

UFP TECHNOLOGIES INC  
Form 10-K  
March 15, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-12648

**UFP Technologies, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of)

**04-2314970**  
(I.R.S. Employer)

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incorporation or organization)  
**172 East Main Street, Georgetown, MA USA**  
(Address of principal executive offices)

Identification No.)  
**01833-2107**  
(Zip Code)

**(978) 352-2200**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	The NASDAQ Stock Market L.L.C.
Preferred Share Purchase Rights	The NASDAQ Stock Market L.L.C.

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of June 30, 2012, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$79,311,075, based on the closing price of \$16.90 on that date as reported on the NASDAQ Capital Market.

As of February 26, 2013, there were 6,767,552 shares of common stock, \$0.01 par value per share, of the registrant outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

<b>Document</b>	<b>Parts of this Form 10-K Into Which Incorporated</b>
Portions of the registrant's Proxy Statement for the 2013 Annual Meeting of Shareholders.	Part III

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**PART I**

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Some of the statements contained in this Report are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). These statements involve known and unknown risks, uncertainties, and other factors, which may cause our or our industry's actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about our prospects, anticipated advantages we expect to realize from our acquisition strategies, our participation and growth in multiple markets, anticipated advantages we expect to realize from our investments and capital expenditures, our business opportunities, our growth potential and strategies for growth, and any indication that we may be able to sustain or increase our sales and earnings, or our sales and earnings growth rates. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including without limitation, risks associated with the identification of suitable acquisition candidates and the successful, efficient execution of acquisition transactions and integration of any such acquisition candidates, and the implementation of new production equipment in a timely, cost-efficient manner.

In some cases, you can identify forward-looking statements by terms such as may, will, should, could, would, expects, plans, anticipates, believes, estimates, projects, predicts, potential, and similar expressions intended to identify forward-looking statements. Our actual results may be different from the results described in or anticipated by our forward-looking statements due to the inherent uncertainty of estimates, forecasts, and projections, and may be materially better or worse than anticipated. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements represent our estimates and assumptions only as of the date of this Report. We expressly disclaim any duty to provide updates to forward-looking statements, and the estimates and assumptions associated with them, after the date of this Report, in order to reflect changes in circumstances or expectations, or the occurrence of unanticipated events, except to the extent required by applicable securities laws. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed above and under Risk Factors set forth in Part I Item 1A of this Report, as well as the risks and uncertainties discussed elsewhere in this Report. We qualify all of our forward-looking statements by these cautionary statements. We caution you that these risks are not exhaustive. We operate in a continually changing business environment and new risks emerge from time to time.

**ITEM 1. BUSINESS**

The Company is a custom converter of foams, plastics, composites and natural fiber materials, providing solutions based upon these materials to customers primarily within the medical, automotive, aerospace and defense, and packaging markets. It converts these materials using laminating, molding, and fabricating manufacturing technologies. It is organized based on the nature of the products and services that it offers. Under this structure, the Company produces products within two distinct segments: Component Products and Packaging. The Company's assets are all within the United States and the majority of its sales are domestic.

Within the Component Products segment, the Company primarily uses cross-linked polyethylene and reticulated polyurethane foams, fabric and foam laminates and natural fiber materials to provide customers component products including automotive interior trim, medical device components, disposable wound care components, military uniform and gear components, athletic padding, air filtration, high-temperature insulation, and abrasive nail files and other beauty aids.

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Within the Packaging segment, the Company primarily uses polyethylene and polyurethane foams, sheet plastics, and pulp fiber to provide customers with cushion packaging for their products. Foam and plastic solutions are custom-designed and fabricated or molded to provide protection for fragile and valuable items, and are sold primarily to original equipment and component manufacturers. Molded pulp fiber products are made primarily from 100% recycled paper principally derived from waste newspaper. These products are custom-designed, engineered and molded into shapes for packaging high-volume consumer goods, including light electronics, wine bottles, candles, and health and beauty products.

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The consolidated financial statements include the accounts and results of operations of UFP Technologies, Inc., its wholly-owned subsidiaries, Moulded Fibre Technology, Inc., Simco Industries, Inc. and its wholly-owned subsidiary Simco Automotive Trim, Inc., and Stephenson & Lawyer, Inc. and its wholly-owned subsidiary, Patterson Properties Corporation. Unless context otherwise requires, the term "Company" refers to UFP Technologies, Inc. and its consolidated subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

Wine Packs®, T-Tubes®, BioShell®, Pro-Sticks®, and Erasables® are our U.S. registered trademarks. Each trademark, trade name, or service mark of any other company appearing in this Report belongs to its respective holder.

We were incorporated in the State of Delaware in 1993. Our principal executive offices are located at 172 East Main Street, Georgetown, Massachusetts 01833; telephone number 978-352-2200; corporate website [www.ufpt.com](http://www.ufpt.com). We make available through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) of the Exchange Act, as soon as practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. The information found on our website is not part of this or any other report we file with or furnish to the SEC.

### **Available Information**

Our Internet website address is <http://www.ufpt.com>. Through our website, we make available, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission, or SEC. These SEC reports can be accessed through the investor relations section of our website. The information found on our website is not part of this or any other report we file with or furnish to the SEC.

You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding the Company and other issuers that file electronically with the SEC. The SEC's Internet website address is <http://www.sec.gov>.

### **Market Overview**

#### Component Products

Component Products applications of foams and other types of plastics are numerous and diverse. Examples include automotive interior trim, surgical swabs for infection prevention, disposable wound care components, military uniform and gear components, athletic padding, air filtration, high-temperature insulation, and abrasive nail files and other beauty aids. Cross-linked polyethylene foams have many of the same properties as traditional polyethylene foams, including lightweight, durability, resiliency, and flexibility. Cross-linked foams have many advantages over traditional foams, including the ability to be thermoformed (molded), availability in vibrant colors, a fine cell structure providing improved esthetics and lower abrasiveness, and enhanced resistance to chemicals and ultraviolet light. Certain grades of cross-linked foams can be radiation-sterilized and have been approved by the U.S. Food and Drug Administration for open wound skin contact.

Cross-linked foam can be combined with other materials to increase product applications and market applications. For example, cross-linked foams can be laminated to fabrics to produce lightweight, flexible, and durable insoles for athletic and walking shoes, gun holsters, backpacks, and other products for the leisure, athletic, and retail markets. The Company believes that, as a result of their many advantages, cross-linked foam and cross-linked foam laminated products are being used in a wide range of markets as substitutes for traditional rubber, leather, and other product material alternatives.

Reticulated polyurethane foam is a versatile material typically used to make component products that involve filtration, liquid absorption, noise control, wiping, and padding. These foams feature high tensile, elongation,

and tear characteristics; they are used extensively in the medical industry as they are easy to clean, impervious to microbial organisms, and can be made with fungicidal and bactericidal additives for added safety.

### Packaging

The interior cushion packaging market is characterized by three primary sectors: (1) custom fabricated or molded products for low-volume, high-fragility products; (2) molded or die-cut products for high-volume, industrial and consumer goods; and (3) loose fill and commodity packaging materials for products that do not require custom-designed packaging. Packaging solutions are used to contain, display, and/or protect their contents during shipment, handling, storage, marketing, and use. The Company serves both the low-volume, high-fragility market and the high-volume industrial and consumer market, with a range of materials and manufacturing capabilities, but does not materially serve the commodity packaging market.

The low-volume, high-fragility market is generally characterized by annual production volumes of less than 50,000 pieces. Typical goods in this market include precision instruments, medical devices, sensitive electronic components, and other high-value industrial products that are very sensitive to shock, vibration, and other damage that may occur during shipment and distribution. The principal materials used to package these goods include polyethylene and polyurethane foams, foam-in-place polyurethane, and molded expanded polystyrene. Polyurethane and polyethylene foams have high shock absorbency, high resiliency, and vibration-damping characteristics.

The higher-volume consumer packaging market is generally characterized by annual production volumes in excess of 50,000 pieces. Typical goods in this market include toys, electronics, stereo equipment, and small appliances. These goods generally do not require as high a level of shock and vibration protection as goods in the low-volume, high-fragility market. The principal materials used to package these goods include various molded, rigid, and foamed plastics, such as expanded polystyrene foam (EPS), vacuum-formed polystyrene (PS) and polyvinyl chloride (PVC), and corrugated die-cut inserts that generally are less protective and less expensive than resilient foams and molded fiber.

### **Regulatory Climate**

The packaging industry has been subject to user, industry, and legislative pressure to develop environmentally-responsible packaging alternatives that reduce, reuse, and recycle packaging materials. Government authorities have enacted legislation relating to source reduction, specific product bans, recycled content, recyclability requirements, and green marketing restrictions.

In order to provide packaging that complies with all regulations regardless of a product's destination, manufacturers seek packaging materials that meet both environmentally-related demands and performance specifications. Some packaging manufacturers have responded by reducing product volume and ultimate waste product disposal through reengineering traditional packaging solutions; adopting new manufacturing processes; participating in recovery and reuse systems for resilient materials that are inherently reusable; creating programs to recycle packaging following its useful life; and developing materials that use a high percentage of recycled content in their manufacture. Wherever feasible, the Company employs one or more of these techniques to create environmentally-responsible packaging solutions.

### **Products**



The Company's products include foam, plastic, and fiber packaging solutions, and component products. The vast majority of the Company's products are custom designed and manufactured for its customers' needs.

#### Component Products

The Company specializes in engineered products that use the Company's close tolerance manufacturing capabilities, its expertise in various foam materials and lamination techniques, and its ability to manufacture in clean room environments. The Company's component products are sold primarily to customers in the automotive, medical, sporting goods, beauty, and aerospace and defense industries. These products include automotive interior trim, medical device components, disposable wound care components, athletic padding,

abrasive nail files and other beauty aids, air filtration, high-temperature insulation, and military uniform and gear components.

The Company believes it is one of the largest purchasers of cross-linked foam in the United States and as a result it has been able to establish important relationships with the relatively small number of suppliers of this product. Through its strong relationships with cross-linked foam suppliers, the Company believes it is able to offer customers a wide range of cross-linked foam products.

The Company benefits from its ability to custom-design its own proprietary manufacturing equipment in conjunction with its machinery suppliers. For example, the Company has custom-designed its own lamination machines, allowing it to achieve adhesive bonds between cross-linked foam and fabric and other materials that do not easily combine. These laminates typically command higher prices than traditional foam products.

The Company has developed a variety of standard products that are branded and, in some cases, trademarked and patented. These products include Wine Packs® (wine shipping solutions made from molded fiber); T-Tubes® (tube and pipe insulation for clean room environments); BioShell® (pharmaceutical bag protection system); Pro-Sticks® (sanitary solution for nail care services); and Erasables® (multi-purpose cleaning eraser).

#### Packaging Solutions

The Company designs, manufactures, and markets a broad range of packaging solutions primarily using polyethylene, polyurethane, cross-linked polyethylene foams, and rigid plastics. These solutions are custom-designed and fabricated or molded to provide protection for less durable, higher-value items, and are primarily sold to original equipment and component manufacturers. Examples of the Company's packaging solutions include foam inserts for protective shipping cases, molded foam enclosures for orthopedic implants, plastic trays for medical devices and components, and end-cap packs for electronics. Markets for these products are typically characterized by lower to moderate volumes where performance, such as shock absorbency and vibration damping, is valued.

The Company's engineering personnel collaborate directly with customers to study and evaluate specific customer requirements. Based on the results of this evaluation, packaging solutions are engineered to customer specifications, using various types and densities of materials with the goal of providing the desired protection for the lowest cost and with the lowest physical package volume. The Company believes its engineering expertise, breadth of material offerings, and manufacturing capabilities have enabled it to provide unique solutions to achieve these goals.

The applications for the Company's molded fiber packaging and vacuum-formed trays are characterized by high-volume production runs and require rapid manufacturing turnaround times. Raw materials used in the manufacture of molded fiber are primarily recycled newspaper, and a variety of other grades of recycled paper and water. Raw materials used in vacuum-formed plastics include polystyrene (PS) and polyvinyl chloride (PVC). These products compete with expanded polystyrene (EPS) and manually assembled corrugated die-cut inserts.

The Company's molded fiber products provide customers with packaging solutions that are more responsive to stringent environmental packaging regulations worldwide and meet the demands of environmentally-aware consumers, while simultaneously meeting customer cost and performance objectives.

**Marketing and Sales**

The Company markets to the target industries it serves by promoting specific packaging and component solutions, materials, and manufacturing capabilities and services. The Company is marketed through websites, online advertising and directories, press releases, and trade shows and expositions. Its relationships with key material suppliers are also an important part of its marketing and sales efforts.

The Company markets and sells its packaging and component products in the United States principally through direct regional sales forces comprised of skilled engineers. The Company also uses independent manufacturer representatives to sell its products. The Company's sales engineers collaborate with customers and in-house

design and manufacturing experts to develop custom-engineered solutions on a cost-effective basis. The Company markets a line of products to the health and beauty industry, primarily through distributors.

No one customer's sales exceeded 10% of either the Component Product or Packaging segment sales for the year ended December 31, 2012. Because the Company's products are mostly custom designed for specific customer applications, there are no common classes of products within the packaging or Component Products segment that comprise more than 10% of consolidated revenue in any of the last three years. Seasonality is not a major factor in sales within either the Component Products or Packaging segments. See our consolidated financial statements contained in Part IV, Item 15, in this Report for segment revenues from external customers, profits and total assets.

### **Working Capital**

The Company funds its business operations in both the Component Products and Packaging segments through a combination of available cash and cash equivalents, and cash generated from operations. In addition, the Company's revolving credit facility is available for additional working capital needs.

### **Manufacturing**

The Company's manufacturing operations consist primarily of cutting, molding, vacuum-forming, laminating, and assembling. For custom-molded foam products, the Company's skilled engineering personnel analyze specific customer requirements to design and build prototype products to determine product functionality. Upon customer approval, prototypes are converted to final designs for commercial production runs. Molded cross-linked foam products are produced in a thermoforming process using heat, pressure, and precision metal tooling.

Cushion foam packaging products that do not utilize cross-linked foam are fabricated by cutting shapes from blocks of foam, using specialized cutting tools, routers, water jets, and hot wire equipment, and assembling these shapes into the final product using a variety of foam welding or gluing techniques. Products can be used on a stand-alone basis or bonded to another foam product or other material such as a corrugated medium.

Laminated products are produced through a process whereby the foam medium is heated to the melting point. The heated foam is then typically bonded to a non-foam material through the application of mechanical pressure.

Molded fiber products are manufactured by vacuum-forming a pulp of recycled or virgin paper materials onto custom-engineered molds. With the application of vacuum and air, the molded parts are pressed and transferred to an in-line dryer, from which they exit ready for packing or subsequent value-added operations.

The Company does not manufacture any of the raw materials used in its products. With the exception of certain grades of cross-linked foam and technical polyurethane foams, these raw materials are available from multiple supply sources. Although the Company relies upon a limited number of suppliers for cross-linked and technical urethane foams, the Company's relationships with such suppliers are good, and the Company

expects that these suppliers will be able to meet its requirements for cross-linked foam. Any delay or interruption in the supply of raw materials could have a material adverse effect on the Company's business.

### **Research and Development**

The Company's engineering personnel continuously explore design and manufacturing techniques, as well as new innovative materials to meet the unique demands and specifications of its customers. Because the Company's products tend to have relatively short life cycles, research and development is an integral part of the Company's ongoing cost structure. Our research and development expenses were approximately \$1.3 million, \$1.2 million, and \$0.9 million in the years ended December 31, 2012, 2011, and 2010, respectively.

### **Competition**

The packaging industry is highly competitive. While there are several national companies that sell interior packaging, the Company's primary competition for its packaging products has been from smaller independent regional manufacturing companies. These companies generally market their products in specific geographic

areas from neighboring facilities. In addition, the Company's foam and fiber packaging products compete against products made from alternative materials, including expanded polystyrene foams, die-cut corrugated, plastic peanuts, plastic bubbles, and foam-in-place urethane.

The component products industry is also highly competitive. The Company's component products face competition primarily from smaller companies that typically concentrate on production of component products for specific industries. The Company believes its access to a wide variety of materials, its engineering expertise, its ability to combine foams with other materials such as plastics and laminates, and its ability to manufacture products in a clean room environment, will enable it to continue to compete effectively in the engineered component products market.

The Company believes its customers typically select vendors based on price, product performance, product reliability, and customer service. The Company believes it is able to compete effectively with respect to these factors in each of its targeted markets.

### **Patents and Other Proprietary Rights**

The Company relies upon trade secrets, patents, and trademarks to protect its technology and proprietary rights. The Company believes the improvement of existing products, reliance upon trade secrets and unpatented proprietary know-how, and the development of new products are generally as important as patent protection in establishing and maintaining a competitive advantage. Nevertheless, the Company has obtained patents and may continue to make efforts to obtain patents, when available, although there can be no assurance that any patent obtained will provide substantial protection or be of commercial benefit to the Company, or that its validity will be upheld if challenged.

The Company has a total of seventeen active patents. Eleven are in the Packaging segment, including two relating to its molded fiber technology (including certain proprietary machine designs) and has patents with respect to such technology in certain foreign countries. The remaining nine patents relate to technologies including foam, packaging, and tool control technologies. In the Component Products segment, the Company has six active patents relating to automotive superforming process technologies and to certain nail file technologies. The Company also has patent applications in process. There can be no assurance that any patent or patent application will provide significant protection for the Company's products and technology, or will not be challenged or circumvented by others. The expiration dates for the Company's U.S. patents range from 2014 through 2029.

### **Environmental Considerations**

In addition to offering molded fiber packaging products made from recycled paper derived primarily from post-consumer newspaper waste, the Company actively promotes its philosophy of reducing product volume and resulting post-user product waste. The Company designs products to provide optimum performance with minimum material. In addition, the Company bales and disposes of certain of its urethane foam scrap for use in the carpeting industry. The Company is aware of public support for environmentally-responsible packaging and other products. Future government action may impose restrictions affecting the industry in which the Company operates. There can be no assurance that any such action will not adversely impact the Company's products and business.

### **Backlog**

The Company's backlog, as of February 9, 2013, and February 11, 2012, totaled approximately \$10.7 million and \$8.8 million, respectively, for the Packaging segment, and \$20 million and \$23.8 million, respectively, for the Component Products segment. The backlog consists of purchase orders for which a delivery schedule within the next twelve months has been specified by customers. Orders included in the backlog may be canceled or rescheduled by customers without significant penalty. The backlog as of any particular date should not be relied upon as indicative of the Company's revenues for any period.

### **Employees**

As of January 30, 2013, the Company had a total of 700 full-time employees (as compared to 617 full-time employees as of January 30, 2012), with 392 full-time employees in the Component Products segment and

303 full-time employees in the Packaging segment. In addition, the Company has five executive officers that are not allocated to a specific segment. The Company is not a party to any collective bargaining agreement. The Company considers its employee relations to be good.

## ITEM 1A. RISK FACTORS

You should carefully consider the risks described below and the other information in this Report before deciding to invest in shares of our common stock. These are the risks and uncertainties we believe are most important for you to consider. Additional risks and uncertainties not presently known to us, which we currently deem immaterial or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. If any of the following risks or uncertainties actually occurs, our business, financial condition and operating results would likely suffer. In that event, the market price of our common stock could decline and you could lose all or part of your investment.

**We depend on a small number of customers for a large percentage of our revenues. The loss of any such customer, a reduction in sales to any such customer, or the decline in the financial condition of any such customer could have a material adverse effect on our business, financial condition, and results of operations.**

A limited number of customers typically represent a significant percentage of our revenues in any given year. Our top ten customers represent approximately 27%, 28%, and 31% of our total revenues in 2012, 2011 and 2010, respectively. A single automotive program accounted for approximately 6.6%, 10.9%, and 13.9%, respectively, of our Component Products segment sales and approximately 4.4%, 7.2%, and 9.3% of our total sales in 2012, 2011, and 2010, respectively. The loss of a significant portion of our expected future sales to any of our large customers would have a material adverse effect on our business, financial condition, and financial results. Likewise, a material adverse change in the financial condition of any of these customers could have a material adverse effect on our ability to collect accounts receivable from any such customer.

**We may pursue acquisitions or joint ventures that involve inherent risks, any of which may cause us to not realize anticipated benefits.**

Our business strategy includes the potential acquisition of businesses and entering into joint ventures and other business combinations that we expect will complement and expand our business. For example, in 2012 we acquired substantially all of the assets of Packaging Alternatives Corporation ( PAC ), as discussed in Note 18 of the *Notes to Consolidated Financial Statements*. We may not be able to successfully identify suitable acquisition or joint venture opportunities or complete any particular acquisition, combination, joint venture or other transaction on acceptable terms. Our identification of suitable acquisition candidates and joint venture opportunities involves risks inherent in assessing the values, strengths, weaknesses, risks and profitability of these opportunities including their effects on our business, diversion of our management's attention and risks associated with unanticipated problems or unforeseen liabilities. If we are successful in pursuing future acquisitions or joint ventures, we may be required to expend significant funds, incur additional debt, or issue additional securities, which may materially and adversely affect our results of operations and be dilutive to our stockholders. If we spend significant funds or incur additional debt, our ability to obtain financing for working capital or other purposes could decline and we may be more vulnerable to economic downturns and competitive pressures. In addition, we cannot guarantee that we will be able to finance additional acquisitions or that we will realize any anticipated benefits from acquisitions or joint ventures that we complete. Should we successfully acquire another business, the process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of our existing business. Our failure to identify suitable acquisition or joint venture opportunities may restrict our ability to grow our business.



**Fluctuations in the supply of components and raw materials we use in manufacturing our products could cause production delays or reductions in the number of products we manufacture, which could materially adversely affect our business, financial condition and results of operations.**

Our business is subject to the risk of periodic shortages of raw materials. We purchase raw materials pursuant to purchase orders placed from time to time in the ordinary course of business. Failure or delay by such

suppliers in supplying us necessary raw materials could adversely affect our ability to manufacture and deliver products on a timely and competitive basis.

While we believe that we may, in certain circumstances, secure alternative sources of these materials, we may incur substantial delays and significant expense in doing so, the quality and reliability of alternative sources may not be the same and our operating results may be materially adversely affected. Alternative suppliers might charge significantly higher prices for materials than we currently pay. Under such circumstances, the disruption to our business could have a material adverse impact on our customer relationships, business, financial condition, and results of operations.

**The cost of raw materials that we use to manufacture our products, particularly petroleum and petroleum-based raw materials, are subject to escalation and could increase, which may materially adversely affect our business, financial condition and results of operations.**

The cost of raw materials, including petroleum and petroleum-based raw materials such as resins, used in the production of our products, represents a significant portion of our direct manufacturing costs. We have provisions in most of our sales orders that allow us to pass price fluctuations related to certain raw materials, including petroleum, on to our customers. The number of customers to which we are not able to pass on such price increases may increase in the future, and any such increase could adversely affect our operating margins and cash flows. Any fluctuations in the price of petroleum, or any other material used in the production of our products, may have a material adverse effect on our business, financial condition, and results of operations. Such price increases could reduce demand for our products. If we are not able to buy raw materials at fixed prices, or pass on price increases to our customers, we may lose orders or enter into orders with less favorable terms, any of which could have a material adverse effect on our business, financial condition, and results of operations.

**Reductions in the availability of energy supplies or an increase in energy costs may increase our operating costs.**

We use electricity and natural gas at our manufacturing facilities to operate our equipment. Over the past several years, prices for electricity and natural gas have fluctuated significantly. An outbreak or escalation of hostilities between the United States and any foreign power, or a natural disaster, could result in a real or perceived shortage of petroleum and/or natural gas, which could result in an increase in the cost of electricity or energy generally as well as an increase in the cost of our raw materials, of which many are petroleum-based. In addition, increased energy costs negatively impact our freight costs due to higher fuel prices. Future limitations on the availability or consumption of petroleum products and/or an increase in energy costs, particularly electricity for plant operations, could have a material adverse effect upon our business and results of operations.

**Our Packaging segment may lose business if our customers shift their manufacturing offshore.**

Historically, geography has played a large factor in the packaging business. Manufacturing and other companies shipping products typically buy packaging from companies that are relatively close to their manufacturing facilities to increase shipping efficiency and decrease costs. As many U.S. companies move their manufacturing operations overseas, particularly to the Far East, the associated packaging business often follows. We have lost customers in the past and may lose customers again in the future as a result of customers moving their manufacturing facilities offshore, then hiring our competitors that operate packaging-production facilities perceived to be more territorially advantageous. As a result, our sales may suffer, which could have a material adverse effect upon our business and results of operations.

**Failure to retain key personnel could impair our ability to execute our business strategy.**

The continuing service of our executive officers and essential engineering, technical and management personnel, together with our ability to attract and retain such personnel, is an important factor in our continuing ability to execute our strategy. There is substantial competition to attract such employees, and the loss of any such key employees could have a material adverse effect on our business and operating results. The same could be true if we were to experience a high turnover rate among engineering and technical personnel and we were unable to replace them.

**Members of our board of directors and management who also are our stockholders exert significant influence over us.**

Based on information made available to us, we believe that our executive officers, directors and their affiliates collectively owned approximately 22.4% of our outstanding shares of common stock as of March 1, 2013. As a result, those stockholders may, if acting together, control or exert substantial influence over actions requiring stockholders' approval, including elections of our directors, amendments to our certificate of incorporation, mergers, sales of assets or other business acquisitions or dispositions.

**As a public company, we need to comply with the reporting obligations of the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, and the Dodd-Frank Act of 2010. If we fail to comply with the reporting obligations of these laws or if we fail to maintain adequate internal controls over financial reporting, our business, results of operations and financial condition, and investors' confidence in us, could be materially and adversely affected.**

As a public company, we are required to comply with the periodic reporting obligations of the Exchange Act, including preparing annual reports, quarterly reports and current reports. We are also subject to certain of the provisions of the Sarbanes-Oxley and Dodd-Frank Acts which, among other things, require enhanced disclosure of business, financial, compensation and governance information. Our failure to prepare and disclose this information in a timely manner could subject us to penalties under federal securities laws, expose us to lawsuits, and restrict our ability to access financing. We may identify areas requiring improvement with respect to our internal control over financial reporting, and we may be required to design enhanced processes and controls to address issues identified. This could result in significant delays and cost to us and require us to divert substantial resources, including management time, from other activities. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to help prevent fraud.

**New regulations related to conflict minerals may cause us to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing our products.**

On August 22, 2012, the SEC adopted a new rule requiring disclosures of specified minerals, known as conflict minerals, that are necessary to the functionality or production of products manufactured or contracted to be manufactured by public companies. The new rule, which is effective for calendar 2013 and requires a disclosure report to be filed by May 31, 2014, will require companies to perform diligence, disclose and report whether or not such minerals originate from the Democratic Republic of Congo or an adjoining country. The new rule could affect sourcing at competitive prices and availability in sufficient quantities of certain minerals used in the manufacture of our products, including tantalum, tin, gold and tungsten. The number of suppliers who provide conflict-free minerals may be limited. In addition, there may be material costs associated with complying with the disclosure requirements, such as costs related to determining the source of certain minerals used in our products, as well as costs of possible changes to products, processes, or sources of supply as a consequence of such verification activities. We may not be able to sufficiently verify the origins of the relevant minerals used in our products through the due diligence procedures that we implement, which may harm our reputation. In addition, we may encounter challenges to satisfy those customers who require that all of the components of our products be certified as conflict-free, which could place us at a competitive disadvantage if we are unable to do so.

**Security breaches and other disruptions could compromise our information, expose us to liability and harm our reputation and business.**

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In the ordinary course of our business we collect and store sensitive data, including intellectual property, personal information, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees in our data centers and on our networks. The secure maintenance and transmission of this information is critical to our operations and business strategy. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential information. Computer hackers may attempt to penetrate our computer systems and, if successful, misappropriate personal or confidential business information. In addition, an associate, contractor, or other third-party with whom we do business may attempt to circumvent our security measures in order to obtain such information, and may purposefully or inadvertently

cause a breach involving such information. Any such compromise of our data security and access, public disclosure, or loss of personal or confidential business information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations, damage our reputation and customers' willingness to transact business with us, and subject us to additional costs and liabilities which could adversely affect our business.

**Provisions of our corporate charter documents, Delaware law, and our stockholder rights plan may dissuade potential acquirers, prevent the replacement or removal of our current management and may thereby affect the price of our common stock.**

The board of directors has the authority to issue up to 1,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges, and restrictions, including voting rights of those shares without any further vote or action by the stockholders. The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock, while providing flexibility in connection with possible financings, acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock. We have no present plans to issue shares of preferred stock. Further, certain provisions of our certificate of incorporation, bylaws, and Delaware law could delay or make more difficult a merger, tender offer or proxy contest involving us.

We also have a stockholder rights plan designed to protect and enhance the value of our outstanding equity interests in the event of an unsolicited attempt to acquire us in a manner or on terms not approved by the board of directors and that would prevent stockholders from realizing the full value of their shares of our common stock. Its purposes are to deter those takeover attempts that the board believes are undesirable, to give the board more time to evaluate takeover proposals and consider alternatives, and to increase the board's negotiating position to enhance value in the event of a takeover. The rights issued pursuant to the plan are not intended to prevent all takeovers of our Company. However, the rights may have the effect of rendering more difficult or discouraging our acquisition. The rights may cause substantial dilution to a person or group that attempts to acquire us on terms or in a manner not approved by the board of directors, except pursuant to an offer conditioned upon the negation, purchase, or redemption of the rights with respect to which the condition is satisfied.

Additional provisions of our certificate of incorporation and bylaws could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting common stock. These include provisions that classify our board of directors, limit the ability of stockholders to take action by written consent, call special meetings, remove a director for cause, amend the bylaws, or approve a merger with another company. In addition, our bylaws set forth advance notice procedures for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law which prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an interested stockholder is a person who, either alone or together with affiliates and associates, owns (or within the past three years did own) 15% or more of the corporation's voting stock.

**The continuing worldwide macroeconomic uncertainty may adversely affect our business and prospects.**

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The continuing uncertainty surrounding world financial markets and continuing weak worldwide macroeconomic conditions may cause our customers to decrease their purchasing and procurement activities. Additionally, constrictions in world credit markets may cause our customers to experience increased difficulty securing the financing necessary to purchase our products. Economic uncertainty may result in cost-conscious consumers and adversely affect demand for our products. If the current adverse macroeconomic conditions continue, our business and prospects may be negatively impacted.

**Our business could be harmed if our products contain undetected errors or defects or do not meet applicable specifications.**

We are continuously developing new products and improving our existing products. Our existing and newly introduced products can contain undetected errors or defects. In addition, these products may not meet their performance specifications under all conditions or for all applications. If, despite internal testing, and testing by customers, any of our products contain errors or defects or fail to meet applicable specifications, then we may be required to enhance or improve those products or technologies. We may not be able to do so on a timely basis, if at all, and may only be able to do so at considerable expense. In addition, any significant reliability problems could result in adverse customer reaction, negative publicity, mandatory or voluntary recalls, or legal claims and could harm our business and prospects.

**ITEM 2. PROPERTIES**

The following table presents certain information relating to each of the Company's properties:

<b>Location</b>	<b>Square Feet</b>	<b>Lease Expiration Date</b>	<b>Principal Use</b>
Georgetown, Massachusetts	57,600	(owned by the Company)	Headquarters, fabrication, molding, test lab, clean room, and engineering for Component Products segment
Haverhill, Massachusetts	48,772	02/28/2018	Flame lamination for the Component Products segment
Byfield, Massachusetts	2,833	04/30/2014	Office space
Atlanta, Georgia	47,000	04/30/2014	Molding and engineering for the Component Products segment
Gainesville, Georgia	2,500	05/31/2014	Engineering and design for the Packaging segment
Huntsville, Alabama	9,000	06/30/2016	Engineering, design, and fabrication for the Packaging segment
Grand Rapids, Michigan	255,260	(owned by the Company)	Fabrication, molding, and engineering for the Component Products segment
Ventura, California	750	10/31/2013	Office space
Rancho Dominguez, California	56,000	11/14/2017	Fabrication, molding, and engineering for the Component Products segment
Denver, Colorado	18,270	(owned by the Company)	Fabrication, molding, and engineering for the Component Products segment
Denver, Colorado	28,383	(owned by the Company)	Fabrication, molding, and engineering for the Component Products segment
Raritan, New Jersey	67,125	02/28/2018	Fabrication, molding, test lab, clean-room, and engineering for the Packaging segment
Kissimmee, Florida	49,400	(owned by the Company)	Fabrication, molding, test lab, and engineering for the Packaging segment
El Paso, Texas	85,000	01/30/2017	Warehousing and fabrication for the Packaging segment



<b>Location</b>	<b>Square Feet</b>	<b>Lease Expiration Date</b>	<b>Principal Use</b>
Glendale Heights, Illinois	78,913	07/31/2014	Fabricating, clean room, molding, and engineering for the Packaging segment
Clinton, Iowa	60,000	12/31/2014	Molded fiber operations for the Packaging segment
Clinton, Iowa	62,000	(owned by the Company)	Molded fiber operations for the Packaging segment
Costa Mesa, California	22,933	12/31/2014	Fabrication, molding, and engineering for the Component Product segment.

### ITEM 3. LEGAL PROCEEDINGS

The Company is a defendant in various administrative proceedings that are being handled in the ordinary course of business. In the opinion of management of the Company, these suits and claims should not result in final judgments or settlements that, in the aggregate, would have a material adverse effect on the Company's financial condition or results of operations.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Price

From July 8, 1996, until April 18, 2001, the Company's common stock was listed on the NASDAQ National Market under the symbol UFPT. Since April 19, 2001, the Company's common stock has been listed on the NASDAQ Capital Market. The following table sets forth the range of high and low quotations for the common stock as reported by NASDAQ for the quarterly periods from January 1, 2011, to December 31, 2012:

<b>Fiscal Year Ended December 31, 2011</b>	<b>High</b>		<b>Low</b>	
First Quarter	\$	21.59	\$	12.19
Second Quarter		19.64		14.86
Third Quarter		19.68		14.20
Fourth Quarter		15.90		12.65

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**Fiscal Year Ended December 31, 2012**

First Quarter	\$	19.96	\$	13.94
Second Quarter		19.62		15.30
Third Quarter		18.50		15.87
Fourth Quarter		18.25		15.27

**Number of Stockholders**

As of February 26, 2013, there were 83 holders of record of the Company's common stock.

Due to the fact that many of the shares are held by brokers and other institutions on behalf of stockholders, the Company is unable to estimate the total number of individual stockholders represented by these holders of record.

**Dividends**

The Company did not pay any dividends in 2011 or 2012. The Company presently intends to retain all of its earnings to provide funds for the operation of its business, although it would consider paying cash dividends in the future. Any decision to pay dividends will be at the discretion of the Company's board of directors and will depend upon the Company's operating results, strategic plans, capital requirements, financial condition, provisions of the Company's borrowing arrangements and other factors the Company's board of directors considers relevant.

**Stock Plans**

The Company maintains two active stock incentive plans to provide long-term rewards and incentives to the Company's key employees, officers, employee directors, non-employee directors, and advisors. The 2009 Non-Employee Director Stock Incentive Plan provides for the issuance of up to 975,000 shares of the Company's common stock to non-employee directors.

The Company also maintains the 2003 Incentive Plan, which provides the Company with the ability to offer up to 2,250,000 shares of equity-based incentives to present and future executives, and other employees who are in a position to contribute to the long-term success and growth of the Company. Additional details of these plans are discussed in Note 12 to the consolidated financial statements.

Each of these plans and their amendments has been approved by the Company's stockholders.

Summary plan information as of December 31, 2012, is as follows:

	Number of securities to be issued upon exercise of outstanding options, warrants, and rights		Weighted-average exercise price of outstanding options, warrants, and rights		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
1993 Employee Plan(1)	220,000	\$	2.77		

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2009 Non-Employee Director Stock Incentive Plan	243,888	7.13	209,784
Total Option Plans	463,888	5.06	209,784
2003 Incentive Plan Options	30,000	11.73	
2003 Incentive Plan RSU	108,866		1,068,241(2)
Total 2003 Incentive Plan	138,866		1,068,241
Total All Stock Plans	602,754		1,278,025

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(1) The plan expired on April 12, 2010.

(2) Represents the total of both Options and RSUs available in the 2003 Incentive Plan.

### ITEM 6. SELECTED FINANCIAL DATA

The following table summarizes our financial data for the periods presented. You should read the following financial information together with the information under Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and the notes to those financial statements appearing elsewhere in this document. The selected statements of operations data for the fiscal years ended December 31, 2012, 2011, and 2010, and the selected balance sheet data as of December 31, 2012, and

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2011, are derived from the audited financial statements, which are included elsewhere in this document. The selected statements of operations data for the years ended December 31, 2009, and 2008, and the balance sheet data at December 31, 2010, 2009, and 2008, are derived from our audited financial statements not included in this document.

### Selected Consolidated Financial Data:

Consolidated statement of operations data(1)	Years Ended December 31					
	(in thousands, except per share data)					
	2012	2011	2010	2009	2008	2008
Net sales	\$ 130,962	\$ 127,244	\$ 120,766	\$ 99,231	\$ 110,032	\$ 110,032
Gross profit	38,185	36,245	34,616	26,719	28,563	28,563
Operating income	16,666	15,716	14,392	8,192	8,425	8,425(2)
Net income attributable to UFP Technologies, Inc.	10,895	10,346	9,247	5,929	5,116	5,116
Diluted earnings per share	1.55	1.48	1.37	0.94	0.82	0.82
Weighted average number of diluted shares outstanding	7,028	6,999	6,749	6,294	6,263	6,263

(1) See Note 19 to the consolidated financial statements for segment information.

(2) Amount includes restructuring charges of \$1.3 million.

Consolidated balance sheet data	As of December 31					
	(in thousands)					
	2012	2011	2010	2009	2008	2008
Working capital	\$ 51,263	\$ 48,575	\$ 38,267	\$ 27,702	\$ 18,688	\$ 18,688
Total assets	98,617	79,721	69,478	57,855	47,133	47,133
Short-term debt and capital lease obligations	1,550	581	654	623	1,419	1,419
Long-term debt and capital lease obligations, excluding current portion	8,314	5,639	6,847	7,502	4,852	4,852
Total liabilities	25,357	17,736	19,251	18,849	16,289	16,289
Stockholders' equity	73,261	61,985	50,226	39,005	31,890	31,890

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

UFP Technologies is a producer of innovative custom-engineered components, products and specialty packaging. The Company serves a myriad of markets, but specifically targets opportunities in the medical, automotive, aerospace and defense and packaging markets. It also produces a variety of standard products that are, in some cases, patented or trademarked.

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In 2012 the Company experienced organic sales growth of 2.9%, reflecting increased demand for products from the medical market as well as for molded fiber packaging. This growth was achieved despite the loss of approximately \$5 million in sales from the phase-out of a significant portion of an automotive program in the southeast, and was largely driven by 9% growth in sales to the medical market and a 21% increase in sales of molded fiber packaging product. Excluding this loss of sales, the Company achieved organic sales growth of 6.9%. The Company's ability to leverage this sales growth to improve gross margins generated another year of record profitability; operating income and net income for the year ended December 31, 2012 increased 6.0% and 5.3%, respectively.

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In 2013, sales in the Company's automotive and military markets started slowly due to reduced military spending and temporary plant shutdowns by two automotive customers.

The Company's strategy includes further organic growth and growth through strategic acquisitions.

### Results of Operations

Sales in the Company's Component Products segment increased 4.2% to \$88.2 million in 2012 from \$84.7 million in 2011. Operating income increased 4.2% to \$13.6 million in 2012 from \$13.0 million in 2011, reflecting profits on the sales growth partially offset by decreased operating income in the Company's automotive market.

Sales in the Company's Packaging segment increased slightly to \$42.8 million in 2012 from \$42.6 million in 2011. Operating income increased 14.9% to \$3.1 million in 2012 from \$2.7 million in 2011. The relatively flat sales reflect a 21% increase in molded fiber packaging product partially offset by a sales decline in foam packaging sales. The increase in operating income largely reflects the sales growth in molded fiber as this is a high fixed-cost business.

Additional details regarding the Company's segment results of operations are described in Note 19 to the consolidated financial statements included in Item 8 of this Form 10-K.

The following table sets forth, for the years indicated, the percentage of revenues represented by the items as shown in the Company's consolidated statements of operations:

	2012	2011	2010
Net sales	100.0%	100.0%	100.0%
Cost of sales	70.8%	71.5%	71.3%
Gross profit	29.2%	28.5%	28.7%
Selling, general, and administrative expenses	16.4%	16.8%	16.8%
Gain on sale of fixed assets	0.0%	-0.6%	0.0%
Operating income	12.8%	12.3%	11.9%
Total other expenses (income), net	0.1%	0.0%	0.0%
Income before taxes	12.7%	12.3%	11.9%
Income tax expense	4.4%	3.9%	4.1%
Net income attributable to consolidated operations	8.3%	8.4%	7.8%
Net income attributable to non-controlling interests	0.0%	0.3%	0.1%
Net income attributable to UFP Technologies, Inc.	8.3%	8.1%	7.7%

### 2012 Compared to 2011

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Net sales increased 2.9% to \$131.0 million for the year ended December 31, 2012, from net sales of \$127.2 million in 2011. The \$3.8 million increase in sales was largely attributable to increased sales into the medical market of approximately \$3.1 million (Component Products segment) as well as a \$2.7 million increase in sales of molded fiber packaging reflecting increased demand for environmentally friendly packaging solutions (Component Products segment). These sales increases were partially offset by a \$5 million reduction in sales from the phase-out of a significant portion of an automotive program in the Southeast.

Gross profit as a percentage of sales ( Gross Margin ) increased to 29.2% for the year ended December 31, 2012, from 28.5% in 2011. The increase in gross margin is primarily attributable to an improved book of business relating to the sales increases in the medical market and of molded fiber packaging (as a percentage of sales, material, and direct labor collectively decreased by 0.9% in 2012).

Selling, General, and Administrative Expenses ( SG&A ) increased slightly to \$21.5 million for the year ended December 31, 2012, from \$21.4 million in 2011. As a percentage of sales, SG&A decreased to 16.4% for the year ended December 31, 2012 from 16.8% for the same period in 2011. The slight increase in SG&A for the year ended December 31, 2012, is primarily due to increased compensation programs of approximately \$100,000 (higher plant bonuses across both the Component Products and Packaging segments due to improved performance) and increased office and equipment depreciation expense of approximately \$100,000



(due to ERP and other infrastructure computer hardware across both the Component Products and Packaging segments), partially offset by a reduction of approximately \$100,000 in professional and consulting fees (prior year initiatives across both the Component Products and Packaging segments). The reduction in SG&A as a percentage of sales is primarily due to relatively flat SG&A expenses measured against higher sales.

Interest expense net of interest income increased to approximately \$90,000 for the year ended December 31, 2012, from net interest expense of approximately \$27,000 in 2011. The increase in interest expense is primarily attributable to lower interest earned on excess cash balances, as well as increased debt associated with financing molded fiber equipment.

The gain on sale of assets of approximately \$839,000 in 2011 was derived primarily from the sale of real estate in Alabama by United Development Company Limited ( UDT ). Of this \$839,000 gain, approximately \$428,000 relates to non-controlling interests that have been deducted to determine net income attributable to UFP Technologies, Inc., and \$250,000 represents a one-time fee paid to the Company for managing the transaction.

The Company recorded income tax expense as a percentage of income before income tax expense, excluding net income attributable to non-controlling interests, of 34.3% and 31.3% for the years ended December 31, 2012, and 2011, respectively. The increase in the effective tax rate for the year ended December 31, 2012, is primarily attributable to the reversal in 2011 of approximately \$385,000 in reserves previously established for uncertain tax benefits due to a favorable outcome on a concluded Federal Internal Revenue Service audit and the statute of limitations expiring on certain other federal income tax filings as well as increased deductions associated with domestic manufacturing. The non-controlling interest previously held in UDT was not subject to corporate income tax, which also caused the effective tax rate to be lower in 2011 than 2012. The Company has deferred tax assets on its books associated with net operating losses generated in previous years. The Company has considered both positive and negative available evidence in its determination that the deferred tax assets are more likely than not to be realized, and has not recorded a tax valuation allowance at December 31, 2012. The Company will continue to assess whether the deferred tax assets will be realizable and, when appropriate, will record a valuation allowance against these assets. The amount of the net deferred tax asset considered realizable, however, could be reduced in the near term, if estimates of future taxable income during the carry-forward period are reduced.

## **2011 Compared to 2010**

Net sales increased 5.4% to \$127.2 million for the year ended December 31, 2011, from net sales of \$120.8 million in the same period of 2010. The \$6.4 million increase in sales was largely attributable to increased sales into the aerospace and defense industries of approximately \$3.1 million fueled by a new contract for the US Marines to supply backpack components (Component Products segment) as well as demand for interior trim parts from the automotive industry of approximately \$1.8 million (Component Products segment).

Gross Margin decreased slightly to 28.5% for the year ended December 31, 2011, from 28.7% in 2010. The slight decrease in gross margin is primarily attributable to costs of approximately \$350,000 incurred as a result of the closure of the Company's manufacturing facility in Alabama as well as approximately \$300,000 incurred in additional health insurance claims (overhead) partially offset by manufacturing efficiencies achieved in the Company's plants (as a percentage of sales material and direct labor collectively decreased by 0.2% in 2011).

SG&A increased 5.6% to \$21.4 million for the year ended December 31, 2011, from \$20.2 million in 2010. As a percentage of sales, SG&A was 16.8% for both the years ended December 31, 2011, and 2010. The \$1.2 million increase in SG&A for the year ended December 31, 2011, is primarily due to an increase in professional fees of approximately \$400,000 associated with the development of enhanced internal operating and

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information systems and a re-branding and marketing project, approximately \$400,000 in additional administrative salaries, wages and benefits and approximately \$200,000 in additional health insurance claims.

Interest expense net of interest income decreased to approximately \$27,000 for the year ended December 31, 2011, from net interest expense of approximately \$116,000 in 2010. The decrease in interest expense is primarily attributable to higher interest earned on excess cash balances, as well as lower interest paid on declining term debt balances.

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The gain on sale of assets of approximately \$839,000 in 2011 was derived primarily from the sale of real estate in Alabama by UDT. Of this \$839,000 gain, approximately \$428,000 relates to non-controlling interests that have been deducted to determine net income attributable to UFP Technologies, Inc., and \$250,000 represents a one-time fee paid to the Company for managing the transaction.

The Company recorded income tax expense as a percentage of income before income tax expense excluding net income attributable to non-controlling interests, of 31.3% and 34.8% for the years ended December 31, 2011, and 2010, respectively. The decrease in the effective tax rate for the year ended December 31, 2011, is primarily attributable to the reversal in 2011 of approximately \$385,000 in reserves previously established for uncertain tax benefits due to a favorable outcome on a concluded Federal Internal Revenue Service audit and the statute of limitations expiring on certain other federal income tax filings as well as increased deductions associated with domestic manufacturing. The non-controlling interest previously held in UDT was not subject to corporate income tax. The Company has deferred tax assets on its books associated with net operating losses generated in previous years. The Company has considered both positive and negative available evidence in its determination that the deferred tax assets are more likely than not to be realized, and has not recorded a tax valuation allowance at December 31, 2011. The Company will continue to assess whether the deferred tax assets will be realizable and, when appropriate, will record a valuation allowance against these assets. The amount of the net deferred tax asset considered realizable, however, could be reduced in the near term, if estimates of future taxable income during the carry-forward period are reduced.

### Liquidity and Capital Resources

The Company funds its operating expenses, capital requirements, and growth plan through internally-generated cash.

As of December 31, 2012, and 2011, working capital was approximately \$51.2 and \$48.6 million, respectively. The increase in working capital is primarily attributable to an increase in cash of approximately \$3.6 million due to cash generated from operations; increased receivables of approximately \$2.2 million due to the purchase of Packaging Alternatives Corporation; and increased refundable income taxes of approximately \$1 million due to overpayments of federal income taxes partially offset by an increase in accrued expenses of approximately \$2.1 million due largely to the Packaging Alternatives Corporation purchase holdback, compensation, and other accruals, and an increase in current installments of long-term debt of approximately \$1 million due to new financing on the acquisition of new molded fiber equipment.

Net cash provided by operating activities was approximately \$16.2 million and primarily consisted of net income of approximately \$10.9 million, plus depreciation and amortization of approximately \$2.9 million, share-based compensation of approximately \$860,000, and an increase in accrued expenses of approximately \$2.1 million. Net cash used in investing activities in 2012 was approximately \$15.5 million and included approximately \$12.0 million in additions to property, plant and equipment and approximately \$3.6 million in cash used to acquire the net assets of Packaging Alternatives Corporation. Net cash provided by financing activities was approximately \$3.0 million and consisted of proceeds from long-term borrowings of approximately \$4.4 million, excess tax benefits related to share-based compensation of approximately \$832,000, partially offset by cash used for distributions to United Development Company partners of approximately \$1.2 million, and cash used for principal repayments of long-term debt of approximately \$740,000.

On January 29, 2009, the Company amended and extended its credit facility with Bank of America, NA. The facility is comprised of: (i) a revolving credit facility of \$17 million; (ii) a term loan of \$2.1 million with a seven-year straight-line amortization; (iii) a mortgage loan of \$1.8 million with a 20 year straight-line amortization; and (iv) a mortgage loan of \$4.0 million with a 20-year straight-line amortization. Extensions of credit under the revolving credit facility are based in part upon accounts receivable and inventory levels. Therefore, the entire \$17 million may not be available to the Company. As of December 31, 2012, the Company had no borrowings outstanding and availability of approximately \$16.9 million based upon collateral levels in place as of that date. The credit facility calls for interest of LIBOR plus a margin that ranges from 1.0% to 1.5% or, at the discretion of the Company, the bank's prime rate less a margin that ranges from 0.25% to zero. In both cases the applicable margin is dependent upon Company performance. The loans are collateralized by a first priority lien on all of the Company's assets,

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including its real estate located in Georgetown, Massachusetts, and in Grand Rapids, Michigan. Under the credit facility, the Company is subject to a minimum fixed-charge coverage

financial covenant, which the Company was in compliance with as of December 31, 2012. The Company's \$17 million revolving credit facility matures November 30, 2013. The Company anticipates negotiating an extension of this facility. The Company cannot assure that such extension will be completed on favorable terms or on a timely basis, if at all; the term loans are all due on January 29, 2016. At December 31, 2012, the interest rate on these facilities was 1.2%, and there were no borrowings outstanding on the line of credit.

On October 11, 2012, the Company entered into a loan agreement to finance the purchase of two new molded fiber machines. One of the machines is presently operational. The value of the loan is approximately \$5 million. The annual interest rate is fixed at 1.83%. As of December 31, 2012, approximately \$4.4 million had been advanced on the loan and the outstanding balance is approximately \$4.2 million. The loan will be repaid over a five-year term. The loan is secured by the related molded fiber machines.

### Commitments, Contractual Obligations, and Off-Balance-Sheet Arrangements

The following table summarizes the Company's contractual obligations at December 31, 2012:

	Total	Less than 1 Year	Payment Due By Period		
			1-3 Years	3-5 Years	More than 5 Years
Term Loans	\$ 913,142	\$ 288,360	\$ 576,720	\$ 48,062	\$
Equipment Loans	4,225,241	969,530	1,993,826	1,261,885	
Grand Rapids Mortgage	3,233,333	200,000	400,003	2,633,330	
Massachusetts Mortgage	1,492,183	92,300	184,600	1,215,283	
Operating Leases	7,039,407	2,016,705	2,958,204	2,064,498	
Debt interest	700,721	202,183	306,759	191,779	
Supplemental Retirement	245,833	75,000	70,833	50,000	50,000
Total	\$ 17,849,860	\$ 3,844,078	\$ 6,490,945	\$ 7,464,837	\$ 50,000

The Company requires cash to pay its operating expenses, purchase capital equipment, and to service the obligations listed above. The Company's principal sources of funds are its operations and its revolving credit facility. Although the Company generated cash from operations in the year ended December 31, 2012, it cannot guarantee that its operations will generate cash in future periods. Subject to the Risk Factors set forth in Part I, Item 1A of this Report and the general disclaimers set forth in our Special Note Regarding Forward-Looking Statements at the outset of this Report, we believe that cash flow from operations will provide us with sufficient funds in order to fund our expected operations over the next twelve months.

The Company does not believe inflation has had a material impact on its results of operations in the last three years.

The Company had no off-balance-sheet arrangements in 2012, other than operating leases.

### Critical Accounting Policies

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The preparation of consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to product returns, bad debts, inventories, intangible assets, income taxes, warranty obligations, restructuring charges, contingencies, and litigation. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances, including current and anticipated worldwide economic conditions, both in general and specifically in relation to the packaging industry, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company's significant accounting policies are described in Note 1 to the consolidated financial statements included in Item 8 of this Form 10-K. The Company believes the following critical accounting policies necessitated that significant judgments and estimates be used in the preparation of its consolidated financial statements.

The Company has reviewed these policies with its Audit Committee.

#### Revenue Recognition

The Company recognizes revenue at the time of shipment when title and risk of loss have passed to the customer, persuasive evidence of an arrangement exists, performance of its obligation is complete, its price to the buyer is fixed or determinable, and the Company is reasonably assured of collection. If a loss is anticipated on any contract, a provision for the entire loss is made immediately. Determination of these criteria, in some cases, requires management's judgment. Should changes in conditions cause management to determine that these criteria are not met for certain future transactions, revenue for any reporting period could be adversely affected.

#### Goodwill

Goodwill is tested for impairment annually, and will be tested for impairment between annual tests if an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Impairment testing for goodwill is done at a reporting unit level. Reporting units are one level below the business segment level, but can be combined when reporting units within the same segment have similar economic characteristics. The Company's reporting units include its Component Products segment, Packaging segment (excluding its Molded Fiber operation), and its Molded Fiber operation. An impairment loss generally would be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The Company assessed qualitative factors as of December 31, 2012, and determined that it was more likely than not that the fair value of both reporting units with goodwill exceeded their respective carrying amounts. Factors considered for each reporting unit included financial performance, forecasts and trends, market cap, regulatory and environmental issues, foreign currency, market analysis, recent transactions, macro-economic conditions, industry and market considerations, raw material costs, management stability, and the degree by which the fair value of each reporting unit exceeded its carrying value in 2010 when the Company last performed Step 1 of the goodwill impairment test, which requires a comparison of each reporting unit's fair value to its carrying value (approximately \$37 million or 161% and \$7 million or 190% for the Component Products and Molded Fiber reporting units, respectively). As a result of this assessment, Step 1 of the goodwill impairment test was not performed in 2012.

#### Accounts Receivable

The Company periodically reviews the collectability of its accounts receivable. Provisions are recorded for accounts that are potentially uncollectible. Determining adequate reserves for accounts receivable requires management's judgment. Conditions impacting the realizability of the Company's receivables could cause actual asset write-offs to be materially different than the reserved balances as of December 31, 2012.

#### Inventories

Inventories include material, labor, and manufacturing overhead and are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

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The Company periodically reviews the realizability of its inventory for potential obsolescence. Determining the net realizable value of inventory requires management's judgment. Conditions impacting the realizability of the Company's inventory could cause actual asset write-offs to be materially different than the Company's current estimates as of December 31, 2012.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The following discussion of the Company's market risk includes forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those projected in the forward-looking statements.

Market risk represents the risk of changes in value of a financial instrument caused by fluctuations in interest rates, foreign exchange rates, and equity prices. At December 31, 2012, the Company's cash and cash equivalents consisted of bank accounts in U.S. dollars, and their valuation would not be affected by market risk. The Company has four debt instruments where interest is based upon either the Prime rate or LIBOR



and, therefore, future operations could be affected by interest rate changes; however, the Company believes the market risk of the debt is minimal.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The consolidated Financial Statements and Supplementary Data of the Company are listed under Part IV, Item 15, in this Report.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Management conducted an assessment of the Company's internal control over financial reporting as of December 31, 2012, based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework*. Based on the assessment, management concluded that, as of December 31, 2012, the Company's internal control over financial reporting is effective.

The Company's internal control over financial reporting as of December 31, 2012, has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report which is included herein.

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There was no change in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE**

The information required by this Item 10 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item 11 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item 12 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item 13 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this Item 14 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

	<b>Page</b>
(a) (1) <u>Financial Statements</u>	
<u>Index to Consolidated Financial Statements and Financial Statement Schedule</u>	F-2
<u>Reports of Independent Registered Public Accounting Firm</u>	F-3
<u>Consolidated Balance Sheets as of December 31, 2012, and 2011</u>	F-5
<u>Consolidated Statements of Operations for the years ended December 31, 2012, 2011, and 2010</u>	F-6
<u>Consolidated Statements of Stockholders' Equity for the years ended December 31, 2012, 2011, and 2010</u>	F-7
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011, and 2010</u>	F-8

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Notes to Consolidated Financial Statements

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(a) (2) Financial Statement Schedule

Schedule II Valuation and Qualifying Accounts

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(a) (3) Exhibits

<b>Number</b>		<b>Reference</b>
2.01	Agreement and Plan of Reorganization among the Company, Moulded Fibre Technology, Inc. and UFP Acquisition, Inc.	A-2.01**
2.02	Agreement of Merger between Moulded Fibre Technology, Inc. and UFP Acquisition, Inc.	B-2.02**
2.03	Merger Agreement relating to the reincorporation of the Company in Delaware.	A-2.02**
2.04	Asset Purchase Agreement relating to the purchase of Foam Cutting Engineers, Inc.	C-2**
2.05	Asset Purchase Agreement relating to the purchase of the assets of Pacific Foam Technologies, Inc.	D-2.05**

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Number		Reference
2.06	Stock Purchase Agreement dated January 14, 2000, relating to the acquisition of the stock of Simco Industries, Inc.	E-2.01**
3.01	Certificate of Incorporation of the Company, as amended.	F-3.01** G-3.01**
3.02	Amended and Restated Certificate of Designation of Series A Junior Participating Preferred Stock, as filed with the Secretary of State of the State of Delaware on March 20, 2009.	HH-3.02**
3.03	Amended and Restated Bylaws of the Company.	HH-3.03**
4.01	Specimen Certificate for shares of the Company's Common Stock.	A-4.01**
4.02	Description of Capital Stock (contained in the Certificate of Incorporation of the Company, filed as Exhibit 3.01).	F-3.01**
4.03	Rights Agreement, dated as of March 20, 2009, by and between the Company and American Stock Transfer & Trust Company, LLC, as Rights Agent, which includes as Exhibit A, the Form of Amended and Restated Certificate of Designation of Series A Junior Participating Preferred Stock, as Exhibit B, the Form of Rights Certificate, and as Exhibit C, the Summary of Rights to Purchase Shares of Preferred Stock of UFP Technologies, Inc.	HH-4.03**
10.01	Agreement between the Company and William H. Shaw.	A-10.08*, **
10.02	Agreement and Severance Agreement between the Company and Richard L. Bailly.	A-10.09*, **
10.03	Employee Stock Purchase Plan.	A-10.18**
10.04	1993 Combined Stock Option Plan, as amended.	I-10.19*, **
10.05	1993 Non-employee Director Stock Option Plan.	J-4.5**
10.06	Facility Lease between the Company and Raritan Associates.	A-10.22**
10.07	Facility Lease between the Company and Dana Evans d/b/a Evans Enterprises.	A-10.27**
10.08	Form of Indemnification Agreement for directors and officers of the Company.	A-10.30**
10.09	Facility Lease between the Company and Clinton Area Development Corporation.	K-10.37**
10.10	Employment Agreement with R. Jeffrey Bailly dated April 4, 1995.	L-10.37*, **
10.11	Amended 1998 Employee Stock Purchase Plan.	M**
10.12	Facility Lease between the Company and Quadrante Development, LLC.	N-10.43**
10.13	Amended 1998 Director Stock Option Incentive Plan, as amended.	M, DD*, **
10.14	Amended Facility Lease between the Company and United Development Company Limited.	O-10.27**
10.15	Amended Facility Lease between the Company and United Development Company Limited.	O-10.28**
10.16	Amended Facility Lease between the Company and Ward Hill Realty Associates, LLC, successors in interest to Evans Enterprises of South Beach.	P-10.30**
10.17	Credit and Security Agreement between the Company and Fleet Capital Corporation.	Q-10.31**



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Number		Reference
10.18	Facility Lease between Simco Automotive Trim, Inc. and Insite Atlanta, LLC.	R-10.31**
10.19	Amended Credit and Security Agreement between the Company and Fleet Capital Corporation.	S-10.33**
10.20	Facility lease between the Company and Clinton Base Company LLC.	G-10.34**
10.21	Second Amendment to the Credit Agreement between the Company and Fleet Capital Corporation.	T-10.35**
10.22	Third Amendment to the Credit and Security Agreement between the Company and Bank of America.	U-10.37**
10.23	1998 Employee Stock Purchase Plan as amended.	V-10.38**
10.24	Form of Stock Unit Award Agreement.	W-10.40*,**
10.25	Executive Non-qualified Excess Plan.	X-10.41*,**
10.26	UFP Technologies, Inc. 2003 Incentive Plan, as amended.	OO-10.26*,**
10.27	Promissory note of United Development Company Limited in favor of Bank of America, N.A. dated May 22, 2007.	Y-10.27
10.28	Employment Agreement with R. Jeffrey Bailly dated October 8, 2007.	Z-10.28*,**
10.29	Agreement and Plan of Merger dated as of January 14, 2008, among UFP Technologies, Inc., S&L Acquisition Corp., and Stephenson & Lawyer, Inc.	AA-10.29**
10.30	Form of 2008 Stock Unit Award Agreement.	CC-10.30*,**
10.42	Amended facility lease between the Company and Rothbart Realty Co.	CC-10.42**
10.43	Amended facility lease between the Company and Rothbart Realty Co.	CC-10.43**
10.44	Amended facility lease between the Company and Quadrate Development, LLC.	CC-10.44**
10.45	Amended facility lease between the Company and Kessler Industries, Inc.	CC-10.45**
10.46	Amended facility lease between the Company and Raritan Johnson Associates, LLC.	CC-10.46**
10.47	Amended facility lease between the Company and Ward Hill Realty Associates, LLC.	CC-10.47**
10.48	Form of Stock Unit Award Agreement by and between UFP Technologies, Inc. and R. Jeffrey Bailly.	EE-10.48*,**
10.49	Third Amendment to Iowa facility lease, signed as of August 20, 2008, between Moulded Fibre Technology, Inc.(Tenant) and Clinton Base Company, LLC (Landlord).	FF-10.49**
10.50	Form of 2009 Stock Unit Award Agreement.	GG-10.50*,**
10.51	Amended and restated Credit and Security Agreement between the Company and Bank of America, N.A, dated January 27, 2009.	II-10.51**
10.52	2009 Non-Employee Director Stock Incentive Plan.	JJ-10.52*,**
10.53	Lease agreement dated July 29, 2009, between ProLogis and UFP Technologies, Inc.	KK-10.53**
10.54	Form of 2010 Stock Unit Award Agreement.	LL-10.54*,**





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Number		Reference
10.55	Form of 2011 Stock Unit Award Agreement.	MM-10.55*,**
10.56	Amendment to Employment Agreement with R. Jeffrey Bailly.	NN-10.56*,**
10.57	Form of 2011 CEO Stock Unit Award Agreement.	NN-10.57*,**
10.58	Form of 2012 Stock Unit Award Agreement.	PP-10.58*,**
10.59	Form of 2012 Stock Unit Award Agreement.	PP-10.59*,**
10.60	Facility lease between the Company and East Group Properties, LLP.	QQ-10.60**
10.61	Facility lease between the Company and Susana Property Co.	RR-10.61**
10.62	Amendment No. 2 to Employment Agreement with R. Jeffrey Bailly.	SS-10.62**
10.63	Form of 2013 CEO Stock Unit Award Agreement.	SS-10.63**
10.64	Form of 2013 Stock Unit Award Agreement.	SS-10.64**
14.00	Code of Ethics.	BB**
21.01	Subsidiaries of the Company.	Filed herewith
23.01	Consent of Grant Thornton LLP.	Filed herewith
31.01	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.02	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.01	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith
101.INS	XBRL Instance Document.	Filed herewith***
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith***
101.CAL	XBRL Taxonomy Calculation Linkbase Document.	Filed herewith***
101.LAB	XBRL Taxonomy Label Linkbase Document.	Filed herewith***
101.PRE	XBRL Taxonomy Presentation Linkbase Document.	Filed herewith***
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith***

A. Incorporated by reference to the Company's Registration Statement on Form S-1 (Registration No. 33-70912). The number set forth herein is the number of the Exhibit in said Registration Statement.

B.

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Incorporated by reference to the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 1993. The number set forth herein is the number of the Exhibit in said Annual Report.

- C. Incorporated by reference to the Company's report on 8-K dated February 3, 1997. The number set forth herein is the number of the Exhibit in said report.
- D. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998. The number set forth herein is the number of the Exhibit in said Annual Report.

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- E. Incorporated by reference to the Company's Report on Form 8-K dated January 31, 2000. The number set forth herein is the number of the Exhibit in said Report.
- F. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 1996. The number set forth herein is the number of the Exhibit in said Quarterly Report.
- G. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2004. The number set forth herein is the number of the exhibit in said Quarterly Report.
- H. Incorporated by reference to the Company's report on Form 8-K dated January 13, 1999. The number set forth herein is the number of the Exhibit in said Report.
- I. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 1998. The number set forth herein is the number of the Exhibit in said Quarterly Report.
- J. Incorporated by reference to the Company's Registration Statement on Form S-8 (Registration No. 33-76440). The number set forth herein is the number of the Exhibit in said Registration Statement.
- K. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995. The number set forth herein is the number of the Exhibit in said Annual Report.
- L. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 1995. The number set forth herein is the number of the Exhibit in said Quarterly Report.
- M. Incorporated by reference to the Company's Proxy Statement relating to the Company's Annual Meeting of Stockholders on June 5, 2002.
- N. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000. The number set forth herein is the number of the Exhibit in said Annual Report.
- O. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001. The number set forth herein is the number of the Exhibit in said Annual Report.
- P. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2002. The number set forth herein is the number of the Exhibit in said Quarterly Report.
- Q. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002. The number set forth is the number of the exhibit in said Annual Report.
- R. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2003. The number set forth herein is the number of the Exhibit in said Annual Report.
- S. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003. The number set forth is the number of the exhibit in said Annual Report.
- T. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2004. The number set forth herein is the number of the exhibit in said Quarterly Report.
- U. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005. The number set forth herein is the number of the exhibit in said annual report.
- V. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2006. The number set forth herein is the number of the exhibit in said quarterly report.

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- W. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2006. The number set forth herein is the number of the exhibit in said quarterly report.
- X. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2006. The number set forth herein is the number of the exhibit in said Quarterly Report.
- Y. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2007. The number set forth herein is the number of the exhibit in said Quarterly Report.
- Z. Incorporated by reference to the Company's Current Report on Form 8-K filed October 12, 2007. The number set forth herein is the number of the Exhibit in said Report.
- AA. Incorporated by reference to the Company's Current Report on Form 8-K filed January 18, 2008. The number set forth herein is the number of the Exhibit in said Report.
- BB. Incorporated by reference to Appendix C to the Company's Proxy Statement relating to the Company's Annual Meeting of Stockholders on June 6, 2007.
- CC. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. The number set forth herein is the number of the exhibit in said Annual Report.
- DD. Incorporated by reference to Appendix A to the Company's Proxy Statement relating to the Company's Annual Meeting of Stockholders on June 4, 2008.
- EE. Incorporated by reference to the Company's Current Report on Form 8-K filed June 10, 2008. The number set forth herein is the number of the exhibit in said Report.
- FF. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2008. The number set forth herein is the number of the exhibit in said Quarterly Report.
- GG. Incorporated by reference to the Company's Current Report on Form 8-K filed March 2, 2009. The number set forth herein is the number of the Exhibit in said Report.
- HH. Incorporated by reference to the Company's Current Report on Form 8-K filed March 24, 2009. The number set forth herein is the number of the Exhibit in said Report.
- II. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. The number set forth herein is the number of the exhibit in said Annual Report.
- JJ. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2009. The number set forth herein is the number of the exhibit in said Quarterly Report.
- KK. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2009. The number set forth herein is the number of the exhibit in said Quarterly Report.
- LL. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009. The number set forth herein is the number of the Exhibit in said Annual Report.
- MM. Incorporated by reference to the Company's Current Report on Form 8-K filed February 25, 2011. The number set forth herein is the number of the Exhibit in said Report.
- NN. Incorporated by reference to the Company's Current Report on Form 8-K filed March 8, 2011. The number set forth herein is the number of the Exhibit in said Report.
- OO. Incorporated by reference to the Company's Current Report on Form 8-K filed June 14, 2011. The number set forth herein is the number of the Exhibit in said Report.
- PP. Incorporated by reference to the Company's Current Report on Form 8-K filed February 24, 2012. The number set forth herein is the number of the Exhibit in said Report.

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QQ. Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011. The number set forth herein is the number of the Exhibit in said Annual Report.

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- RR. Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the three months ended September 30, 2012. The number set forth herein is the number of the exhibit in said Quarterly Report.
- SS. Incorporated by reference to the Company's Current Report on Form 8-K filed February 22, 2013. The number set forth herein is the number of the Exhibit in said Report.

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- \* Management contract or compensatory plan or arrangement.
  - \*\* In accordance with Rule 12b-32 under the Exchange Act reference is made to the documents previously filed with the Securities and Exchange Commission, which documents are hereby incorporated by reference.
  - \*\*\* Submitted electronically herewith. Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act or Section 18 of the Exchange Act.

The SEC allows the Company to incorporate by reference certain information into this annual report on Form 10-K. This means that the Company can disclose important information by reference to other documents the Company has filed separately with the SEC. These documents contain important information about the Company and its financial condition. The Company has incorporated by reference into this annual report the information indicated above. This information is considered to be a part of this annual report, except for any information that is superseded by information that is filed at a later date.

Documents incorporated by reference are also available from the Company without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference in this annual report. You can obtain these documents by requesting them by telephone or in writing from the Company at 172 East Main Street, Georgetown, MA 01833, (978) 352-2200.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UFP TECHNOLOGIES, INC.

Date: March 15, 2013

By: /s/ R. Jeffrey Bailly  
R. Jeffrey Bailly, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<b>SIGNATURE</b>	<b>TITLE</b>	<b>DATE</b>
/s/ R. Jeffrey Bailly R. Jeffrey Bailly	Chairman, Chief Executive Officer, President, and Director	March 15, 2013
/s/ Ronald J. Lataille Ronald J. Lataille	Chief Financial Officer, Vice President, Principal Financial and Accounting Officer	March 15, 2013 &n