

Taglich Brothers, Inc.

The Standard of Excellence in the Microcap Market

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Research Report - Update

UFP Technologies, Inc.

Rating: Speculative Buy

John Nobile

UFPT \$1.20 — (NASDAQ SC)

November 13, 2002

	FY (2000)	FY (2001)*	FY (2002)E	FY (2003)E
Revenues (millions)	\$74.5	\$61.6	\$63.5	\$68.3
Earnings per share (diluted)	\$0.25	\$(0.72)	\$(0.03)	\$0.20

52week range	\$0.75 – \$1.72	Fiscal year ends:	December
Shares outstanding (millions)	4.4	Revenue per share (TTM)	\$14.46
Trading float (millions)	2.2	Price/Sales (TTM)	0.08X
Insider + 5% ownership	50%	Price/Sales (2003)E	0.08X
Tangible book value/share	\$1.73	Price/Earnings (TTM)	NA
Price/ tangible book	0.69X	Price/Earnings (2003)E	6X

*Includes a \$1 million restructuring charge.

UFP Technologies is a designer and manufacturer of a broad range of high performance cushion foam and molded fiber products, and specialty foam and plastic products for the industrial and consumer markets. These products are custom designed and fabricated or molded to provide protection for fragile and valuable items, and are sold primarily to original equipment manufacturers in the computer, electronics, telecommunications, industrial, medical and pharmaceutical markets. (www.ufpt.com)

Key investment considerations:

We are maintaining our speculative buy rating for shares of UFP Technologies (UFPT) and setting a 15-month price target of \$2.75 per share. Our price target is lower than the previous report due to our lowered estimates for 2002 and 2003.

For the third quarter ended September 30, 2002, UFP Technologies' net sales increased 10% to \$15.3 million from \$13.9 million in 2001. Net income was \$4,000 or \$0.00 per diluted share versus a net loss of \$943,000 or \$(0.22) per share in 2001.

In October 2002, UFP Technologies announced it was awarded an eight-year contract worth an estimated \$77 million to provide molded door panels to a large Tier-1 automotive supplier. Manufacturing is expected to begin in 2004 with full rate production estimated for 2006.

Although forecasts for the markets that the Company sells to have been reduced since our last report, the forecasts still call for moderate growth. UFP Technologies' reduced cost structure has helped to increase margins which we believe will result in a profitable 2003.

For 2002, we estimate sales will increase 3% to \$63.5 million and UFP Technologies will report a net loss of \$151,000 or \$(0.03) per share. For 2003, we estimate sales will increase 8% to \$68.3 million and net earnings will increase to \$863,000 or \$0.20 per diluted share.

**Please view our disclaimer located on page 7 of this report.*

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Recent Financial Results

For the third quarter ended September 30, 2002, versus the same period in 2001:

- Net sales increased 10% to \$15.3 million from \$13.9 million.
- Gross margins increased to 21.4% from 13.0%.
- SG&A expenses decreased by \$242,000 or 7.3% to \$3.1 million from \$3.3 million.
- Net income was \$4,000 or \$0.00 per diluted share versus a net loss of \$943,000 or \$(0.22) per share.

In comparison, Taglich Brothers' estimates called for net sales of \$16.5 million and net income of \$47,000 or \$0.01 per diluted share.

The improvement in net sales was primarily due to increased sales to the Automotive Industry. UFPT launched new automotive programs in the fourth quarter of 2001 and the first quarter of 2002. Also, the acquisition of Excel Acquisition Group in January 2002 contributed to the increase in UFPT's sales. The Company attributed the improvement in the bottom line to the increase in net sales coupled with the Company's cost cutting efforts and plant consolidations.

Balance Sheet

As of September 30, 2002, cash was approximately \$50,000. The Company has working capital of \$1.1 million, a tangible book value of \$1.73 per share and a long-term debt-to-equity ratio of 0.4X. UFPT has a \$10 million revolving line of credit with an available balance of \$4.2 million as of September 30, 2002. Cash from operations for the third quarter of 2002 was approximately \$1.6 million. We believe that the current line of credit and future expected cash flows from operations will be sufficient to fund operations for the next twelve months.

\$77 Million Automotive Program

In October, 2002, UFP Technologies announced it was awarded an eight-year contract worth an estimated \$77 million. The contract calls for UFPT to provide molded door panels to a large Tier-1 automotive supplier. Management said that the Company's status as a preferred supplier for precision molded trim components helped in securing this program. Manufacturing is expected to begin on this new contract in 2004 with full rate production estimated for 2006.

Outlook

The majority of UFPT's products is used to package computer/electronics equipment and is used in the manufacture of automobiles. Because of this, UFPT's sales have a direct correlation with the level of sales in the Automotive and Computer/Electronics Industry. As the majority of UFPT's sales are generated from the Computer/Electronics Industry, the outlook for that industry will have a significant impact on the future level of UFPT's sales. In order to get a good idea of the outlook for the Computer/Electronics Industry, we are going to take a look at recent projections for IT spending in 2002 and 2003.

The research firm Gartner projects IT spending in 2002 to increase by only 3.4% and sees no sign of a tech spending rebound before the second quarter of 2003. However, Gartner projects IT spending to improve in the later half of 2003 resulting in growth of 7% for the full year. Also, the research firm IDC recently lowered its growth estimates for worldwide PC shipments. IDC expects total worldwide PC shipments to grow by a mere 1.1% in 2002 and 8.4% in 2003. This is down from IDC's previous projections calling for growth of 4.7% in

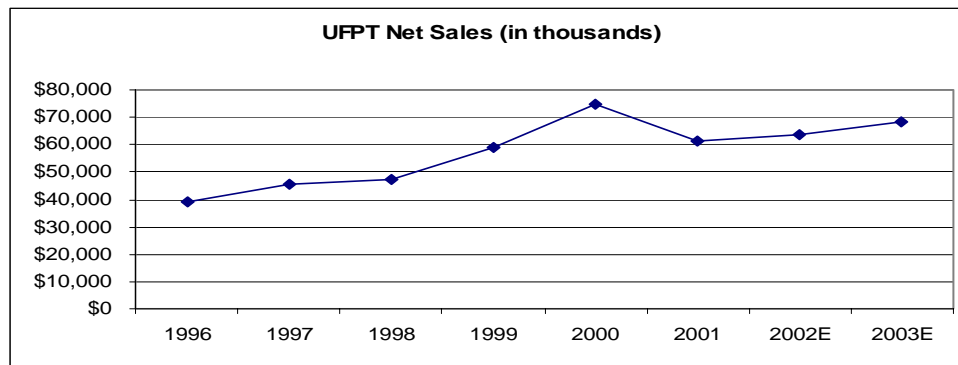
2002 and 11.1% in 2003 due to the weakened demand for PC's from both consumers and businesses. We believe this data supports a conservative view of growth for the majority of UFPT's sales in 2002 and 2003.

Over the past year, the Company has managed to increase sales of its automotive products. This is encouraging news as the overall Automotive Industry has been struggling during this time. Also, UFPT's new automotive contract suggests that there are many more years of significant growth ahead for sales of automotive products. However, the new \$77 million contract is not expected to be accretive to sales until 2004. Regardless, we believe that the Company's status as a preferred strategic supplier for precision molded trim components will allow UFPT to grow its automotive business. However, due to the current weak state of the Automotive Industry, we are forecasting moderate growth of 5% (long-term growth rate for the Automotive Industry) for UFPT's automotive sales in 2003.

UFPT's growth rate in sales over the past five years has exceeded the Industry's (containers and packaging). We believe this is primarily due to the specific markets that UFPT sells to and to acquisitions. We see this trend continuing and believe that UFPT's growth rate going forward will continue to be greater than the Industry average.

With UFP Technologies' operations evenly split between two segments; the protective packaging segment (majority of sales from computer/electronics packaging) and the specialty products segment (majority of sales from automotive products), we believe that UFPT will experience moderate growth for fiscal 2002 and 2003.

For fiscal 2002, we estimate UFPT's sales will increase 3% to \$63.5 million and the Company will report a net loss of \$151,000 or \$(0.03) per share. For 2003, we estimate sales will increase 8% to \$68.3 million and net income will increase to \$863,000 or \$0.20 per diluted share.



Source: UFPT reports and Taglich Brothers' estimates

Our fiscal 2002 estimates have been slightly reduced when compared to our last report due to the Company reporting lower than expected third quarter results. Our fiscal 2003 estimates have also been reduced primarily due to lower forecasts for the markets that the Company sells to.

Applying the historic price/earnings multiple of 13X to our projected earnings per share of \$0.20 for 2003, we arrive at a 15-month price target of \$2.60 per share.

In addition, we used a discounted cash flow model using EBITDA as a proxy for cash flow and derived a discount rate of 6.2% using the Capital Asset Pricing Model. This model values shares of UFPT at a price of \$2.90. Averaging these two valuation models puts our anticipated **15-month price target for shares of UFPT at \$2.75.**

Comparable Company Analysis

Company Name	Symbol	Price	Market Cap (\$M)	Price/Earnings	Price/Sales	Price/Book
Graphic Packaging	GPK	\$6.25	\$205.6	NA	0.2	0.9
Peak International	PEAK	\$3.75	\$47.6	NA	0.9	0.6
Polyair Inter Pack	PPK	\$5.02	\$31.2	7.3	0.3	1.4
Carmel Container Systems	KML	\$4.05	\$10.2	NA	NA	NA
Air Packaging Tech.	AIRP	\$0.14	\$1.7	NA	1.9	NA
RADVA Corporation	RDVA	\$0.22	\$0.9	36.7	0.1	0.2
Average			49.5	22.0	0.7	0.8
UFP Technologies	UFPT	\$1.20	5.3	NA	0.1	0.4

Risks*Cash concerns*

Although we believe that the Company will have adequate resources to fund operations for the next twelve months, future cash flows may be less than we anticipate due to depressed market conditions. If market conditions remain at weak levels, we believe UFP Technologies will need to secure additional financing in order to maintain its current level of operations. As there can be no assurance of the Company's success in obtaining additional capital, shares of UFPT should only be purchased by those who are comfortable taking on above average risk.

Competition

The packaging and specialty foam products industry is highly competitive. The Company's foam and fiber packaging products compete against other alternative products made from materials such as expanded polystyrene foams, die-cut corrugated, plastic peanuts, plastic bubbles and foam-in-place urethane. UFP Technologies also faces competition in the specialty foam products area from smaller companies that typically concentrate on production for specific industries.

IT spending forecasts

Although recent forecasts support an increase in IT spending for 2002 and 2003, there can be no assurance that this will actually happen. Should IT spending remain at depressed levels, the operating results of UFP Technologies are likely to be adversely affected.

Liquidity

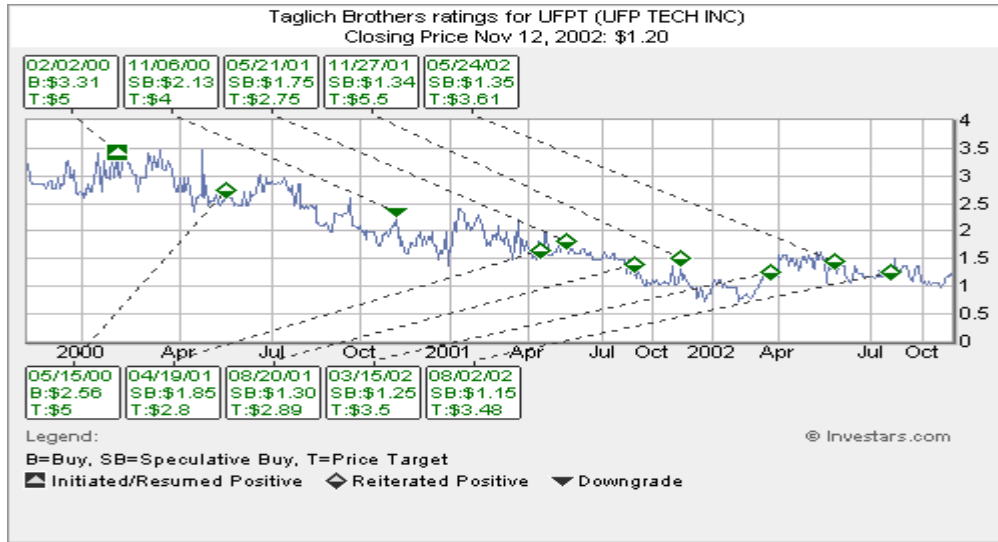
With only 4.4 million shares outstanding and 2.2 million in the float, liquidity issues must be considered. Average daily volume is approximately 1,000 shares and there are many days when the stock does not trade at all. Any significant trading in shares of UFPT could result in large swings in the price of the stock.

Miscellaneous risks

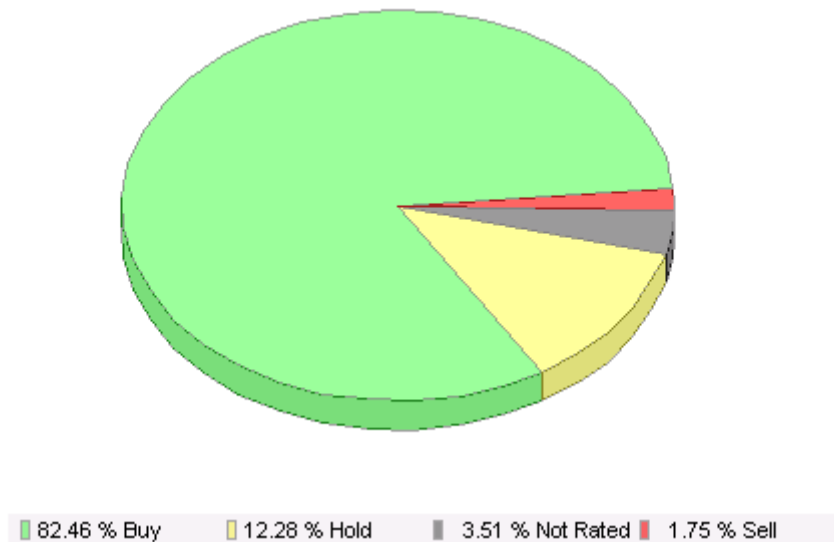
The Company's financial results and equity values are subject to other risks and uncertainties known and unknown, including but not limited to competitive, operating, financial market, governmental, country, and event risks. These risks may cause actual results to differ from expected results.

Conclusion

We reiterate our **speculative buy** rating for shares of UFP Technologies (UFPT) and have set a **15-month price target of \$2.75 per share**. Although forecasts for the markets that the Company sells to have been reduced since our last report, the forecasts still call for moderate growth. UFPT's sales growth rate over the past five years has exceeded the Industry's and we believe that this trend will continue. UFP Technologies' reduced cost structure has helped to increase margins which we believe will result in a profitable 2003. For fiscal 2002, we estimate UFPT's sales will increase 3% to \$63.5 million and the Company will report a net loss of \$151,000 or \$(0.03) per share. For fiscal 2003, we estimate sales will increase 8% to \$68.3 million and net income will increase to \$863,000 or \$0.20 per diluted share. Looking into 2004, UFPT's automotive sales should increase significantly from the \$77 million contract.



Taglich Brothers' Current Ratings Distribution



Meaning of Ratings

Buy

We believe the Company is undervalued relative to its market and peers. We believe its risk reward ratio strongly advocates purchase of the stock relative to other stocks in the marketplace. Remember, with all equities there is always downside risk.

Speculative Buy

We believe that the long run prospects of the Company are positive. We believe its risk reward ratio advocates purchase of the stock. We feel the investment risk is higher than our typical “buy” recommendation. In the short run, the stock may be subject to high volatility and continue to trade at a discount to its market.

Neutral

We will remain neutral pending certain developments.

Underperform

We believe that the Company may be fairly valued based on its current status. Upside potential is limited relative to investment risk.

Sell Short

We believe that the Company is significantly overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward.

Not rated

There is too much uncertainty in the Company's finances or business model for us to currently form an investment conclusion.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

Public companies mentioned in this report:

Graphic Packaging (NYSE: GPK)
Peak International (NASDAQ NM: PEAK)
Polyair Inter Pack (AMEX: PPK)
Carmel Container Systems (AMEX: KML)
Air Packaging Tech. (OTC BB: AIRP)
RADVA Corp. (OTC BB: RDVA)

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UFP Technologies, Inc.

Consolidated Balance Sheets
(in thousands)

	<u>September 30, 2002</u>	<u>December 31, 2001</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 50	\$ 27
Receivables	9,368	9,453
Inventories	4,862	5,203
Prepaid expenses and other	<u>1,939</u>	<u>2,516</u>
Total current assets	16,219	17,199
Net property, plant and equipment	11,004	12,045
Goodwill, net	6,481	6,406
Other assets	<u>2,436</u>	<u>2,452</u>
Total Assets	<u>\$ 36,140</u>	<u>\$ 38,102</u>
Liabilities & stockholders' equity		
Current liabilities:		
Notes payable	\$ 5,841	\$ 5,854
Current portion of long-term debt	1,467	1,467
Current portion of capital lease obligations	152	74
Accounts payable	3,357	3,808
Accrued restructuring charge	306	1,016
Accrued expenses	<u>3,978</u>	<u>4,003</u>
Total current liabilities	15,101	16,222
Long-term debt	5,578	6,678
Capital lease obligations	512	149
Other liabilities	<u>904</u>	<u>899</u>
Total liabilities	22,095	23,948
Total stockholder's equity	<u>14,045</u>	<u>14,154</u>
Total liabilities & stockholder's equity	<u>\$ 36,140</u>	<u>\$ 38,102</u>

UFP Technologies, Inc.

Annual Income Statements for the Years Ended
(in thousands)

	<u>FY(12/99)</u>	<u>FY(12/00)</u>	<u>FY(12/01)</u>	<u>FY(12/02)E</u>	<u>FY(12/03)E</u>
Net sales	\$ 58,801	\$ 74,491	\$ 61,574	\$ 63,462	\$ 68,250
Cost of sales	<u>43,939</u>	<u>56,870</u>	<u>50,649</u>	<u>50,392</u>	<u>53,058</u>
Gross profit	14,862	17,621	10,925	13,070	15,192
<i>Gross Margin</i>	25.28%	23.66%	17.74%	20.60%	22.26%
Restructuring charge	-	-	1,016	-	-
SG&A	<u>11,582</u>	<u>14,236</u>	<u>13,649</u>	<u>12,450</u>	<u>13,000</u>
Operating income	3,280	3,385	(3,740)	620	2,192
<i>Operating Margin</i>	5.58%	4.54%	-6.07%	0.98%	3.21%
Interest expense	(641)	(1,221)	(1,030)	(864)	(800)
Other income (expense)	<u>191</u>	<u>(162)</u>	<u>16</u>	<u>-</u>	<u>-</u>
Income before taxes	2,830	2,002	(4,754)	(244)	1,392
Income tax	<u>1,136</u>	<u>921</u>	<u>(1,711)</u>	<u>(93)</u>	<u>529</u>
<i>Tax rate</i>	40.14%	46.00%	35.99%	38.11%	38.00%
Net Income / (Loss)	<u>\$ 1,694</u>	<u>\$ 1,081</u>	<u>\$ (3,043)</u>	<u>\$ (151)</u>	<u>\$ 863</u>
Basic EPS	<u>\$ 0.35</u>	<u>\$ 0.25</u>	<u>\$ (0.72)</u>	<u>\$ (0.03)</u>	<u>\$ 0.20</u>
Diluted EPS	<u>\$ 0.35</u>	<u>\$ 0.25</u>	<u>\$ (0.72)</u>	<u>\$ (0.03)</u>	<u>\$ 0.20</u>
Basic Shares Outstanding	4,809	4,374	4,248	4,369	4,365
Diluted Shares Outstanding	4,896	4,386	4,248	4,369	4,365
<u>Percent of Revenue</u>					
Cost of goods sold	74.72%	76.34%	82.26%	79.40%	77.74%
SG&A	19.70%	19.11%	22.17%	19.62%	19.05%
<u>Year / Year Growth</u>					
Total Revenues	24.53%	26.68%	-17.34%	3.07%	7.54%
Net Income	2.85%	-36.19%	NA	NA	671.52%
EPS	1.47%	-28.77%	NA	NA	672.05%

UFP Technologies, Inc.

Quarterly Income Statement for the Year Ended 2001
(in thousands)

	<u>Q1(3/01)</u>	<u>Q2(6/01)</u>	<u>Q3(9/01)</u>	<u>Q4(12/01)</u>	<u>FY(12/01)</u>
Net sales	\$ 16,966	\$ 15,481	\$ 13,935	\$ 15,192	\$ 61,574
Cost of sales	<u>13,568</u>	<u>12,460</u>	<u>12,123</u>	<u>12,498</u>	<u>50,649</u>
Gross profit	3,398	3,021	1,812	2,694	10,925
<i>Gross Margin</i>	20.03%	19.51%	13.00%	17.50%	17.74%
Restructuring charge	-	-	-	1,016	1,016
SG&A	<u>3,805</u>	<u>3,237</u>	<u>3,303</u>	<u>3,304</u>	<u>13,649</u>
Operating income	(407)	(216)	(1,491)	(1,626)	(3,740)
<i>Operating Margin</i>	-2.40%	-1.40%	-10.70%	-10.70%	-6.07%
Interest expense	(275)	(284)	(223)	(248)	(1,030)
Other income (expense)	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>
Income before taxes	(682)	(484)	(1,714)	(1,874)	(4,754)
Income tax	<u>(314)</u>	<u>(216)</u>	<u>(771)</u>	<u>(410)</u>	<u>(1,711)</u>
<i>Tax rate</i>	46.04%	44.63%	44.98%	21.88%	35.99%
Net Income / (Loss)	<u>\$ (368)</u>	<u>\$ (268)</u>	<u>\$ (943)</u>	<u>\$ (1,464)</u>	<u>\$ (3,043)</u>
Basic EPS	<u>\$ (0.08)</u>	<u>\$ (0.06)</u>	<u>\$ (0.22)</u>	<u>\$ (0.35)</u>	<u>\$ (0.72)</u>
Diluted EPS	<u>\$ (0.08)</u>	<u>\$ (0.06)</u>	<u>\$ (0.22)</u>	<u>\$ (0.35)</u>	<u>\$ (0.72)</u>
Basic Shares Outstanding	4,375	4,193	4,214	4,222	4,248
Diluted Shares Outstanding	4,375	4,193	4,214	4,222	4,248
<u>Percent of Revenue</u>					
Cost of sales	79.97%	80.49%	87.00%	82.27%	82.26%
SG&A	22.43%	20.91%	23.70%	21.75%	22.17%
<u>Year / Year Growth</u>					
Total Revenues	-7.20%	-20.27%	-26.26%	-15.10%	-17.30%
Net Income	NMF	NMF	NMF	NMF	NMF
EPS	NMF	NMF	NMF	NMF	NMF

UFP Technologies, Inc.

Quarterly Income Statement for the Year Ending 2002
(in thousands)

	<u>Q1(3/02)</u>	<u>Q2(6/02)</u>	<u>Q3(9/02)</u>	<u>Q4(12/02)E</u>	<u>FY(12/02)E</u>
Net sales	\$ 15,531	\$ 16,648	\$ 15,283	\$ 16,000	\$ 63,462
Cost of sales	<u>12,659</u>	<u>13,156</u>	<u>12,017</u>	<u>12,560</u>	<u>50,392</u>
Gross profit	2,872	3,492	3,266	3,440	13,070
<i>Gross Margin</i>	18.49%	20.98%	21.37%	21.50%	20.60%
SG&A	<u>3,154</u>	<u>3,135</u>	<u>3,061</u>	<u>3,100</u>	<u>12,450</u>
Operating income	(282)	357	205	340	620
<i>Operating Margin</i>	-1.82%	2.14%	1.34%	2.13%	0.98%
Interest expense	(227)	(238)	(199)	(200)	(864)
Other income (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income before taxes	(509)	119	6	140	(244)
Income tax	<u>(193)</u>	<u>45</u>	<u>2</u>	<u>53</u>	<u>(93)</u>
<i>Tax rate</i>	37.92%	37.82%	33.33%	38.00%	38.03%
Net Income / (Loss)	<u>\$ (316)</u>	<u>\$ 74</u>	<u>\$ 4</u>	<u>\$ 87</u>	<u>\$ (151)</u>
Basic EPS	<u>\$ (0.07)</u>	<u>\$ 0.02</u>	<u>\$ 0.00</u>	<u>\$ 0.02</u>	<u>\$ (0.03)</u>
Diluted EPS	<u>\$ (0.07)</u>	<u>\$ 0.02</u>	<u>\$ 0.00</u>	<u>\$ 0.02</u>	<u>\$ (0.03)</u>
Basic Shares Outstanding	4,302	4,400	4,410	4,365	4,369
Diluted Shares Outstanding	4,302	4,400	4,410	4,365	4,369
<u>Percent of Revenue</u>					
Cost of goods sold	81.51%	79.02%	78.63%	78.50%	79.40%
SG&A	20.31%	18.83%	20.03%	19.38%	19.62%
<u>Year / Year Growth</u>					
Total Revenues	-8.46%	7.54%	9.67%	5.32%	3.07%
Net Income	NA	127.51%	100.42%	105.93%	NA
EPS	NA	133.33%	100.00%	105.73%	NA

Quarterly Income Statement for the Year Ending 2003
(in thousands)

	<u>Q1(3/03)E</u>	<u>Q2(6/03)E</u>	<u>Q3(9/03)E</u>	<u>Q4(12/03)E</u>	<u>FY(12/03)E</u>
Net sales	\$ 16,500	\$ 17,250	\$ 17,000	\$ 17,500	\$ 68,250
Cost of sales	<u>12,953</u>	<u>13,369</u>	<u>13,218</u>	<u>13,519</u>	<u>53,058</u>
Gross profit	3,548	3,881	3,783	3,981	15,193
<i>Gross Margin</i>	21.50%	22.50%	22.25%	22.75%	22.26%
SG&A	<u>3,250</u>	<u>3,250</u>	<u>3,250</u>	<u>3,250</u>	<u>13,000</u>
Operating income	298	631	533	731	2,193
<i>Operating Margin</i>	1.80%	3.66%	3.13%	4.18%	3.21%
Interest expense	(200)	(200)	(200)	(200)	(800)
Other income (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income before taxes	98	431	333	531	1,393
Income tax	<u>37</u>	<u>164</u>	<u>126</u>	<u>202</u>	<u>529</u>
<i>Tax rate</i>	38.00%	38.00%	38.00%	38.00%	38.00%
Net Income / (Loss)	<u>\$ 60</u>	<u>\$ 267</u>	<u>\$ 206</u>	<u>\$ 329</u>	<u>\$ 863</u>
Basic EPS	<u>\$ 0.01</u>	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.20</u>
Diluted EPS	<u>\$ 0.01</u>	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 0.08</u>	<u>\$ 0.20</u>
Basic Shares Outstanding	4,365	4,365	4,365	4,365	4,365
Diluted Shares Outstanding	4,365	4,365	4,365	4,365	4,365
<u>Percent of Revenue</u>					
Cost of goods sold	78.50%	77.50%	77.75%	77.25%	77.74%
SG&A	19.70%	18.84%	19.12%	18.57%	19.05%
<u>Year / Year Growth</u>					
Total Revenues	6.24%	3.62%	11.23%	9.38%	7.54%
Net Income	119.13%	261.32%	NMF	279.46%	671.00%
EPS	118.85%	264.21%	NMF	279.46%	671.55%

UFP Technologies, Inc.

Statement of Cash Flows for the Nine Months Ended
(in thousands)

	<u>September 30, 2002</u>	<u>September 30, 2001</u>
<i>Cash Flows from Operating Activities</i>		
Net loss	\$ (238)	\$ (1,580)
Depreciation & amortization	1,990	2,457
Stock issued in lieu of compensation	81	141
<i>Changes in assets and liabilities</i>		
Receivables	85	917
Inventories	341	927
Prepaid expenses and other	602	(1,475)
Accounts payable	(451)	(999)
Accrued restructuring charge, net	(500)	-
Accrued expenses	(24)	(488)
Retirement and other liabilities	5	(84)
Other assets	<u>(51)</u>	<u>(1)</u>
Net Cash Provided by Operations	1,840	(185)
<i>Cash Flows from Investing Activities</i>		
Additions to property, plant and equipment	(553)	(1,740)
Payments from affiliated company	44	43
Acquisition of Excel	(150)	-
Proceeds from disposals of property, plant and equipment	<u>2</u>	<u>-</u>
Net Cash Used in Investing	(657)	(1,697)
<i>Cash Flows from Financing Activities</i>		
Net (repayments) borrowings of notes payable	(13)	2,289
Principal repayments of long-term debt	(1,100)	(8,718)
Principle repayments of capital lease obligations	(95)	(234)
Proceeds from long-term borrowings	-	9,000
Net proceeds from sale of common stock	48	71
Capital stock repurchase	<u>-</u>	<u>(525)</u>
Net cash Provided Financing	(1,160)	1,883
Net change in Cash	23	1
Cash - Beginning of Period	<u>27</u>	<u>94</u>
Cash - End of Period	<u><u>\$ 50</u></u>	<u><u>\$ 95</u></u>