Mr. Bailly to which he would otherwise be entitled as of the next Issue Date following such change of control or such termination will be immediately issued to him and (ii) any of Mr. Bailly's other earned but unvested Stock Rights, as defined in the Agreement, will immediately vest in full. If Mr. Bailly's employment with the Company is terminated by the Company without cause, or if Mr. Bailly terminates his employment with the Company for good reason, the Company will continue to pay Mr. Bailly's health insurance for up to thirty-six months.

### Grants of Plan-Based Awards 2011

Name	Grant Date	Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value Of Stock and Option Awards \$(3)
		Threshold (#)(1)(2)	Target (#)(1)(2)	Maximum (#)(1)(2)		
R. Jeffrey Bailly(4)	3/2/2011	6,498	6,498	6,498		330,000
R. Jeffrey Bailly	3/2/2011				25,000	423,250
Ronald J. Lataille(4)	2/18/2011	1,243	1,243	1,243		75,000
Richard LeSavoy(4)	2/18/2011	1,243	1,243	1,243		75,000
Mitchell C. Rock(4)	2/18/2011	1,243	1,243	1,243		75,000
Daniel J. Shaw, Jr.(4)	2/18/2011	994	994	994		60,000

(1) The stock unit awards listed above are subject to a (i) time-based vesting requirement and (ii) a Company financial performance requirement, which is discussed in footnote 2, below. One-third of these awards vest on March 1, 2013, one-third of these awards vest on March 1, 2014 and one-third of these awards vest on March 1, 2015, provided that the recipient remains continuously employed by the Company through each such vesting date and the corresponding financial performance requirement is met.

(2) The stock unit awards listed under the "Threshold", "Target" and "Maximum" columns above were also subject to the Company achieving specified financial performance objectives. The performance objectives were based on the Company's adjusted operating income for its 2011 fiscal

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year relative to operating income targets established by the Compensation Committee. Based upon the Company's financial results for its 2011 fiscal year, the Compensation Committee determined that the Threshold goal had been achieved, but that the Target and Maximum goals had not been achieved. Accordingly, the stock unit awards listed in the "Target" and "Maximum" columns above shall not vest.

(3)

Amount shown does not reflect compensation actually received by the named executive officer nor does it necessarily reflect the actual value that will be recognized by the named executive officer. Instead, the amount shown is the grant date fair value of restricted stock granted to the named executive officer computed in accordance with FASB ASC, Topic 718, Compensation Stock Compensation. The assumptions used to calculate the value of restricted stock awards are set forth under Note 1(m) Share-Based Compensation, to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

(4)

Reflects grants of stock unit awards to the named executive officers pursuant to the Company's 2003 Incentive Plan. Recipients of the stock unit awards will have no rights as stockholders of the Company, including, without limitation, the right to vote or to receive dividends, until and to the extent such stock unit awards have vested and the issuance of the shares of Common Stock in respect of the stock unit awards has been appropriately evidenced. Except in the case of R. Jeffrey Bailly, any unvested stock unit awards shall terminate upon the cessation of a recipient's employment with the Company. With respect to Mr. Bailly, in the event of a cessation of employment without "cause" or for "good reason," Mr. Bailly may be entitled to a portion of the shares regardless of such cessation of employment. In the event of a change in control of the Company (as defined in the stock unit award agreement evidencing the award) on or after January 1, 2012, the applicable number of stock unit awards listed in the "Threshold" column above, to the extent not already vested, shall become fully vested immediately prior to the effective date of such change in control.

*1993 Employee Stock Option Plan.* Effective October 1993, the Company adopted the 1993 Employee Stock Option Plan (the "1993 Plan"). On April 12, 2010 the 1993 Plan expired. The purpose of the 1993 Plan was to benefit the Company through the maintenance and development of its businesses by offering certain present and future key individuals a favorable opportunity to become holders of stock in the Company over a period of years, thereby giving them a permanent stake in the growth and prosperity of the Company. As of April 12, 2010, when the 1993 Plan expired, there remained 302,293 shares of Common Stock reserved for issuance thereunder. As of April 12, 2012 there are options outstanding under the 1993 Plan that cover 285,000 shares of Common Stock.

## Outstanding Equity Awards at Fiscal 2011 Year-End

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#)(1)	Number of Securities Underlying Unexercised Options (#)(1)	Exercise Price (\$)(2)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)
R. Jeffrey Bailly	46,620		1.00	3/25/2013	81,597	1,205,188
	100,000		2.25	4/2/2014		
	100,000		2.39	12/14/2015		
Ronald J. Lataille	15,000		3.32	5/16/2012	24,845	366,961
Richard LeSavoy	20,000		3.32	5/16/2012	24,845	366,961
Mitchell C. Rock	15,000		3.32	5/16/2012	24,845	366,961
Daniel J. Shaw, Jr.	10,000		3.32	5/16/2012	20,074	296,493

- (1) Represents stock options granted pursuant to the Company's 1993 Stock Option Plan. Options granted to Mr. Bailly have a 10 year life and vested immediately. Options granted to Messrs. Lataille, LeSavoy, Rock and Shaw have lives ranging from five to seven years and all outstanding grants have vested in full.
- (2) Exercise prices for all options granted to the named executive officers represent the closing price of the Company's Common Stock on the business date immediately preceding the date of grant.
- (3) Represents unvested stock unit awards granted pursuant to the Company's 2003 Incentive Plan. The market value of the stock unit awards that have not vested is calculated using the closing market price of the Company's Common Stock at the end of the Company's last completed fiscal year. Accordingly, this value was determined based on the closing market price of the Company's Common Stock on Nasdaq as of December 30, 2011, which was \$14.77.

## Option Exercises and Stock Vested 2011

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting(1) (#)	Value Realized on Vesting(1) (\$)
R. Jeffrey Bailly(2)	103,380	\$ 1,695,628	33,439	\$ 620,434
Ronald J. Lataille		\$	13,931	\$ 251,019
Richard LeSavoy		\$	13,931	\$ 251,019
Mitchell C. Rock		\$	13,931	\$ 251,019
Daniel J. Shaw, Jr.		\$	11,478	\$ 206,779

- (1) On February 19, 2011, previously issued stock unit awards covering 16,772, 3,930, 3,930, 3,930 and 3,144 shares of the Company's Common Stock vested in full for each of Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively. The value realized upon the vesting of the stock unit awards is based upon the closing price of \$18.30 on February 22, 2011. On February 24, 2011, previously issued stock unit awards covering 6,000, 6,000, 6,000 and 5,000 shares of the Company's Common Stock vested in full for each of Messrs. Lataille, LeSavoy, Rock and Shaw, respectively. The value realized upon the vesting of the stock unit awards is based upon the closing price of \$17.31 on February 24, 2011. On July 1, 2011, previously issued stock unit awards covering 16,667, 4,000, 4,000, 4,000 and 3,333 shares of the Company's Common Stock vested in full for each of





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Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively. The value realized upon the vesting of the stock unit awards is based upon the closing price of \$18.81 on July 1, 2011.

(2)

Mr. Bailly exercised options covering 50,000 shares of stock on February 24, 2011. These options were granted on February 11, 2002 at an exercise price \$0.81 per share. The value realized upon exercise of these options was \$825,000, or \$16.50 per share, based upon the closing price of our Common Stock on the date of exercise minus the exercise price. Mr. Bailly also exercised options covering 53,380 shares of stock on February 24, 2011. These options were granted on March 25, 2003 at an exercise price \$1.00 per share. The value realized upon exercise of these options was \$870,628, or \$16.31 per share, based upon the closing price of our Common Stock on the date of exercise minus the exercise price.

### Potential Payments upon Termination or Change of Control and Severance Plans

Mr. R. Jeffrey Bailly may be entitled to payment upon his termination or upon a change of control of the Company, as described above. If Mr. Bailly is terminated without cause or if he terminates his employment for good reason or within six months of a change of control of the Company, then Mr. Bailly is entitled to a lump sum amount equal to three times his average annual compensation for the two years preceding, as limited by applicable IRS golden parachute regulations. Accordingly, assuming the triggering event occurred on December 31, 2011, Mr. Bailly would have been entitled to receive \$3,666,375.

In September 1993, the Company adopted a policy that all named executive officers of the Company not otherwise a party to an employment agreement with the Company will receive a severance benefit should the employee's employment with the Company be terminated by the Company other than for cause in connection with a change in control of the Company, in the form of a base salary continuation for a period equal to the sum of (i) four months plus (ii) one month for each year of service with the Company up to a maximum of 18 months. Accordingly, assuming termination of such named executive officers on December 31, 2011, such officers would have been entitled to the following payments:

Name	Severance Payment (\$)
Ronald J. Lataille	330,000
Richard LeSavoy	330,000
Mitchell C. Rock	245,000
Daniel J. Shaw, Jr.	252,000

## Director Compensation 2011

Name	Year	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Total (\$)
Richard L. Bailly(4)	2011	5,000	0	4,164	9,164
Kenneth L. Gestal	2011	10,000	10,000	10,000	30,000
David B. Gould	2011	20,000	10,000	10,000	40,000
Marc Kozin	2011	17,500	10,000	10,000	37,500
Thomas Oberdorf	2011	20,000	10,000	10,000	40,000
David K. Stevenson	2011	17,500	10,000	10,000	37,500
Robert W. Pierce, Jr.	2011	15,000	10,000	10,000	35,000

- (1) For 2011 non-employee directors received: (i) an annual retainer of \$20,000, payable 50% in cash and 50% in the form of options, (ii) an annual committee retainer of \$5,000 in cash, and an additional \$2,500 if the non-employee director serves as committee chairman, (iii) reimbursement of expenses for each meeting physically attended, and (iv) an annual lead independent director retainer of \$5,000 for the individual serving in that position. Currently, David B. Gould serves as the Company's lead independent director.
- (2) On June 8, 2011 the Company granted to each non-employee director, other than Mr. Richard L. Bailly, free of any restrictions, 618 shares of Common Stock with a value equal to \$10,000, calculated using the \$16.17 closing price of the Common Stock on the date of grant. Amounts reflected in the table represent the grant date fair value of the stock options computed in accordance with FASB ASC, Topic 718, Compensation Stock Compensation.
- (3) On June 8, 2011, the Company granted non-qualified stock options to acquire Common Stock in the amount of 2,058 to each non-employee director, other than Mr. Richard L. Bailly. Mr. Bailly received 857 of such options for serving a partial year on the Board. Each option has a ten-year life with an exercise price of \$16.17, the closing price of the Company's Common Stock on June 8, 2011. Amounts reflected in the table represent the grant date fair value of the stock options computed in accordance with FASB ASC, Topic 718, Compensation Stock Compensation.
- (4) Prior to the 2011 Annual Meeting of Stockholders, Mr. Richard L. Bailly elected not to serve on the Board of Directors following the end of his then expiring term.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table discloses the securities authorized for issuance under the Company's equity compensation plans as of April 12, 2012. Each of these plans and their amendments has been approved by the Company's stockholders.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under compensation plans
1993 Employee Stock Option Plan(2)	285,000	\$ 2.77	
2003 Incentive Plan Options	41,250	\$ 11.00	
2003 Incentive Plan Stock Unit Awards	95,313		
<b>Total 2003 Incentive Plan</b>	136,563		1,099,086
2009 Non-Employee Director Stock Option Plan	250,651	\$ 6.83	220,226
<b>Total All Stock Plans</b>	672,214		1,319,312

(1) Will be issued upon exercise of outstanding options or vesting of stock unit awards.

(2) The 1993 Employee Stock Option Plan expired on April 12, 2010.

### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

*United Development Company Limited.* The Company owned an approximate 26.3% limited partnership interest in United Development Company Limited, a real estate limited partnership ("UTD"), which owned and leased to the Company the Kissimmee, Florida and Decatur, Alabama properties. Richard L. Bailly, a director and stockholder of the Company, owned an approximately 21% general partnership interest in UTD.

On January 13, 2011, UTD sold its Alabama facility for \$1,250,000. The net book value of the asset at December 31, 2010, was approximately \$384,000. Selling expenses of approximately \$38,000 were incurred. On February 29, 2012, the Company purchased from UDT for \$1,350,000 the Florida manufacturing building that the Company had previously leased. The purchase price approximates fair market value based upon appraisals done by independent professional firms. As this was the only real estate owned by UDT, the real estate limited partnership was dissolved effective March 2012.

*Review, Ratification and Approval.* Our Audit Committee reviews and approves related party transactions (unless such review and approval has been delegated to another committee consisting solely of independent directors).

**PROPOSAL NO. 2**  
**RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Grant Thornton LLP as the Company's independent registered public accounting firm for the year ending December 31, 2012, and the Board of Directors is asking stockholders to ratify that selection. Although current law, rules, and regulations, as well as the Audit Committee Charter, require the Audit Committee to engage, retain, and supervise the Company's independent registered public accounting firm, the Board considers the selection of the independent registered public accounting firm to be an important matter of stockholder concern and is submitting the selection of Grant Thornton LLP for ratification by stockholders as a matter of good corporate practice. If the stockholders do not ratify the selection of Grant Thornton LLP, the Audit Committee will review the Company's relationship with Grant Thornton LLP and take such action as it deems appropriate, which may include continuing to retain Grant Thornton LLP as the Company's independent registered public accounting firm.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" APPROVAL OF PROPOSAL NO. 2.**

**PROPOSAL NO. 3  
TO ADJOURN THE ANNUAL MEETING OF STOCKHOLDERS OF  
UFP TECHNOLOGIES, INC.**

Proposal No. 3 asks the stockholders of the Company to consider and vote upon a proposal to approve an adjournment of the Meeting, if necessary, including adjournments to permit further solicitation of proxies in favor of each of the proposals to elect directors and to ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm.

If a quorum is not present at the Meeting, stockholders of the Company may be asked to vote on the proposal to adjourn the Meeting to solicit additional proxies. If a quorum is present at the Meeting, but there are not sufficient votes at the time of the Meeting to approve one or more of the proposals, stockholders of the Company may also be asked to vote on the proposal to approve the adjournment of the Meeting to permit further solicitation of proxies in favor of the other proposals.

If the adjournment proposal is submitted for a vote at the Meeting, and if stockholders of the Company vote to approve the adjournment proposal, the Meeting will be adjourned to enable the Company's Board of Directors to solicit additional proxies in favor of one or more proposals. If the adjournment proposal is approved, and the Meeting is adjourned, the Company's Board of Directors will use the additional time to solicit additional proxies in favor of any of the proposals to be presented at the Meeting, including the solicitation of proxies from stockholders that have previously voted against the relevant proposal. Among other things, approval of the adjournment proposal could mean that, even though the Company may have received proxies representing a sufficient number of votes against a proposal to defeat it, management of the Company could present the adjournment proposal for a vote of the Company's stockholders and thereby cause the Meeting to be adjourned without a vote on the proposal, and seek during that period to convince the holders of those shares to change their votes to vote in favor of the proposal.

The Company's Board of Directors believes that, if the number of shares of Common Stock voting in favor of any of the proposals presented at the Meeting is insufficient to approve a proposal, it is in the best interests of the Company's stockholders to enable the Company's Board of Directors, for a limited period of time, to continue to seek to obtain a sufficient number of additional votes in favor of the proposal.

The affirmative vote of the holders of a majority of shares of Common Stock present in person or by proxy at the Meeting and entitled to vote on the proposal to adjourn the Meeting is required to adjourn the Meeting.

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" APPROVAL OF PROPOSAL NO. 3.**

## OTHER MATTERS

### Voting Procedures

The votes of stockholders present in person or represented by proxy at the Meeting will be tabulated by an inspector of elections appointed by the Company. A quorum, consisting of a majority of shares of all stock issued, outstanding and entitled to vote at the Meeting, will be required to be present in person or by proxy for consideration of the proposals to conduct business at the Meeting. However, if a quorum is not present, a vote of a majority of the votes properly cast will adjourn the Meeting.

The nominees for director of the Company who receive the greatest number of votes cast by stockholders present in person or represented by proxy at the Meeting and entitled to vote thereon will be elected directors of the Company. The affirmative vote of the holders of a majority of shares of Common Stock present in person or represented by proxy at the Meeting and entitled to vote thereon is required to ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm and to adjourn the Meeting.

Abstentions will have no effect on the outcome of the vote for the election of directors, but will have the effect of being cast against the other proposals, even though the stockholder so abstaining may intend a different result.

Shares of Common Stock held of record by brokers who do not return a signed and dated proxy will not be considered present at the Meeting, will not be counted towards a quorum and will not be voted in the election of directors or on the other proposals. Shares of Common Stock held of record by brokers who return a signed and dated proxy but who fail to vote (a "broker nonvote") will count toward the quorum but will have no effect on the proposals not voted.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers, directors and persons who own more than 10 percent of the Company's Common Stock to file initial reports of their ownership and changes in ownership of the Company's Common Stock with the SEC. Based solely on the Company's review of the copies of such reports it has received and written representations from certain reporting persons, with respect to the fiscal year ended December 31, 2011, the Company believes that each person who was required to file such reports complied with the applicable filing requirements except for the following late filing: Mr. R. Jeffrey Bailly filed one late report for one transaction.

### Other Proposed Action

The Board of Directors knows of no matters that may come before the Meeting other than those discussed above. However, if any other matters should properly be presented to the Meeting, the persons named as proxies shall have discretionary authority to vote the shares represented by the accompanying proxy in accordance with their own judgment and applicable laws and regulations.

### Stockholder Communications

Stockholders may contact the Board of Directors of the Company by writing to them c/o Investor Relations, UFP Technologies, Inc., 172 East Main Street, Georgetown, Massachusetts 01833. All communications directed to the Board will be delivered to the entire Board of Directors.

### **Stockholder Proposals and Recommendations for Director**

Stockholder proposals for inclusion in the Company's proxy materials for the 2013 Annual Meeting of Stockholders must be received by the Company no later than January 4, 2013. These proposals must also meet the other requirements of the rules of the Securities and Exchange Commission and the Company's Bylaws.

The Company's Bylaws establish an advance notice procedure with regard to proposals that stockholders otherwise desire to introduce at the Company's Annual Meeting without inclusion in the Company's proxy statement for that meeting. Written notice of such stockholder proposals and director nominations for the Company's Annual Meeting of Stockholders in 2013 must be received by the Company's Board of Directors, c/o Secretary, UFP Technologies, Inc., 172 East Main Street, Georgetown, Massachusetts 01833, not later than March 16, 2013 and must not have been received earlier than February 14, 2013 in order to be considered timely, and must contain specified information concerning the matters proposed to be brought before such meeting and concerning the stockholder proposing such matters. The matters proposed to be brought before the meeting also must be proper matters for stockholder action. If a stockholder who wishes to present such a proposal fails to notify the Company within this time frame, the proxies that management solicits for the meeting will have discretionary authority to vote on the stockholder's proposal if it is properly brought before the meeting. If a stockholder makes a timely notification, the proxies may still exercise discretionary voting authority under circumstances consistent with the proxy rules of the Securities and Exchange Commission.

Pursuant to the Company's Bylaws, the notice must set forth: (a) for each nominee (i) information as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, and (ii) written consent to be named in the proxy statement and serve as director if so elected; (b) a brief description of any proposed business including (i) the text of such proposal and any accompanying resolutions, (ii) the reasons for conducting such business at the meeting, and (iii) any material interest held by the proposing stockholder or any beneficial owner on whose behalf the proposal is made; and (c) proposing stockholder and/or beneficial owner information including, (i) name and address, (ii) the class and number of shares of capital stock held, (iii) a description of any agreement, arrangement or understanding with respect to the nomination or proposal with any of their affiliates or associates, and any others acting in concert with the foregoing, (iv) a description of any agreement, arrangement or understanding with respect to shares of the Company's stock entered into by the date of such notice for the purposes of loss mitigation, risk management or derivation of benefit from share price changes and/or redistribution of voting power, (v) a representation that such stockholder is the holder of record, is entitled to vote, and intends to appear in person or by proxy and propose such business or nomination, (vi) a representation of intention to either deliver proxy statements to holders of the necessary percentage of shares or to solicit proxies in support of the proposal, and (vii) any other information relating to such stockholder and/or beneficial owner required to be disclosed in filings made in connection with solicitation of proxies pursuant to the Securities Exchange Act of 1934. The stockholder can alternatively satisfy the notice requirement by submitting proposals in compliance with Securities and Exchange Commission requirements and inclusion of such proposal within a proxy statement prepared by the Company. Compliance with the Company's Bylaws shall be the exclusive means for a stockholder to make nominations or submit other business to the annual meeting (other than matters properly brought in compliance with the rules of the Securities Exchange Act of 1934).

### **Incorporation By Reference**

To the extent that this Proxy Statement has been or will be specifically incorporated by reference into any filing by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, the sections of the Proxy Statement entitled "Report of the Audit

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Committee" shall not be deemed to be so incorporated, unless specifically otherwise provided in any such filing.

**Annual Report on Form 10-K**

Copies of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission, this Proxy Statement and the Proxy Card are available to stockholders without charge at the Company's website, [www.uspt.com/investors/filings.html](http://www.uspt.com/investors/filings.html), and upon written request addressed to Investor Relations, UFP Technologies, Inc. at 172 East Main Street, Georgetown, Massachusetts 01833.

**IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, STOCKHOLDERS ARE URGED TO FILL IN, SIGN AND RETURN THE ACCOMPANYING FORM OF PROXY IN THE ENCLOSED ENVELOPE.**













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