



TAGLICH BROTHERS

The Standard of Excellence in the Microcap Market

Member: FINRA, SIPC

Earnings Note

Investors should consider this report as only a single factor in making their investment decision.

UFP Technologies, Inc.

Rating: Speculative Buy

John Nobile

UFPT \$9.93 — (Nasdaq CM)

May 1, 2008

UFP Technologies is a designer and manufacturer of a broad range of high performance cushion packaging and molded fiber products and specialty foam and plastic products. 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, automotive, medical/pharmaceutical and industrial markets. (www.ufpt.com)

On May 1, 2008, UFP Technologies reported fiscal 2008 first quarter results. The following table compares these results to Taglich Brothers' estimates (in thousands).

	<u>Q1(3/08)A</u>	<u>Q1(3/08)E</u>
Net sales	\$ 28,008	\$ 25,000
Cost of sales	<u>21,120</u>	<u>18,750</u>
Gross profit	6,888	6,250
<i>Gross Margin</i>	24.59%	25.00%
SG&A	<u>4,922</u>	<u>4,350</u>
Operating income	1,966	1,900
<i>Operating Margin</i>	7.02%	7.60%
Interest expense, other income & expenses	<u>(114)</u>	<u>(100)</u>
Income before taxes	1,852	1,800
Income tax (benefit)	<u>704</u>	<u>684</u>
<i>Tax rate</i>	38.01%	38.00%
Net Income / (Loss)	\$ 1,148	\$ 1,116
Basic EPS	\$ 0.21	\$ 0.21
Diluted EPS	\$ 0.19	\$ 0.19
Basic Shares Outstanding	5,450	5,400
Diluted Shares Outstanding	6,091	6,000
<u>Percent of Revenue</u>		
Cost of goods sold	75.41%	75.00%
SG&A	17.57%	17.40%
<u>Year / Year Growth</u>		
Total Revenues	27.23%	13.57%
Net Income	120.35%	114.20%
EPS	111.11%	106.51%

** Please view our disclaimer located on page 5.*

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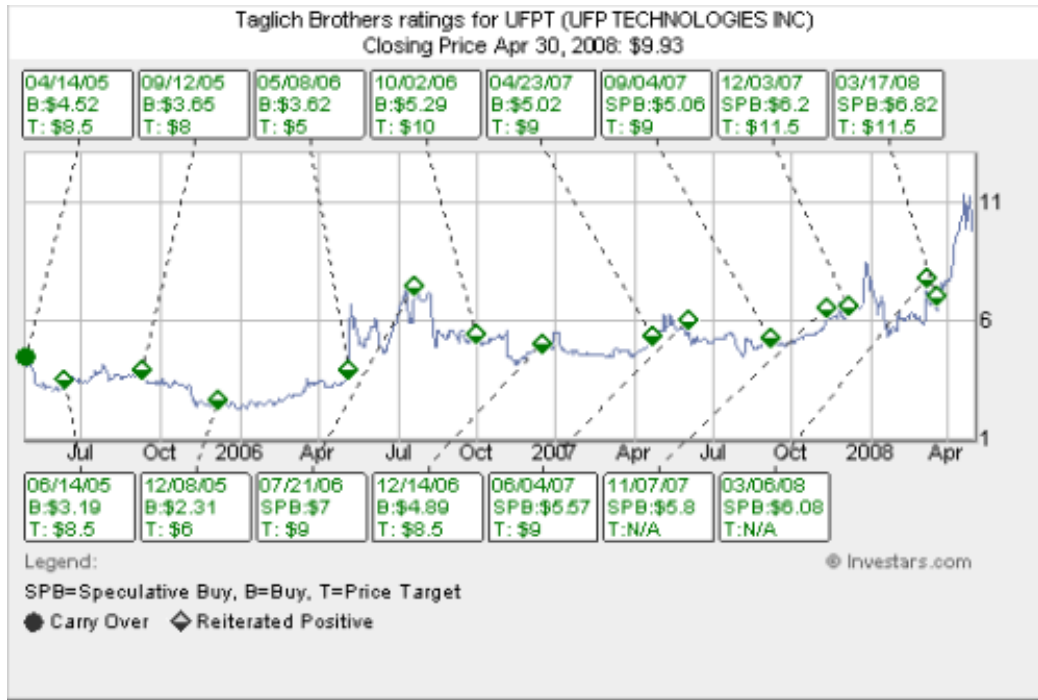
www.taglichbrothers.com

Earnings Comment: Earnings were in-line with our expectations. UFP grew sales by 27% and gross margins firmed to 24.6% from 20.9%. Management said that approximately \$2.5 million of the \$6 million top line growth was organic and driven by strong sales in the Company's medical and electronics markets, along with increased demand for environmentally sound molded fiber products. The remaining \$3.5 million increase in sales for the quarter came from the Company's acquisition of Stephenson and Lawyer which was completed in Q1/08.

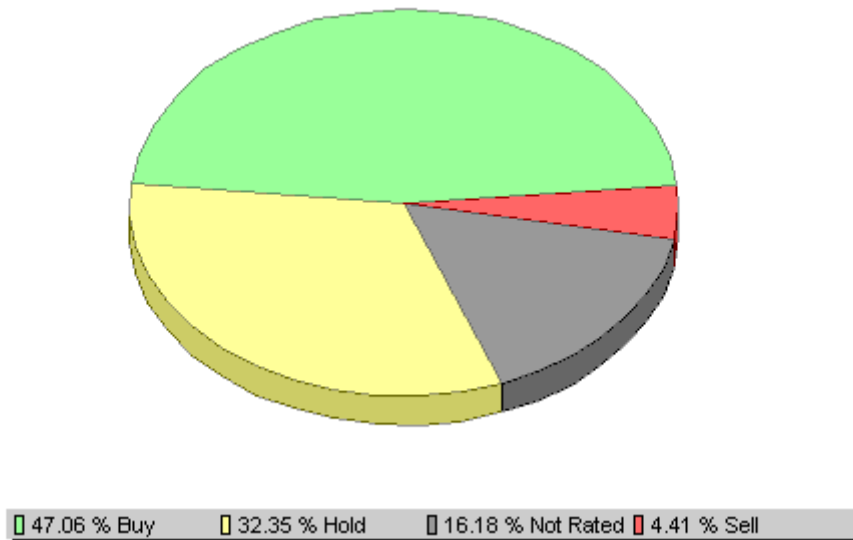
Rating: We are maintaining our Speculative Buy rating on UFP Technologies.

Risks: Please review our latest research report (March 17, 2008) for a summary of the principal risks underlying the stock.

UFP Technologies, Inc.



Taglich Brothers Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months		
Rating	#	%
Buy	0	0.00%
Hold	2	11.76%
Sell	0	0.00%
Not Rated	0	0.00%

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

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.

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.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.

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I, John Nobile, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.