

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

Filed by the Registrant  [ X ]

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))
- [ X ] Definitive Proxy Statement
- [ ] Definitive Addition Materials
- [ ] Soliciting Material Pursuant to §240.14a-12

**Acme United Corporation**

\_\_\_\_\_  
(Name of Registrant as specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- [ X ] No fee required.
- [ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:  
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- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):  
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- 1) Amount Previously Paid:  
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- 2) Form, Schedule or Registration Statement No.:  
\_\_\_\_\_
- 3) Filing party:  
\_\_\_\_\_
- 4) Date Filed:  
\_\_\_\_\_

March 25, 2011

Dear Fellow Shareholder:

On behalf of your Board of Directors and Management, I cordially invite you to attend the Annual Meeting of Shareholders of Acme United Corporation scheduled to be held on Monday, April 25, 2011 at 11:00 A.M., local time, at the Cornell Club, 6 East 44th Street, New York, New York. I look forward to greeting personally those shareholders able to attend.

At the Meeting, shareholders will be asked to elect six directors to serve for a one-year term, to approve amendments to the 2005 Non-Salaried Director Stock Option Plan and the Company's Employee Stock Option Plan to increase the number of shares authorized to be issued under each of the plans, and to ratify the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2011. Information regarding these matters is set forth in the accompanying Notice of Annual Meeting and Proxy Statement to which you are urged to give your prompt attention.

It is important that your shares be represented and voted at the Meeting. Whether or not you plan to attend, please take a moment to sign, date and promptly mail your proxy card in the enclosed prepaid envelope. This will not limit your right to vote in person should you attend the Meeting.

On behalf of your Board of Directors, thank you for your continued support and interest in Acme United Corporation.

Sincerely,

Walter C. Johnsen  
Chairman and Chief Executive Officer

**Acme United Corporation**  
**60 Round Hill Road**  
**Fairfield, Connecticut 06824**

***NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MONDAY, APRIL 25, 2011***

To our Shareholders: The Annual Meeting of Shareholders (the "Meeting") of Acme United Corporation, a Connecticut Corporation, (the "Company") will be held on Monday, April 25, 2011, at 11:00 A.M., local time, at the Cornell Club, 6 East 44th Street, New York, New York, for the following purposes:

1. To elect six (6) Directors of the Company;
2. To consider and vote upon an amendment to the 2005 Non-Salaried Director Stock Option Plan to increase the number of shares authorized to be issued thereunder from 90,000 to 140,000, an increase of 50,000 shares;
3. To consider and vote upon an amendment to the Company's Employee Stock Option Plan to increase the number of shares authorized to be issued thereunder from 760,000 to 930,000, an increase of 170,000 shares;
4. To consider and vote upon the ratification of the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2011; and
5. To transact such other business as may properly come before the Meeting.

Shareholders of record at the close of business on March 9, 2011 are entitled to receive notice of and to vote at the Meeting and at any adjournment thereof.

Please carefully read the attached Proxy Statement for information regarding the matters to be considered and acted upon at the Meeting. **Your Board of Directors recommends that you vote in favor of Proposals 1, 2, 3, and 4 above.** You are cordially invited to attend the Meeting and we hope that you will do so.

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING IN PERSON, YOU ARE URGED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED RETURN POSTAGE-PAID ENVELOPE. No additional postage need be affixed to the return envelope if mailed in the United States. If you attend the Meeting, you may withdraw your proxy and vote in person by ballot.

*By Order of the Board of Directors,*

Paul G. Driscoll  
*Vice President and Chief Financial Officer,  
Secretary and Treasurer*

March 25, 2011  
Fairfield, Connecticut

**Acme United Corporation**  
**60 Round Hill Road**  
**Fairfield, Connecticut 06824**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON**  
**April 25, 2011**

**PROXY STATEMENT**

This Proxy Statement and the accompanying Notice of Annual Meeting of Shareholders and Proxy Card are being furnished in connection with the solicitation of proxies by the Board of Directors of Acme United Corporation, a Connecticut Corporation (the "Company"), to be used at the Annual Meeting of Shareholders of the Company, to be held April 25, 2011, at 11:00 A.M., local time, at the Comell Club, 6 East 44th Street, New York, New York or at any adjournment or postponement thereof (the "Meeting"). This Proxy Statement and the enclosed Proxy Card are being furnished on or about March 26, 2011 to all holders of record of the Company's Common Stock, par value \$2.50 per share (the "Common Stock"), as of the close of business on March 9, 2011. A copy of the Company's 2010 Annual Report to Shareholders, including consolidated financial statements for the fiscal year ended December 31, 2010, accompanies this Proxy Statement.

At the Meeting, shareholders will:

- elect six (6) Directors to serve until the next annual meeting ( Proposal 1);
- consider and vote upon a proposal to amend the 2005 Non-Salaried Director Stock Option Plan to increase the number of shares authorized to be issued under the plan from 90,000 to 140,000, an increase of 50,000 shares (Proposal 2);
- consider and vote upon a proposal to amend the Company's Employee Stock Option Plan to increase the number of shares authorized to be issued under the plan from 760,000 to 930,000, an increase of 170,000 shares (Proposal 3); and
- consider and vote upon a proposal to ratify the appointment of the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011 (Proposal 4).

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON**  
**APRIL 25, 2011.**

The Notice of Annual Meeting of Shareholders, this Proxy Statement, Proxy card, and the 2010 Annual Report to Shareholders are available at the following website address: [proxy.acmeunited.com](http://proxy.acmeunited.com).

### **Voting Securities, Record Date and Quorum**

*Record Date.* The Board of Directors has fixed the close of business on March 9, 2011 as the record date (the “Record Date”) for determination of shareholders entitled to receive notice of and to vote at the Meeting. As of the Record Date, there were 3,069,837 shares of Common Stock issued and outstanding and there were no other voting securities of the Company outstanding.

*Quorum.* The presence at the Meeting, in person or by proxy, of a majority of the outstanding shares of Common Stock entitled to vote shall constitute a quorum for the Meeting. Each outstanding share of Common Stock entitles the record holder thereof to one vote. Abstentions and broker non-votes are not counted as votes cast on any matter to which they relate, but are counted in determining the presence of a quorum.

*Election of Directors.* Assuming the presence of a quorum, a plurality of the votes cast in person or by proxy at the Meeting is required to elect each of the nominees for Director. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election of directors.

On July 1, 2009, the SEC approved the New York Stock Exchange’s (“NYSE”) proposed rule change that eliminates broker discretionary voting in uncontested director elections. If you hold your shares through a broker, your broker is permitted to vote your shares on “routine” matters, even if the broker does not receive instructions from you. However, the NYSE no longer considers the election of directors to be routine, so your broker is not permitted to vote your shares in the election of directors.

*Amendment of the Non-Salaried Director Option Plan.* To be approved, the proposal to increase the number of shares which are authorized for issuance upon exercise of options granted under the Non-Salaried Director Option Plan must receive the affirmative vote of a majority of the shares of Common Stock cast in person or by proxy at the meeting. Uninstructed shares are not entitled to vote on this proposal; accordingly, broker non-votes will not affect the outcome of the vote on the proposal. Abstentions also will not affect the outcome of the vote on the proposal.

*Amendment of the Employee Stock Option Plan.* To be approved, the proposal to increase the number of shares which are authorized for issuance upon exercise of options granted under the Employee Stock Option Plan must receive the affirmative vote of a majority of the shares of Common Stock cast in person or by proxy at the meeting. Uninstructed shares are not entitled to vote on this proposal; accordingly, broker non-votes will not affect the outcome of the vote on the proposal. Abstentions also will not affect the outcome of the vote on the proposal.

*Ratification of the Appointment of Our Independent Registered Accounting Firm.* To be approved, the proposal to ratify the appointment of our independent registered accounting firm for the fiscal year ending December 31, 2011 must receive the affirmative vote of a majority of the shares of Common Stock cast in person or by proxy at the meeting. Abstentions and broker non-votes will not be taken into account in determining the outcome of the vote on this proposal.

## Voting Rights and Solicitation of Proxies

Eligible shareholders of record may vote at the Meeting in person or by means of the enclosed Proxy Card. You may specify your voting choices by marking the appropriate boxes on the Proxy Card. The proxy solicited hereby, if properly signed and returned to the Company and not revoked prior to or at the Meeting, will be voted in accordance with the instructions specified thereon. **If you properly sign and return your Proxy Card, but do not specify your choices, your shares will be voted by the proxy holders as recommended by the Board of Directors.**

The Board of Directors encourages you to complete and return the Proxy Card even if you expect to attend the Meeting. You may revoke your proxy at any time before it is voted at the Meeting by (i) giving written notice of revocation to the Secretary of the Company, (ii) submission of a proxy bearing a later date or (iii) by attending the Meeting in person and casting a ballot.

The proxy holders, Walter C. Johnsen and Susan H. Murphy, will vote all shares of Common Stock represented by Proxy Cards that are properly signed and returned by shareholders. The Proxy Card also authorizes the proxy holders to vote the shares represented in their sole discretion with respect to any matters not included in this Proxy Statement that may properly be presented for consideration at the Meeting. **You must return a signed Proxy Card if you want the proxy holders to vote your shares of Common Stock.**

The cost of soliciting proxies will be borne by the Company. Following the mailing of proxy solicitation materials, proxies may be solicited by directors, officers and employees of the Company and its subsidiaries personally, by telephone or otherwise. Such persons will not receive any fees or other compensation for such solicitation. In addition, the Company will reimburse brokers, custodians, nominees and other persons holding shares of Common Stock for their reasonable expenses in sending proxy materials to the beneficial owners of such shares and in obtaining their proxies. The Company has engaged MacKenzie Partners, Inc. to assist in the solicitation of votes and the distribution of proxy materials for a fee of \$5,000, plus out-of-pocket expenses.

### Governance of the Company

#### *Board of Directors*

The By-laws of the Company provide that the Company shall have a Board of Directors of not fewer than five or more than nine directors, as fixed by the Board from time to time. The number of directors is presently fixed at six. Directors serve until the next annual meeting of shareholders and until their respective successors have been elected and qualified.

The Company has determined to combine the positions of its Chief Executive Officer and Chairman of the Board. In making this determination, the Board of Directors considered a number of factors, including the size of the Board in relation to the scope of the Company's operations, the efficiencies obtained by combining the positions and the fact that the combination of the positions facilitates the alignment of the Board's agenda with its oversight responsibilities relating to the business and operations of the Company. The Company does not have a lead independent Director.

### ***Board of Director Meetings and Committees***

The Board of Directors held eight meetings in 2010. All Directors attended at least 75% of the aggregate of the total number of the Board meetings and meetings of committees of the Board of which they were a member. The Board of Directors has established standing Executive, Audit, Compensation and Nominating Committees, each of which is comprised solely of independent non-employee members of the Board of Directors.

### ***Independence Determinations***

The Board of Directors annually determines the independence of directors. No director is considered independent unless the Board has determined that he or she has no material relationship with the Company, either directly or as a partner, shareholder, or officer of an organization that has a material relationship with the Company or otherwise. Material relationships can include commercial, banking, consulting, legal, accounting, charitable, and familial relationships, among others.

Independent directors are directors who, in the view of the Board of Directors, are free of any relationship that would interfere with the exercise of independent judgment. Under NYSE Amex (formerly, the American Stock Exchange) rules, the following persons are not considered independent:

- (a) a director who is or was employed by the Company or any of its affiliates for the current year or any of the past three years; a director who is or was employed by the Company or any of its affiliates for the current year or any of the past three years;
- (b) a director who accepted or who has an immediate family member who accepted any compensation from the Company or any of its affiliates in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence (other than certain specified types of compensation, including, e.g., compensation for Board or Committee service, benefits under a tax-qualified retirement plan, or non-discretionary compensation);
- (c) a director who is a member of the immediate family of an individual who is, or has been in any of the past three years, employed by the Company as an executive officer;
- (d) a director who is, or has an immediate family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received payments (other than those arising solely from investments in the Company's securities) that exceed 5% of the organization's consolidated gross revenues for that year, or \$200,000, whichever is more, in any of the past three years;
- (e) a director who is, or has an immediate family member who is, employed as an executive of another entity where at any time during the most recent three fiscal years, any of the Company's executive officers serve on that other entity's compensation committee; and

- (f) a director who is, or has an immediate family member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three fiscal years.

Immediate family includes a person's spouse, parents, children, sibling, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person's home.

Mr. Johnsen, Chairman of the Board, serves as Chief Executive Officer of the Company, and Mr. Olschan, a member of the Board, serves as President and Chief Operating Officer of the Company. The Board has determined that all of the other current directors are "independent" within the meaning of the applicable listing standards of the NYSE Amex. These independent directors are: Mr. Davidson, Mr. Holden, Ms. Murphy, and Mr. Ward, each of whom is standing for re-election.

#### ***Nominations for Directors***

The functions of a Nominating Committee have been historically performed by the whole Board. A majority of the Board's independent directors (as such term is defined in Section 803A of the NYSE Amex's listing standards) would recommend nominees for consideration by the full Board, including the nominees standing for election at the Meeting.

In February 2009, the Board of Directors organized a Nominating Committee, described below under "Committees of the Board." The Board continues to be responsible for nominating director nominees to stand for election at each annual meeting of shareholders and for filling vacancies on the Board at any time during the year. The Nominating Committee reviews all potential director candidates, and recommends potential director candidates to the full Board. The Nominating Committee will also consider nominations by shareholders, as described below. The full Board reviews and has final approval authority on all potential director candidates being recommended to the shareholders for election.

In considering candidates for new membership or incumbents for continued membership on the Board of Directors of the Company, the Nominating Committee will consider the factors set forth below, together with any other factors the Committee deems appropriate from time to time. The Committee generally seeks (i) active or former senior level executives of public companies or other complex organizations who have experience at a strategy/policy setting level or with high level management experience; (ii) persons whose background and experience are in areas important to the operations or management of the Company; and (iii) qualified individuals who, taken together, represent a diversity of skills, background and experience. Each potential nominee:

- (a) should be accomplished and have recognized achievements in his or her respective and professional field;
- (b) should have relevant expertise and experience, and be able to offer advice and guidance to senior management based on that expertise and experience;



- (c) must possess high personal and professional ethics, integrity and values;
- (d) must be inquisitive and objective, have the ability to exercise practical and sound business judgment, and have an independent mind;
- (e) must be able and willing to devote sufficient time and effort to carrying out his or her duties and responsibilities as a director effectively;
- (f) should be “independent” under the rules established by the NYSE Amex; and
- (g) should have the ability to work effectively with others.

The Nominating Committee will commence its evaluation of candidates on the basis of materials submitted by or on behalf of the candidate and on the basis of the knowledge of members of the Nominating Committee and management regarding the candidate. To the extent the Nominating Committee does not have enough information to evaluate a candidate the Nominating Committee may send a questionnaire to the candidate for completion in enough time for Nominating Committee consideration. In addition, it has historically been customary for some members of the Board to meet with the candidate individually or in small groups, as appropriate. Members of the Nominating Committee will also interview candidates as it deems appropriate.

The Nominating Committee considers diversity in identifying nominees for Director. The Nominating Committee seeks qualified individuals, who, taken together, represent a diversity of skills, background and experience. In considering a potential nominee’s background and experience, the Nominating Committee will consider the individual’s race and gender.

Any shareholder entitled to vote for election of directors at a meeting may nominate persons for election as directors if, as more fully provided in Section 11 of the By-laws, the shareholder provides written notice of such shareholder’s intent to make such nomination at least sixty (60) days prior to the annual meeting at which the election of directors is to be held. If directors were to be elected at a special meeting of shareholders, the written notice of the shareholders intent to make a nomination must be provided to the Company not later than the close of business of the seventh day following the date on which notice of the special meeting is first given to shareholders. The nomination must be sent in care of the Secretary of the Company at 60 Round Hill Road, Fairfield, CT 06824, and must include, among other information, the name, address, telephone number and resumé of the nominee’s business and educational background, along with a written statement by the shareholder as to why such person should be considered for election to the Board of Directors.

The Board will consider nominees for directors properly recommended by shareholders, as described above. The Board follows the same evaluation procedures whether a candidate is recommended by directors or shareholders.

## **Committees of the Board**

### ***Executive Committee***

The Executive Committee of the Board of Directors is composed of Mr. Holden, who serves as Chairman, and Mr. Ward. The function of the Executive Committee is to act for the Board of Directors during the intervals between meetings of the Board. The Executive Committee held one meeting in 2010.

### ***Audit Committee***

The Audit Committee assists the Board of Directors in overseeing (1) the audit and integrity of our financial statements, (2) the performance of our independent auditors, (3) the adequacy and effectiveness of our accounting, auditing and financial reporting processes, and (4) our compliance with legal and regulatory requirements. The duties of the Audit Committee include the selection and appointment of our independent auditors, including evaluation of their qualifications, performance and independence. The Board of Directors has determined that all members of the Audit Committee are “independent” and “financially literate” within the meaning of the applicable listing standards of the NYSE Amex. In addition, the Board has determined that Mr. Ward qualifies as an “audit committee financial expert” within the meaning of regulations adopted by the Securities and Exchange Commission and has the financial sophistication required under the listing standards of the NYSE Amex.

The Committee consists of Mr. Ward, Chairman, and Messrs. Holden and Davidson. The Audit Committee meets at least quarterly, and more often as needed. The Committee met six times in 2010. The Board of Directors has adopted a written charter for the Audit Committee, which is reviewed annually by the Audit Committee. A copy of the Audit Committee charter is available on the Company’s website at [www.acmeunited.com](http://www.acmeunited.com) in the Investor Relations/Corporate Governance section.

### ***Compensation Committee***

The Compensation Committee of the Board of Directors assists the Board in establishing the compensation policies for cash and equity compensation of our executive officers. The duties of the Committee include evaluating and making recommendations to the Board regarding the compensation and equity incentives and awards for our executive officers and the administration of the Company’s Non-Salaried Director Stock Option Plan. The Compensation Committee does not have a charter. The Board of Directors has determined that all members of the Compensation Committee are “independent” within the meaning of the applicable listing standards of the NYSE Amex. The Committee consists of Mr. Holden, Chairman, Mr. Davidson and Ms. Murphy. The Committee held three meetings during 2010.

### ***Nominating Committee***

The Nominating Committee assists the Board in identifying individuals qualified to become Board members and recommends director nominees to be nominated by the Board to stand for election as directors at each annual meeting of shareholders of the Company and to fill vacancies on the Board and any newly created directorships. The Nominating Committee was organized in February 2009 and consists of Mr. Holden, Chairman, Mr. Davidson and Mr. Ward. The Board of Directors has determined that all members of the Nominating Committee are “independent” within the meaning of the applicable listing standards of the NYSE Amex. The Nominating Committee will meet at least once a year and more often as needed. The Committee held one meeting during 2010. The Board of Directors has adopted a written charter for the Nominating Committee which will be reviewed annually by the Nominating Committee; a copy of the charter is available on the Company’s website at [www.acmeunited.com](http://www.acmeunited.com) in the Investor Relations/Corporate Governance section.

**Board's Role in Oversight of Risk Management.**

The Company's Board of Directors as a whole exercises risk oversight in connection with risk in its various forms, including credit risk, liquidity risk, and operational risk. The Board discusses with management the steps management will take to monitor and control the Company's exposure to such risks. The Board administers these functions, in part, with the assistance of the Audit Committee of the Board, particularly with regard to financial risk exposures.

A key element of the Board's risk oversight process is the Company's annual Strategic Planning meeting, a two day meeting held early in the third quarter of each year. At this meeting, the Board meets with senior management of the Company to identify both risks and opportunities facing the Company. The senior management includes the Company's Chief Executive Officer, President, Chief Financial Officer and the heads of product development, technology, production, sourcing, marketing and supply chain. The Board and members of senior management continue their discussions of various risk-related matters, as appropriate, throughout the year at the regularly scheduled meetings of the Board.

The Board believes that the foregoing procedures enable it to properly perform its risk oversight, particularly since the Company is not highly leveraged and does not utilize complex financial derivative instruments.

**Attendance at Annual Meetings**

While the Company has no formal policy regarding the attendance of Board members at annual meetings of shareholders, director attendance is deemed very important and is strongly encouraged. In 2010, all six then incumbent members of the Board attended the 2010 Annual Meeting of Shareholders.

**Shareholder Communications with Directors**

The Company has established a process for shareholders to send communications to the Board of Directors. Shareholders may send communications to the Board of Directors to the attention of the Secretary, Acme United Corporation, 60 Round Hill Road, Fairfield, Connecticut 06824, who will forward them to all Board members within a reasonable time after receipt. If the shareholder wishes the communication to be sent to one or more specific Board members only, the addressee should be the specific Board member(s), "c/o Secretary," who will then forward the communication to such Board member(s). If one or more specific Board members are not designated for such other communication, the communication will be forwarded to the entire Board.

**PROPOSAL 1:  
ELECTION OF DIRECTORS**

Six directors are to be elected at the Meeting to serve for one-year terms until the 2012 Annual Meeting of Shareholders and until their respective successors are elected and qualified. A plurality of the votes cast at the Meeting is required to elect each of the nominees for Director. The Board has determined to nominate six individuals for election to the Board of Directors, each of whom is presently an incumbent director. The Board of Directors knows of no reason why any nominee would be unable to serve as director. Each nominee has consented to being named as a nominee for director of the Company in this Proxy Statement and to serve as a director if elected. If any nominee should for any reason become unable to serve, then all valid proxies will be voted for the election of a substitute nominee designated by the Board.

The following information about the nominees for election as our directors is based, in part, upon information furnished by the nominees.

<b>Nominees</b>	<b>Principal Occupation</b>	<b>Director Since</b>
Walter C. Johnsen (age 60)	Chairman of the Board and Chief Executive Officer of the Company since January 1, 2007; President and Chief Executive Officer of the Company from November 30, 1995 to December 31, 2006. He formerly served as Vice Chairman and a principal of Marshall Products, Inc., a medical supply distributor. Mr. Johnsen's qualifications to serve on the Board include the in-depth knowledge of all facets of the Company's business which he has gained during his more than sixteen years of service as the Company's Chief Executive Officer.	1995

<p>Richmond Y. Holden, Jr. (age 57)</p>	<p>Since May 2007, Executive Vice President of School Specialty Inc., a distributor of school supplies. He served as President and Chief Executive Officer of J.L. Hammett Co., a reseller of educational products from 1992 to 2006. The qualifications of Mr. Holden to serve on the Board include his senior management level experience of large complex companies in the educational markets. In particular, as a result of his experience with School Specialty Inc., a \$1 billion reseller of educational products, Mr. Holden has broad knowledge of educational markets and operational matters relating to educational products, such as marketing, sourcing, pricing and distribution.</p>	<p>1998</p>
<p>Brian S. Olschan (age 54)</p>	<p>President and Chief Operating Officer of the Company since January 1, 2007; Executive Vice President and Chief Operating Officer of the Company from January 1999 to December 31, 2006; Senior Vice President - Sales and Marketing of the Company from September 1996 to January 1999. He formerly served as Vice President and General Manager of the Cordset and Assembly Business of General Cable Corporation, an electrical wire and cable manufacturer. Mr. Olschan's qualifications to serve on the Board include his detailed knowledge of the Company's operations which he has gained in his capacity as a member of senior management for more than twelve years, including as Chief Operating Officer since January 1999 and President since January 2007.</p>	<p>2000</p>

Stevenson E. Ward III (age 65)	Vice President and Chief Financial Officer of Triton Thalassic Technologies, Inc. since September 2000. Triton's technology controls and inactivates pathogens in the healthcare and industrial industries. From 1999 through 2000, Mr. Ward served as Senior Vice President-Administration of Sanofi-Synthelabo, Inc., a major pharmaceutical company. He also served as Executive Vice President (1996-1999) and Chief Financial Officer (1994-1995) of Sanofi, Inc., and Vice President-Finance, Pharmaceutical Group, Sterling Winthrop, Inc. (1992-1994). Prior to joining Sterling he was employed by General Electric Company with management positions in Purchasing, Corporate Audit and Finance. Mr. Ward's qualifications for service on the Board include his extensive experience in senior executive level finance positions at Fortune 100 multinational corporations.	2001
Susan H. Murphy (age 59)	Vice President for Student and Academic Services, Cornell University, since 1994; Dean of Admissions and Financial Aid from 1985 to 1994. Ms. Murphy has been employed at Cornell since 1978. Ms. Murphy received a Ph.D. from Cornell University. Ms. Murphy has broad senior management level experience in a large, complex organization. In particular, her experience in employee compensation matters and the development and implementation of diversity policies is helpful to the Company.	2003
Rex L. Davidson (age 61)	President of Rex Davidson Associates, LLC, a management consulting service and Executive Director of Las Cumbres Community Services which provides developmental disability and mental health services to children, adults and families in Northern New Mexico. Past President and Chief Executive Officer of Goodwill Industries of Greater New York and Northern New Jersey, Inc., and Past President of Goodwill Industries Housing Corporation. Mr. Davidson's qualifications to serve on the Board include significant management experience at the highest level, having been responsible for the management of an organization with over 2,000 employees and revenues in excess of \$100 million. Mr. Davidson's experience in the areas of compensation of personnel at all levels, his experience relating to retail matters, such as retail trends and pricing, and diversity policies are of significant benefit to the company.	2006

**OWNERSHIP OF ACME UNITED CORPORATION STOCK**

**PRINCIPAL SHAREHOLDERS**

The following table sets forth certain information, as of March 1, 2011, with respect to the beneficial ownership of shares of Common Stock by any person who, to the knowledge of the Company, owned beneficially more than 5% of the outstanding shares of Common Stock of the Company.

<b>Shareholder</b>	<b>Type of Ownership</b>	<b>Number of Shares Beneficially Owned (1)</b>	<b>Percent of Class</b>
Walter C. Johnsen 60 Round Hill Road Fairfield, CT 06824	Direct	486,972 (5)	15.4
First Wilshire Securities Management, Inc 1124 E. Green St., Suite 200 Pasadena, CA 91106	Direct	266,081 *	8.7
North Star Investment Management 20 N. Wacker Dr., Suite 1416 Chicago, IL 60606	Direct	173,330**	5.6

\*Based on the reporting person's Schedule 13G dated February 15, 2011.

\*\*Based on the reporting person's Form 13G dated January 13, 2011.

## SECURITY OWNERSHIP OF DIRECTORS AND OFFICERS

The following table sets forth certain information, as of March 1, 2011, with respect to the beneficial ownership of shares of Common Stock by (i) each director and nominee for director of the Company; (ii) each executive officer named in the Summary Compensation Table appearing below under “Executive Compensation”; and (iii) all executive officers and directors as a group. The persons shown have sole voting and investment power in these shares except as indicated below in the notes to the table.

The address of each person appearing in the table is 60 Round Hill Road, Fairfield, CT 06824.

Name of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent
Rex L. Davidson (2)	18,500	*
Paul G. Driscoll (3)	70,105	2.2
Richmond Y. Holden, Jr. (4)	36,500	1.2
Walter C. Johnsen (5)	486,972	15.4
Susan M. Murphy (6)	28,786	*
Brian S. Olschan (7)	158,955	5.0
Stevenson E. Ward III (8)	31,700	1.0
Executive officers and directors as a group (7 persons)	831,518	24.4

\*Less than 1.0%

- (1) Based on a total of 3,069,837 shares outstanding as of March 1, 2011. Under applicable rules promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), a person is deemed to be the beneficial owner of shares of Common Stock if, among other things, he or she directly or indirectly has or shares voting power or investment power with respect to such shares. A person is also considered to beneficially own shares of Common Stock which he or she does not actually own but has the right to acquire presently or within the next sixty (60) days, whether by exercise of stock options or otherwise.
- (2) Includes 18,500 shares issuable upon exercise of options.
- (3) Includes 65,875 shares issuable upon exercise of options.
- (4) Includes 31,000 shares issuable upon exercise of options.



- (5) Includes 85,000 shares issuable upon exercise of options.
- (6) Includes 25,000 shares issuable upon exercise of options.
- (7) Includes 97,500 shares issuable upon exercise of options.
- (8) Includes 18,500 shares issuable upon exercise of options.

## **EXECUTIVE COMPENSATION**

Our compensation policies and programs for our executive officers are designed to support the overall objective of enhancing value for our shareholders. To achieve this objective, it is critical that we be able to attract, motivate, reward and retain highly qualified and productive individuals. This is to be accomplished by:

- directly relating compensation to both Company and individual performance;
- structuring compensation levels to be externally competitive and internally equitable;
- enabling key employees to share in the future success of the Company by acquiring equity interests in the Company; and
- designing compensation programs to provide an optimal combination of costs to the Company and value to our employees.

In 2010, the compensation and benefits program for our executive officers consisted of four components:

- base salary;
- a cash incentive bonus award;
- stock option awards; and
- a benefits package.

### Base Salaries

The base salaries for our officers are set annually and reflect skills and experience, level and scope of responsibility and performance during the prior year and historical, long-term performance. The Compensation Committee also considers external factors, such as cost of living in the areas in which our officers reside and current market conditions. During 2010, the Chief Executive Officer participated in discussions with the Committee regarding the base salary amounts of the executive officers.

#### Cash Bonus Plan

The Company grants cash incentive awards under our Cash Bonus Plan based upon the achievement of both Company and individual performance objectives. The Company generally makes cash awards under this Plan if the Company achieves the minimum level of net income set for the applicable year. However, the Company may make awards at its discretion if the minimum levels of net income are not attained due to unusual circumstances, but where the performance of individual executive officers merit such awards. The company did not grant incentive awards in 2009 and 2010.

#### Deferred Compensation Plan

Under the Company's Deferred Compensation Plan for executives and key managers participating in the Company's Cash Bonus Plan, participants will be eligible to make an irrevocable election on or before December 31st of each year as to the percentage of his or her bonus to be awarded in the following year. The deferral may be for all or a portion of the participant's payment under the Cash Bonus Plan. All deferred amounts are non-forfeitable and earn the prime rate of interest plus 1% compounded quarterly during the period of deferral. The Company adds 20% to the deferred amount for each employee as a matching contribution up to a maximum of \$10,000 annually. Amounts deferred are deferred until separation from service with the Company. The plan is administered by the Deferred Compensation Plan Committee, which consists of our Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer.

#### Stock Option Plan

The Company's stock option program is administered by the Board of Directors, which acts upon recommendations of the Compensation Committee. The purpose of the Company's stock option program is to facilitate the acquisition of equity interests in the Company by its officers and key employees and thus their sharing in the future success of the Company's business. The Committee takes into account factors such as: (i) the total number of shares of common stock outstanding; (ii) the total number of shares of common stock which remain available for grant under the Company's various stock option plans; and (iii) the need to have an appropriate balance between currently paid and longer-term compensation, and between cash and equity compensation.

#### Employee Benefits

The Company provides core employee benefits, including medical and dental coverage, disability insurance and life insurance. The benefits available are the same for all executive officers.

#### 401(k) Plan

The Acme United Corporation 401(k) Profit Sharing Plan, or 401(k) plan, is the primary retirement benefit offered to all United States employees of the Company. Participants may generally contribute to the Plan annually up to the maximum amount permitted under the Internal Revenue Code - \$16,500 in 2010 (\$22,000 for persons over age 50). The Company provides to participants a matching contribution equal to fifty percent of the first six percent of the participant's eligible compensation not to exceed the limit on eligible compensation imposed by the Internal Revenue Code - \$245,000 in 2010.

#### **Summary Compensation Table**

The following table sets forth information concerning the compensation of the Company's Principal Executive Officer and each of the two other most highly compensated executive officers of the Company for the fiscal years ended December 31, 2010 and 2009. These three officers are referred to as named executive officers, or NEOs.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Option Awards (\$)(1)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Walter C. Johnsen Chairman & Chief Executive Officer	2010	\$490,000	-	\$202,600	\$14,096 (2)	\$706,696
	2009	\$490,000	-	\$82,950	\$17,463 (2)	\$590,413
Brian S. Olschan President & Chief Operating Officer	2010	\$420,000	-	\$148,800	\$8,787 (3)	\$577,587
	2009	\$420,000	-	\$59,250	\$8,787 (3)	\$488,037
Paul G. Driscoll Vice President-Chief Financial Officer	2010	\$260,375	-	\$37,800	\$8,787 (3)	\$306,962
	2009	\$242,000	-	\$35,500	\$8,787 (3)	\$286,287

(1) Represents the aggregate fair value of stock options on grant date rather than an amount paid to or realized by the named executive officer. For information on valuation assumptions, refer to the note on Stock Option Plans in the notes to the Company's financial statements in its Annual Report on Form 10-K.

Each option vests in four equal annual installments commencing on the first anniversary of the grant date and thereafter on the annual anniversary of the grant date. The exercise price of each option is equal to 100 percent of fair market value on the grant date. The fair market value was determined to be the closing price of the Common Stock on the trading day immediately preceding the grant date.

The options granted to NEOs in 2010 had exercise prices of \$9.77 to \$10.10. The options granted to NEOs 2009 had exercise prices of \$7.90 per share. The number of shares underlying options granted to the NEOs in 2010 and 2009 are as follows:

<u>Name</u>	<u>2010</u>	<u>Number of Shares Underlying Options</u>	<u>2009</u>
Walter C. Johnsen	75,000		35,000
Brian S. Olschan	55,000		25,000
Paul G. Driscoll	15,000		15,000

- (2) Consists of reimbursement of out-of-pocket health care expenses, payment of life insurance premiums and Company matching contribution to the Company's 401(k) Profit Sharing Plan.
- (3) Consists of reimbursement of payments of life insurance premiums and Company matching contribution to the Company's 401(k) Profit Sharing Plan.

**Outstanding Equity Awards at Fiscal Year-End**

The following table shows outstanding stock option awards classified as exercisable and unexercisable as of December 31, 2010 for each of the NEOs.

<b>Name</b>	<b>Number of Securities Underlying Unexercised Options (#) Exercisable</b>	<b>Number of Securities Underlying Unexercised Options (#) Unexercisable</b>	<b>Option Exercise Price (\$)</b>	<b>Option Expiration Date (1)</b>
Walter C. Johnsen	10,000	-	\$ 4.00	6/23/13
	20,000	-	\$ 15.65	4/28/15
	15,000	-	\$ 15.15	7/31/16
	11,250	3,750	\$ 14.93	6/12/17
	10,000	10,000	\$ 13.19	8/06/18
	8,750	26,250	\$ 7.90	6/08/19
		40,000	\$ 9.77	3/01/20
		35,000	\$ 10.10	8/03/20
Brian S. Olschan	20,000	-	\$ 3.05	11/12/11
	15,000	-	\$ 4.00	6/23/13
	15,000	-	\$ 15.65	4/28/15
	15,000	-	\$ 15.15	7/31/16
	11,250	3,750	\$ 14.93	6/12/17
	7,500	7,500	\$ 13.19	8/06/18
	6,250	18,750	\$ 7.90	6/08/19
		30,000	\$ 9.77	3/01/20
	25,000	\$ 10.10	8/03/20	

Paul G. Driscoll	10,000	-	\$ 3.55	3/19/11
	1,000	-	\$ 3.05	11/12/11
	10,000	-	\$ 3.75	9/23/12
	7,500	-	\$ 4.00	6/23/13
	10,000	-	\$ 15.65	4/28/15
	10,000	-	\$ 15.15	7/31/16
	8,625	2,875	\$ 14.93	6/12/17
	5,000	5,000	\$ 13.19	8/06/18
	3,750	11,250	\$ 7.90	6/08/19
		15,000	\$ 10.10	8/03/20

(1) Each option with an expiration date in 2015 or earlier vests in four equal parts commencing on the day after the grant date and on each of the three anniversary dates of the grant date. Options with an expiration date after 2015 vest in four equal parts beginning on the first anniversary of grant date and thereafter on each of the three anniversary dates of the grant date. Each option has a ten-year term.

#### **Pension Benefits**

In December 1995, the Board of directors adopted a resolution to freeze the Retirement Plan resulting in no further benefit accruals after February 1, 1996. None of the NEOs is a participant in the Pension Plan.

#### **Change in Control Plan**

The Company's Change in Control Plan (successor to the "Salary Continuation Plan") covers officers of the Company at the level of Corporate Vice President or above, who are designated from time to time by the Board of Directors of the Company as a participant in the Plan. The Plan is designed to retain key employees and provide for continuity of management in the event of a threatened, pending or actual change in control of the Company. A participant would receive payment under the Plan if there is a change in control of the Company and, within one year after such change in control, voluntarily or involuntarily separates from service of the Company or any reason whatsoever.

A change in control of the Company is deemed to occur when any one person, or more than one person acting as a group, (i) acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company; or (ii) acquires assets from the Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. For this purpose, the gross fair market value of assets excludes liabilities associated with such assets.

The compensation and benefits which would be provided to a participant in the plan consist of the following:

- monthly salary rate being paid at the date of the change in control multiplied by the number of months payable, as described below;
- average monthly incentive bonus payments for the three taxable years immediately prior to the change in control multiplied by the number of months payable; and
- medical, life and other insurance in effect at the date of disposition to continue into the future for the number of months compensation is payable.

In addition, the plan imposes a limit on the total amounts and benefits which may be paid to a participant in the plan. The plan provides that, if any amount or benefit to be paid or provided to a participant would be an "excess parachute payment" (within the meaning of Section 280G of the Internal Revenue code), then the payment to be paid or the benefits to be provided to the participant will be reduced to the minimum extent necessary so that all potential "parachute payments" to the participant will not exceed 2.99 times the participant's "base amount" (as also defined in Section 280G).

Payment of the first two items would be in a lump sum, payable no later than thirty (30) days after the participant separates from service. However, payments to be made to a participant who is a key employee (as defined in the plan, based on certain levels of compensation or stock ownership in the Company), must be deferred for six months.

A Director of the Company who is also an officer of the Company at the level of Executive Vice President or above would be entitled to the value of thirty-six (36) months' compensation and benefits for thirty-six (36) months. Officers at the level of Senior Vice President and Vice President would be entitled to the value of twenty-four (24) months' compensation and benefits for twenty-four (24) months.

The plan participants presently consist of four individuals: Walter C. Johnsen, Brian S. Olschan, Larry H. Buchtman and Paul G. Driscoll. Walter C. Johnsen and Brian S. Olschan would be entitled to the value of thirty-six (36) months of compensation and benefits. Larry H. Buchtman and Paul G. Driscoll would be entitled to the value of twenty-four (24) months of compensation and benefits. All of the participants in the plan are presently "key employees", as described above.

#### **Severance Pay Plan**

The Severance Pay Plan covers officers of the Company employed in the United States at the level of Corporate Vice President or above. The Plan is designed to enable the Company to attract and retain key employees. A covered officer would receive payments under the Plan if one of the following triggering events occurs:

- involuntary termination for any reason other than gross misconduct;
- death;
- reduction of responsibility, status or compensation reduced; or
- transfer to a location unreasonably distant from his or her current location.

This Plan would only apply if the Salary Continuation Plan would not apply. Payment under this Plan, except in the event of termination by death, would be equivalent to one month's salary multiplied by each year of service to the Company based upon the level of his or her compensation in effect immediately preceding such termination. The Plan sets out a minimum and maximum number of months' compensation payable to each such employee upon such severance. The Plan would also provide death benefits to covered officers' beneficiaries.

A Director of the Company who is also an Officer of the Company at the level of Executive Vice President or above would be entitled to a minimum of nine (9) months' compensation and a maximum of thirty (30) months' compensation. In the event of such officer's death, his or her beneficiaries would be entitled to nine (9) months' compensation. Officers at the level of Senior Vice President or Vice President would be entitled to a minimum of six (6) months' compensation and a maximum of eighteen (18) months' compensation. In the event of such officer's death, his or her beneficiaries would be entitled to six (6) months' compensation. Payments would be made in a single lump sum.

This Plan covers Walter C. Johnsen, Brian S. Olschan, Larry H. Buchtman and Paul G. Driscoll. Walter C. Johnsen and Brian S. Olschan would be entitled to a minimum of nine (9) months' compensation and a maximum of thirty (30) months' compensation. Larry H. Buchtman and Paul G. Driscoll would be entitled to a minimum of six (6) months' compensation and a maximum of eighteen (18) months' compensation. In the event of termination by death, beneficiaries of Walter C. Johnsen and Brian S. Olschan would be entitled to a minimum of nine (9) months' compensation and beneficiaries of Larry H. Buchtman and Paul G. Driscoll would be entitled to a minimum of six (6) months' compensation.

## **Director Compensation**

### ***Cash Compensation***

As described below, in 2010 the Company paid as compensation to non-employee directors cash consisting of annual fees and fees for Board and committee meetings attended. Each director who chaired a committee received additional compensation to compensate for the additional responsibility and effort associated with the director's respective position. These fees consisted of:

- an annual fee of \$20,000, payable quarterly;
- \$1,500 for each Board meeting attended;
- \$700 for each committee meeting attended;
- \$700 to committee chairpersons for each committee meeting conducted; and
- an annual fee of \$3,500 to the Chairperson of the Audit Committee.



In addition, the Company provided reimbursement to each director for customary and usual travel expenses incurred in connection with attendance at Board and committee meetings.

***Stock Options***

On April 19, 2010, the date of the Company's 2010 annual meeting of shareholders, each non-employee director re-elected to the Board of Directors received an annual option grant, as provided under the 2005 Non-Salaried Director Stock Option Plan, to purchase 4,500 shares of Common Stock.

Under the Non-Salaried Director Stock Option Plan, each new director, upon becoming a member of the Board of Directors, receives an option to purchase 5,000 shares of Common Stock. These options vest as follows: 25% on the day after the date of the grant; 25% one day after the first year anniversary of the date of grant; 25% one day after the second year anniversary of the date of grant; and 25% one day after the third year anniversary of the date of grant.

The following table discloses the cash, equity awards and other compensation earned, paid or awarded, as the case may be, to each of the Company's non-employee directors during the fiscal year ended December 31, 2010.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Option Awards (\$)(1)</b>	<b>Total</b>
Rex L. Davidson	\$36,700	\$14,940	\$51,640
Richmond Y. Holden, Jr.	\$38,800	\$14,940	\$53,740
Susan M. Murphy	\$34,600	\$14,940	\$49,540
Stevenson E. Ward III	\$41,075	\$14,940	\$56,015

(1) Represents the aggregate fair value of stock options on grant date rather than an amount paid to or realized by the director. For information on the valuation assumptions, refer to the note on Stock Option Plans in the notes to the Company's financial statements in its Annual Report on Form 10-K.

The exercise price of each option is equal to 100 percent of fair market value on the date of grant. The fair market value was determined to be the average price of the Common Stock on the trading day of the grant date. Each option had an exercise price of \$7.30 per share, and was immediately exercisable in full.

The following table shows the aggregate number of option awards outstanding for each non-employee director as of December 31, 2010.

<b>Name</b>	<b>Aggregate Option Awards Outstanding as of December 31, 2010</b>
Rex L. Davidson	18,500
Richmond Y. Holden, Jr.	31,000
Susan M. Murphy	25,000
Stevenson E. Ward III	18,500

## **Report of the Audit Committee**

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Audit Committee has reviewed and discussed our audited consolidated financial statements for the fiscal year ended December 31, 2010, with management and with representatives of Marcum LLP, our independent auditors, including discussions of the applicability and quality of accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

Management has the primary responsibility for the financial statements and our accounting, auditing and financial reporting processes. The Audit Committee does not provide any expert or special assurance as to our financial statements. Marcum LLP is responsible for expressing an opinion on the conformity of our financial statements with generally accepted accounting principles in the United States. The Audit Committee does not provide any professional certification as to Marcum LLP's work product.

The Audit Committee has discussed with representatives of Marcum LLP the matters required to be discussed by professional standards. The Audit Committee has received and reviewed the written disclosures and letter from Marcum LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed the independence of Marcum LLP with representatives of the firm.

The Audit Committee discussed with the Company's independent auditors the overall scope and plan for their respective audits. The Audit Committee met with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

Based on the reviews and discussion referred to above, the Audit Committee recommended to the Board of Directors that our audited consolidated financial statements for the year ended December 31, 2010 be included in our Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission.

Stevenson E. Ward, III, Chair  
Richmond Y. Holden, Jr., Member  
Rex L. Davidson, Member

## **Transactions with Related Persons**

There were no material transactions between the Company and any "related person." The term related person includes any executive officer of the Company, any director or nominee for election as director, any security holder holding more than 5% of the Common Stock of the Company or any immediate family member of any of the foregoing persons.

## **Policy**

The Board of Directors has determined that transactions involving the Company and related persons shall be reviewed and approved by the Audit Committee. The Charter of the Audit Committee requires that related person transactions must be reviewed and approved by the Audit Committee of the Board, which consists solely of independent directors. This requirement covers any such transaction and is not limited to transactions which meet the minimum threshold for disclosure in the proxy statement under the relevant rules under the Exchange Act (generally, with respect to smaller reporting companies transactions which involve an amount equal to the lesser of \$120,000 or one percent of the average of the company's total assets at year-end for the last two completed fiscal years, and in which a related person has a direct or indirect material interest).

### **Procedures**

Management or the affected director or executive officer will bring the transaction to the attention of the Audit Committee. The transaction must be approved in advance whenever practicable, and if not practicable, must be reviewed as promptly as practicable. Although the Audit Committee has not adopted formal procedures for the review and approval of transactions with related persons, the Audit Committee will approve the transaction only if it determines that it is in the best interests of the Company.

If the Audit Committee were to approve a related party transaction, the Audit Committee would periodically monitor the transaction to ensure that there are no changed circumstances that would render it advisable for the Company to amend or terminate the transaction.

### **Compliance with Section 16(a) of the Securities Exchange Act of 1934**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than 10% of the Common Stock (collectively referred to herein as "Reporting Persons"), to file with the SEC and the NYSE Amex initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Reporting Persons are required by the Exchange Act to furnish the Company with copies of all Section 16(a) forms they file. Based solely on review of copies of such forms received by the Company and written representations from Reporting Persons, the Company believes that, during the 2010 fiscal year, all Reporting Persons complied with all applicable filing requirements under Section 16(a).

### **Equity Compensation Plan Information**

The following table sets forth information regarding compensation payable under the Company's equity compensation plans (the Non-Salaried Director Stock Option Plan and the Employee Stock Option Plan) in effect as of December 31, 2010. The Company's shareholders have approved each equity compensation plan.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans, (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders	838,950	\$10.38	70,938
Equity compensation plans not approved by security holders	-0-	-0-	-0-
<b>Total</b>	838,950	\$10.38	70,938

**PROPOSAL 2:  
AMENDMENT TO THE 2005 NON-SALARIED DIRECTOR STOCK OPTION PLAN**

On February 24, 2011, the Board of Directors, subject to approval of the Shareholders, amended the 2005 Non-Salaried Director (the “Director Plan”) to increase the number of shares subject to options from 90,000 to 140,000. Options to purchase a total of 8,500 shares remain available for issuance under the plan. The Company proposes that the number of shares of Common Stock reserved for issuance under the Director Plan be so increased in order to enable the Company to continue to attract and retain highly qualified personnel. The following description of the Director Plan as amended is qualified in its entirety by reference to the text of the Director Plan and its prior amendments, copies of which have been filed with the SEC.

**Purpose**

The purpose of the Director Plan is to provide long-term incentive supplemental compensation for members of the Board of Directors of the Company who are not employees of the Company through the ownership of the Company’s Common stock, thereby further aligning their interest with the interests of shareholders. Stock option plans for non-employee directors have served Acme United and its shareholders well by directly relating incentive compensation to the building of long term shareholder values.

**Administration of the Plan**

The plan is administered by the Compensation Committee of the Board of Directors composed of non-employee directors (the “Committee”).

### **Shares of Stock Subject to the Plan**

The aggregate number of shares that may be issued upon exercise of options granted during the term of the Plan is presently limited to 90,000 shares of the Common Stock of the Company (140,000 shares after approval of amendment). This limit may not be increased during the term of the Plan except by equitable adjustment following recapitalization, stock splits, stock dividends or any similar adjustment in the number of shares subject to outstanding options, and in the related option exercise price. If the shareholders approve this amendment, additional shares (which can be authorized but un-issued shares or treasury shares or a combination thereof) will be reserved for the award of options.

### **Eligibility**

All Non-Salaried Directors of the Company are eligible to participate in the Director Plan.

### **Duration of the Plan**

No awards of stock options may be made under the Director Plan after May 31, 2015. Applicable provisions will continue in effect thereafter with respect to all unexercised options outstanding prior to that date.

### **Options**

Under the terms of the Director Plan, each Non-Employee Director is annually granted an option to purchase 4,500 shares of Common Stock. Each newly appointed or elected Non-Employee Director receives an initial option to purchase 5,000 shares of common stock, and thereafter would annually, along with the other Non-Employee Directors, receive an option to purchase 4,500 shares of Common Stock. Under the Director Plan, the Board of Directors has the authority to increase or decrease the number of shares of Common Stock which are the subject of such annual or initial option grants.

The terms of the options shall, at the time of the grant, provide that the options will not be treated as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "Code"), as amended.

The exercise price with respect to an option awarded under the Director Plan will be 100% of the fair market value of the Common Stock as of the date the option is granted. It will be paid for in full, in cash or in any other medium and manner satisfactory to the Company at the time the option is exercised. The optionee must satisfactorily provide for the payment of any taxes which the Company is obligated to collect or withhold before the Common Stock is transferred to the optionee.

### **Terms of Exercise of Options**

Options granted on an annual basis to directors vest and are exercisable in full upon grant. Options which are granted to newly elected or appointed directors are exercisable in accordance with the following schedule: twenty-five percent (25%) on the day after the date of the grant; twenty-five percent (25%) one day after first year anniversary of the date of grant; twenty-five percent (25%) one day after second year anniversary of date of grant; twenty-five percent (25%) one day after third year anniversary of date of grant.

Options may not be exercised until they vest (ranges from immediately to three years) and not after ten years from the date of the grant, except in the case of death or disability of the grantee, in which case the option may be exercised within twelve (12) months of the death or disability. The Committee may make provision for exercises within the 10-year term of a grant. Recipients will have no rights as stockholders until the date of exercise in the case of an exercise involving receipt of stock. Options may not be transferred except upon the death of the grantee.

#### **Amendment to the Director Plan**

Without further approval of the shareholders, the Board may discontinue the Director Plan at any time and may amend it from time to time in such respect as the Board may deem advisable including the initial and annual numbers of options granted, unless shareholder or regulatory approval is required by law or regulation and subject to any conditions established by the terms of such amendment; provided, however, that the Director Plan may not be amended more than once every six (6) months other than to comport with changes in the Code, the Employee Retirement Income Security Act or the rules thereunder.

#### **Federal Income Tax Consequences**

##### ***Granting of Options***

A recipient of options incurs no income tax liability as a result of having been granted those options or rights.

##### ***Exercise of Options***

The exercise by an individual of a stock option normally results in the immediate realization of ordinary income subject to self-employment tax by the individual in an amount equal to the excess of (i) the fair market value of the stock which is being purchased on the date of exercise over (ii) the price being paid for such stock.

##### ***Sale of the Stock***

Under current law an individual who sells stock which was acquired upon the exercise of options will receive long-term capital gains or loss treatment, if he or she has held such stock for longer than one year following the date of such exercise. The gain or loss from the sale will be equal to the difference between the price for which such stock was sold and the market value of the stock on the date of the exercise. If the individual has held the stock for one year or less the gain or loss will be treated as short-term capital gain or loss.

#### **Director Plan Benefits**

On February 24, 2011, the Board of Directors voted to issue stock options to Non-Salaried Board members in the amount of the regular annual grant as follows:

<u>Name</u>	<u>#Shares Underlying Options</u>
Rex L. Davidson	4,500
Richmond Y. Holden, Jr.	4,500
Susan H. Murphy	4,500
Stevenson E. Ward III	4,500
Non-Executive Director Group	18,000

**Vote Required**

The Director Plan described requires the affirmative vote of a majority of the shares of Common Stock of the Company voting in person or by proxy on the amendment. If the amendment is not approved by shareholders, it will not become effective.

**The Board of Directors recommends a vote FOR approval of an amendment to the 2005 Non-Salaried Director Stock Option Plan.**

**PROPOSAL 3:  
AMENDMENT TO EMPLOYEES' STOCK OPTION PLAN**

On February 24, 2011, the Board of Directors, subject to approval of the Shareholders, amended the Employee Stock Option Plan effective February 26, 2002 (the "Plan") to increase the number of shares subject to options from 760,000 to 930,000. Options to purchase a total of 2,438 shares remain available for issuance under the plan. The Company proposes that the number of shares of Common Stock reserved for issuance under the Plan be so increased in order to enable the Company to continue to attract and retain highly qualified personnel. The following description of the Plan as amended is qualified in its entirety by reference to the text of the Plan and its prior amendments, copies of which have been filed with the SEC.

**Purpose**

The purpose of the Plan is to advance the interests of the Company and its shareholders by strengthening the ability of the Company to attract, retain and reward highly qualified key employees, to motivate key employees to achieve business objectives established to promote the long-term growth, profitability and success of the Company, and to encourage ownership of the Common Stock of the Company by participating key employees.

**Administration of the Plan**

The Plan is administered by the Board of Directors of the Company. In administering the Plan, the Board acts upon recommendations of the Compensation Committee, which consists of members of the Board who are not employees of the Company. Subject to the provisions of the Plan, the Board determines the employees who will receive options under the Plan, the number of shares subject to each option and the terms of those options, and interprets the Plan and makes such rules of procedure as the Board may deem proper.



### **Shares of Stock Subject to the Plan**

The Plan presently permits the granting of 760,000 shares of Common Stock (930,000 shares after approval of amendment).

### **Eligibility**

Based on current staffing, under the Plan, approximately 25 to 30 key employees of the Company (including directors and officers who are employees) may be granted options to purchase shares of Common Stock.

### **Options**

Options granted under the Plan may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, or non-qualified stock options. The exercise price with respect to an option awarded under the plan will be one hundred percent (100%) of the fair market value of the Common Stock on the date that the option is granted provided, however, that the price shall not be less than the par value of the Common Stock which is subject to the option. If incentive stock options are granted to an employee owning Common Stock having more than ten (10%) of the voting power of the Company, the exercise price must be at least one hundred ten percent (110%) instead of one hundred percent (100%) of the fair market value of the Common Stock on the date that the option is granted, and the option by its terms may not be exercisable after the expiration of five (5) years from the date of grant. No option may be granted under the Plan after the tenth anniversary of the adoption of the Plan. The options granted by the Company to employees historically have had a term of ten years and vest over a period presently set at four (4) years. The Company may grant both incentive stock options (ISOs) and non-qualified stock options. However, commencing in July 2006, the Company has granted only non-qualified stock options to its employees.

### **Terms of Exercise of Options**

Upon the granting of any option, the optionee must enter into a written agreement with the Company setting forth the terms upon which the option may be exercised. Such an agreement sets forth the length of the term of the option and the timing of its vesting and may provide arrangements for income and employment tax withholding. Under terms of the Plan, options are exercisable in accordance with the following schedule: twenty-five percent (25%) one day after first year anniversary of the date of grant; twenty-five percent (25%) one day after second year anniversary of date of grant; twenty-five percent (25%) one day after third year anniversary of date of grant; twenty-five percent (25%) one day after fourth year anniversary of date of grant. In no event shall the length of an option extend beyond ten years from the date of its grant. An optionee may exercise an option by delivering payment to the Company in cash.

Under the Plan, if the employment of any person to whom an option has been granted is terminated for any reason other than the death, disability or retirement of the optionee, the optionee may exercise within thirty (30) days of such termination such options as the optionee could have exercised if his or her employment had continued for such 30-day period, subject to the ten (10) year limitation. If the termination is by reason of retirement, the optionee may exercise the option, in whole or in part, at any time within one (1) year following such termination of employment, subject to the ten (10) year limitation, but if the option is exercised later than three (3) months from the date of retirement the option shall not constitute an ISO. If the optionee dies while employed by the Company or its subsidiaries, or during a period after termination of employment in which the optionee could exercise an option, the optionee's beneficiary may exercise the option within one (1) year of the date of the optionee's death but in no event may the option be exercised later than the date on which the option would have expired if the optionee had lived. If the termination is by reason of disability, the optionee may exercise the option, in whole or in part, at any time within one (1) year following such termination of employment or within such other period, not exceeding three (3) years after the date of disability, as is set forth in the option agreement with respect to such options, provided, however, that if the option is exercised later than one (1) year after the date of disability, it shall not constitute an ISO, and in no event may the option be exercised after ten (10) years from grant.

In addition, if an optionee ceases to be employed by the Company and becomes, or continues to be, a member of the Board of Directors prior to the time the optionee's option(s) would have otherwise expired, the optionee's option(s) shall continue to vest in accordance with the terms of the Plan and shall continue to be exercisable for the remainder of the term of the option(s). Any option which is not exercised by the optionee within the three-month period immediately following the optionee's termination of employment, or, in the case of termination of employment on account of disability, within one (1) year after the date of disability, shall cease to be an Incentive Stock Option. If an optionee described in the preceding two sentences ceases to be a member of the Board of Directors for any reason, the optionee's option(s) shall terminate in accordance with the provisions of Section 2.4(a) of the Acme United Corporation Non-Salaried Director Stock Option Plan, which section (i) cancels any unvested options at that time; (ii) permits a twelve-month period for exercise of vested options in the event of termination due to death or disability; and (iii) permits a thirty-day period for exercise of vested options in the event of termination due to any other reason, except that the Board may in its discretion extend the period of exercise.

If the Corporation dissolves, sells substantially all of its assets, is acquired in a stock for stock or securities exchange, or is a party to a merger or other reorganization in which it is not the surviving corporation, then each Option shall fully vest and become fully exercisable commencing upon the date the action of the shareholders (or the Board if shareholders' action is not required) is taken to approve the transaction and thereafter may be exercised for a period of sixty (60) days; however, each Option to purchase shares authorized for issuance under the Plan by shareholder action taken on or after April 25, 2011, shall, instead, fully vest and become fully exercisable upon the occurrence of a transaction and thereafter may be exercised for a period of sixty (60) days.

Notwithstanding the above, no option may be exercised after the expiration date specified in the option agreement.

#### **Amendment to the Plan**

The Plan may be terminated, suspended, or modified at any time by the Board of Directors, but no amendment increasing the maximum number of shares for which options may be granted (except to reflect a stock split, stock dividend or other distribution), reducing the option price of outstanding options, extending the period during which options may be granted, otherwise materially increasing the benefits accruing to optionees or changing the class of persons eligible to be optionees, shall be made without first obtaining approval of the shareholders of the Company. No termination, suspension or modification of the Plan shall adversely affect any right previously acquired by the optionee or other beneficiary under the Plan.

Options granted under the Plan may not be transferred other than by will or by the laws of descent and distribution and, during the optionee's lifetime may be exercised only by the optionee.

All of the Options previously issued under the prior plan remain unchanged and outstanding.

#### **Federal Income Tax Consequences**

##### ***Granting of Non-Qualified Stock Options***

With respect to the tax effects of non-qualified stock options, since the options granted under the Plan do not have a "readily ascertainable fair market value" within the meaning of the Federal income tax laws, an optionee of an option will realize no taxable income at the time the option is granted.

##### ***Exercise of Non-Qualified Stock Options***

When a non-qualified stock option is exercised, the optionee will generally be deemed to have received compensation, taxable at ordinary income tax rates, in an amount equal to the excess of the fair market value of the shares of Common Stock of the Company on the date of exercise of the option over the exercise price. The Company will withhold income and employment taxes in connection with the optionee's recognition of ordinary income as a result of the exercise by an employee/optionee of a non-qualified stock option, and arrangements must be made with the Company for the source of such withholding. The Company generally can claim a deduction in the fiscal year of the Company which includes the last day of the taxable year of the optionee which includes the exercise date or the date on which the optionee recognizes income. The amount of such deduction will be equal to the ordinary income recognized by the optionee.

##### ***Granting of Incentive Stock Options and Exercise of Incentive Stock Options***

With respect to the tax effects of Incentive Stock Options, the optionee does not recognize any regular taxable income when the option is granted or exercised; however, the excess of the fair market value of the stock on the date of exercise over the exercise price must be included in the optionee's alternative minimum taxable income. Depending on the optionee's other income and deductions, all or a portion of this excess could be subject to alternative minimum tax of as much as twenty-eight percent (28%).

##### ***Sale of the Stock***

When stock acquired through the exercise of a non-qualified stock option is sold, the difference between the optionee's basis in the shares and the sale price will be taxable to the optionee as a capital gain (or loss).

If no disposition of shares issued to an optionee pursuant to the exercise of an ISO is made by the optionee within two (2) years after the date the option was granted or within one (1) year after the shares were transferred to the optionee, then (a) upon sale of such shares, any amount realized in excess of the exercise price (the amount paid for the shares) will be taxed to the optionee as long-term capital gain and any loss sustained will be a long-term capital loss and (b) no deduction will be allowed to the Company for federal income tax purposes. The tax basis of the stock for alternative minimum tax purposes shall be the fair market value of the stock on the date of exercise of the option, and the optionee may be entitled to a credit if its alternative minimum tax is less than its regular tax in the year of sale.

If shares of Common Stock acquired upon the exercise of an ISO are disposed of prior to the expiration of the two (2) year and one (1) year holding periods described above (a "Disqualifying Disposition") generally (a) the optionee will realize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of the shares at exercise (or, if less, the amount realized upon the sale of such shares) over the option price thereof, and (b) the Company will be entitled to deduct such amount. Any further gain realized will be taxed as short-term or long-term capital gain and will not result in any deduction by the Company. A Disqualifying Disposition in the same year as exercise will eliminate the alternative minimum tax adjustment associated with the exercise of the Incentive Stock Option.

#### **Plan Benefits**

Awards under the Plan are granted at the discretion of the Board of Directors, which acts upon recommendations of the Compensation Committee. The Board determines the key employees who will receive options under the Plan and the terms of those options. Accordingly, the nature and amounts of any future awards to be made to participants in the Plan are not presently determinable.

#### **Vote Required**

The approval of the amendment to the Employee Stock Option Plan requires the affirmative vote of a majority of the shares of Common Stock of the Company voting in person or by proxy on the amendment. If the amendment is not approved by shareholders, it will not become effective.

**The Board of Directors recommends a vote FOR approval of the amendment to the Employee Stock Option Plan.**

**PROPOSAL 4:  
RATIFICATION OF THE APPOINTMENT OF MARCUM LLP AS OUR  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011**

The Audit Committee of the Board of Directors has appointed Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

Representatives of Marcum LLP will be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

The Audit Committee is not aware of any disagreements between management and our current auditors, Marcum LLP, regarding accounting principles and their application or otherwise.

### **Change in Auditors**

On April 19, 2010 UHY LLP (UHY), the Company's former independent registered public accounting firm, informed the Company that effective April 16, 2010, its New England practice was acquired by Marcum LLP. UHY, which had been appointed as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010, also informed the Company that, as a result of this transaction, it had resigned effective April 19, 2010.

UHY audited the Company's financial statements for the fiscal years ended December 31, 2009 and 2008. The audit reports of UHY on the Company's financial statements for those years did not contain an adverse opinion, or a disclaimer of opinion, or qualification or modification as to any uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2009 and 2008 and subsequent thereto April 19, 2010, there were no disagreements with UHY on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that, if not resolved to UHY's satisfaction, would have caused UHY to make reference to the subject matter of the disagreement in connection with its audit reports nor were there any "reportable events" (as that term is described in Item 304(a)(1)(v) of Regulation S-K).

On April 19, 2010, the Audit Committee of the Company's Board of Directors approved the appointment of Marcum LLP as its independent registered public accounting firm to audit the Company's financial statements for the fiscal year ending December 31, 2010. Prior to such appointment, the Company had not consulted with Marcum LLP with respect to: 1) the application of accounting principles to a specified transaction, either completed or proposed; 2) the type of audit opinion that might be rendered on our financial statements; or 3) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

### **Audit Committee Pre-Approval of Independent Auditor Services**

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted policies and procedures for the pre-approval of services provided by the independent auditors. The policies and procedures provide that management and the independent auditors jointly submit to the Audit Committee a schedule of audit and non-audit services for approval as part of the annual plan for each year. In addition, the policies and procedures provide that the Audit Committee may also pre-approve particular services not in the annual plan on a case-by-case basis. For each proposed service, management and the auditors must provide a detailed description of the service and the projected fees and costs (or a range of such fees and costs) for the service.

### **Fees to Auditors**

Set forth below is a description of the fees for professional audit services rendered by Marcum LLP and UHY LLP, the predecessor audit firm, for the audit of our annual financial statements and review of our interim financial statements, and fees for other services rendered by Marcum LLP and UHY LLP.

<u>Fee Category</u>	<u>Fiscal 2010 Fees</u>	<u>Fiscal 2009 Fees</u>
Audit Fees	\$173,000	\$189,000
Audit Related Fees	11,000	11,000
Tax Fees	42,000	48,000
Total Fees	<u>\$226,000</u>	<u>\$248,000</u>

*Audit Fees.* Fees for fiscal 2009 were paid to UHY LLP and fees for fiscal 2010 are expected to be paid to Marcum LLP.

*Audit Related Fees.* These fees were for the audit of the Company's post retirement defined pension plan and services rendered in connection with the filing of registration statements. Fees for fiscal 2009 were paid to UHY LLP and fees for fiscal 2010 are expected to be paid to Marcum LLP.

*Tax Fees.* Tax services included tax compliance, tax advice, and tax planning. Fees for fiscal 2009 fees were paid to UHY LLP and fees for fiscal 2010 are expected to be paid to Marcum LLP.

The Audit Committee has determined that the provision of non-audit services described above is compatible with maintaining Marcum LLP's independence.

#### **Vote Required**

The ratification of the appointment by our Audit Committee of Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011 requires the affirmative vote of a majority of the shares of Common Stock of the Company voting in person or by proxy on such ratification. Although shareholder approval of the appointment is not required by law and is not binding on the Audit Committee, the Committee will take the appointment under advisement if such appointment is not approved by the affirmative vote of a majority of the votes cast at the Meeting.

**The Board of Directors recommends a vote FOR the ratification of our independent registered public accounting firm for the fiscal year ending December 31, 2011.**

## **SUBMISSION OF SHAREHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING**

If you intend to present a proposal at our 2012 Annual Meeting, you must submit it to us by no later than November 21, 2011, to receive consideration for inclusion in our 2012 proxy materials. If you intend to present a proposal at our 2012 Annual Meeting that is not to be included in our 2012 proxy materials, you should send the proposal to us in writing by February 10, 2012. Any such proposal should be sent to the Secretary of the Company at 60 Round Hill Road, Fairfield, Connecticut, 06824.

## **OTHER BUSINESS**

Management does not know of any matters to be presented, other than those described herein, at the Annual Meeting. If any other business should come before the meeting, the persons named in the enclosed proxy will have discretionary authority to vote all proxies in accordance with their best judgment.

By Order of the Board of Directors,  
Paul G. Driscoll, Vice President and  
Chief Financial Officer, Secretary  
and Treasurer  
Acme United Corporation  
60 Round Hill Road  
Fairfield, Connecticut 06824  
March 25, 2011

PROXY

ACME UNITED CORPORATION

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF ACME UNITED CORPORATION FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 25, 2011

The undersigned hereby appoints Walter C. Johnsen and Susan H. Murphy, and each of them, with full powers of substitution, to act as attorneys and proxies of the undersigned, to vote all shares of the Common Stock of ACME UNITED CORPORATION, held of record by the undersigned on March 9, 2011 at the Annual Meeting of Shareholders, to be held at the Comell Club, 6 East 44th Street, New York, New York on Monday, April 25, 2011, at 11:00 a.m. and at any adjournment(s) or postponement(s) thereof, with all the powers the undersigned would have if personally present. Without limiting the general authorization hereby given, said proxies are, and each of them hereby is, instructed to vote or act as follows on the reverse side hereof on the Proposals 1, 2, 3 and 4. In their discretion, the proxies are authorized to vote upon such other matters, if any, as may properly come before the Annual Meeting.

The undersigned acknowledges receipt of the Company's Notice of Annual Meeting of Shareholders, a Proxy Statement dated March 25, 2011 and the 2010 Annual Report to Stockholders.

SEE REVERSE SIDE CONTINUED AND TO BE COMPLETED, SIGNED AND DATED ON REVERSE SIDE SEE REVERSE SIDE

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL: The Company's Notice of Annual Meeting, Proxy Statement and Proxy card are available at proxy.acmeunited.com

[X] PLEASE MARK VOTES AS IN THIS EXAMPLE

THIS PROXY WHEN EXECUTED WILL BE VOTED AS DIRECTED HEREIN. IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL SIX NOMINEES LISTED IN PROPOSAL 1 BELOW AND FOR PROPOSALS 2, 3 AND 4.

1. Election of Directors Nominees:

Walter C. Johnsen Richmond Y. Holden, Jr. Brian S. Olschan Stevenson E. Ward III Susan H. Murphy Rex L. Davidson

- [ ] FOR ALL NOMINEES [ ] WITHHELD AUTHORITY FOR ALL NOMINEES [ ] FOR ALL EXCEPT (See Instructions below)

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here:

- 2. Approval of the Amendment to the Non-Salaried Director Stock Option Plan to increase the number of shares issuable under the Plan FOR [ ] AGAINST [ ] ABSTAIN [ ] 3. Approval of the Amendment to the Employee Stock Option Plan to increase the number of shares issuable under the Plan FOR [ ] AGAINST [ ] ABSTAIN [ ] 4. Ratification of the appointment of Marcum LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011 FOR [ ] AGAINST [ ] ABSTAIN [ ]

MARK HERE FOR ADDRESS CHANGE AND NOTE BELOW [ ] NEW ADDRESS:

Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



Signature:

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Date:

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**PLEASE COMPLETE, SIGN, DATE AND MAIL YOUR PROXY CARD PROMPTLY IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE**

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