

To: Shareholders of Universal Mfg. Co.

**THREE MONTH OPERATING REPORTS  
FOR FIRST QUARTER ENDED OCTOBER 31, 2008**  
(Not audited by Independent Public Accountants)

**BALANCE SHEET**

	July 31, 2008	October 31, 2008
<b>Assets</b>		
Current Assets		
Cash & Equivalents	\$2,331,095	\$2,151,667
Accounts Receivable	1,800,814	1,873,876
Inventory	3,963,095	4,132,172
Other Current Assets	<u>260,450</u>	<u>14,021</u>
Total Current Assets	\$8,355,454	\$8,171,736
Property, Plant, & Equipment	<u>1,279,163</u>	<u>1,284,274</u>
<b>Total Assets</b>	<b>\$9,634,617</b>	<b>\$9,456,010</b>
<b>Liabilities &amp; Stockholder's Equity</b>		
Current Liabilities		
Line of Payable	\$00	\$110,000
Accounts Payable	442,270	598,296
Dividends Payable	81,600	81,600
Accrued Taxes	608,236	(118,132)
Other Accruals	<u>0</u>	<u>309,893</u>
Total Current Liabilities	\$1,132,106	\$981,657
Stockholder's Equity		
Common Stock Outstanding	\$816,000	\$816,000
Additional Paid-in Capital	17,862	17,862
Dividends Paid	0	-81,600
Retained Earnings	<u>7,668,649</u>	<u>7,722,091</u>
Total Stockholder's Equity	\$8,502,511	\$8,474,353
<b>Total Liabilities &amp; Stockholder's Equity</b>	<b>\$9,634,617</b>	<b>\$9,456,010</b>

## INCOME STATEMENT

	2008-2009	2007-2008
Sales	\$2,510,858	\$2,492,885
Income Before Income Taxes	90,667	226,514
Income Taxes (Est.)	37,226	90,606
Net Income	53,441	135,908
Earnings Per Share	.07	.17

Following several quarters of significant sales increases compared to quarters in prior years, sales for the First Quarter of fiscal year 2008-2009 were less than 1% higher than the First Quarter a year ago.

Sales of new fuel pump assemblies and remanufactured brake calipers increased from the First Quarter a year ago, while sales of remanufactured transfer cases and remanufactured fuel pumps decreased. New fuel pump and brake caliper sales benefited from an expanded customer base. During the First Quarter a year ago, new transfer case customers purchased their initial stock, resulting in extraordinarily high sales of that product. The reduction in remanufactured fuel pump sales are a reflection of slower overall economic conditions, and of increased competition in the marketplace.

Income the First Quarter of this fiscal year was lower than the First Quarter a year ago due to reduced income from investments, and to additions to reserve accounts.

Enclosed with this report is a check in payment of a quarterly cash dividend of \$.10 per share payable November 25, 2008, on Common Stock of this Company registered in your name on November 10, 2008. This covers the quarter ended October 31, 2008.

Donald D. Heupel  
President

### Forward Looking Statements:

Statements herein that are not historical facts, including statements about the Company's confidence and strategies and the Company's expectations about future market opportunities, market demand or acceptance of the Company's products are forward looking statements that involve risks and uncertainties. These uncertainties include, without limitation, the effect of general economic and market conditions, customer requirement for our products, the continuing strength of the automotive industry, competitor pricing, maintenance of our current momentum, weather conditions and other factors.