

UFP TECHNOLOGIES INC
Form 8-K
March 08, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

Current Report Pursuant to
Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 2, 2011**

UFP Technologies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-12648
(Commission File Number)

04-2314970
(IRS Employer Identification No.)

172 East Main Street, Georgetown, MA
(Address of Principal Executive Offices)

01833-2107
(Zip Code)

(978) 352-2200

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(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

The information set forth in Item 5.02 below with respect to the amendment to Mr. Bailly's employment agreement is incorporated herein in its entirety by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Amendment to Employment Agreement

On March 2, 2011, the Compensation Committee of the Company's Board of Directors approved an amendment to the employment agreement, dated October 8, 2007, of Mr. R. Jeffrey Bailly, the Company's Chairman, Chief Executive Officer and President. The Company and Mr. Bailly executed the amendment on March 2, 2011. Pursuant to the terms of the amendment, effective January 1, 2012, Mr. Bailly's annual base salary will increase from not less than \$300,000 (Mr. Bailly's base salary for 2011 remains \$330,000) to not less than \$350,000, and Mr. Bailly's annual stock 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.

The above description of the amendment to Mr. Bailly's employment agreement is qualified in its entirety by reference to the text of the amendment, a copy of which is attached hereto as Exhibit 10.56 and is incorporated herein in its entirety by this reference.

Stock Unit Awards

On March 2, 2011, the Compensation Committee approved, under and pursuant to the Company's 2003 Incentive Plan, the grant of stock unit awards to Mr. R. Jeffrey Bailly, the Company's Chairman, Chief Executive Officer and President. Subject to the terms of the Company's 2003 Incentive Plan and the stock unit award agreement evidencing each such award, each stock unit award provides Mr. Bailly with the right to receive one share of common stock of the Company. Mr. Bailly will have no rights as a stockholder of the Company in respect thereof, including, without limitation, the right to vote or to receive dividends, until and to the extent any applicable performance objectives have been satisfied, 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.

Name and Title of Recipient of Stock Unit Awards	Number of Stock Unit Awards Upon Attainment of Threshold Adjusted Operating Income A	Number of Stock Unit Awards Upon Attainment of Target Adjusted Operating Income B	Number of Stock Unit Awards Upon Attainment of Exceptional Adjusted Operating Income C
R. Jeffrey Bailly, Chairman, Chief Executive Officer and President	6,498	6,498	6,498

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The stock unit awards listed in columns A, B and C above are subject to (i) time-based and continuous employment vesting requirements and (ii) the Company meeting certain financial performance objectives, described below (the Performance Objectives). The Compensation Committee shall determine whether and to what extent any of the Performance Objectives have been achieved by the Company. Such determination is currently expected to take place in February 2012. Assuming achievement of any of the Performance Objectives, one-third of the applicable awards shall vest on March 1, 2013, one-third of the applicable awards shall vest on March 1, 2014 and one-third of the applicable awards shall vest on March 1, 2015, provided that Mr. Bailly remains continuously employed by the Company through each such vesting date.

The Performance Objectives are based on the Company's adjusted operating income for the Company's fiscal year ended December 31, 2011, relative to specified adjusted operating income target amounts established by the

Compensation Committee. If the Company achieves the threshold adjusted operating income, then all of the stock unit awards listed in column A above will be eligible to become vested, subject to the time-based vesting and continuous employment requirements described above. If the Company achieves the target adjusted operating income, then all of the stock unit awards listed in column B above (in addition to the stock unit awards listed in column A above) will be eligible to become vested, subject to the time-based vesting and continuous employment requirements described above. To the extent the Company achieves in excess of the target adjusted operating income, stock unit awards listed in column C above (in addition to the stock unit awards listed in columns A and B above) will be eligible to become vested, subject to the time-based vesting and continuous employment requirements described above, based on a straight-line interpolation of the target adjusted operating income established by the Compensation Committee in increments of 20% of such stock unit awards, up to the maximum amount listed in column C above, which represents exceptional adjusted operating income, as established by the Compensation Committee. For purposes of determining whether or not any of the Performance Objectives are met, the Compensation Committee will measure 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, 2011.

Any unvested stock unit awards shall terminate upon the cessation of Mr. Bailly's employment with the Company. Notwithstanding the foregoing, subject to the terms of Mr. Bailly's employment agreement, dated October 8, 2007 (as amended), and the stock unit award agreement evidencing the award, in the event that Mr. Bailly's employment ceases without cause or for good reason (as such terms are defined in his employment agreement), Mr. Bailly shall be entitled to receive shares that would have otherwise been issued to Mr. Bailly notwithstanding 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) at any time following the completion of the Company's 2011 fiscal year, provided that Mr. Bailly has been continuously employed by the Company through the date immediately prior to the effective date of such change in control, then subject to achievement of any of the Performance Objectives, the applicable stock unit awards listed in each of columns A, B and C above, to the extent not already vested, shall become fully vested immediately prior to the effective date of such change in control.

The above description of the stock unit award is qualified in its entirety by reference to the text of the stock unit award agreement evidencing such award, a copy of the form of which is attached hereto as Exhibit 10.57 and is incorporated herein in its entirety by this reference.

Chief Executive Officer's Corporate Financial Goal Bonus

Also at its March 2, 2011 meeting, the Compensation Committee approved a cash bonus award to Mr. Bailly. This award was made under and pursuant to the 2003 Incentive Plan. The amount of the cash bonus award is based on the Company's achievement of a specified adjusted operating income target for 2011 established by the Compensation Committee. The target amount of the cash bonus award is \$148,500. The actual amount of the cash bonus award, if any, will be subject to increase or decrease relative to the difference between the 2011 adjusted operating income target established by the Compensation Committee and the Company's actual 2011 adjusted operating income, according to a formula established by the Compensation Committee. The maximum amount that may be awarded is \$330,000. If the Company's actual 2011 adjusted operating income is less than 80% of the 2011 adjusted operating income target established by the Compensation Committee, the cash bonus award will be zero. For purposes of determining whether or not the specified adjusted operating income target for 2011 established by the Compensation Committee is met, the Compensation Committee will measure 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, 2011.

Chief Executive Officer's Individual Goal Cash Bonus

Also at its March 2, 2011 meeting, the Compensation Committee approved the terms of a discretionary cash bonus plan for Mr. Bailly. Under the cash bonus plan, Mr. Bailly shall be entitled to receive an amount of up to \$49,500 in cash, based on his achievement during 2011 of

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individual performance criteria established by the Compensation Committee. The Compensation Committee retained sole discretion over all matters relating to the potential cash

bonus payment, including, without limitation, the decision to pay any bonus, the amount of the bonus, if any, up to the \$49,500 maximum amount, and the ability to make changes to any performance measures or targets.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.56	Amendment to Employment Agreement with R. Jeffrey Bailly.
10.57	Form of 2011 CEO Stock Unit Award Agreement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 8, 2011

UFP TECHNOLOGIES, INC.

By:

/s/ Ronald J. Lataille
Ronald J. Lataille, Chief Financial
Officer and Vice President

EXHIBIT INDEX

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