UFP TECHNOLOGIES INC
Form DEF 14A
April 29, 2011

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

SCHEDULE 14A

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

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

UFP TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

UFP TECHNOLOGIES, INC.

172 EAST MAIN STREET
GEORGETOWN, MASSACHUSETTS 01833-2107 USA

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

To Be Held on June 8, 2011

The Annual Meeting of Stockholders of UFP Technologies, Inc. (the "Company") will be held on June 8, 2011, at 10:00 a.m., local time, at the Crowne Plaza Boston North Shore, 50 Ferncroft Road, Danvers, Massachusetts 01923, for the following purposes:

1. To consider and act upon the election of the two Class III directors identified in the accompanying proxy statement to serve until the 2014 Annual Meeting of Stockholders and until their successors are duly elected.

2. To ratify the appointment of CCR LLP as the Company's independent registered public accounting firm.

3. To consider and act upon a proposal to amend and restate the Company's 2003 Incentive Plan.

4. If submitted to a vote of the Company's stockholders, to consider and act upon an adjournment of the annual meeting, including, if necessary, to solicit additional proxies in favor of the foregoing proposals if there are not sufficient votes for those proposals.

5. To transact such other business as may properly come before the annual meeting or any adjournment thereof.

The Board of Directors has fixed April 22, 2011 as the record date for determining the stockholders entitled to notice of, and to vote at, the Meeting.

You are cordially invited to attend the Meeting.

By Order of the Board of Directors

RICHARD L. BAILLY,
Secretary

Boston, Massachusetts
May 6, 2011

YOUR VOTE IS IMPORTANT

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

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE COMPANY'S ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 8, 2011:

This Proxy Statement, the Company's Annual Report for the fiscal year ended December 31, 2010 and the Proxy Card are available at the

Company's website, *www.ufpt.com.*

UFP TECHNOLOGIES, INC.

172 EAST MAIN STREET
GEORGETOWN, MASSACHUSETTS 01833-2107 USA

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 8, 2011

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of UFP Technologies, Inc., a Delaware Corporation (the "Company") with its principal executive offices at 172 East Main Street, Georgetown, Massachusetts 01833, for use at the Annual Meeting of Stockholders to be held on June 8, 2011, and at any adjournment or adjournments thereof (the "Meeting"). The enclosed proxy relating to the Meeting is solicited on behalf of the Board of Directors of the Company and the cost of such solicitation will be borne by the Company. It is expected that this proxy statement and the accompanying proxy will be mailed to stockholders on or about May 6, 2011. Certain of the officers and regular employees of the Company may solicit proxies by correspondence, telephone or in person, without extra compensation. The Company may also pay to banks, brokers, nominees and certain other fiduciaries their reasonable expenses incurred in forwarding proxy material to the beneficial owners of securities held by them.

Only stockholders of record at the close of business on April 22, 2011 will be entitled to receive notice of, and to vote at, the Meeting. As of that date, there were outstanding and entitled to vote 6,464,948 shares of Common Stock, $0.01 par value (the "Common Stock"), of the Company. Each such stockholder is entitled to one vote for each share of Common Stock so held and may vote such shares either in person or by proxy.

The enclosed proxy, if executed and returned, will be voted as directed on the proxy or, in the absence of such direction, in favor of (i) the election of the nominees identified herein as directors, (ii) ratification of the appointment of CCR LLP as the Company's independent registered public accounting firm and (iii) the amendment and restatement of the 2003 Incentive Plan as described herein. If any other matters shall properly come before the Meeting, the enclosed proxy will be voted by the proxies in accordance with their best judgment. The proxy may be revoked at any time prior to exercise by filing with the Secretary of the Company a written revocation, by executing a proxy with a later date, or by attending and voting at the Meeting.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

At the Meeting, two Class III directors are to be elected to serve until the 2014 Annual Meeting of Stockholders and until their successors have been elected and qualified.

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

The Company currently has a total of eight directors, consisting of three Class I directors, two Class II directors, and three Class III directors. The terms of the Class III directors, Richard L. Bailly, David K. Stevenson and Robert W. Pierce, Jr. expire at the Meeting. Each of Messrs. Stevenson and Pierce are being nominated for election as Class III directors, to hold office until the 2014 Annual

Meeting of Stockholders and until their successors have been duly elected and qualified. Mr. Bailly has elected not to serve on the Board of Directors following the end of his current term and the Board has elected, effective June 8, 2011, to fix the number of directors constituting the Board at seven, of which three individuals shall be Class I Directors, two individuals shall be Class II Directors and two individuals shall be Class III Directors.

It is the intention of the persons named as proxies to vote for the election of the nominees. In the unanticipated event that any such nominee should be unable to serve, the persons named as proxies will vote the proxy for such substitutes, if any, as the present Board of Directors may designate. The nominees have not been nominated pursuant to any arrangement or understanding with any person.

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

Name	**Age**	**Position**	**Director Since**	**Year Term Expires/Will Expire If Elected, Class**
R. Jeffrey Bailly	49	President, Chief Executive Officer and Chairman of the Board of Directors	1995	2012, Class I
Kenneth L. Gestal	62	Director	1996	2013, Class II
David B. Gould , *	57	Director	2003	2012, Class I
Thomas Oberdorf*,+	53	Director	2004	2013, Class II
Marc Kozin++	49	Director	2006	2012, Class I
David K. Stevenson**	68	Director	2007	2014, Class III
Robert W. Pierce, Jr.+	57	Director	2008	2014, Class III
Richard L. Bailly	76	Director	1963	2011,(1)

Lead Independent Director

*
Member of the Audit Committee

**
Chairman of the Audit Committee

+
Member of the Compensation Committee

++
Chairman of the Compensation Committee

(1)
Mr. Richard L. Bailly has elected not to stand for reelection.

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

Mr. Gestal has served as a director of the Company since 1996. In June 2007, Mr. Gestal rejoined Decision Capital, L.P. as president and managing partner; Decision Capital is an alternative investment money management group, which Mr. Gestal had served previously as chief executive officer from 1998 through July 2005. From August 2005 through June 2007, Mr. Gestal served as Chief Operating Officer of Tricordia, LLC, an institutional marketing company. From November 1997 through December 1998, Mr. Gestal served as president of the Alternative Asset Management Group at Swiss Bank

Corporation. Prior to that, Mr. Gestal was chairman of Institutional Global Finance Corp., a money management firm, from 1996 through October 1997. From 1991 to 1995, Mr. Gestal served Swiss Bank Corporation, a securities firm, first as president of SBCI Futures, then as president of SBC Government Securities Inc. and as a director of both firms. Prior to joining Swiss Bank Corporation, Mr. Gestal served as the president of Sanwa-BGK, a securities firm, and as chairman of its futures operations. Mr. Gestal is the brother-in-law of R. Jeffrey Bailly, the Chairman, Chief Executive Officer, and President of the Company. As a result of these and other professional experiences, Mr. Gestal possesses particular knowledge and experience in investment, capital markets and finance, economics and strategic planning that strengthen the Board's collective qualifications, skills, and experience.

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

Mr. Kozin has served as a director of the Company since 2006. Mr. Kozin has been President of the North American practice of L.E.K. Consulting since January 1997; he has served L.E.K. Consulting in various capacities since July 1987. Mr. Kozin has been on the board of directors of CrunchTime! Information Systems, Inc., an information systems company serving the restaurant and food service industry, since December 2002. Previously, Mr. Kozin served on the board of directors of Brandwise, Inc. from December 2002 to December 2005, Lynx Therapeutics, Inc. from July 2002 to March 2005, and Assurance Medical, Inc. from October 1999 to July 2001. As a result of these and other professional experiences, Mr. Kozin possesses particular knowledge and experience in strategic planning and leadership consulting of complex organizations that strengthen the Board's collective qualifications, skills, and experience.

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

Mr. Stevenson has served as a director of the Company since March 2007. Mr. Stevenson served as a director of Chirex, Inc., a Nasdaq listed biotechnology company, from April 2000 until its acquisition by Rhodia SA in September 2000. Mr. Stevenson also served as a Trustee from 1999 to 2008 and as

Board Chair in 2007 of Beth Israel Deaconess Hospital Needham, an affiliate of Beth Israel Deaconess Medical Center. He continues to serve on the Beth Israel Deaconess Hospital Needham Board of Advisors and presently chairs the Audit Committee. Mr. Stevenson also served as a director of Elderhostel, Inc., the leading provider of lifelong educational programs to people over 55, from May 2001 through May 2009. He has served as a director of various U.S. insurance subsidiaries of Sun Life Financial, Inc. (NYSE: SLF) since February 2002. Mr. Stevenson currently chairs the Audit and Nominating Committee of Sun Life Insurance and Annuity Company of New York. He is also a director of All States Asphalt, Inc., a private company. Mr. Stevenson, a CPA, was a partner at Arthur Andersen, LLP during his 33 year career in public accounting. As a result of these and other professional experiences, Mr. Stevenson possesses particular knowledge and experience in accounting, finance, and capital markets that strengthen the Board's collective qualifications, skills, and experience.

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

Mr. Richard L. Bailly, a cofounder of the Company, has served as a director of the Company since its organization in 1963. Mr. Bailly served as the Executive Vice President of the Company from 1963 until his retirement on June 1, 1999. Mr. Bailly is the author of many of the Company's patents, including patents covering the forming and lamination of foam plastics, packaging, conversion technology and moisture transmission. Mr. Bailly is the father of R. Jeffrey Bailly, the Chairman, Chief Executive Officer, and President of the Company. Mr. Bailly has elected not to stand for reelection at the Annual Meeting of Stockholders.

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

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

CORPORATE GOVERNANCE

Meetings of the Board of Directors

The Board of Directors of the Company held four meetings during 2010. Each director attended at least 75% of the aggregate of all meetings of the Board of Directors and each committee each such director served on during 2010. All of the Company's directors are encouraged to attend the Company's Annual Meeting of Stockholders. All of the Company's directors were in attendance at the Company's 2010 Annual Meeting.

Independence, Diversity, Leadership Structure and Board Committees

Independence

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

Diversity

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

Leadership Structure

As noted above, our Board of Directors is currently comprised of eight directors, five of which are independent under applicable standards. Richard L. Bailly has elected not to serve on the Board following the end of his term, which expires at the Meeting. Effective June 8, 2011, the Board will comprise seven directors. Assuming the nominees are elected at the Meeting, five of the Company's seven directors will be independent under applicable standards.

Mr. R. Jeffrey Bailly has served as Chief Executive Officer and member of the Board since January 1, 1995. In October of 2006, he was appointed Chairman of the Board following the death of the prior Chairman of the Board, William H. Shaw, on August 30, 2006.

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

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

We believe that our overall leadership structure, consisting of a single individual serving as Chief Executive Officer and Chairman of the Board, together with the number of independent, experienced directors that make up our Board and the independent oversight of our Lead Independent Director, benefits the Company and its shareholders.

Risk Oversight

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

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

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

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

Nominating Committee

The Board of Directors does not have a nominating committee. Director nominees are selected by a majority of the Company's independent directors. The Board of Directors believes that it is appropriate for the Company not to have a nominating committee because all its independent directors lead the nomination process and the establishment of a nominating committee would be redundant. The Board of Directors does not have a charter relating to the nomination of directors.

The independent members of the Company's Board of Directors may consider candidates recommended by stockholders as well as from other sources such as other directors or officers, third party search firms or other appropriate sources. For all potential candidates, the independent members of the Company's Board of Directors may consider all factors it deems relevant, such as a candidate's personal integrity and sound judgment, business and professional skills and experience, independence, possible conflicts of interest, diversity, the extent to which the candidate would fill a present need on the Board, and concern for the long-term interests of the stockholders. The Board of Directors does not assign any particular weight or importance to any one of these factors but rather considers them as a whole. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources. If a stockholder wishes to recommend a candidate for election as a director at the 2012 Annual Meeting of Stockholders, it must follow the procedures described in "Stockholder Proposals and Recommendations For Director" below.

Compensation Committee

The Board of Directors has a Compensation Committee, which met on six occasions in 2010, and is currently composed of Messrs. Kozin, Oberdorf and Pierce. The Compensation Committee operates pursuant to a written charter (the "Compensation Committee Charter") that was adopted by the Board of Directors and that complies with applicable Nasdaq listing standards. The Compensation Committee Charter, as amended, is available at the Company's website, www.ufpt.com. Under the provisions of the Compensation Committee Charter, the primary functions of the Compensation Committee include determining salaries and bonuses for the Company's named executive officers, individuals to whom stock options, other equity-based awards and cash awards are granted, and the terms upon which such grants and awards are made, adopting incentive plans, overseeing risks associated with the Company's compensation policies and practices, evaluating the performance of the Company's named executive officers, reviewing with management compensation disclosures to be included in the Company's filings with the SEC, and determining director compensation, benefits and overall compensation. For a further description of the Company's determination of executive and director compensation, see "Executive Compensation" below.

Audit Committee

The Board of Directors has an Audit Committee established within the meaning of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee met five times in 2010, and is currently composed of Messrs. Stevenson, Gould and Oberdorf. The Audit Committee operates pursuant to a written charter (the "Audit Committee Charter") that was adopted by the Board of Directors and that complies with currently applicable SEC and Nasdaq rules. The Audit Committee Charter, as amended, is available at the Company's website, www.ufpt.com. Under the provisions of the Audit Committee Charter, the primary functions of the Audit Committee are to assist the Board of Directors with oversight of (i) the Company's accounting and financial reporting processes, internal controls and external independent audits of the Company's financial statements and (ii) the qualifications, independence, appointment, retention, compensation and performance of the Company's registered public accounting firm. The Audit Committee is also responsible for the maintenance of "whistle-blowing" procedures, and the oversight of certain other compliance matters. See "Report of the Audit Committee" below.

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

Audit Fees. The Company incurred an aggregate of approximately $162,000 in fees for audit services from CCR LLP for the year ended December 31, 2010. The Company incurred an aggregate of approximately $152,000 in fees for audit services from CCR LLP for the fiscal year ended December 31, 2009. Audit fees include fees and expenses for professional services rendered in connection with the audit of the Company's financial statements for those years, reviews of the financial statements included in each of the Company's Quarterly Reports on Form 10-Q during those years and fees for services related to the Company's registration statements, consents and assistance with and review of documents filed with the SEC.

Audit-Related Fees. The Company incurred $0 and $11,000 in audit-related fees in the fiscal years ended December 31, 2010 and 2009, respectively, from CCR LLP. The 2009 audit-related fees are primarily related to the review of SEC filings in connection with acquisitions.

Tax Fees. The Company incurred no tax fees for the fiscal years ended December 31, 2010 and 2009, respectively, from CCR LLP.

All Other Fees. The Company incurred no other fees for the fiscal years ended December 31, 2010 and 2009, respectively, from CCR LLP.

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

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

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

Report of the Audit Committee

The Audit Committee has:

Reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2010;

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

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

Based on the review and discussions referred to above, recommended to the Board of Directors that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission.

By the Audit Committee of the Board of Directors:

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

Independent Registered Public Accounting Firm

CCR LLP has continuously served as the Company's independent public accountants since its engagement on July 5, 2005. The Audit Committee has appointed CCR LLP, independent accountants, to be the Company's independent registered public accounting firm and to audit the consolidated financial statements of the Company for the year ending December 31, 2011. The Company is advised that no member of CCR LLP has any direct financial interest or material indirect financial interest in the Company since the date of its engagement, July 5, 2005, or has had any connection with the Company in the capacity of promoter, underwriter, voting trustee, director, officer or employee since such date.

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of April 22, 2011, with respect to the beneficial ownership of the Company's Common Stock by each director, each nominee for director, each named executive officer in the Summary Compensation Table under "Executive Compensation" below, all executive officers and directors as a group, and each person known by the Company to be the beneficial owner of 5% or more of the Company's Common Stock. This information is based upon information received from or on behalf of the named individuals. Unless otherwise indicated, (i) each person identified possesses sole voting and investment power with respect to the shares listed and (ii) the address for each person named below is: c/o UFP Technologies, Inc., 172 East Main Street, Georgetown, MA 01833.

Name	Shares of Common Stock Beneficially Owned	Percentage of Class
R. Jeffrey Bailly(1)	945,482	14.1%
Richard L. Bailly(1)(2)	61,892	1.0%
Kenneth L. Gestal(1)(3)	103,530	1.6%
Mitchell C. Rock(1)	94,482	1.5%
Ronald J. Lataille(1)	110,916	1.7%
Richard LeSavoy(1)	123,463	1.9%
Daniel J. Shaw, Jr.(1)	75,525	1.2%
David B. Gould(1)(4)	89,790	1.4%
Thomas Oberdorf(1)	62,523	1.0%
Marc Kozin(1)	29,473	*
David K. Stevenson(1)(5)	34,465	*
Robert W. Pierce, Jr.(1)	36,201	*
Renaissance Technologies LLC(6)	449,300	6.9%
800 Third Avenue		
New York, NY 10022		
All executive officers and directors as a group (12 persons)(1)(2)(3)(4)(5)(7)	1,767,742	25.1%

* Less than one percent

(1) Includes shares issuable pursuant to stock options currently exercisable or exercisable within the next 60 days, as follows: 246,620 for R. Jeffrey Bailly, 36,721 for Richard L. Bailly, 51,398 for Kenneth L. Gestal, 15,000 for Mitchell C. Rock, 15,000 for Ronald J. Lataille, 20,000 for Richard LeSavoy, 10,000 for Daniel J. Shaw, Jr., 49,073 for David B. Gould, 62,523 for Thomas Oberdorf, 26,912 for Marc Kozin, 21,330 for David K. Stevenson and 19,201 for Robert W. Pierce, Jr.

(2) Includes 19,734 shares held by the Bailly Living Trust, over which Mr. Richard L. Bailly has shared voting and dispositive power (together with his spouse) and 5,437 shares held in an IRA account, over which Mr. Richard L. Bailly has sole voting and dispositive power. Excludes 945,482 shares attributable to R. Jeffrey Bailly, Mr. Richard L. Bailly's son, as to which Mr. Richard L. Bailly disclaims beneficial ownership.

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

(4) Includes 16,000 shares owned by Mr. Gould's spouse, as to which Mr. Gould disclaims beneficial ownership.

(5) Includes 1,000 shares owned by Mr. Stevenson's spouse, as to which Mr. Stevenson disclaims beneficial ownership.

(6) Information in the table and this footnote is based solely upon information contained in a Schedule 13G/A filed with the SEC by Renaissance Technologies LLC on February 11, 2011. As of December 31, 2010, Renaissance Technologies LLC had sole dispositive power over 432,600 shares, shared dispositive power over 16,700 shares and sole voting power over 405,300 shares.

(7) Includes an aggregate of 573,778 shares that the executive officers and directors have the right to acquire within 60 days pursuant to the exercise of options.

CODE OF ETHICS

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

EXECUTIVE OFFICERS

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

Name	Age	Title
Mitchell C. Rock	43	Vice President of Sales and Marketing
Ronald J. Lataille	49	Vice President, Treasurer and Chief Financial Officer
Richard LeSavoy	55	Vice President of Manufacturing
Daniel J. Shaw, Jr.	50	Vice President of Engineering

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

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

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

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

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

EXECUTIVE COMPENSATION

The Company's compensation programs are determined by the Compensation Committee of the Board of Directors, which has the ongoing responsibility for establishing, implementing, and monitoring the Company's executive compensation programs. In 2008, the Compensation Committee engaged DolmatConnell & Partners, a Massachusetts-based compensation consulting firm, to perform a comprehensive comparative market study of the compensation programs offered to peer company chief executives and other executive officers. The Compensation Committee used this information in establishing 2010 base salaries, incentive bonuses and other stock-based incentives for its named executive officers. The chief executive officer also makes recommendations to the Compensation Committee about the compensation of the Company's other named executive officers. The Compensation Committee considers the chief executive's recommendations before making a final determination of the compensation programs for the named executive officers.

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

Base Salary. Base salaries are determined based upon a variety of factors, including the executive's scope of responsibilities, a market competitive assessment of similar roles at other companies, and a comparison of salaries paid to peers within the Company. Base salaries are reviewed annually and may be adjusted after considering the above factors.

Incentive Bonus. In the past and for the Company's fiscal year ended 2010, the Company's named executive officers earned incentive bonuses. Bonuses are determined based on a combination of qualitative and quantitative, Company and individual measures, the details of which are established annually in the form of business objectives. The business objectives may vary for each executive based upon his or her responsibilities and may include financial and/or strategic measures. For example, in the past and for the Company's fiscal year ended 2010, Mr. R. Jeffrey Bailly, the Company's President and Chief Executive Officer, has earned an incentive bonus based on the Company's achievement of specified corporate financial goals as well as an incentive bonus based on Mr. Bailly's achievement of specified individual goals. The Compensation Committee establishes the performance criteria for each named executive officer's incentive bonus.

In 2010, bonuses for our named executive officers were largely based upon the Company achieving certain operating income targets, which were based upon the Company's internal budgets, with the bonus amounts set to fluctuate up or down based on the extent to which the Company achieved, did not achieve, or exceeded the operating income target. The bonus amounts for 2010 were also based in part on strategic objectives established for each named executive officer. The bonus amounts awarded for 2010 reflect the fact that the Company exceeded its operating income targets for 2010.

Subject to contractual commitments, at its discretion the Compensation Committee may allow any executive officer to receive a portion of certain of these bonuses in the form of Common Stock. In these situations, the Compensation Committee may also provide the named executive officer, at its discretion, an additional cash award in the form of a gross-up, in order to pay the income taxes associated with receiving the Common Stock. The goal in allowing the Company's named executive officers to receive a portion of their bonus in stock is to further align their interests with those of the Company's shareholders. Subject to contractual commitments, the Compensation Committee retained sole discretion over all matters relating to the 2010 bonus payments including, without limitation, the decision to pay any bonuses, the amount of each bonus, if any, the ability to increase or decrease any bonus payment and make changes to any financial and/or strategic measures, discretion over the payment of partial awards in the event of employment termination, and the decision whether to allow recipients to receive a portion and if so, how much of their bonuses in the form of Common Stock.

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

Beginning in 2006, the Company implemented a stock unit award program for the named executive officers under the 2003 Incentive Plan. The stock unit awards represent a right to receive shares of the Company's Common Stock in varying amounts based on the achievement of financial performance objectives for the Company and, in certain instances, time-based vesting requirements. Based upon the Company's financial results for its 2010 fiscal year, the Compensation Committee determined that the Company had achieved the "threshold", "target" and "exceptional" financial performance targets relating to stock unit awards granted in 2010.

Named executive officers have stock options outstanding under the Company's 1993 Employee Stock Option Plan. The stock options allow the named executive officers, as well as other key employees, the right to acquire shares of Common Stock at a price equal to the fair market value of the Common Stock on the date of grant. With the exception of the chief executive officer, whose stock options vested immediately upon grant, the stock options are subject to a vesting period. In 2010, no stock options were granted to named executive officers.

Other Benefits and Perquisites

CEO Stock Awards For the past several years, and again in 2010, the Company has granted to Mr. R. Jeffrey Bailly, its Chief Executive Officer, an award of Common Stock as a component of his overall compensation. The objective of this equity component is to greater align the chief executive officer's interests with those of the Company's shareholders. The stock is typically issued to the chief executive officer on the last day of the fiscal year, assuming the chief executive officer remains employed by the Company on that date. The chief executive officer is also granted an additional cash award to pay the income taxes associated with receiving this grant of Common Stock (a "gross-up"). In 2010, consistent with the terms of his employment agreement, the chief executive officer was granted 25,000 shares and the gross-up associated with this grant amounted to approximately $219,000.

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

Deferred Compensation Plan In 2006, the Company implemented the UFP Technologies Executive Nonqualified Excess Plan ("Deferred Comp Plan"). Under the Deferred Comp Plan, named executive officers and other key employees are eligible to defer up to 90% of base salary and 100% of bonus and/or commissions into the Plan. Investments of the deferrals are directed by the participants and returns on the deferrals are determined accordingly. Employer contributions into the Plan are discretionary and determined by the Compensation Committee. No employer contributions were made in 2010.

Supplemental Disability Insurance Beginning in 2007, named executive officers received long-term disability insurance coverage to supplement the Company's group long-term disability plan. The objective is to provide named executive officers with sufficient coverage to replace a significant portion of his or her wages in the event of disability. The premiums are paid for by the Company and amounted to approximately $12,000 in the aggregate for all named executive officers in 2010.

Profit Sharing/401(k) Plan All employees, including named executive officers, who meet certain criteria are eligible to participate in the UFP Technologies, Inc. 401(k) Plan (the "401(k) Plan"). Participants in the 401(k) Plan can defer up to 20% of their gross compensation, subject to IRS limitations, on a pre-tax basis. The Company matches employee deferrals at a discretionary rate, which was 50% of employee deferrals up to a maximum of 2% of an employee's gross wages in 2010. In addition, the Company may make an additional discretionary profit sharing contribution which was 2.0% of gross wages in 2010. No employee deferrals are required to receive an allocated portion of the profit sharing contribution.

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

Policy on Stock Option Timing and Pricing

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

Tax Considerations

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended, which provides that the Company may not deduct compensation of more than $1,000,000 that is paid to certain individuals other than qualified performance-based compensation. The Company believes that compensation paid under the management incentive plans is generally fully deductible for federal income tax purposes. However, in certain situations, the Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its named executive officers. In this regard, for 2010, no named executive officer received compensation in excess of the limits imposed by Section 162(m) and, therefore, the Company believes that all executive compensation is deductible for federal income tax purposes.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary(1)	Stock Awards(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total
R. Jeffrey Bailly,	2010	$ 330,000	$ 512,481	$ 363,000	$ 285,299	$ 1,490,780
President, Chief Executive	2009	$ 315,000	$ 319,331	$ 362,250	$ 173,401	$ 1,169,982
Officer and Chairman	2008	$ 315,000	$ 630,750	$ 537,266	$ 147,490	$ 1,630,506
Ronald J. Lataille	2010	$ 220,000	$ 75,000	$ 110,000	$ 13,963	$ 418,963
Vice President, Treasurer and	2009	$ 210,000	$ 50,000	$ 85,000	$ 28,530	$ 373,530
Chief Financial Officer	2008	$ 210,000	$ 114,300	$ 95,000	$ 46,776	$ 466,076
Richard LeSavoy	2010	$ 220,000	$ 75,000	$ 110,000	$ 54,033	$ 459,033
Vice President of Manufacturing	2009	$ 210,000	$ 50,000	$ 90,000	$ 29,878	$ 379,878
	2008	$ 210,000	$ 114,300	$ 105,000	$ 50,376	$ 479,676
Mitchell C. Rock	2010	$ 210,000	$ 75,000	$ 110,000	$ 13,375	$ 408,375
Vice President of Sales and	2009	$ 195,000	$ 50,000	$ 80,000	$ 27,537	$ 352,537
Marketing	2008	$ 195,000	$ 114,300	$ 95,000	$ 46,776	$ 451,076
Daniel J. Shaw, Jr.	2010	$ 168,000	$ 60,000	$ 75,000	$ 11,808	$ 314,808
Vice President of Engineering	2009	$ 160,000	$ 40,000	$ 62,000	$ 22,322	$ 284,322
	2008	$ 160,000	$ 95,250	$ 72,000	$ 38,198	$ 365,448

(1) On February 18, 2011, the Compensation Committee approved an increase in the base salary of Mr. Rock to $220,000 effective January 1, 2011.

(2) For 2008 represents stock unit awards of 75,000, 18,000, 18,000, 18,000 and 15,000 awarded to Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively. The 2008 stock unit awards were granted on February 21, 2008 and valued at $6.35, the closing price of the Company's Common Stock on the date of grant. For 2009 represents stock unit awards of 50,314, 11,792, 11,792, 11,792 and 9,434 to Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively. The 2009 stock unit awards were granted on February 24, 2009 and valued at $4.24, the closing price of the Company's Common Stock on the date of grant. For 2010 represents stock unit awards of 41,556, 9,741, 9,741, 9,741 and 7,791 to Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively. The 2010 stock unit awards were granted on February 19, 2010 and valued at $7.70, the closing price of the Company's Common Stock on the date of grant. Amounts reflected in the table represent the grant date fair value of the stock unit awards computed in accordance with FASB ASC, Topic 718, Compensation   Stock Compensation. In the case of Mr. Bailly, these amounts also include (i) for 2008, 25,000 shares of the Company's Common Stock that were granted to him on February 8, 2008 and issued on December 31, 2008 valued at $6.18 the closing price of the Common Stock on the grant date, (ii) for 2009, 25,000 shares of the Company's Common Stock that were granted to him on February 24, 2009 and issued on December 31, 2009 valued at $4.24 the closing price of the Common Stock on the grant date and (iii) for 2010, 25,000 shares of the Company's Common Stock that were granted to him on February 19, 2010 and issued on December 31, 2010 valued at $7.70, the closing price of the Company's Common Stock on the grant date.

(3) Represents incentive bonuses earned in 2008, 2009 and 2010 that were paid in March, 2009, 2010 and 2011, respectively. Consistent with past practices, the named executive officers were allowed to take up to 50% of their earned incentive bonuses in the form of Common Stock with the number of shares determined as the bonus amount divided by the closing price of the Company's Common Stock on the date of grant. For 2008, 2009 and 2010 the dates of grant of the Common Stock portion of the incentive bonuses were February 24, 2009, February 19, 2010 and February 18, 2011,

respectively, and the fair-market value of the Common Stock was $4.24, $7.70 and $20.11, respectively. Incentive bonuses earned in 2008 and paid in 2009 were as follows: $537,266 for Mr. Bailly, $47,500 and 11,203 shares of stock for Mr. Lataille, $52,500 and 12,382 shares of stock for Mr. LeSavoy, $47,500 and 11,203 shares of stock for Mr. Rock and $36,000 and 8,491 shares of stock for Mr. Shaw. Incentive bonuses earned in 2009 and paid in 2010 were as follows: $362,250 for Mr. Bailly, $63,750 and 2,760 shares of stock for Mr. Lataille, $67,500 and 2,922 shares of stock for Mr. LeSavoy, $60,000 and 2,597 shares of stock for Mr. Rock and $46,500 and 2,013 shares of stock for Mr. Shaw. Incentive Bonuses earned in 2010 and paid in 2011 were as follows: $363,000 for Mr. Bailly, $110,000 for Mr. Lataille, $55,000 and 2,735 shares of stock for Mr. LeSavoy, $110,000 for Mr. Rock and $75,000 for Mr. Shaw.

(4)

Represents (i) for Mr. Bailly, Company reimbursement for club fees, tax preparation services and life insurance premiums; (ii) for each of the named executive officers, compensation for the taxes attributable to stock awards and shares issued in lieu of cash bonuses in 2008 of $95,220, $34,200, $37,800, $34,200 and $25,920 for Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively, in 2009 of $117,000, $15,300, $16,200, $14,400 and $11,160 for Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively, and in 2010 of $219,000 and $39,600 for Messrs. Bailly and LeSavoy, respectively; and (iii) for each of the named executive officers, car allowances and 401(k) contributions in 2008, 2009 and 2010.

Employment Contract

On October 8, 2007, the Company entered into an employment agreement with Mr. R. Jeffrey Bailly, the Company's President and Chief Executive Officer and the Chairman of the Company's Board of Directors. The Agreement is terminable by either party at any time, as provided below.

The employment agreement provides that Mr. Bailly will receive a minimum annual salary of $300,000 and consideration for discretionary bonuses. Pursuant to the agreement, Mr. Bailly will receive an annual stock grant award (the "Annual Stock Grant Award") on or about January 1 of each year entitling him to receive on or before December 31 (the "Issue Date") of each year an aggregate of 25,000 shares of the Company's Common Stock, provided that Mr. Bailly remains employed with the Company through the Issue Date of each such year. Subject to applicable "golden-parachute" rules, the Company has agreed to reimburse Mr. Bailly for the amount of federal and state income taxes attributable to the Annual Stock Grant Award. Annual Stock Grant Awards are to be made under the Company's 2003 Incentive Plan.

On March 2, 2011 the Company and Mr. Bailly executed an amendment to the employment agreement. Pursuant to the terms of the amendment, effective January 1, 2012, Mr. Bailly's annual salary will increase from not less than $300,000 to not less than $350,000 (Mr. Bailly's annual salary for 2011 remains $330,000), and the Annual Stock Grant Award will change from 25,000 shares of the Company's Common Stock to $300,000 worth of shares of the Company's Common Stock.

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

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

Grants of Plan-Based Awards

		Estimated Future payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value Of Stock And Option Awards ($)(3)
Name	**Grant Date**	**Threshold (#)(1)(2)**	**Target (#)1)(2)**	**Maximum (#)(1)(2)**		
R. Jeffrey Bailly(4)	2/19/2010	13,852	13,852	13,852		320,000
R. Jeffrey Bailly	2/19/2010				25,000	192,500
Ronald J. Lataille(4)	2/19/2010	3,247	3,247	3,247		75,000
Richard LeSavoy(4)	2/19/2010	3,247	3,247	3,247		75,000
Mitchell C. Rock(4)	2/19/2010	3,247	3,247	3,247		75,000
Daniel J. Shaw, Jr.(4)	2/19/2010	2,597	2,597	2,597		60,000

(1) The stock unit awards listed above are subject to a (i) time-based vesting requirement and (ii) a Company financial performance requirement, which is discussed in footnote 3, below. One-third of these awards vest on February 18, 2012, one-third of these awards vest on February 18, 2013 and one-third of these awards vest on February 18, 2014, provided that the recipient remains continuously employed by the Company through each such vesting date.

(2) The stock unit awards listed under the "Threshold", "Target" and "Maximum" columns above were also subject to the Company achieving specified financial performance objectives. The performance objectives were based on the Company's adjusted operating income for its 2010 fiscal year relative to operating income targets established by the Compensation Committee. Based upon the Company's financial results for its 2010 fiscal year, the Compensation Committee determined that each of the Threshold, Target and Maximum goals had been achieved. Accordingly, the Compensation Committee awarded stock unit awards to each of the named executive officers in an amount equal to the sum of all of the awards listed in the "Threshold," "Target" and "Maximum" columns above, for each such officer.

(3) Amount shown does not reflect compensation actually received by the named executive officer nor does it necessarily reflect the actual value that will be recognized by the named executive officer. Instead, the amount shown is the grant date fair value of restricted stock granted to the named

executive officer computed in accordance with FASB ASC, Topic 718, Compensation Stock Compensation. The assumptions used to calculate the value of restricted stock awards are set forth under Note 1(m) Share-Based Compensation, to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

(4)

Reflects grants of stock unit awards to the named executive officers pursuant to the Company's 2003 Incentive Plan. Recipients of the stock unit awards will have no rights as stockholders of the Company, including, without limitation, the right to vote or to receive dividends, until and to the extent such stock unit awards have vested and the issuance of the shares of Common Stock in respect of the stock unit awards has been appropriately evidenced. Any unvested stock unit awards shall terminate upon the cessation of a recipient's employment with the Company. In the event of a change in control of the Company (as defined in the stock unit award agreement evidencing the award) on or after January 1, 2011, the applicable number of stock unit awards listed in the "Threshold", "Target" and "Maximum" columns above, to the extent not already vested, shall become fully vested immediately prior to the effective date of such change in control.

1993 Stock Option Plan. Effective October 1993, the Company adopted the 1993 Stock Option Plan (the "1993 Plan"). On April 12, 2010 the 1993 Plan expired. The purpose of the 1993 Plan was to benefit the Company through the maintenance and development of its businesses by offering certain present and future key individuals a favorable opportunity to become holders of stock in the Company over a period of years, thereby giving them a permanent stake in the growth and prosperity of the Company. As of April 12, 2010, when the 1993 Plan expired, there remained 302,293 shares of Common Stock reserved for issuance thereunder. As of April 22, 2011 there are options outstanding under the 1993 Plan that cover 336,620 shares of Common Stock.

2003 Incentive Plan. The Company's 2003 Incentive Plan is the subject of, and is discussed under, Proposal No. 3. below.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards				Stock Awards	
Name	**Number of Securities Underlying Unexercised Options (#)(1) Exercisable**	**Number of Securities Underlying Unexercised Options (#)(1) Unexercisable**	**Option Exercise Price ($)(2)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(3)**
R. Jeffrey Bailly	46,620		1.00	3/25/2013	108,537	1,323,066
	44,444		2.25	4/2/2014		
	55,556		2.25	4/2/2014		
	58,159		2.39	12/14/2015		
	41,841		2.39	12/14/2015		
Ronald J. Lataille	15,000		3.31	5/16/2012	37,533	457,527
Richard LeSavoy	20,000		3.31	5/16/2012	37,533	457,527
Mitchell C. Rock	15,000		3.31	5/16/2012	37,533	457,527
Daniel J. Shaw, Jr.	10,000		3.31	5/16/2012	30,558	375,502

(1)

Represents stock options granted pursuant to the Company's 1993 Stock Option Plan. Options granted to Mr. Bailly have a 10 year life and vested immediately. Options granted to Messrs. Lataille, LeSavoy, Rock and Shaw have lives ranging from five to seven years and vest over periods ranging from three to five years.

(2)

Exercise prices for all options granted to the named executive officers represent the closing price of the Company's Common Stock on the business date immediately preceding the date of grant.

(3)

Represents unvested stock unit awards granted pursuant to the Company's 2003 Incentive Plan. The market value of the stock unit awards that have not vested is calculated using the closing market price of the Company's Common Stock at the end of the Company's last completed fiscal year. Accordingly, this value was determined based on the closing market price of the Company's Common Stock on Nasdaq as of December 31, 2010, which was $12.19.

Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting(1) (#)**	**Value Realized on Vesting(1) ($)**
R. Jeffrey Bailly(2)	145,000	$ 1,163,150	41,667	$ 385,420
Ronald J. Lataille		$	16,000	$ 139,180
Richard LeSavoy		$	16,000	$ 139,180
Mitchell C. Rock		$	16,000	$ 139,180
Daniel J. Shaw, Jr.		$	13,333	$ 115,980

(1)

On February 24, 2010, previously issued stock unit awards covering 6,000, 6,000, 6,000 and 5,000 shares of the Company's Common Stock vested in full for each of Messrs. Lataille, LeSavoy, Rock and Shaw, respectively. The value realized upon the vesting of the stock unit awards is based upon the closing price of $7.78 on February 24, 2010. On July 1, 2010, previously issued stock unit awards covering 41,667, 10,000, 10,000, 10,000 and 8,333 shares of the Company's Common Stock vested in full for each of Messrs. Bailly, Lataille, LeSavoy, Rock and Shaw, respectively. The value realized upon the vesting of the stock unit awards is based upon the closing price of $9.25 on July 1, 2010.

(2)

Mr. Bailly exercised options covering 125,000 shares of stock on March 3, 2010. These options were granted on April 3, 2000 at an exercise price $2.75 per share. The value realized upon exercise of these options was $7.67 per share, or $958,750 based upon the closing price of our Common Stock on the date of exercise. Mr. Bailly also exercised options covering 20,000 shares of stock on November 10, 2010. These options were granted on January 29, 2003 at an exercise price $1.12 per share. The value realized upon exercise of these options was $10.22 per share, or $204,400 based upon the closing price of our Common Stock on the date of exercise.

Potential Payments upon Termination or Change of Control and Severance Plans

Mr. R. Jeffrey Bailly may be entitled to payment upon his termination or upon a change of control of the Company, as described above. If Mr. Bailly is terminated without cause or if he terminates his employment for good reason or within six months of a change of control of the Company, then Mr. Bailly is entitled to a lump sum amount equal to three times his average annual compensation for the two years preceding, as limited by applicable IRS golden parachute regulations. Accordingly, assuming the triggering event occurred on December 31, 2010, Mr. Bailly would have been entitled to receive $3,007,125.

In September 1993, the Company adopted a policy that all named executive officers of the Company not otherwise a party to an employment agreement with the Company will receive a severance benefit should the employee's employment with the Company be terminated by the Company other than for cause in connection with a change in control of the Company, in the form of a base salary continuation for a period equal to the sum of (i) four months plus (ii) one month for each year of service with the Company up to a maximum of 18 months. Accordingly, assuming termination of such named executive officers on December 31, 2010, such officers would have been entitled to the following payments:

Name	Severance Payment ($)
Ronald J. Lataille	311,667
Richard LeSavoy	330,000
Mitchell C. Rock	227,500
Daniel J. Shaw, Jr.	252,000

Director Compensation

Name	Year	Fees Earned or Paid in Cash ($)(1)	Option Awards ($)(2)(3)	Total ($)
Richard L. Bailly	2010	10,000	22,250	32,250
Kenneth L. Gestal	2010	10,000	22,250	32,250
David B. Gould	2010	20,000	22,250	42,250
Marc Kozin	2010	17,500	22,250	39,750
Thomas Oberdorf	2010	20,000	22,250	42,250
David K. Stevenson	2010	17,500	22,250	39,750
Robert W. Pierce, Jr.	2010	15,000	22,250	37,250

(1) For 2010 non-employee directors received: (i) an annual retainer of $20,000, payable 50% in cash and 50% in the form of options, (ii) an annual committee retainer of $5,000 in cash, and an additional $2,500 if the non-employee director serves as committee chair, (iii) reimbursement of expenses for each meeting physically attended, and (iv) an annual lead independent director retainer of $5,000 for the individual serving in that position. Currently, David B. Gould serves as the Company's lead independent director.

(2) On June 9, 2010, the Company granted non-qualified stock options to acquire Common Stock in the amount of 2,907 to each of Messrs. Bailly, Gestal, Gould, Kozin, Oberdorf, Stevenson and Pierce. Each option was issued as a portion of each Director's annual retainer as described in (1) above and has a ten-year life with an exercise price of $9.09, the closing price of the Company's Common Stock on June 9, 2010.

(3) On July 1, 2010, the Company granted non-qualified stock options to acquire Common Stock in the amount of 3,500, for each non-employee Director. Each option was granted pursuant to a discretionary grant as permitted by the 2009 Non-Employee Director Stock Incentive Plan, and has a ten-year life with an exercise price of $9.15, the closing price of the Common Stock on July 1, 2010. Amounts reflected in the table represent the grant date fair value of the stock options computed in accordance with FASB ASC, Topic 718, Compensation Stock Compensation.

On March 2, 2011 the Board of Directors determined that in addition to the annual retainers paid to non-employee directors in the form of cash and stock options, and in lieu of the annual discretionary grant of non-qualified stock options based on a fixed number of shares previously granted as described in footnote (3) above, each non-employee director would instead receive, on the date of each Annual Meeting of Stockholders and free of any restrictions, shares of Common Stock with a value equal to $10,000, calculated using the closing price of the Common Stock on the date of grant.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table discloses the securities authorized for issuance under the Company's equity compensation plans as of April 22, 2011. Each of these plans and their amendments has been approved by the Company's stockholders.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under compensation plans
1993 Employee Stock Option Plan(2)	336,620	$ 2.31	302,293
2003 Incentive Plan Options	50,000	$ 9.29	
2003 Incentive Plan Stock Unit Awards	251,694		
Total 2003 Incentive Plan	301,694		72,659
2009 Non-Employee Director Stock Option Plan	270,746	$ 6.14	237,240
Total All Stock Plans	909,060		612,192

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

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

Kissimmee, Florida Property. Effective January 1, 2007, the term of the lease with UTD of the Company's Kissimmee, Florida manufacturing facility was extended until December 31, 2011. Monthly rent for the lease is $13,713, plus the payment of certain expenses and taxes. The Company believes that the terms of its lease are comparable to those available in the market for real estate in Kissimmee, Florida.

Decatur, Alabama Property. Effective January 1, 2007, the term of the lease with UTD of the Company's Decatur, Alabama manufacturing facility was extended until December 31, 2011. Monthly rent for the lease is $8,663, plus the payment of certain expenses and taxes. The Company believes that the terms of this lease are comparable to those available in the market for real estate in Decatur, Alabama. On January 13, 2011, UTD sold its Alabama facility for $1,250,000. The buyer of the building has agreed to allow the Company to occupy the building rent-free for a period not to exceed nine months.

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

PROPOSAL NO. 2
RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected CCR LLP as the Company's independent registered public accounting firm for the year ending December 31, 2011, and the Board of Directors is asking stockholders to ratify that selection. Although current law, rules, and regulations, as well as the Audit Committee Charter, require the Audit Committee to engage, retain, and supervise the Company's independent registered public accounting firm, the Board considers the selection of the independent registered public accounting firm to be an important matter of stockholder concern and is submitting the selection of CCR LLP for ratification by stockholders as a matter of good corporate practice. If the stockholders do not ratify the selection of CCR LLP, the Audit Committee will review the Company's relationship with CCR LLP and take such action as it deems appropriate, which may include continuing to retain CCR LLP as the Company's independent registered public accounting firm.

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

PROPOSAL NO. 3
AMENDMENT AND RESTATEMENT OF THE COMPANY'S
2003 INCENTIVE PLAN

Effective June 4, 2003, the Company adopted the 2003 Equity Incentive Plan (as amended, the "Incentive Plan"). On March 2, 2011, the Board of Directors, subject to shareholder approval, amended and restated the Incentive Plan. The purpose of the proposed amendment and restatement is to increase the maximum number of shares issuable under the Incentive Plan from 1,250,000 to 2,250,000.

The Board of Directors believes this increase is appropriate to allow the Company to continue to offer adequate numbers of equity-based and other incentive awards to its employees. As of April 22, 2011, there are only 72,659 shares of Common Stock available for issuance under the Incentive Plan. When the Company's 1993 Employee Stock Option Plan expired in April 2010, there remained 302,293 shares of Company Common stock reserved for issuance thereunder. Those shares are no longer available for this purpose. Accordingly, options and other awards granted to employees since April 2010 have all been granted pursuant to the Incentive Plan. If the amendment and restatement of the Incentive Plan is not approved by the Company's shareholders, the Company believes, based on current projections, that the pool of remaining shares currently available for issuance under the Incentive Plan would likely be fully used in the next six to twelve months.

The Incentive Plan is intended to benefit the Company by offering equity-based and other incentives to certain of the Company's executives and employees, thereby encouraging their continued involvement with the Company's businesses. The following is a summary description of the Incentive Plan and is qualified in its entirety by reference to the full text of the Incentive Plan, which is set forth as *Appendix A* to this Proxy Statement.

Description of the 2003 Incentive Plan

The Incentive Plan will be administered by the Compensation Committee, or another committee consisting of not less than two directors as appointed from time to time by the Board of Directors. Only independent directors may serve on the committee administering the Incentive Plan (hereinafter, the "Committee"). Subject to the express provisions of the Incentive Plan, the Committee has the authority to interpret and construe the Incentive Plan and to adopt rules and regulations for administering the Incentive Plan. Such powers of the Committee include, except as otherwise provided in the Incentive Plan, exclusive authority to select the employees or determine classes of employees to be granted awards under the Incentive Plan, to determine the aggregate amount, type, size, and terms of the awards to be made to eligible employees, and to determine the time when awards will be granted. The Committee shall take into account compliance with Section 409A of the Code (as defined below) in connection with any grant of an award under the Incentive Plan, to the extent applicable.

Executives and other employees of the Company (including directors and officers) who (i) are employed full time or part time by the Company or its subsidiaries on a salaried basis and (ii) are selected on the basis of such criteria as the Committee may determine, are eligible to participate in the Incentive Plan. Employees who participate in other incentive or benefit plans of the Company or any of its subsidiaries may also participate in the Incentive Plan.

Awards may be granted in the form of any or a combination of the following:

Stock Options options entitling the recipient to acquire shares of Common Stock upon payment of the exercise price, which shall consist of options intended to qualify as incentive stock options under Section 422 of the Code and nonqualified stock options;

Stock Appreciation Rights ("SARs") rights entitling the holder upon exercise to receive cash or Common Stock, as the Committee determines, equal to a function (determined by the

Committee using such factors as it deems appropriate) of the amount by which the Common Stock has appreciated in value since the date of the award;

Restricted Stock an award of Common Stock subject to forfeiture if specified events are not satisfied;

Unrestricted Stock an award of Common Stock not subject to any restrictions under the Incentive Plan;

Stock Unit Awards awards payable in Common Stock that may, but are not required to, include awards subject to performance criteria;

Stock-Based Awards awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to shares of Common Stock as deemed by the Committee to be consistent with the purposes of the Incentive Plan;

Cash Performance Awards an award subject to performance criteria payable in cash;

Performance Awards awards subject to performance criteria; or

Grants of cash, or loans, made in connection with other awards in order to help defray in whole or in part the economic cost (including tax cost) of the award to the participant.

Under the Incentive Plan, "performance criteria" means specified criteria the satisfaction of which is a condition for the exercisability, vesting or full enjoyment of an award. For purposes of performance awards that are intended to qualify for the performance-based compensation exception under Section 162(m) of the Code, a performance criterion shall mean an objectively determinable measure of performance relating to any of the following (determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof): (i) sales; revenues; assets; liabilities; costs; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or other items, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; working capital requirements; stock price; stockholder return; sales, contribution or gross margin, of particular products or services; particular operating or financial ratios; customer acquisition, expansion and retention; or any combination of the foregoing; or (ii) acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; recapitalizations, restructurings, financings (issuance of debt or equity) and refinancings; transactions that would constitute a change of control; or any combination of the foregoing. A performance criterion measure and targets with respect thereto determined by the Committee need not be based upon an increase, a positive or improved result or avoidance of loss. In the case of an award intended to be eligible for the performance-based compensation exception under Section 162(m), the Incentive Plan and such award shall be construed to the maximum extent permitted by law in a manner consistent with qualifying the award for such exception. For more information on Section 162(m), see **Federal Income Tax Consequences**, below.

Unless the Committee expressly provides otherwise, (A) an award requiring exercise by the holder will not be deemed to have been exercised until the Committee receives a written notice of exercise (in form acceptable to the Committee) signed by the appropriate person and accompanied by any payment required under the award; and (B) if the award is exercised by any person other than the participant, the Committee may require satisfactory evidence that the person exercising the award has the right to do so. The Committee shall determine the exercise price of each Stock Option or SAR; provided, that each Stock Option or SAR must have an exercise price that is not less than the fair market value of the Stock subject to the Stock Option, determined as of the date of grant. Where the exercise of an award is to be accompanied by payment, the Committee may determine the required or permitted forms of payment.

The restrictions on Restricted Stock awards may include, without limitation, restrictions on the right of the grantee to sell, assign, transfer or encumber shares while such shares are subject to other restrictions imposed under the Incentive Plan, the duration of such restrictions; the events (which may, in the discretion of the Committee, include performance-based events or objectives) the occurrence of which would cause a forfeiture of the Restricted Stock in whole or in part; and such other terms and conditions as the Committee in its discretion deems appropriate. If so determined by the Committee at the time of an award of Restricted Stock, the lapse of restrictions on Restricted Stock may be based on the extent of achievement over a specified performance period of one or more performance targets based on performance criteria established by the Committee. Restricted Stock awards shall be effective upon execution of the applicable Restricted Stock agreement by the Company and the participant. Following a Restricted Stock award and prior to the lapse or termination of the applicable restrictions, the share certificates for such Restricted Stock shall be held in escrow by the Company. Upon the lapse or termination of the applicable restrictions (and not before such time), the certificates for the Restricted Stock shall be issued or delivered to the participant. From the date a Restricted Stock award is effective, the participant shall be a shareholder with respect to all the shares represented by such certificates and shall have all the rights of a shareholder with respect to all such shares, including the right to vote such shares and to receive all dividends and other distributions paid with respect to such shares, subject only to the restrictions imposed by the Committee.

Stock Unit Awards shall be evidenced by a written agreement in the form prescribed by the Committee in its discretion, which shall set forth the number of shares of Common Stock to be awarded pursuant to the award, the restrictions imposed thereon (which may include, without limitation: restrictions on the right of the grantee to sell, assign, transfer or encumber the award prior to vesting, and, in the discretion of the Committee, certain continued service requirements and terms under which the vesting of such awards might be accelerated) and such other terms and conditions as the Committee in its discretion deems appropriate. If so determined by the Committee at the time of the grant of a Stock Unit Award, vesting of the award may be contingent on achievement over a specified performance period of one or more performance targets based on performance criteria established by the Committee. Stock Unit Awards shall be effective upon execution of the applicable Stock Unit Award Agreement by the Company and the participant. Upon a determination of satisfaction of the applicable performance-related conditions and satisfaction of the applicable continued service requirements (and not before such time), shares of Stock shall be issued to the participant pursuant to the award. The participant shall not have any rights of a shareholder of the Company with respect to such shares prior to such issuance.

The Committee shall have the authority in its discretion to grant to eligible participants Unrestricted Stock and other Stock-Based Awards and shall determine the terms and conditions, if any, of any other Stock-Based Awards made under the Incentive Plan. The Committee shall also have the authority in its discretion to grant to eligible participants awards not based on the Common Stock, including, without limitation, Cash Performance Awards, and other Performance Awards as deemed by the Committee to be consistent with the purposes of the Incentive Plan.

A maximum of 1,250,000 shares of Common Stock, subject to adjustments for stock splits, stock dividends, mergers, consolidations, and similar transactions as provided in the Incentive Plan, may be delivered in satisfaction of Stock- Based Awards under the Incentive Plan. Currently, 72,659 shares of Common Stock remain available for issuance under the Incentive Plan. If the amendment is approved, a total of 1,072,659 shares of Common Stock will be available under the Incent