FORM DEF 14A

Definitive proxy statements

Filing Date: **1996-12-30** | Period of Report: **1997-02-04**
SEC Accession No. 0000950168-96-002526

(HTML Version on secdatabase.com)

FILER

SPAN AMERICA MEDICAL SYSTEMS INC

CIK:**718924**| IRS No.: **570525804** | State of Incorp.:**SC** | Fiscal Year End: **0930**
Type: **DEF 14A** | Act: **34** | File No.: **000-11392** | Film No.: **96687888**
SIC: **3842** Orthopedic, prosthetic & surgical appliances & supplies

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PO BOX 5231
GREENVILLE SC 29606

Business Address
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SCHEDULE 14A INFORMATION

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

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 Additional Materials
( ) Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

SPAN-AMERICA MEDICAL SYSTEMS, INC.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than 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:

2) Aggregate number of securities to which transaction applies:

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):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

( ) Fee paid previously with preliminary materials.

( ) Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule, or Registration Statement No.:

3) Filing Party:

4) Date Filed:

(Span-America Logo)

SPAN-AMERICA MEDICAL SYSTEMS, INC.
POST OFFICE BOX 5231
GREENVILLE, SOUTH CAROLINA 29606

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
FEBRUARY 4, 1997

TO THE SHAREHOLDERS OF SPAN-AMERICA MEDICAL SYSTEMS, INC.

Notice is hereby given that the Annual Meeting of Shareholders (the "Annual Meeting") of Span-America Medical Systems, Inc. (the "Company") will be held at the Company's headquarters at 70 Commerce Ctr., Greenville, South Carolina, on February 4, 1997, at 9:00 a.m., for the purpose of considering and acting upon the following matters:

(1) the election of four directors; and

(2) the transaction of such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on December 11, 1996 as the record date for the determination of the shareholders entitled to notice and to vote at the Annual Meeting.

YOU ARE REQUESTED TO COMPLETE AND SIGN THE ACCOMPANYING PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON. THE PROXY WILL BE RETURNED TO ANY SHAREHOLDER WHO IS PRESENT IN PERSON AND REQUESTS SUCH RETURN.

By Order of the Board of Directors,
/s/ Richard C. Coggins
RICHARD C. COGGINS
SECRETARY

December 23, 1996
Greenville, South Carolina

PLEASE RETURN THE ENCLOSED PROXY IMMEDIATELY

SPAN-AMERICA MEDICAL SYSTEMS, INC.
POST OFFICE BOX 5231
GREENVILLE, SOUTH CAROLINA 29606 (864) 288-8877

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
FEBRUARY 4, 1997

SOLICITATION OF PROXIES

This Notice of Annual Meeting, Proxy Statement and Proxy (these "Proxy Materials") are being furnished to shareholders in connection with the solicitation of proxies by the Board of Directors of Span-America Medical Systems, Inc. (the "Company") to be voted at the annual meeting of shareholders (the "Annual Meeting") to be held on February 4, 1997 at the Company's headquarters at 70 Commerce Ctr., Greenville, South Carolina. The approximate mailing date of these Proxy Materials is December 30, 1996.

VOTING AT THE ANNUAL MEETING

Shareholders of record at the close of business on December 11, 1996 will be entitled to notice of and to vote at the Annual Meeting. At the close of business on such record date, there were outstanding 3,227,516 shares of the Company's no par value Common Stock (the "Common Stock"). The Common Stock is the only class of voting securities of the Company. Holders of shares of Common Stock are entitled to one vote for each share held of record on all matters presented for action by the shareholders. The presence, either in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock of the Company as of December 11, 1996 is necessary to constitute a quorum at the Annual Meeting. All shares represented by valid proxies received prior to the Annual Meeting and not revoked before they are exercised will be voted in accordance with specifications thereon. If no contrary instructions are indicated, all shares represented by a proxy will be voted FOR the election to the Board of Directors of the Nominees described herein, and in the discretion of the proxy holders as to all other matters that may properly come before the Annual Meeting.

Shares will be tabulated by inspectors appointed by the Company, with the aid of the Company's transfer agent. The inspectors will not be a director or a nominee for director. The inspectors shall determine, among other things, the number of shares represented at the Annual Meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. Abstentions and broker non-votes are each included in the determination of the number of shares present and voting. In connection with the election of directors, broker non-votes are not counted for purposes of determining the votes cast for directors.

REVOCATION OF PROXIES

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by: (i) filing with the secretary of the Company, at or before the Annual Meeting, a written notice of revocation bearing a later date than the proxy; (ii) duly executing a subsequent proxy relating to the same shares and delivering it to the secretary of the Company at or before the Annual Meeting; or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice revoking a proxy should be sent to: Span-America Medical Systems, Inc., Post Office Box 5231, Greenville, South Carolina 29606, Attention: Secretary.

COSTS OF SOLICITATION

The Company will bear the cost of this proxy solicitation, including the cost of preparing, handling, printing and mailing these Proxy Materials.

Employees and officers will be reimbursed for the actual out-of-pocket expenses incurred in connection with the solicitation. Proxies will be solicited principally by mail but may also be solicited by telephone or through personal solicitation conducted by regular employees of the Company. The Company has also engaged Corporate Communications, Inc. in Nashville, Tennessee to assist in investor relations activities, including distributing shareholder information and contacting brokerage houses, custodians, nominees and fiduciaries.

BANKS, BROKERS AND OTHER CUSTODIANS

Banks, brokers and other custodians are requested to forward proxy solicitation material to their customers where appropriate, and the Company will reimburse such banks, brokers and custodians for their reasonable out-of-pocket expenses in sending the proxy material to beneficial owners of the shares.

ELECTION OF DIRECTORS

The number of Company directors is currently set at nine persons in accordance with the Company's Articles of Incorporation. As provided in the Company's Articles of Incorporation, the Board is divided into three classes of directors, with each class being comprised of three persons who serve three-year terms. Accordingly, as set forth below, management has nominated Roy W. Black, Thomas D. Henrion, and Douglas E. Kennemore, M.D., to serve as directors under terms which expire at the 2000 annual meeting of shareholders or when their successors are duly elected. Management has also nominated Robert A. Whitehorne to serve as director until the 1998 annual meeting of shareholders to fill the unexpired term of Charles B. Mitchell who resigned from the Board.

Unless authority to vote with respect to the election of one or more nominees is "WITHHELD," it is the intention of the persons named in the accompanying proxy to vote such proxy for the election of the nominees set forth below. All of these nominees are United States citizens. In the event that any of the nominees for director should become unavailable to serve as directors, which is not anticipated, the persons named in the accompanying proxy will vote for other persons in their places in accordance with their best judgment. There are no family relationships among the directors and the executive officers of the Company.

Directors will be elected by a plurality of votes cast at the Annual Meeting. The Company's Articles of Incorporation provide that cumulative voting is not available in the election of directors.

INFORMATION REGARDING NOMINEES FOR DIRECTOR AND CONTINUING DIRECTORS

The following table sets forth the names and ages of the four nominees for director and the directors continuing in office, the positions and offices with the Company held by each such person, and the period that each such person has served as a director of the Company.

<TABLE>
<CAPTION>

NAME	AGE	POSITION OR OFFICE WITH THE COMPANY	DIRECTOR SINCE
<S>	<C>	<C>	<C>
	CONTINUING DIRECTORS WITH TERMS EXPIRING IN 1998		
Richard C. Coggins	39	Director, Chief Financial Officer	1993
Brien Laing	70	Director, Chairman of the Board	1988
	NOMINEE FOR DIRECTOR WITH TERM EXPIRING IN 1998		
Robert A. Whitehorne	71	Director	1975
	CONTINUING DIRECTORS WITH TERMS EXPIRING IN 1999		
Thomas F. Grady, Jr.	54	Director	1975
J. Ernest Lathem, M.D.	63	Director	1996
James M. Shoemaker, Jr.	64	Director	1992
	NOMINEES FOR DIRECTOR WITH TERMS EXPIRING IN 2000		
Roy W. Black	60	Director	--
Thomas D. Henrion	54	Director	1996
Douglas E. Kennemore, M.D.	64	Director	1975

</TABLE>

BUSINESS EXPERIENCE OF NOMINEES AND DIRECTORS

Mr. Coggins joined the Company as Controller in May 1986. He was elected Treasurer in January 1987, Vice President of Finance in January 1989, and Secretary in January 1990. He is the Company's Chief Financial Officer. Mr. Coggins was previously employed by NCNB National Bank in Charlotte, N.C. from 1984 to 1986 where he served as Commercial Banking Officer and Metropolitan Area Director.

Mr. Laing retired in 1988 from his most recent position as Corporate Vice President of Corporate Distribution for Baxter Healthcare Corporation ("Baxter"). Baxter is engaged in the business of manufacturing and distributing medical products. From 1949 until 1986, Mr. Laing was employed by American Hospital Supply Corporation (which was acquired by Baxter in 1986) and served as Sales Representative, Sales Training Director, Vice President of Sales, President of American Hospital Supply Division and Corporate Group Vice President of American Hospital Supply Corporation.

Mr. Whitehorne has been a Senior Lecturer and Director of Business Relations at the Graduate School of Business, College of William and Mary since 1985. From 1979 until joining the faculty at the College of William and Mary in

July 1985, Mr. Whitehorne served as a Distinguished Lecturer of Management at the College of Business Administration at the University of South Carolina, as well as Director of Placement and Alumni Affairs.

Mr. Grady has been employed by Federal Paper Board Company, Inc. since 1971, serving in various sales and marketing management positions. Federal Paper Board was acquired by International Paper in 1996. Mr. Grady is currently Vice President of Sales with International Paper.

Dr. Lathem retired in 1993 from 28 years in the private practice of urological surgery in Greenville, South Carolina. He is a Director of Southern National Corporation and one of its subsidiaries, BB&T of South Carolina. He has also served as a Director of several closely held corporations.

Mr. Shoemaker has been a member of the law firm of Wyche, Burgess, Freeman & Parham, P.A., since 1965 and specializes in corporate and securities law. Mr. Shoemaker also serves as a director of One Price Clothing Stores, Inc., Palmetto Bancshares, Inc., and Ryan's Family Steak Houses, Inc.

Mr. Black has been employed by several Johnson and Johnson, Inc. companies in various sales, marketing, and executive roles since 1961. He has served since 1994 as Vice-Chairman, Board of Directors of Johnson and Johnson Professional, Inc. and Vice President of Johnson and Johnson International, Inc. Both companies manufacture products for neurospinal, joint replacement, and other surgical applications. Since 1989, Mr. Black has also served as Vice-Chairman, Board of Directors of Codman and Shurtleff, Inc., which manufactures surgical instruments, implants, equipment, and other surgical products primarily for neurological surgery. From 1982 to 1989, Mr. Black was President and Chief Executive Officer of Codman and Shurtleff, Inc., a subsidiary of Johnson and Johnson, Inc. Mr. Black anticipates retiring from his present positions on January 1, 1997.

Mr. Henrion has been President and Chief Executive Officer of FoodService Purchasing Cooperative, Inc. in Louisville, Kentucky since 1980. The Cooperative provides equipment, food, packaging items, and financial services to quick service restaurant operators including KFC, Taco Bell and Long John Silver's. Mr. Henrion also serves as a Director for Brinly-Hardy Company, Wholesome & Hearty Foods, Inc. and the National Cooperative Bank.

Dr. Kennemore has been engaged in the private practice of neurosurgery in Greenville, South Carolina since 1965.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

During the 1996 fiscal year, the Board of Directors held five meetings. All directors attended at least 75% of these meetings and meetings of committees of the Board on which such directors served.

The Audit Committee is comprised of Messrs. Shoemaker, Kennemore and Henrion. The Audit Committee met one time during the 1996 fiscal year. The Audit Committee reviews the scope and results of the audit by the independent auditors and the adequacy of the Company's system of internal accounting controls and procedures, proposes the appointment of the independent auditors subject to approval of the Board and approves the fees paid for services rendered by such auditors.

The Compensation Committee is comprised of Messrs. Laing, Grady, and Whitehorne. The Compensation Committee met two times during the year. The Compensation Committee reviews and approves the remuneration of officers of the Company and reviews the overall compensation programs of the Company. The Compensation Committee's report is included below under "Board Compensation Committee Report On Executive Compensation."

The Board does not have a standing nominating committee. The functions of the nominating committee are performed by the outside directors.

The Executive Committee is comprised of Messrs. Laing, Grady and Whitehorne. It met monthly during fiscal 1996 and will meet on an as-needed basis during fiscal 1997. The Executive Committee serves in an advisory capacity to the senior management of the Company.

EXECUTIVE OFFICERS

The following table sets forth all of the executive officers of the Company as of the Record Date, their respective ages, their respective Company positions and offices, and the respective periods during which they have served in such positions and offices. There are no persons who have been selected by the Company to serve as its executive officers who are not set forth in the following table.

<TABLE>
<CAPTION>

NAME	AGE	COMPANY OFFICES CURRENTLY HELD	COMPANY OFFICER SINCE
<S>	<C>	<C>	<C>
James D. Ferguson	40	President, Chief Executive Officer	1995
Richard C. Coggins	39	Vice President, Secretary and Chief Financial Officer	1987

</TABLE>

The Company's executive officers are appointed by the Board of Directors and serve at the pleasure of the Board.

BUSINESS EXPERIENCE OF EXECUTIVE OFFICERS

Mr. Ferguson joined the Company as Materials Manager in April 1990. He was named General Manager of the Company's contract packaging business in October 1992. He was elected Vice President of Operations in July 1995, and President and Chief Executive Officer in August 1996. Prior to joining the Company, Mr. Ferguson was employed by C.B. Fleet in Lynchburg, VA from 1981 to 1990 where he served most recently as Director of Manufacturing.

Mr. Coggins' business experience is set forth above under "Business Experience of Nominees and Directors."

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth below is furnished as of December 11, 1996, with respect to Common Stock owned beneficially or of record by persons known to the Company to be the beneficial owner of more than 5% of the Common Stock as of the Record Date, each of the directors and nominees individually, by certain named executive officers, and by all directors and officers as a group. Unless otherwise noted, each person has sole voting and investment power with respect to such person's shares owned. All share amounts in the table include shares which are not outstanding but which are the subject of options exercisable in the 60 days following the Record Date. All percentages are calculated based on the total number of outstanding shares, plus the number of shares for the particular person or group which are not outstanding but which are the subject of options exercisable in the 60 days following the Record Date.

<TABLE>
<CAPTION>

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT/NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
<S>	<C>	<C>	<C>
BENEFICIAL OWNERS OF MORE THAN 5% OF THE COMPANY'S COMMON STOCK			
Common	Donald C. Spann 358 East Parkins Mill Road Greenville, SC 29607	341,380	10.6%(1)
Common	Douglas E. Kennemore, M.D. 27 Memorial Medical Drive Greenville, SC 29605	204,876	6.3%(2)
Common	Dimensional Fund Advisors 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	201,600	6.2%(3)
Common	Robert Wilner Edgar Road Greenwich, CT 06830	162,902	5.0%(4)
DIRECTORS AND NOMINEES			
Common	Roy W. Black	--	*
Common	Richard C. Coggins	19,500	*(5)
Common	Thomas F. Grady, Jr.	24,595	*(6)
Common	Thomas D. Henrion	5,000	*
Common	Douglas E. Kennemore, M.D.	204,876	6.3%(2)
Common	Brien Laing	9,000	*(7)
Common	J. Ernest Lathem, M.D.	7,000	*
Common	James M. Shoemaker, Jr.	20,000	*(2)
Common	Robert A. Whitehorne	32,640	1.0%(2)
EXECUTIVE OFFICERS			
Common	James D. Ferguson	3,000	*(8)
Common	Richard C. Coggins	19,500	*(5)
DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP			
Common	All Directors and Officers of the Company as a group (10 persons)	325,611	10.0%

</TABLE>

(1) The figure shown as beneficially owned by Mr. Spann includes an aggregate of 22,200 shares owned by his spouse and excludes 620 shares owned by his children. Mr. Spann disclaims beneficial ownership with respect to the shares owned by his children. The share information for Mr. Spann is based upon records from the Transfer Agent dated December 11, 1996.

(2) The shares shown as beneficially owned by Messrs. Kennemore, Shoemaker, and Whitehorne include 3,000 shares which are currently not outstanding but which are subject to options which are exercisable within 60 days of the Record Date.

(3) The figure shown as beneficially owned by Dimensional Fund Advisors is based on information provided by the owner as of December 23, 1996.

(4) The figure shown as beneficially owned by Mr. Wilner excludes 16,320 shares owned by his spouse. Mr. Wilner disclaims beneficial ownership with respect to these shares. The share information for Mr. Wilner is based upon records from the Transfer Agent dated December 11, 1996.

(5) The shares shown as beneficially owned by Mr. Coggins include 18,500 shares

which are currently not outstanding but which are subject to options held by Mr. Coggins which are exercisable within 60 days of the Record Date.

(6) The figure shown as beneficially owned by Mr. Grady excludes an aggregate of 7,109 shares owned by his children. Mr. Grady disclaims beneficial ownership with respect to these shares. This figure also includes 3,000 shares which are currently not outstanding but which are subject to options held by Mr. Grady which are exercisable within 60 days of the Record Date.

(7) The shares shown as beneficially owned by Mr. Laing are owned jointly with his spouse. This figure also includes 3,000 shares which are currently not outstanding but which are subject to options held by Mr. Laing which are exercisable within 60 days of the Record Date.

(8) The shares shown as beneficially owned by Mr. Ferguson consist of 3,000 shares which are currently not outstanding but which are subject to options held by Mr. Ferguson which are exercisable within 60 days of the Record Date.

* Less than one percent.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

SUMMARY OF CASH AND CERTAIN OTHER COMPENSATION

The following table shows, for the 1996, 1995, and 1994 fiscal years, the cash compensation paid by the Company, as well as certain other compensation paid or accrued for those years, to the Company's chief executive officer and vice president of medical sales at the end of fiscal 1996. No other Company officer earned salary and bonus in excess of $100,000 during the 1996 fiscal year. Consequently, compensation information for other executive officers is not included.

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS	
NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION	OPTIONS/ SARS (#)	ALL OTHER COMPENSATION
<S>	<C>	<C>	<C>	<C>	<C>	<C>
James D. Ferguson	1996	$ 79,251	--	(1)	10,000	$3,168(2)
President/CEO	1995	72,250	--	(1)	--	1,662(2)
	1994	67,000	1,464	(1)	1,000	1,415(2)
Mark L. Hunt	1996	118,888	--	(1)	5,000	2,657(3)
VP-Medical Sales	1995	115,000	--	(1)	--	9,701(3)
	1994	65,341	--	(1)	10,000	70,022(3)

</TABLE>

(1) Certain amounts may have been expended by the Company which may have had value as a personal benefit to Messrs. Ferguson and Hunt. However, the total value of such benefits did not exceed the lesser of $50,000 or 10% of the annual salary and bonus for each person.

(2) This amount is comprised of (i) contributions of $921 (1996), $630 (1995), and $335 (1994) to the Company's 401(k) Plan by the Company on behalf of Mr. Ferguson to match pre-tax deferral contributions, all of which is vested, (ii) $1,120 (1996 estimate), $1,032 (1995), and $1,080 (1994) paid to Mr. Ferguson through the Company's Employee Stock Ownership Plan, all of which is vested, and (iii) $1,127 in annual premiums

paid by the Company for fiscal year 1996 on behalf of Mr. Ferguson with respect to life insurance not generally available to all Company employees.

(3) This amount is comprised of (i) $0 (1996), $7,108 (1995) and $69,035 (1994) paid to Mr. Hunt or on his behalf for relocation expenses, (ii) $1,670 (1996 estimate), $1,605 (1995), and $0 (1994) paid to Mr. Hunt through the Company's Employee Stock Ownership Plan, all of which is vested, and (iii) $987 in annual premiums paid by the Company for the 1996, 1995, and 1994 fiscal years on behalf of Mr. Hunt with respect to life insurance not generally available to all Company employees.

Mr. Hunt resigned from the Company on September 30, 1996. Pursuant to a salary continuation arrangement, the Company paid Mr. Hunt $30,200 during the period October through December 1996. Such arrangement expired on December 31, 1996.

OPTION/SAR GRANTS IN FISCAL YEAR 1996

The following stock options were granted during fiscal year 1996 to the named officers.

<TABLE>
<CAPTION>

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
NAME	NUMBER OF OPTIONS/SAR'S GRANTED	PERCENT OF TOTAL OPTIONS/SAR'S GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE PER SHARE	EXPIRATION DATE	5.0%	10.0%

James D. Ferguson	10,000	12.2%	$5.50	10/31/05	$34,589	$87,656
Mark L. Hunt	5,000	6.1%	5.50	10/31/05	17,295	43,828

OPTION/SAR EXERCISES AND YEAR-END VALUE

The following table sets forth information with respect to Messrs. Ferguson and Hunt concerning the exercise of options during the 1996 fiscal year and unexercised options held as of the end of the 1996 fiscal year.

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF UNEXERCISED OPTIONS/SARS AT FISCAL YEAR END EXERCISABLE	UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT FISCAL YEAR END EXERCISABLE	UNEXERCISABLE
James D. Ferguson	0	0	3,000	8,000	$ 0	$ 0
Mark L. Hunt	0	0	7,000	8,000	0	0

The "value" of any option set forth in the table above is determined by subtracting the amount which must be paid upon exercise of the options from the market value of the underlying Common Stock as of September 27, 1996 (based on the closing sales price as reported by NASDAQ).

At the time of his resignation from the Company, Mr. Hunt had a vested interest in options for 7,000 shares of the Company's Common Stock. Pursuant to the 1991 Stock Option Plan these options may be exercised until March 31, 1997, after which time they will expire.

BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

Decisions with respect to the compensation of the Company's executive officers are made by the three-member Compensation Committee of the Board comprised of Messrs. Laing, Grady, and Whitehorne. Each member of the Compensation Committee is a non-employee director. All decisions by the Compensation Committee relating to the compensation of the Company's executive officers are reviewed by the full Board. Set forth below is a report submitted by the Compensation Committee in their capacity as such addressing the Company's compensation policies for 1996 with respect to the executive officers of the Company (collectively the "Senior Executives"). The Compensation Committee also approves compensation of all members of the senior management team. However, the Company does not consider such other members of the senior management team to be executive officers.

COMPENSATION COMMITTEE REPORT

GENERAL COMPENSATION POLICIES WITH RESPECT TO EXECUTIVE OFFICERS

The Compensation Committee does not maintain formal, written executive compensation policies. However, in general, the Committee has structured officer compensation so as to provide competitive levels of compensation that integrate pay with the Company's annual and long-term performance goals, reward above-average corporate performance, recognize individual initiative, responsibility and achievements, and assist the Company in attracting and retaining qualified executives. The Compensation Committee also endorses the position that stock ownership by management and stock-based performance compensation arrangements are beneficial in aligning managements' and shareholders' interest in the enhancement of shareholder value.

The Senior Executives' overall compensation is intended to be consistent with the compensation paid to executives of companies similar in size and character to the Company, provided, that the Company's performance warrants the compensation being paid. In determining the appropriate compensation, the Compensation Committee has utilized a combination of salary, incentive cash compensation, Company stock ownership and benefits. The Compensation Committee has also attempted to maintain an appropriate relationship between the compensation among the Senior Executives and their relative levels of responsibility with the Company.

Compensation paid to the Company's executive officers in 1996, as reflected in the foregoing compensation tables, consisted of the following elements: base salary, matching contributions paid with respect to the Company's 401(k) Plan, payments made pursuant to the Company's ESOP, payments made pursuant to the Company's Management Bonus Plan, and certain benefits. Payments under the Company's 401(k) Plan and ESOP are made to all employees on a non-discriminatory basis.

RELATIONSHIP OF PERFORMANCE TO EXECUTIVE COMPENSATION

The Compensation Committee believes that a significant portion of the Senior Executives' compensation should be based on individual and corporate performance. The principal means through which the Company ties compensation to performance is through the Company's Management Bonus Plan (the "Bonus Plan"). Participants in the Bonus Plan include officers and members of the Company's senior management team. Pursuant to the Bonus Plan, prior to the beginning of each fiscal year the Board of Directors approves the Company's operating plan which contains target earnings projections for the coming year. The target earnings projections must provide a reasonable increase over the prior year's earnings and must be consistent with the Company's long-term growth goals. The Bonus Plan is structured so that each participant has an opportunity to earn approximately 30% of his or her base salary if the Company reaches 100% of the target earnings performance. The percentage of salary potentially earned by each participant under the Bonus Plan ranges from 0%, if the Company earnings are less than 90% of the target earnings, to a maximum of 45% if the Company's earnings exceed approximately 130% of target earnings and if certain predefined individual goals are met. Approximately 40% of each participant's bonus earnings is contingent on achievement of these specific individual goals. These individual goals are determined by the chief executive officer and reviewed by the Compensation Committee.

Options to purchase Company stock are also granted periodically by the Compensation Committee to officers and members of the senior management team. The number of shares granted is based primarily on individual performance and, secondarily, on Company performance relative to the Company's operating and strategic plans. This form of compensation, however, is not as substantial as payments pursuant to the Bonus Plan.

SALARIES, CASH BONUSES, STOCK OPTION GRANTS, INCENTIVE PAYMENTS

The 1996 salary levels of the Company's Senior Executives were determined on the anniversary date of the employee's last performance review and were based generally on the criteria set forth above. Each employee of the Company, including the Senior Executives, is assigned a particular job grade level. The job grade level is determined by a quantitative scoring system which considers various factors under the major categories of job demands, knowledge, job content, and level of responsibility. A salary range has been assigned to each job grade level based on input from independent consultants and the Company's management. The salary levels of the Senior Executives were based primarily on individual performance, overall Company performance and achievement of specific individual and corporate goals for the prior fiscal year. The salary levels of the Senior Executives must fall within the designated salary ranges for the appropriate job grade level, pursuant to the Company's salary administration plan.

No cash bonuses were earned during fiscal 1996 by the Company's Senior Executives because the Company did not meet its predetermined earnings goals.

OTHER COMPENSATION PLANS

The Company has adopted certain broad-based employee benefit plans in which the chief executive officer and the Senior Executives have been permitted to participate. The Company has also adopted certain executive officer life and health insurance plans. The incremental cost to the Company of the chief executive officer's and Senior Executives' benefits provided under these plans (which is not set forth in any of the Tables) totalled less than 10% of their cash compensation in 1996. Benefits under these plans generally are not directly or indirectly tied to Company performance.

Submitted by the Compensation Committee
Brien Laing
Thomas F. Grady, Jr.
Robert A. Whitehorne

COMPENSATION OF NON-EMPLOYEE DIRECTORS

Each director of the Company who is not also an officer of the Company receives an annual fee of 1,000 shares of unregistered Company Common Stock plus a per diem fee of $1,000 for each board meeting and committee meeting attended. Including the value of the Common Stock received in January 1996, no director received more than $22,500 in fiscal 1996 for his services as a director.

Directors who are also employees of the Company do not receive compensation for their service as directors.

PERFORMANCE SHARE INCENTIVE PLAN

Effective October 3, 1994, the Board of Directors established a performance share incentive plan to promote the growth and profitability of the Company. The plan establishes the following financial performance goals which must be achieved by fiscal year end 1997: (1) return on equity of 16%, (2) return on sales of 6.8% and (3) a 15% annual increase in cash flow from operations. If all three goals are achieved, the Company would issue 15,000 shares of Common Stock and the cash equivalent of 30,000 shares of Common Stock to be divided among the participants as defined in the plan. The participants in the Plan consist of the Company's senior management team (8 persons). To date, the Company has made no accrual for this incentive plan based on current estimates of financial performance.

PERFORMANCE GRAPH

The following graph sets forth the performance of the Company's Common Stock for the five-year period from September 28, 1991 through September 28, 1996 as compared to the Russell 2000 Index and a peer group index. The peer group index was prepared by a unaffiliated third party and is comprised of all exchange-listed companies having the standard industry classification code 3842 (which relates to medical products and supplies). All stock prices reflect the reinvestment of cash dividends.

COMPARISON OF CUMULATIVE TOTAL RETURN
AMONG SPAN-AMERICA MEDICAL SYSTEMS, INC.,
A PEER GROUP, AND THE RUSSELL 2000 INDEX

(Comparison chart appears here. Plot points are below.)

	1992	1993	1994	1995	1996
Span-America Medical Systs	130.11	102.62	109.67	99.21	98.47
Peer Group	91.41	77.79	85.36	136.79	137.64
Russell 2000	108.94	145.06	148.94	183.74	208.08

CERTAIN TRANSACTIONS

In 1983, the Company entered into an agreement with Donald C. Spann, pursuant to which the Company acquired patents and patent rights relating to its SPAN-AIDS products. Mr. Spann currently owns in excess of 5% of the Company's common stock. Mr. Spann also served as the Company's chief executive officer from its inception until July 1993. The agreement between the Company and Mr. Spann provides that the Company is obligated to pay Mr. Spann royalties equal to 3% of gross sales net of returns on all SPAN-AIDS products covered by such patents and patent applications. During 1996, the Company paid Mr. Spann royalty payments of approximately $15,000. The Company believes that the royalty payments to Mr. Spann were comparable to payments that would have been paid to an unaffiliated third party for similar patents. Pursuant to the Resignation Agreement between the Company and Mr. Spann dated July 30, 1993, the Company paid Mr. Spann amounts owed under the royalty agreements until January 1, 1996, at which time all patents subject to such royalty agreements became property of the Company. The Company has no further obligation to make royalty payments to Mr. Spann.

The law firm of Wyche, Burgess, Freeman & Parham, P.A., whose members include Mr. Shoemaker, a director, serves as general counsel to the Company.

SECTION 16 REPORTING DELINQUENCIES

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Executive officers, directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based on a review of the copies of such reports furnished to the Company and representations that no other reports were required during the 1996 fiscal year, all Section 16(a) filing requirements applicable to its executive officers, directors and greater than 10% beneficial owners were met.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors has selected Ernst & Young LLP as the independent public accountants for the Company for its 1997 fiscal year. Representatives of Ernst & Young LLP will be present at the Annual Meeting and will have the opportunity to make a statement and be available to respond to appropriate questions from shareholders. Ernst & Young LLP has served the Company as independent auditors since 1985. Neither the firm nor any of its members has any relation with the Company except in the firm's capacity as auditors.

SHAREHOLDER PROPOSALS

Proposals by shareholders for consideration at the 1998 Annual Meeting of Shareholders must be received at the Company's offices at Post Office Box 5231, Greenville, South Carolina 29606 no later than August 29, 1997, if any such proposal is to be eligible for inclusion in the Company's proxy materials for its 1998 Annual Meeting of Shareholders. Under the regulations of the Securities and Exchange Commission, the Company is not required to include shareholder proposals in its proxy materials unless certain other conditions specified in those regulations are satisfied.

PROXY SOLICITATION

The Company will bear the cost of this proxy solicitation. Such solicitation will be made by mail and also may be made on behalf of the Company by the Company's regular officers and employees in person or by telecommunication. The Company will also reimburse banks, brokers and other custodians holding shares in their names or in the names of nominees for their reasonable out-of-pocket expenses incurred in sending proxy materials to beneficial owners of the shares.

FINANCIAL INFORMATION

The Company's 1996 Annual Report containing financial statements reflecting the financial position and results of operations of the Company for the fiscal year ended September 28, 1996 is being mailed to shareholders concurrently herewith. The Company will also provide without charge to any shareholder of record as of December 11, 1996, who so requests in writing, a copy of the Company's Annual Report on Form 10-K (without exhibits) for the year ended September 28, 1996 filed with the Securities and Exchange Commission. Any such request should be directed to Span-America Medical Systems, Inc., P.O. Box 5231, Greenville, South Carolina 29606 Attention: Richard C. Coggins.

OTHER MATTERS

Management of the Company is not aware of any other matter to be brought before the Annual Meeting. If other matters are duly presented for action, it is the intention of the persons named in the enclosed proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors,
/s/ Richard C. Coggins
RICHARD C. COGGINS
SECRETARY

December 23, 1996
Greenville, South Carolina

(Span-Amercia Logo appears here.)

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APPENDIX

[X] PLEASE MARK VOTES
AS IN THIS EXAMPLE

SPAN-AMERICA
MEDICAL SYSTEMS, INC.

RECORD DATE SHARES:

Please be sure to sign and date this Proxy.   Date ----------------------------

Shareholder sign here   Co-owner sign here

	For	With-hold	For All Except
1.) Election of Directors as set forth in the accompanying Proxy Statement (except as market to the contrary below)			

Roy W. Black
Thomas D. Henrion
Douglas E. Kennemore, M.D.
Robert A. Whitehorne

INSTRUCTION: To withhold authority to vote for any nominees, mark the "For All Except" box and strike a line through the nominee's name in the list above.

2) AT THEIR DISCRETION UPON SUCH MATTERS AS MAY PROPERLY COME BEFORE THE MEETING.

Mark box at right if an address change or comment has been noted on the reverse side of this card. ( )

DETACH CARD   DETACH CARD

SPAN-AMERICA MEDICAL SYSTEMS, INC.

Annual Meeting, February 4, 1997

The undersigned, shareholder of Span-America Medical Systems, Inc. (the

"Company"), hereby revoking all previous proxies, hereby appoints JAMES D. FERGUSON and RICHARD C. COGGINS and each of them, the attorney of the undersigned with power of substitution, to vote all stock of the Company standing in the name of the undersigned upon all matters at the Company's Annual Meeting to be held at the Company's headquarters at 70 Commerce Center, Greenville, South Carolina, on Tuesday, February 4, 1997, at 9:00 a.m., and at any adjournments thereof, with all powers, the undersigned would possess it personally present, and without limiting the general authorization and power hereby given, directs said attorneys or either of them to cast the undersigned's vote as specified on the reverse side.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF SPAN-AMERICA MEDICAL SYSTEMS, INC. IF NOT OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED IN FAVOR OF THE NOMINEES LISTED ON THE REVERSE SIDE.

PLEASE COMPLETE, DATE, SIGN AND MAIL THIS PROXY PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

Please sign this Proxy as your name or names appear hereon. If stock is held jointly, signatures should appear for both names. When signing as attorney, administrator, trustee, guardian or agent, please indicate the capacity in which you are acting. If stock is held by a corporation, please sign in full corporate name by authorized officer and give title of office.

HAS YOUR ADDRESS CHANGED?	DO YOU HAVE ANY COMMENTS?
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