

UFP TECHNOLOGIES INC
Form DEF 14A
April 29, 2016

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

SCHEDULE 14A

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

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

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

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UFP TECHNOLOGIES, INC.

**100 HALE STREET
NEWBURYPORT, MASSACHUSETTS 01950-3504 USA**

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

To Be Held on June 9, 2016

The Annual Meeting of Stockholders of UFP Technologies, Inc. (the "Company") will be held on June 9, 2016, at 10:00 a.m., local time, at the Black Swan Country Club, 258 Andover St., Georgetown, Massachusetts 01833, for the following purposes:

1. To consider and act upon the election of the two Class II directors identified in the accompanying proxy statement to serve until the 2019 Annual Meeting of Stockholders and until their successors are duly elected;
2. To consider and act upon a proposal to approve the material terms of the performance goals under the Company's 2003 Incentive Plan, as amended;
3. To vote on a non-binding advisory resolution to approve the compensation of our named executive officers;
4. To ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm; and
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 18, 2016 as the record date for determining the stockholders entitled to notice of, and to vote at, the Meeting. It is expected that this proxy statement and the accompanying proxy will be mailed to stockholders on or about May 3, 2016.

You are cordially invited to attend the Meeting.

By Order of the Board of Directors

RONALD J. LATAILLE,
Secretary

Newburyport, Massachusetts
May 3, 2016

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 9, 2016: This Proxy Statement, the Company's Annual Report for the fiscal year ended December 31, 2015 and the Proxy Card are available at the Company's website, www.ufpt.com/investors/filings.html.

UFP TECHNOLOGIES, INC.

100 HALE STREET NEWBURYPORT, MASSACHUSETTS 01950-3504 USA

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

To Be Held on June 9, 2016

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of UFP Technologies, Inc., a Delaware Corporation (the "Company") with its principal executive offices at 100 Hale Street, Newburyport, MA 01950-3504, for use at the Annual Meeting of Stockholders to be held on June 9, 2016, 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 3, 2016. 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 18, 2016 will be entitled to receive notice of, and to vote at, the Meeting. As of that date, there were outstanding and entitled to vote 7,178,397 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) approval of the material terms of the performance goals under the Company's 2003 Incentive Plan, as amended; (iii) approval of the Company's compensation of named executive officers; and (iv) ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm. The persons named as the proxies, R. Jeffrey Bailly and Ronald J. Lataille, were selected by the Board of Directors. If any other matters shall properly come before the Meeting, the enclosed proxy will be voted by the proxies in accordance with their best judgment. The proxy may be revoked at any time prior to exercise by filing with the Secretary of the Company a written revocation, by executing a proxy with a later date, or by attending and voting at the Meeting. **All proxies will be voted in accordance with the stockholders' instructions, and if no choice is specified, the accompanying proxy card (or any properly signed and dated copy thereof) will be voted as recommended by the board as set forth in this proxy statement.**

**PROPOSAL NO. 1
ELECTION OF DIRECTORS**

At the Meeting, two Class II directors are to be elected to serve until the 2019 Annual Meeting of Stockholders and until their successors have been duly elected and qualified.

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

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The Company currently has a total of eight directors, consisting of two Class I directors, three Class II directors, and three Class III directors. The terms of the Class II directors, Kenneth L. Gestal, Thomas Oberdorf and Lucia Luce Quinn, expire at the Meeting. Mr. Oberdorf and Ms. Quinn are being nominated for election as Class II directors, to hold office until the 2019 Annual Meeting of Stockholders and until their successors have been duly elected and qualified. Mr. Gestal has notified the Company that he will not run for re-election. Mr. Gestal's decision not to stand for re-election was not the result of any disagreement with the Company. The Board has elected to reduce the number of directors to seven effective as of the date of the Meeting.

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	Board Committees		
					Audit Committee	Compensation Committee	Nominating Committee
R. Jeffrey Bailly	54	President, Chief Executive Officer and Chairman of the Board of Directors	1995	2018, Class I			
Thomas Oberdorf	58	Director	2004	2019, Class II	X	X	X
Marc Kozin	54	Director	2006	2018, Class I		X (Chair)	X (Chair)
David K. Stevenson	73	Director	2007	2017, Class III	X (Chair)		X
Robert W. Pierce, Jr.	62	Director	2008	2017, Class III	X		X
Lucia Luce Quinn	62	Director	2013	2019, Class II		X	X
Daniel C. Croteau	50	Director	2015	2017, Class III		X	X

Lead Independent Director

Mr. 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 World Presidents' Organization and serves on the Board of its New England Chapter. 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. Kozin has served as a director of the Company since 2006. Mr. Kozin is presently a Senior Advisor at L.E.K. Consulting, after serving as its President from 1997 through 2011. In 2012, Mr. Kozin joined the board of Endocyte (Nasdaq: ECTY), a small molecule targeted therapeutic company. In January 2014 Mr. Kozin joined the board of OvaScience, Inc., (Nasdaq: OVAS), a life sciences company focused on the discovery, development and commercialization of new fertility treatments. Since September 2014, Mr. Kozin has served on the board of directors of Flex Pharma, Inc., a biopharmaceutical company that is developing innovative and proprietary treatments for nocturnal leg cramps and spasms associated with severe neuromuscular conditions. In January 2013, Mr. Kozin joined the Strategic Advisory Board of Healthcare Royalty Partners. He also serves on the board of directors of DukeEngage, a non-profit organization at Duke University. Previously, Mr. Kozin served on the boards of directors of Dyax, Crunchtime! Information Systems, Medical Simulation Corporation,

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Brandwise, Lynx Therapeutics, Inc. and Assurance Medical, Inc. As a result of these and other professional experiences, Mr. Kozin possesses particular knowledge and experience in strategic planning and leadership consulting of complex organizations that strengthen the Board's collective qualifications, skills, and experience.

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

Mr. Stevenson has served as a director of the Company since March 2007. Mr. Stevenson served as a director of Chirex, Inc., a Nasdaq-listed biotechnology company, from April 2000 until its acquisition by Rhodia SA in September 2000. Mr. Stevenson also served as a Trustee from 1999 to 2008 and as Board Chair in 2007 of Beth Israel Deaconess Hospital Needham, an affiliate of Beth Israel Deaconess Medical Center. He continues to serve on the Beth Israel Deaconess Hospital Needham Board of Advisors and presently serves on the Compliance, Audit and Risk Committee and the Governance and Nominating 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. Mr. Stevenson served as a director (and chair of the Audit and Nominating Committees) of various U.S. insurance subsidiaries of Sun Life Financial, Inc. (NYSE: SLF) from February 2002 through April 2013. 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 has served on the boards of directors of McLean Hospital since 2010, Crohn's and Colitis Foundation of America New England Chapter since 2010, Mass General Hospital for Children Business Advisory Board since 2000, and Overseers Marine Biological Laboratory Woods

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Hole, Massachusetts since 2009. Mr. Pierce is a past board member of the National Association of Aluminum Distributors. 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, organizational growth and executive leadership within a manufacturing environment that strengthen the Board's collective qualifications, skills, and experience.

Ms. Quinn has served as a director of the Company since December 2013. Ms. Quinn has served as Chief People Officer of Forrester Research, Inc., a \$300 million global research and advisory firm since June 2013. From June 2012 through May 2013, Ms. Quinn consulted with Truepoint Partners, a strategic planning and organization development consulting firm. From June 2010 through April 2012 Ms. Quinn was Senior Vice President, Global Human Resources and Corporate Affairs for Convatec, Inc., a \$1.6 billion medical device and products company. From March 2005 through September 2009 Ms. Quinn was Executive Vice President, BSC Global Human Resources at Boston Scientific, a \$7 billion medical solutions provider. Prior to that, Ms. Quinn served in various capacities at Quest Diagnostics, Honeywell, Digital Equipment Corp. and Westinghouse Electric Corp. Ms. Quinn also served as a trustee of Simmons College from 1996 to 2011, including chairing the Technology and Executive Compensation committees and serving as Chair of the Board of Trustees for five years. Ms. Quinn possesses particular knowledge and experience in human resources, strategic planning and leadership consulting for complex organizations that strengthen the Board's collective qualifications, skills, and experience.

Mr. Croteau is currently the Chief Executive Officer of Vention Medical, a position he has held since January 2011. Vention Medical provides component manufacturing, assembly and design services for disposable medical devices, with thirteen facilities across the United States, Central America, Ireland and Israel. Prior to assuming his role with Vention Medical, Mr. Croteau was President of FlexMedical from July 2005 through December 2010. FlexMedical is the medical division of Flextronics, which provides manufacturing and supply chain services for disposable medical devices, diagnostic instrumentation, and drug delivery devices. From July 2004 to June 2005, Mr. Croteau served as the Executive Vice President and General Manager of Orthopedics for Accellent (renamed Lake Region Medical in 2014), a manufacturer of specialty components and finished medical devices used in orthopedic, cardiology, and surgical devices. From August 1999 to June 2004, Mr. Croteau served as an executive at MedSource Technologies, which was merged in June 2004 with UTI Corporation to form Accellent. As Senior Vice President at MedSource Technologies, Mr. Croteau was responsible for sales, marketing, strategy and acquisitions. Prior to entering the medical device industry in 1999, Mr. Croteau spent the majority of his career in various roles at General Electric, and working as a consultant for Booz & Company in Sydney, Australia. Mr. Croteau has a Bachelor of Science degree in mechanical engineering from the University of Vermont and a Master of Business Administration from Harvard Business School. Since October 2014, Mr. Croteau has also served as a member of the board of directors of Inventus Power, a privately held, global manufacturer of custom battery, rechargeable and portable power supply systems. As a result of these and other professional experiences, Mr. Croteau possesses knowledge and experience in manufacturing and design, particularly in the medical device industry, that strengthen the Board's collective qualifications, skills and experience.

Vote Required

Directors are elected by a plurality of the votes cast by stockholders entitled to vote at the Meeting. Votes withheld and broker non-votes will not have any effect on this proposal. Accordingly, the nominees receiving the highest number of "for" votes at the annual meeting will be elected as directors. Proxies solicited by the Board will be voted "for" the nominees listed above unless a stockholder has indicated otherwise in the proxy.

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

EXECUTIVE OFFICERS

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

Name	Age	Title
Ronald J. Lataille	54	Senior Vice President, Treasurer, Secretary and Chief Financial Officer
Mitchell C. Rock	48	Senior Vice President of Sales and Marketing
William David Smith	53	Senior Vice President of Operations
Daniel J. Shaw, Jr.	55	Vice President of Research and Development

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. From 1984 to 1991, Mr. Lataille, a certified public accountant, was employed by Coopers & Lybrand.

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 served as Vice President of Sales and Marketing for the entire Company from May 2002 to June 2014. Since June 2014, Mr. Rock has served as the Company's Senior Vice President of Sales and Marketing.

Mr. Smith joined the Company in August 2013 as Vice President of Operations. Since June 2014, he has served as Senior Vice President of Operations. Prior to joining the Company, Mr. Smith spent nearly 25 years at Rogers Corporation, Inc., in various capacities. His most recent role at Rogers was Vice President and General Manager of their \$180 million high performance foam division.

Mr. Shaw joined the Company in 1983 and served as a Corporate Industrial Engineer through September 1992. From October 1992 through September 1996 Mr. Shaw served as Manager of Product Development and from October 1996 through May 2000 as Director of Product Development. From June 2000 through May 2002 Mr. Shaw served as a Divisional Vice President of the Specialty Components Division and from May 2002 through June 2014 Mr. Shaw served as corporate Vice President, Engineering. Since June 2014, Mr. Shaw has served as Vice President of Research and Development.

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

CORPORATE GOVERNANCE

Meetings of the Board of Directors

The Board of Directors of the Company held four meetings during 2015. 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 2015. 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 2015 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, Croteau, Kozin, Oberdorf and Pierce, as well as Ms. Quinn. In making its independence determination with respect to Mr. Croteau, the Board of Directors determined that Mr. Croteau's position as the Chief Executive Officer of Vention Medical, Inc., a customer of the Company, did not impair his independence. All of the Company's transactions with Vention Medical were conducted on arm's length terms in the ordinary course of business, and the amount involved with the transactions represented less than 1% of the Company's revenues for each of the last two fiscal years.

Diversity

The Company strives to have the members of its Board of Directors possess a diverse set of skills and background so as to best provide guidance to the management team and oversight to the Company. While the Nominating Committee does not have a formal policy in this regard, the Nominating Committee views diversity broadly to include a diversity of experience, skills and viewpoint, as well as diversity of gender and race. The Nominating Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. Skills sought include financial, capital markets, manufacturing, engineering, executive leadership, sales and marketing, organizational growth, human resources 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, six of whom are independent under applicable standards. As previously announced by the Company, Mr. Gestal has notified the Company that he will not run for re-election. Mr. Gestal's decision not to stand for re-election was not the result of any disagreement with the Company. The Board has elected to reduce the number of directors to seven effective as of the date of the Meeting. Assuming the nominees are elected at the Meeting, six of the Company's seven directors will be independent under applicable standards.

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

We recognize that different board leadership structures may be appropriate for companies in different situations and believe that no one structure is suitable for all companies. We believe our current board leadership structure is optimal for us because it demonstrates to our employees, suppliers, customers, and other stakeholders that the Company is under strong leadership, with a single person setting the tone and having primary responsibility for managing our operations. Having a single

leader for both the Company and the Board of Directors eliminates the potential for confusion or duplication of efforts, and provides clear leadership for the Company.

Because the positions of Chairman of the Board and Chief Executive Officer are held by the same person, the Board also believes it is appropriate for the independent directors to elect one independent director to serve as a Lead Independent Director. In addition to presiding at executive sessions of independent directors, the Lead Independent Director has the responsibility to: (1) coordinate with the Chairman of the Board and Chief Executive Officer in establishing the agenda and topic items for Board meetings; (2) retain independent advisors on behalf of the Board as the Board may determine is necessary or appropriate; and (3) perform such other functions as the independent directors may designate from time to time. Mr. Kozin currently serves as the Lead Independent Director, a position he has held since January 2015.

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

Risk Oversight

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

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

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

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

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, principal financial officer, principal accounting officer, controller, and other persons performing similar functions. The Code of Ethics, as amended, is available at the Company's website, www.ufpt.com/investors/governance.html. We intend to satisfy the disclosure requirement under Item 5.05

of Current Report on Form 8-K regarding an amendment to, or waiver from, a provision of this code by posting such information on our website, at the address specified above.

Nominating Committee

The Board of Directors has a Nominating Committee, which met on three occasions in 2015, and is currently composed of Messrs. Kozin, Oberdorf, Stevenson, Croteau and Pierce, as well as Ms. Quinn, each of whom is an independent director under applicable Nasdaq standards. Mr. Kozin serves as Chairman. Director nominees are selected by the Nominating Committee. The Nominating Committee operates pursuant to a written charter (the "Nominating Committee Charter") that was adopted by the Board of Directors and that complies with applicable Nasdaq listing standards. The Nominating Committee Charter is available at the Company's website, www.ufpt.com/investors/governance.html. The Nominating Committee may consider candidates recommended by stockholders as well as from other sources such as other directors or officers, third party search firms or other appropriate sources. For all potential candidates, the Nominating Committee may consider all factors it deems relevant, such as a candidate's independence, character, ability to exercise sound judgment, diversity, age, demonstrated leadership, skills, including financial literacy and experience in the context of the needs of the Board, and concern for the long-term interests of the stockholders. The Nominating Committee does not assign any particular weight or importance to any one of these factors but rather considers them as a whole. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources. If a stockholder wishes to recommend a candidate for election as a director at the 2017 Annual Meeting of Stockholders, it must follow the procedures described in "Stockholder Proposals and Nominations for Director" below.

Compensation Committee

The Board of Directors has a Compensation Committee, which met on four occasions in 2015, and is currently composed of Messrs. Kozin, Oberdorf and Croteau and Ms. Quinn, each of whom is an independent director under applicable Nasdaq standards. Mr. Kozin serves as the Chairman. The Compensation Committee operates pursuant to a written charter (the "Compensation Committee Charter") that was adopted by the Board of Directors and that complies with applicable Nasdaq listing standards. The Compensation Committee Charter is available at the Company's website, www.ufpt.com/investors/governance.html. Under the provisions of the Compensation Committee Charter, the primary functions of the Compensation Committee include determining salaries and bonuses for the Company's named executive officers, individuals to whom stock options, and other equity-based awards are granted, and the terms upon which such grants and awards are made, adopting incentive plans, overseeing risks associated with the Company's compensation policies and practices, evaluating the performance of the Company's named executive officers, reviewing with management compensation disclosures to be included in the Company's filings with the Securities and Exchange Commission ("SEC"), and determining director compensation, benefits and overall compensation. The Compensation Committee has the sole discretion and express authority to retain and terminate any compensation consultant, including sole authority to approve the consultant's fees and other retention terms.

Compensation Committee Interlocks and Insider Participation. During fiscal year 2015, Messrs. Kozin, Oberdorf and Croteau and Ms. Quinn served as members of the Compensation Committee. None of the members of the Compensation Committee has ever been an executive officer or employee of the Company (or any of its subsidiaries) and no "compensation committee interlocks" existed during 2015.

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, which met on six occasions in 2015, and is currently composed of Messrs. Stevenson, Pierce and Oberdorf, each of whom meets the enhanced independence standards for audit committee members set forth in applicable SEC rules and Nasdaq listing standards. Mr. Stevenson serves as Chairman. The Board of Directors had determined that each of Mr. Stevenson and Mr. Oberdorf qualifies as an "audit committee financial expert", as defined by applicable SEC rules. 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 rules and Nasdaq listing standards. The Audit Committee Charter is available at the Company's website, www.ufpt.com/investors/governance.html. Under the provisions of the Audit Committee Charter, the primary functions of the Audit Committee are to assist the Board of Directors with oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements and (iii) 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.

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, 2015;

Discussed with Grant Thornton, the Company's independent registered public accounting firm, the matters required to be discussed with audit committees under generally accepted auditing standards, including, among other things, the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, *Communications with Audit Committees*, as amended;

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, 2015 for filing with the Securities and Exchange Commission.

By the Audit Committee of the Board of Directors:

David K. Stevenson, *Chairman*
Thomas Oberdorf
Robert W. Pierce, Jr.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of April 18, 2016, 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., 100 Hale Street, Newburyport, Massachusetts, 01950.

Name	Shares of Common Stock Beneficially Owned	Percentage of Class(1)
R. Jeffrey Bailly	626,042	8.7%
Daniel Croteau(2)	1,709	*
Kenneth L. Gestal(2)	16,418	*
Mitchell C. Rock	32,799	*
Ronald J. Lataille	85,096	1.2%
William David Smith(2)	23,040	*
Daniel J. Shaw, Jr.	20,978	*
Thomas Oberdorf(2)	75,441	1.0%
Marc Kozin(2)	42,391	*
David K. Stevenson(2)	25,320	*
Robert W. Pierce, Jr.(2)	65,439	*
Lucia Luce Quinn(2)	7,357	*
Huber Capital Management, LLC(3) 2321 Rosecrans Ave., Suite 3245 El Segundo, CA 90245	464,213	6.5%
Renaissance Technologies LLC(4) 800 Third Avenue New York, NY 10022	502,800	7.0%
Kayne Anderson Rudnick Investment Management, LLC(5) 1800 Avenue of the Stars, 2nd Floor Los Angeles, CA 90067	1,057,473	14.8%
Wellington Management Group LLP(6) c/o Wellington Management Company LLP 280 Congress Street, Boston, MA 02210	403,954	5.6%
Virtus Investment Advisors, Inc.(7) 100 Pearl Street, 9th Floor Hartford, CT 06103	410,303	5.7%
Mill Road Capital II, L.P.(8) 382 Greenwich Avenue, Suite One Greenwich, CT 06830	359,770	5.0%
All executive officers and directors as a group (12 persons)(2)(9)	1,022,030	13.9%

*

Less than one percent

(1)

Based upon 7,178,397 shares of Common Stock outstanding as of April 18, 2016.

(2)

Includes shares issuable pursuant to stock options currently exercisable or exercisable within 60 days after April 18, 2016, as follows: 1,318 for Daniel Croteau, 13,089 for Kenneth L. Gestal,

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22,500 for William David Smith, 49,877 for Thomas Oberdorf, 36,501 for Marc Kozin, 12,012 for David K. Stevenson, 28,790 for Robert W. Pierce, Jr. and 5,586 for Lucia Luce Quinn.

- (3) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G/A filed with the SEC by Huber Capital Management, LLC on February 12, 2016. As of December 31, 2015, Huber Capital Management LLC had sole dispositive power over 464,213 shares, shared dispositive power over 0 shares, sole voting power over 210,998 shares and shared voting power over 59,551 shares.
- (4) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G/A filed with the SEC by Renaissance Technologies LLC on February 11, 2016. As of December 31, 2014, Renaissance Technologies LLC had sole voting and dispositive power over 502,800 shares.
- (5) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G/A filed with the SEC by Kayne Anderson Rudnick Investment Management, LLC on February 10, 2016. As of December 31, 2015, Kayne Anderson Rudnick Investment Management, LLC had sole voting and dispositive power over 647,170 shares and shared voting and dispositive power over 410,303.
- (6) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in Schedules 13G filed with the SEC by each of Wellington Management Group LLP and Wellington Trust Company, NA on February 11, 2016. As of December 31, 2015, Wellington Management Group LLP and affiliates had shared voting and dispositive power over 403,954 shares.
- (7) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13G filed with the SEC by Virtus Investment Advisors, Inc. on February 12, 2016. As of December 31, 2015, Virtus Investment Advisors, Inc. had shared voting and dispositive power over 410,303 shares.
- (8) Shares of Common Stock beneficially owned and the information in this footnote are based solely upon information contained in a Schedule 13D filed with the SEC by Mill Road Capital II, L.P. on February 19, 2016. As of December 31, 2015, Mill Road Capital II, L.P. had sole voting and dispositive power over 359,770 shares.
- (9) Includes an aggregate of 169,673 shares that the executive officers and directors have the right to acquire within 60 days after April 18, 2016 pursuant to the exercise of options.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Introduction and Scope

This Compensation Discussion and Analysis ("CD&A") is intended to provide a context for the disclosures contained in this Proxy Statement with respect to our "named executive officers." Our named executive officers are determined in accordance with SEC rules. Under such rules, our named executive officers for fiscal 2015 were Messrs. R. Jeffrey Bailly, Ronald J. Lataille, Mitchell C. Rock, William David Smith and Daniel J. Shaw, Jr. The 2015 compensation of our named executive officers is detailed in the tables that follow this CD&A.

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. The Compensation Committee operates in accordance with the Compensation Committee Charter that was adopted by the Board of Directors and

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that complies with applicable Nasdaq listing standards. The Compensation Committee Charter is available at the Company's website, www.ufpt.com/investors/governance.html.

Executive Summary

Using foams, plastics, composites and natural fiber, we design and manufacture a vast range of solutions primarily for the medical, automotive, aerospace and defense, electronics, consumer and industrial markets. Our industry is fragmented across numerous competing entities. Our ability to compete effectively depends to a large extent on our ability to identify, recruit, develop and retain key management personnel. We believe this requires a competitive compensation structure as compared to other companies of a similar size in the same or similar industries.

The compensation programs for our named executive officers are designed to align compensation objectives with our business strategies and to encourage our executives to focus on creating stockholder value. While it is critical that our compensation programs allow for the recruitment and retention of highly qualified executives, it is also important that these programs are variable in nature such that performance is a key factor in realizing value. Accordingly, our programs combine competitive base salaries with annual cash incentives and long-term equity incentives. Specifically, we structure our named executive officer compensation to include:

Competitive base salary;

Stock grant (Chief Executive Officer only);

Performance-based cash incentive bonus;

Performance-based long-term incentive in the form of time-based vesting restricted stock awards; and

Other common perquisites.

We believe that our compensation programs have been effective in aligning pay with the interests of our stockholders. The following graphs highlight the Company's earnings-per-share, stock performance and CEO compensation over the last five years:

UFP 5-year EPS

Note: Reflects earnings per dilutive common share outstanding as reported in the Company's financial statements filed with the SEC on Form 10-K for each respective fiscal year.

Stock Performance Graph

The following graph compares cumulative total stockholder return on our Common Stock since December 31, 2010 with the cumulative total return of the (1) NASDAQ Stock Market (US Companies), (2) SIC Codes 3080-3089 Miscellaneous Plastic Products, and (3) GICS 15103020 Paper Packaging. This graph assumes the investment of \$100 on December 31, 2010 in our Common Stock, and for comparison the companies that comprise each of (1) the NASDAQ Stock Market, (2) SIC Codes 3080-3089 Miscellaneous Plastic Products, and (3) GICS 15103020 Paper Packaging, and that all dividends were reinvested. Measurement points are the last trading day of each respective fiscal year.

**Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
December 2015**

CEO 5-Year Total Compensation (\$ in thousands)

Note: Reflects total compensation for R. Jeffrey Bailly as reported in the Summary Compensation Table of the Proxy Statement for each respective fiscal year.

The compensation programs for the named executive officers provide equity incentives for a fixed dollar value with the number of shares being variable. The intent of this approach is to limit the amount of compensation variability resulting solely from fluctuations in the Company's stock price while still providing variability in pay based upon the achievement of financial and individual objectives.

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The following policies and practices have also been adopted by the Compensation Committee and/or the full Board of Directors to promote good corporate governance:

No Tax Gross-ups the Company does not provide tax gross-ups to its named executive officers.

Anti-Hedging Policy the Company established a policy prohibiting insider trading practices including the hedging of the Company's stock by executive officers and directors.

No Repricing of Stock Options the Company's equity incentive plans prohibit the repricing of stock options or other equity awards without the consent of our stockholders.

Buyouts of Underwater Options the Company's equity incentive plans prohibit the Company from buying out underwater stock options from executive officers.

Stock Ownership Guidelines The Company has adopted stock ownership guidelines for the named executive officers and independent directors that are described in more detail below.

Clawback Policy The Company has adopted a clawback policy that is described in more detail below.

Independent Compensation Committee the Company's Compensation Committee is comprised exclusively of independent directors.

Independent Consultants the independent consultants who provided benchmarking data with respect to the named executive officers do not provide services to the Company other than at the direction of the Compensation Committee.

Philosophy and Objectives of the Company's Compensation Programs

The primary objectives of our compensation programs are to:

Retain executive talent by offering compensation that is commensurate with pay at other companies of a similar size in similar industries, as adjusted for individual factors, and considering the complexity of the Company's business;

Safeguard the interests of the Company and the Company's stockholders;

Drive executive performance by having certain components of pay at risk and/or tied to Company and individual goal performance;

Be fair to employees, management and stockholders; and

Be well communicated and understood by program participants and stockholders.

The Compensation Committee believes that the most effective compensation program is one that provides a reasonable level of fixed income through competitive base salaries, equity grants and retirement benefits as well as additional rewards for achieving performance targets. The Compensation Committee also believes that these rewards should be in the form of both cash and non-cash, and have some component subject to time-based vesting as a retention measure. Incentive cash bonuses are included to drive executive performance by having pay at risk so that a significant portion of potential annual cash compensation is tied to profitability targets. We also include performance-based restricted

stock awards with a time-based vesting component as a significant element of prospective executive compensation so that the value of a portion of an executive's compensation is dependent upon both company-wide performance measures and continued employment.

The Company's Decision-Making Process

The Role of the Compensation Committee The Compensation Committee oversees the compensation and benefit programs for the named executive officers. The Compensation Committee is comprised solely of independent directors of the Board. The Compensation Committee works closely with management to examine the effectiveness of the Company's executive compensation program. Details of the Compensation Committee's authority and responsibilities are specified in the Compensation Committee Charter, which is available at the Company's website, www.ufpt.com/investors/governance.html.

The Role of Management 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 Officer's recommendations before making a final determination of the compensation programs for the named executive officers. The Chief Executive Officer and the other named executive officers may not be present during voting or deliberations on his or her compensation.

Use of Compensation Consultants In 2013, the Compensation Committee engaged Radford, a national compensation consulting firm ("Radford"), to perform an updated comprehensive comparative market study of the compensation programs offered to peer company executives and directors. The Compensation Committee used this information to evaluate and adjust executive and director compensation for fiscal 2015. The competitive assessment done by Radford included a survey of the following 16 companies:

American Pacific	Hurco Companies	Omega Flex
CECO Environmental	Key Technology	Rochester Medical
Chase Corporation	Landec	Synergetics USA
Core Molding Technologies	Material Sciences	The Eastern Company
Culp	Met-Pro	Zoltek Companies

Dynamic Materials

Principal Elements of the 2015 Compensation Program

There were five principal elements of compensation for the named executive officers during fiscal 2015:

Base salary;

Stock grant (Chief Executive Officer only);

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Performance-based cash incentive bonus;

Performance-based long-term incentive in the form of time-based vesting restricted stock awards; and

Other common perquisites.

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Base Salary The base salaries established by the Compensation Committee for our named executive officers for fiscal 2015 are set forth below.

Named Executive Officer	Annual Base Salary (\$)
R. Jeffrey Bailly	\$ 460,000
Ronald J. Lataille	\$ 265,000
Mitchell C. Rock	\$ 245,000
William David Smith	\$ 245,000
Daniel J. Shaw, Jr.	\$ 185,000

Base salaries were reviewed by the Compensation Committee in light of the market competitive assessment done by Radford in 2013. The base salaries are also reviewed by the Compensation Committee annually and, if appropriate, are adjusted.

Stock Grant for the past several years, including fiscal 2015, the Company has granted to Mr. 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 stockholders. The stock is typically issued to the Chief Executive Officer in the last week of the fiscal year, assuming the Chief Executive Officer remains employed by the Company on that date. In 2015, consistent with the terms of his employment agreement, the Chief Executive Officer was granted shares valued at \$400,000. See "Employment Contract" below.

Cash Incentive Bonus in the beginning of each fiscal year, following approval by the Board of Directors of the Company's strategic plan and budget, the Compensation Committee establishes, at its discretion, performance targets for the named executive officers' cash incentive bonus. This performance-based cash bonus is based on the achievement of a combination of financial and individual objectives. Targeted payout levels were expressed as a percentage of base salary and established for each participant. An individual's bonus components were determined by such individual's title and/or role. Typically, the financial performance portion of the bonus fluctuates up and down based upon a degree by which the Company's actual results fall short of or exceed the financial objective.

For 2015, the financial objectives were based upon targeted Adjusted Operating Income of \$15,100,000. Adjusted Operating Income is operating income as adjusted to disregard (i) non-recurring restructuring charges related to plant closings and consolidations and (ii) the impact of acquired or disposed of operations during the fiscal year ended December 31, 2015. Actual Adjusted Operating Income was \$14,552,030 for 2015, which reflects adjustments for one-time unbudgeted reductions of operating income associated with the consolidation of the Company's northeast operations into a newly acquired building in Newburyport, Massachusetts.

Individual bonus objectives for the named executive officers, other than Mr. Bailly, were designed to reward the achievement of goals related to, among other things, the following: regulatory compliance, sales growth, gross margin improvement, enterprise resource planning systems implementation, acquisition execution, job costing, continuous improvement initiatives, safety, research and development, engineering throughput, and investor relations. Individual bonus objectives for Mr. Bailly were designed to reward the achievement of goals related to strategic planning, acquisitions, revenue growth, and plant consolidation efforts.

For 2015, the following cash incentive bonuses were awarded by the Compensation Committee based upon the Company's financial performance as well as the targeted payout levels and individual performance measures for each named executive officer:

R. Jeffrey Bailly Mr. Bailly's targeted payout level was 82.6% of base salary, or \$380,000, with \$225,000 tied to the Company's financial performance and \$155,000 tied to individual goals. The

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financial component of the incentive bonus for Mr. Bailly fluctuates by 10% of the amount by which the actual Adjusted Operating Income exceeds the targeted Adjusted Operating Income, with a maximum bonus of \$500,000. To the extent that actual Adjusted Operating Income is less than 80% of targeted Adjusted Operating Income, the financial component of Mr. Bailly's incentive bonus is zero. To the extent that actual Adjusted Operating Income equals or exceeds 80% of targeted Adjusted Operating Income but is less than targeted Adjusted Operating Income, the financial component of Mr. Bailly's incentive bonus is determined as \$112,500 (half of the targeted bonus) plus 3.725% of the amount by which actual Adjusted Operating Income exceeds 80% of targeted Adjusted Operating Income. Based upon the Company's financial performance as well as an assessment of his performance for fiscal 2015, Mr. Bailly was awarded a total bonus amount of \$350,208.

Ronald J. Lataille Mr. Lataille's targeted payout level was 40% of base salary, or \$106,000. Based upon the Company's financial performance as well as an assessment of his performance for fiscal 2015, Mr. Lataille was awarded a total bonus amount of \$90,000.

Mitchell C. Rock Mr. Rock's targeted payout level was 40% of base salary, or \$98,000. Based upon the Company's financial performance as well as an assessment of his performance for fiscal 2015, Mr. Rock was awarded a total bonus amount of \$75,500.

William David Smith Mr. Smith's targeted payout level was 40% of base salary, or \$98,000. Based upon the Company's financial performance as well as an assessment of his performance for fiscal 2015, Mr. Smith was awarded a total bonus amount of \$81,000.

Daniel J. Shaw, Jr. Mr. Shaw's targeted payout level was 40% of base salary, or \$74,000. Based upon the Company's financial performance as well as an assessment of his performance for fiscal 2015, Mr. Shaw was awarded a total bonus amount of \$58,500.

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 stockholders. The Company maintains 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 certain financial performance objectives by the Company and time-based vesting requirements. For 2015, the following stock unit awards were approved by our Compensation Committee for grant to our named executive officers:

	Threshold(1)(2)		Target Adjusted Operating Income of \$15,100,000(1)(2)		Exceptional Adjusted Operating Income of \$17,365,000(1)(2)	
	Number of shares	Grant Date Value	Number of shares	Grant Date Value	Number of shares	Grant Date Value
R. Jeffrey Bailly	6,393	\$ 150,000	3,197	\$ 75,000	3,197	\$ 75,000
Ronald J. Lataille	2,664	\$ 62,500	1,332	\$ 31,250	1,332	\$ 31,250
Mitchell C. Rock	2,664	\$ 62,500	1,332	\$ 31,250	1,332	\$ 31,250
William David Smith	2,664	\$ 62,500	1,332	\$ 31,250	1,332	\$ 31,250
Daniel J. Shaw, Jr.	1,598	\$ 37,500	799	\$ 18,750	799	\$ 18,750

(1)

The "Threshold" stock unit awards are subject to time vesting only. The "Target" and "Maximum" stock unit awards are also subject to financial performance objectives, established by the Compensation Committee as the achievement of 100% and 115%, respectively, of the Company's targeted Adjusted Operating Income for fiscal 2015 of \$15,100,000. Based upon the Company's achievement of \$14,552,030 in actual Adjusted Operating Income for its 2015 fiscal year, the Compensation Committee determined that the Target and Maximum goals had not been achieved. Accordingly, each named executive officer earned the number of stock unit awards set forth next to his name in the "Threshold" column above.

(2)

One-third of these awards vest on March 1, 2017, one-third of these awards vest on March 1, 2018 and one-third of these awards vest on March 1, 2019, provided that the recipient remains continuously employed by the Company through each such vesting date (except as set forth below) and the corresponding financial performance requirements are met. Except in the case of Mr. Bailly, any unvested stock unit awards shall terminate upon the cessation of a recipient's employment with the Company. With respect to Mr. Bailly, in the event of a cessation of employment by the Company without Cause or by Mr. Bailly for Good Reason (as such terms are defined in his stock unit award agreement), all earned but unvested stock unit awards shall become immediately exercisable, regardless of such cessation of employment. In the event of a Change in Control of the Company (as defined in the stock unit award agreement evidencing the award) all earned but unvested stock unit awards held by each of the named executive officers shall become fully vested immediately prior to the effective date of such Change in Control.

Other Practices, Policies & Guidelines

Stock Ownership Guidelines the Company has adopted stock ownership guidelines for the named executive officers and independent directors. Under our stock ownership guidelines the Board has established a goal that (i) within five years after joining the Board or five years from the date of adoption of the guidelines, whichever is later, each non-employee director beneficially own Company stock valued at three times his or her annual base cash retainer fee, (ii) within five years after being appointed to his or her position or five years from the date of adoption of the guidelines, whichever is later, the Chief Executive Officer beneficially own Company stock valued at three times his or her base salary, and (iii) within five years after being appointed to his or her position or five years from the date of adoption of the guidelines, whichever is later, the other named executive officers beneficially own Company stock valued at one times his or her base salary.

Clawback Policy the Company has adopted a policy that if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, within the meaning of Section 304 of the Sarbanes-Oxley Act of 2002, the Company's Chief Executive Officer and Chief Financial Officer shall reimburse the Company for any incentive bonus, or other incentive award or any equity award or profit earned from the sale of Company securities, during the twelve-month period in which the financial statements applied.

Deferred Compensation Plan in 2006, the Company implemented the UFP Technologies Executive Nonqualified Excess Plan (the "Deferred Compensation Plan"). Under the Deferred Compensation 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 Deferred Compensation Plan are discretionary and determined by the Compensation Committee. No employer contributions were made in 2015.

Supplemental Disability Insurance named executive officers receive 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 their wages in the event of disability. The premiums are paid for by the Company and amounted to approximately \$20,134 in the aggregate for all named executive officers in 2015.

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 2015. In addition, the Company may make an additional discretionary profit sharing contribution which was

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approximately 1.37% of gross qualifying wages in 2015. 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 with officer contributions consistent with contributions to other UFP employees. 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 Equity-Based Award Timing and Pricing

The Company's Board of Directors adopted a policy whereby equity-based awards are only to be granted by majority vote of members of the Compensation Committee at a committee meeting. The Company's 2003 Incentive Plan establishes fair market value as the closing price on the date of grant of any equity security, including stock options, granted pursuant to such plan.

Tax Considerations

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended, which provides that the Company may not deduct compensation of more than \$1,000,000 that is paid to certain individuals, unless such compensation is paid pursuant to one of the enumerated exceptions set forth in Section 162(m). The Company believes that compensation paid under the management incentive plans is generally fully deductible for federal income tax purposes. In this regard, for 2015, 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.

Stockholder Advisory Vote on Executive Compensation

In reviewing our 2015 compensation decisions and policies, we considered the results of our stockholders' advisory vote to approve executive compensation, which was conducted at our 2015 annual meeting of stockholders last June. In the proxy statement provided to stockholders in connection with our 2015 annual meeting, the Company's Board of Directors recommended that stockholders vote in favor of this proposal. The affirmative vote of a majority of the votes cast by the stockholders entitled to vote on this proposal at the 2015 annual meeting was required for advisory approval of this proposal. Over 86% of such shares were voted to approve, on an advisory basis, our executive compensation. We considered this vote as supportive of our compensation decisions and policies.

Report of the Compensation Committee

The Compensation Committee of the Board of Directors of the Company has reviewed and discussed the foregoing Compensation Discussion and Analysis with management of the Company and, based on such review and discussion, the Compensation Committee has recommend to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

By the Compensation Committee of the Board of Directors:

Marc Kozin, *Chairman*
Daniel C. Croteau
Thomas Oberdorf
Lucia Luce Quinn

EXECUTIVE COMPENSATION

The following tables present information regarding compensation of each of the named executive officers for services rendered in fiscal 2015. A description of our compensation policies and practices as well as a description of the components of compensation payable to our named executive officers is included above under "Compensation Discussion and Analysis."

SUMMARY COMPENSATION TABLE 2015, 2014, 2013

Name and Principal Position	Year	Salary\$(1)	Stock Awards\$(2)	Option Awards \$(3)	Non-Equity Incentive Plan	All Other Compensation	Total
					Compensation \$(4)	\$(5)	
R. Jeffrey Bailly, President, Chief Executive Officer and Chairman	2015	\$ 460,000	\$ 550,000		\$ 350,208	\$ 92,988	\$ 1,453,196
	2014	\$ 450,000	\$ 550,000		\$ 265,883	\$ 57,383	\$ 1,323,266
	2013	\$ 450,000	\$ 516,666		\$ 337,840	\$ 71,483	\$ 1,375,989
Ronald J. Lataille Senior Vice President, Treasurer, Secretary and Chief Financial Officer	2015	\$ 265,000	\$ 62,500		\$ 90,000	\$ 22,335	\$ 439,835
	2014	\$ 255,000	\$ 62,500		\$ 60,000	\$ 21,961	\$ 399,461
	2013	\$ 230,000	\$ 25,000		\$ 64,000	\$ 15,274	\$ 334,274
Mitchell C. Rock Senior Vice President of Sales and Marketing	2015	\$ 245,000	\$ 62,500		\$ 75,500	\$ 21,909	\$ 404,909
	2014	\$ 240,000	\$ 62,500		\$ 49,000	\$ 21,547	\$ 373,047
	2013	\$ 230,000	\$ 25,000		\$ 61,000	\$ 15,173	\$ 331,173
William David Smith(6) Senior Vice President of Operations	2015	\$ 245,000	\$ 62,500		\$ 81,000	\$ 24,447	\$ 412,947
	2014	\$ 240,000	\$ 62,500		\$ 54,000	\$ 19,642	\$ 376,142
	2013	\$ 88,442		\$ 162,245	\$ 22,500	\$ 3,000	\$ 276,187
Daniel J. Shaw, Jr. Vice President of Research and Development	2015	\$ 185,000	\$ 37,500		\$ 58,500	\$ 15,107	\$ 296,107
	2014	\$ 180,000	\$ 37,500		\$ 33,000	\$ 14,454	\$ 264,954
	2013	\$ 175,000	\$ 20,000		\$ 41,500	\$ 13,158	\$ 249,658

(1) On February 22, 2016, the Compensation Committee approved increases in the base salaries of Messrs. Bailly, Lataille, Rock, Smith and Shaw to \$475,000, \$275,000, \$250,000, \$250,000, and \$190,000, respectively, effective January 1, 2016.

(2) The amounts included in the "Stock Awards" column represent the grant date fair value of stock unit awards granted to the named executive officers. Amounts shown do 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(l) 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, 2015. The grant date fair value is based upon the probable outcome of the performance conditions applicable to each award. Assuming the maximum share payout, which is earned when performance is at or above 115% of targeted Adjusted Operating Income, the grant date fair value of all stock awards granted to each named executive officer would be as follows: for Mr. Bailly, \$300,000; for Mr. Lataille, \$125,000; for Mr. Rock, \$125,000; for Mr. Smith, \$125,000, and for Mr. Shaw, \$75,000. In the case of Mr. Bailly, the amount also includes a grant of 17,490 shares of Common Stock issued on December 22, 2015 at the closing price of \$22.87 on that date with a grant date fair value of \$400,000.

(3) The amounts included in the "Options Awards" column represent the grant date fair value of all stock options granted to the named executive officers. Amounts shown do 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 the stock options 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 stock options are set forth under

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Note 1(l) 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, 2015.

- (4) Represents performance-based incentive bonuses earned in 2013, 2014 and 2015 that were paid in March 2014, 2015 and 2016, respectively.
- (5) Represents Company payments for (i) club fees and tax preparation services for Mr. Bailly in 2013, 2014, and 2015 and (ii) car allowances, disability and life insurance premiums and 401(k) contributions for each of the named executive officers in 2013, 2014 and 2015 including life insurance premiums paid by the Company for Mr. Bailly in the amount of \$44,500 in 2015.
- (6) Mr. Smith joined the Company on August 26, 2013.

Employment Contract

On October 8, 2007, the Company entered into an employment agreement with Mr. Bailly, the Company's President and Chief Executive Officer and the Chairman of the Company's Board of Directors. The employment agreement is terminable by either party at any time, as provided below. On March 2, 2011 the Company and Mr. Bailly executed an amendment to the employment agreement. Pursuant to the terms of the amendment, effective January 1, 2012, Mr. Bailly's annual salary increased from not less than \$300,000 to not less than \$350,000, and the Annual Stock Grant Award (as defined below) changed from 25,000 shares of the Company's Common Stock to \$300,000 worth of shares of the Company's Common Stock. On February 18, 2013 the Company and Mr. Bailly executed another amendment to the employment agreement. Pursuant to the terms of the amendment, effective January 1, 2013, Mr. Bailly's annual salary increased from not less than \$350,000 to not less than \$450,000, and the Annual Stock Grant Award changed from \$300,000 worth of shares of the Company's Common Stock to \$400,000 worth of shares of the Company's Common Stock. The amendment also eliminated the income tax gross-up on the Annual Stock Grant Award contemplated by the original employment agreement.

As amended, the employment agreement provides that Mr. Bailly will receive a minimum annual salary of \$450,000 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 \$400,000 worth of shares of the Company's Common Stock, provided that Mr. Bailly remains employed with the Company through the Issue Date of each such year. Annual Stock Grant Awards are to be made under the Company's 2003 Incentive Plan.

Mr. Bailly's employment 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 his employment agreement, if (i) Mr. Bailly's employment with the Company is terminated by the Company without Cause (as defined in the agreement), (ii) Mr. Bailly terminates his employment with the Company for Good Reason (as defined in the agreement), or (iii) Mr. Bailly voluntarily terminates his employment within six months of a Change in Control (as defined in the agreement) 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 such termination. The employment agreement defines "average annual compensation" as including aggregate base salary, the Annual Stock Grant Award, and bonus compensation earned in such years. However, any termination payment to Mr. Bailly 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. The agreement also provides that in the event of (i) a Change in Control of the Company or (ii) termination of Mr. Bailly's employment by the Company without Cause, or by Mr. Bailly for Good Reason, then (x) any shares in the Annual Stock Grant Award not issued to Mr. Bailly to which he

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would otherwise be entitled as of the next Issue Date following such Change in Control or such termination will be immediately issued to him and (y) any of Mr. Bailly's other earned but unvested Stock Rights (as defined in the employment 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 2015

Name	Grant Date	Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Underlying Options (#)	Exercise or Base Price of Securities (\$/Sh)	Grant Date Fair Value Of Stock and Option Awards (\$)(1)
		Threshold (#)	Target (#)	Maximum (#)				
R. Jeffrey Bailly(2)(3)	2/24/2015	6,393	9,590	12,787				\$ 150,000
R. Jeffrey Bailly(4)	12/22/2015				17,490			\$ 400,000
Ronald J. Lataille(2)(3)	2/24/2015	2,664	3,996	5,328				\$ 62,500
Mitchell C. Rock(2)(3)	2/24/2015	2,664	3,996	5,328				\$ 62,500
William David Smith(2)(3)	2/24/2015	2,664	3,996	5,328				\$ 62,500
Daniel J. Shaw, Jr.(2)(3)	2/24/2015	1,598	2,397	3,196				\$ 37,500

- (1) 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 and stock options 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 and stock options are set forth under Note 1(l) 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, 2015.
- (2) Reflects grants of stock unit awards to the named executive officers pursuant to the Company's 2003 Incentive Plan. These stock unit awards are subject to a (i) time-based vesting requirement and (ii) Company financial performance objectives, which are discussed in footnote 3 below and above under "Compensation Discussion and Analysis." One-third of these awards vest on March 1, 2017, one-third of these awards vest on March 1, 2018 and one-third of these awards vest on March 1, 2019, provided that the recipient remains continuously employed by the Company through each such vesting date and the corresponding financial performance requirement is met. Recipients of the stock unit awards will have no rights as stockholders of the Company, including, without limitation, the right to vote or to receive dividends, until and to the extent such stock unit awards have vested and the issuance of the shares of Common Stock in respect of the stock unit awards has been appropriately evidenced. Except in the case of Mr. Bailly, any unvested stock unit awards shall terminate upon the cessation of a recipient's employment with the Company. With respect to Mr. Bailly, in the event of a cessation of employment by the Company without Cause or by Mr. Bailly for Good Reason (as such terms are defined in his stock unit award agreement), all earned but unvested stock unit awards shall become immediately exercisable, regardless of such cessation of employment. In the event of a change in control of the Company (as defined in the stock unit award agreement evidencing the award) on or after January 1, 2016, all earned but unvested stock unit awards held by each of the named executive officers shall become fully vested immediately prior to the effective date of such change in control.
- (3) The "Threshold" stock unit awards are subject to time vesting only. The "Target" and "Maximum" stock unit awards are also subject to financial performance objectives, established by the Compensation Committee as the achievement of 100% and 115%, respectively, of the Company's targeted Adjusted Operating Income for fiscal 2015 of \$15,100,000. Based upon the Company's achievement of \$14,552,030 in actual Adjusted Operating Income for its 2015 fiscal year, the Compensation Committee determined that the Target and Maximum goals had not been achieved. Accordingly, each named executive officer earned the number of stock unit awards set forth next to his name in the "Threshold" column above.

(4)

In accordance with the terms of Mr. Bailly's employment agreement, these shares were granted to Mr. Bailly by the Compensation Committee on February 24, 2015 and issued on December 22, 2015, valued at \$22.87 per share, the closing price of the Common Stock on the date of issuance. The grant was for a fixed dollar amount of \$400,000, with the number of shares to be determined on the date of issuance based upon the closing price on that date.

Outstanding Equity Awards at Fiscal 2015 Year-End

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)(1)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)
R. Jeffrey Bailly					18,552(4)	\$ 441,909
Ronald J. Lataille					6,439(5)	\$ 153,377
Mitchell C. Rock					6,439(6)	\$ 153,377
William David Smith	22,500(7)	7,500(8)	\$ 21.67	09/12/2018	5,070(9)	\$ 120,767
Daniel J. Shaw, Jr.					4,137(10)	\$ 98,543

- (1) Exercise prices for all options granted to the named executive officers represent the closing price of the Common Stock on the date of grant.
- (2) Represents unvested stock unit awards granted pursuant to the Company's 2003 Incentive Plan.
- (3) The market value of the stock unit awards that have not vested is calculated using the closing price of the Common Stock at the end of the Company's last completed fiscal year. Accordingly, this value was determined based on the closing price of the Common Stock as of December 31, 2015, which was \$23.82.
- (4) Includes (i) 6,362 stock unit awards that vested on March 1, 2016, (ii) 6,003 stock unit awards that vest on March 1, 2017, (iii) 4,056 stock unit awards that vest on March 1, 2018 and (iv) 2,131 stock awards that vest on March 1, 2019.
- (5) Includes (i) 1,753 stock unit awards that vested on March 1, 2016, (ii) 2,108 stock unit awards that vest on March 1, 2017, (iii) 1,690 stock unit awards that vest on March 1, 2018 and (iv) 888 stock awards that vest on March 1, 2019.
- (6) Includes (i) 1,753 stock unit awards that vested on March 1, 2016, (ii) 2,108 stock unit awards that vest on March 1, 2017, (iii) 1,690 stock unit awards that vest on March 1, 2018 and (iv) 888 stock awards that vest on March 1, 2019.
- (7) Represents stock options granted to Mr. Smith pursuant to the Company's 2003 Incentive Plan in connection with his appointment as Vice President of Operations. These options have a five year term. 7,500 of these stock options vested immediately, 7,500 of these options vested on September 12, 2014 and 7,500 of these options vested on September 12, 2015.
- (8) Represents stock options granted to Mr. Smith pursuant to the Company's 2003 Incentive Plan in connection with his appointment as Vice President of Operations. These options have a five year term; all of these options vest on September 12, 2016, subject to acceleration in the Company's discretion.
- (9) Includes (i) 802 stock unit awards that vested on March 1, 2016, (ii) 1,690 stock unit awards that vest on March 1, 2017 (iii) 1,690 stock unit awards that vest on March 1, 2018 and (iv) 888 stock unit awards that vest on March 1, 2019.
- (10) Includes (i) 1,242 stock unit awards that vested on March 1, 2016, (ii) 1,348 stock unit awards that vest on March 1, 2017, (iii) 1,014 stock unit awards that vest on March 1, 2018 and (iv) 533 stock awards that vest on March 1, 2019.

Option Exercises and Stock Vested 2015

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise \$(1)	Number of Shares Acquired on Vesting(2) (#)	Value Realized on Vesting(3) (\$)
R. Jeffrey Bailly	15,000(4)	\$ 293,700(4)	6,603	\$ 152,918
Ronald J. Lataille				