

# UNIVERSAL MFG. CO.

405 Diagonal Street  
Algona, Iowa 50511

## **Proxy Statement for Annual Meeting of Shareholders of Universal Mfg. Co.**

To Be Held November 16, 2010

### SOLICITATION AND VOTING INFORMATION

The enclosed proxy is solicited by Universal Mfg. Co. on behalf of the Board of Directors for use at the Annual Meeting of Shareholders of the Company to be held on November 16, 2010, and at any adjournment thereof. The Annual Meeting is to be held at the Lincoln Country Club, 3200 So. 24<sup>th</sup> Street, Lincoln, Nebraska 68502, and will commence at 10:00 a.m. local time. This solicitation is being made by mail and the Company may also use its officers, directors and regular employees to solicit proxies from shareholders in person or by telephone, telegraph, e-mail, or letter without extra compensation.

The entire cost of this solicitation, which represents the amount normally expended for a solicitation relating to an uncontested election of directors, will be borne by the Company. Such cost will include but is not limited to legal, copy, postage, and other costs of preparing and supplying necessary originals and additional copies of the solicitation material and annual report to shareholders, for beneficial owners of shares held of record by brokers, dealers, banks and voting trustees and their nominees and, upon request, the reasonable expenses of such record holders for completing the mailing of such material and report to such beneficial owners.

### Voting Rights and Outstanding Shares of Common Stock

Only shareholders of record of the Company's 816,000 shares of Common Stock outstanding as of the close of business on September 13, 2010, will be entitled to vote. Each share of Common Stock is entitled to one vote on any matter which may properly come before the meeting. This proxy statement and the enclosed form of proxy are being mailed to shareholders on or about October 12, 2010. The 2010 annual report of the Company to its shareholders is being mailed to shareholders with this proxy statement.

The presence of a majority of the outstanding shares of Common Stock of the Company entitled to vote, represented in person or by proxy, will constitute a quorum at the Annual Meeting.

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate votes cast for directors or withheld, affirmative and negative votes and abstentions. Abstentions on any of the proposals or votes withheld for all director nominees will be treated as present at the meeting for purposes of determining a quorum, but will not be counted as votes cast on the proposals presented to the shareholders.

### Proxy Voting

Shares of Common Stock cannot be voted at the Annual Meeting unless the holder of record is present in person or by proxy. The enclosed form of proxy is a means by which a shareholder or his or her

agent or attorney-in-fact may authorize the voting of the shareholder's shares at the Annual Meeting. The shares of Common Stock represented by each properly executed proxy will be voted at the Annual Meeting in accordance with the shareholder's directions. Shareholders should specify their choices by marking the appropriate boxes on the enclosed proxy. If no choice has been specified and the enclosed proxy is properly executed and returned, the shares will be voted FOR the persons nominated by the Board for election as directors. If any other matters are properly presented to the Annual Meeting for action, the proxy holders will vote the proxies (which confer discretionary authority to vote on such matters) in accordance with their best judgment.

Execution of the enclosed proxy will not affect a shareholder's right to attend the Annual Meeting and vote in person. Any proxy given pursuant to such solicitation may be revoked by the shareholder at any time prior to the voting of the proxy. Any revocation of a proxy may be in writing delivered to the Company in advance or verbally by any shareholder in attendance at the Annual Meeting.

#### Proxy Voting by Street Name Holders.

If your shares are held in a brokerage account or by another nominee, you are considered the "beneficial owner" of shares held in "street name," and these proxy materials are being forwarded to you by your broker or nominee (the "record holder"). As the beneficial owner, you have the right to direct your record holder how to vote your shares, and the record holder is required to vote your shares in accordance with your instructions. If you do not give instructions to your record holder by 4:30 p.m. on November 12, 2010, the record holder will be entitled to vote your shares in its discretion on the proposals that are presented and considered at the 2010 Annual Meeting.

As the beneficial owner of shares, you are invited to attend the annual meeting. Please note, however, that if you are a beneficial owner, you may not vote your shares in person at the meeting unless you obtain a "legal proxy" from the record holder holding your shares.

#### Attendance and Voting at the Annual Meeting

If you own shares of Common Stock of record, you may attend the Annual Meeting and vote in person, regardless of whether you have previously voted on a proxy. We encourage you to vote your shares in advance of the Annual Meeting date by returning the enclosed proxy, even if you plan on attending the Annual Meeting. You may change or revoke your proxy at the Annual Meeting as described above even if you have already voted by proxy.

**YOUR PROXY VOTE IS IMPORTANT. PLEASE COMPLETE, SIGN AND RETURN THE ENCLOSED PROXY WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.**

THE ENCLOSED PROXY IS SOLICITED BY THE COMPANY ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY and it delegates discretionary authority with respect to any additional matters which may properly come before the Annual Meeting. Although the Board is not currently aware of any additional matter, if other matters do properly come before the Annual Meeting, proxies will vote thereon in accordance with their best judgment.

#### ELECTION OF DIRECTORS AND VOTING

During the past year, the Board of Directors amended the Bylaws of the Company to reduce the number of directors from eight to seven, effective as of November 15, 2010, and to be further reduced from seven to six, effective on the day preceding the 2011 annual shareholder meeting. As a result, only three directors will be elected at the 2010 Annual Meeting.

The only proposal for the 2010 Annual Meeting is the election of three directors to hold office for two years until the 2012 Annual Meeting of Shareholders or until a successor is duly elected and qualified. The following persons have been nominated: Jeff A. Einfalt, R. Brad Harse, and P. Kevin Pope. Messrs. Einfalt and Harse are currently directors of the Company. Mr. Pope has never been a director of the Company. Detailed information on each nominee is provided below in the section entitled "Information About Current Directors and Nominees." The Company did not receive any additional nominee submissions for the 2010 election.

As indicated in the proxy, where no direction is given, the proxies solicited by the Board of Directors will be voted in favor of the election of the Board's nominees listed in this proxy statement. Votes withheld for all director nominees will be treated as present at the meeting for purposes of determining a quorum, but will not be counted as votes in the director election. If any of the nominees shall withdraw or otherwise become unavailable, which is not expected, the proxies will be voted for a substitute nominee who will be designated by the Board of Directors. Shareholders who neither submit a proxy nor attend the meeting, along with broker non-votes, will not be counted as either a vote for or against the election of directors.

**Your Board recommends a vote FOR the election of its nominees for the Board of Directors.**

#### Cumulative Voting Description

Shareholders have cumulative voting rights. Each shareholder of record is entitled to as many votes as the total number of shares of Common Stock held of record by such shareholder at the close of business on September 13, 2010, multiplied by three (3), which is the number of directors to be elected by the shareholders. These votes may be divided among the total number of directors to be elected or distributed among any lesser number in such proportion as the shareholder may desire. Unless otherwise instructed, the proxy holders will vote the proxies received by them equally for each of the Board's nominees shown in this proxy statement, reserving the right, however, to cumulate their votes and distribute them among the nominees in their discretion. By marking the appropriate box on the form of proxy, a shareholder may withhold authority to vote for all of the Board's nominees. A shareholder may also withhold authority to vote for any one or more of the nominees by striking through the name (or names) of such nominees on the form of proxy. Neither shares nor proxies may be voted for a greater number of persons than the number of nominees shown below.

If a quorum is present, the three nominees receiving the highest vote totals will be elected as directors of the Company at the Annual Meeting.

#### INFORMATION ABOUT CURRENT DIRECTORS AND NOMINEES

Three directors are to be elected at this Annual Meeting. The Articles of Incorporation of the Company provide for classification of directors into two classes to be elected in alternate years for two-year terms. The Company's Bylaws, as amended effective November 15, 2010, provide for three directors to be elected in 2010, and effective as of the day preceding the 2011 Annual Meeting, three directors will be elected in 2011.

Nominees Jeff A. Einfalt and R. Brad Harse are presently directors of the Company and have been previously elected by the shareholders. Nominee P. Kevin Pope has never been a director of the Company.

The following table contains certain information with respect to the persons currently serving as directors as well as those persons nominated for election at the 2010 Annual Meeting of Shareholders:

**CURRENT NOMINEES:**

| <u>Name and Principal Occupation</u>   | <u>Age</u> | <u>Year First<br/>Became Director</u> | <u>Term Expires</u> |
|--|------------|---------------------------------------|---------------------|
| JEFF A. EINFALT<br>Consultant<br>Lincoln, Nebraska   | 48         | 2004                                  | 2010                |
| R. BRAD HARSE<br>Sr. Vice President and Principal<br>BCC Advisers, L.L.C.<br>Lincoln, Nebraska | 61         | 2004                                  | 2010                |
| P. KEVIN POPE<br>2900 Stratford Avenue<br>Lincoln, Nebraska                                    | 41         | N/A                                   | N/A                 |

**DIRECTORS WITH CONTINUING TERMS:**

| <u>Name and Principal Occupation</u>  | <u>Age</u> | <u>Year First<br/>Became Director</u> | <u>Term Expires</u> |
|---|------------|---------------------------------------|---------------------|
| DONALD L. DUNN<br>Attorney, Of Counsel with<br>Rembolt Ludtke LLP<br>Grand Island, Nebraska   | 58         | 2003                                  | 2011                |
| NED L. EINFALT<br>Retired<br>Scottsbluff, Nebraska  | 70         | 2005                                  | 2011                |
| RICHARD E. MCFAYDEN<br>Partner, Perrigrine Partners, a Real Estate<br>Investment Partnership; and Professor of Business<br>and Regional Director, Professional and Online<br>Studies, Buena Vista University, Omaha, Nebraska | 58         | 1984                                  | 2011                |
| ROBERT E. SCOTT<br>President, Kinport Corporation<br>Lincoln, Nebraska  | 38         | 2005                                  | 2011                |

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P. Kevin Pope is the President of Pen-Link, Ltd., which provides electronic surveillance solutions to law enforcement and intelligence agencies. He has had this position since 2007. Prior to that, he was President of Stanley Senior Technologies, the health care subsidiary of Stanley Black & Decker.

Donald L. Dunn was Executive Vice President-Administration, Secretary and General Counsel, Chief Industries, Inc., Grand Island, Nebraska, until December, 2007. Upon leaving Chief Industries, Mr. Dunn became affiliated on an of counsel basis with Rembolt Ludtke LLP, a law firm with its principal office in Lincoln, Nebraska. Rembolt Ludtke LLP is general legal counsel for the Company.

R. Brad Harse joined BCC Advisers, L.L.C., an affiliate of Business Capital Corporation of Des Moines, Iowa, on January 1, 2008. BCC Advisers, L.L.C. has been engaged by the Company to render services in connection with the activities of the Acquisition Committee.

Jeff A. Einfalt retired from his position in 2005, but he currently renders consulting services on a part-time basis to the Kinder, Porter, Scott Family Foundation, a foundation which involves the family of Robert E. Scott. Jeff A. Einfalt is the son of Ned L. Einfalt. All other directors have been in their respective occupations for more than the past five years.

### Audit Committee

The Audit Committee reviews the services provided by the Company's independent auditors, consults with the independent auditors and reviews the need for internal procedures and the adequacy of internal controls. The entire Board of Directors acts as the Company's Audit Committee. The Company believes that the members of the Audit Committee are independent within the meaning of the listing standards of the National Association of Securities Dealers, the operators of The Nasdaq Stock Market. On November 28, 2000, the Board of Directors adopted an Audit Committee Charter.

#### Audit Committee

Richard R Agee  
Donald L. Dunn  
Jeff A. Einfalt  
Ned L. Einfalt

R. Brad Harse  
Richard E. McFayden  
Daniel H. Meginnis  
Robert E. Scott

### Other Committees

There is no standing compensation committee of the Board of Directors. The Board of Directors established a nominating committee which consists of Messrs. Ned Einfalt (Chair), Scott, McFayden and Dunn. Nominations for the 2010 election had to be received no earlier than February 1, 2010 and no later than June 1, 2010. There are three nominee submissions for the 2010 election; all three of which were nominated by the Board of Directors. **Nomination for election to the Board of Directors to be considered at the 2011 Annual Meeting must be submitted in writing to the nominating committee no earlier than February 1, 2011 and no later than June 1, 2011.**

The Board of Directors established a Human Resources Committee to evaluate the organizational structure and personnel needs of the Company's divisions and to recruit and hire qualified individuals to complete the Company's management team. This committee currently consists of Messrs. McFayden (Chair), Jeff Einfalt, Ned Einfalt and Donald D. Heupel, Company President.

In November, 2006, the Board of Directors established a Mergers and Acquisition Committee. This Committee has been renamed as the Acquisition Committee. The Acquisition Committee evaluates potential acquisition targets and business expansion opportunities and makes recommendations to the Board of Directors. The committee members currently consist of Messrs. Jeff Einfalt (Co-Chair), Dunn (Co-Chair), Scott, Meginnis and Heupel.

The Board of Directors established an Investment Committee to assist and advise the investment of available cash to maximize return. The committee members are Messrs. Jeff A. Einfalt (Chairman), Scott, Dunn and Heupel as members.

All committees are subject to change after the election of directors at the 2010 Annual Meeting of the Shareholders.

## Meetings and Attendance

During fiscal year 2009-2010 the full Board of Directors held five meetings, the Audit Committee conducted one meeting, the Nominating Committee conducted four meetings, the Human Resources Committee held no meetings, the Investment Committee conducted one meeting, and the Acquisition Committee conducted two meetings. All directors participated in all of the meetings of the committees on which they serve.

## MANAGEMENT

The Company's day to day affairs are managed by its executive officers who are appointed for a one year term. Executive officers of the Company, and other significant employees of the Company, are listed below:

| <u>Name and Age</u>             | <u>Current Position and Business History</u>                   |
|---------------------------------|--|
| Robert E. Scott (38). . . . .   | Chairman of the Board of the Company since November 13, 2007   |
| Donald D. Heupel (63). . . . .  | President of the Company for more than the past five years     |
| Donald L. Dunn (58). . . . .    | Secretary and Treasurer of the Company since November 13, 2007 |
| Lanelda Bollinger (52). . . . . | Controller since January 2006                                  |

The Controller of the Company is Lanelda Bollinger. She was hired in February 2001, and she was promoted to Controller in January 2006. Ms. Bollinger holds an A.A. degree in Accounting from Iowa Lakes Community College and both a B.A. in Accounting and a B.A. in Business from Briar Cliff University.

## COMPENSATION OF PRESIDENT AND DIRECTORS

The following table sets forth all compensation paid or payable by the Company during the past fiscal year to the President of the Company, Mr. Donald D. Heupel:

### **SUMMARY COMPENSATION TABLE**

| <u>Name and<br/>Principal Position</u>       | <u>Annual Compensation</u> |                         |                                   |
|--|----------------------------|-------------------------|-----------------------------------|
|  | <u>Year (1)</u>            | <u>Salary and Bonus</u> | <u>All other<br/>Compensation</u> |
| Donald D. Heupel<br>President of the Company | 2010                       | \$88,000 (2)            | \$960.61 (3)                      |

(1) - For fiscal year ended July 31, 2010.

(2) - Mr. Heupel is entitled to an annual bonus based on annual operating profit and return on assets determined on a fiscal year basis. Mr. Heupel's salary was \$78,000, and he received \$10,000 as bonus compensation for the fiscal year ended July 31, 2010.

(3) - The amount listed as other compensation includes a value of \$960.61 allocated to Mr. Heupel for his personal use of a Company automobile.

All directors of the Company are paid \$1,000 per month. The Company adopted a 401(k) plan (the "Plan") for its supervisory, clerical and sales employees, effective January 1, 1997, and it was made available to production employees on May 7, 2007. Mr. Heupel currently participates in the Plan.

OWNERSHIP OF VOTING SECURITIES  
BY DIRECTORS AND NOMINEES AND OFFICERS

The following table sets forth the share ownership for each of the directors, nominees for director and officers as of September 13, 2010:

| <u>Title of Class</u> | <u>Name and Address of Beneficial Owner</u>                                      | <u>Amount and Nature of Beneficial Ownership</u> | <u>Percent of Class</u> |
|-----------------------|--|--|-------------------------|
| Common Stock          | Richard R. Agee<br>5300 Bridle Lane<br>Lincoln, NE 68516                         | 600(1)   | 0.074%                  |
| Common Stock          | Donald L. Dunn<br>72 Ponderosa<br>Grand Island, NE 68803                         | 26,570(2)  | 3.26%                   |
| Common Stock          | Jeff A. Einfalt<br>129 North 10 <sup>th</sup> Street<br>Lincoln, NE 68508        | -0- (3)  | 0%                      |
| Common Stock          | Ned L. Einfalt<br>2209 Avenue N<br>Scottsbluff, NE 69361                         | 3,400(3)   | 0.42%                   |
| Common Stock          | R. Brad Harse<br>720 "O" St., Ste. D<br>Lincoln, NE 68508                        | 1,865  | 0.23%                   |
| Common Stock          | Donald D. Heupel<br>405 Diagonal Street<br>Algona, IA 50511                      | 1,500(4)   | 0.18%                   |
| Common Stock          | Richard E. McFayden<br>672 Fairwood Lane<br>Omaha, NE 68132                      | 20,690(5)  | 2.54%                   |
| Common Stock          | Daniel H. Meginnis<br>1000 Rockhurst Drive<br>Lincoln, NE 68510                  | 3,220  | 0.39%                   |
| Common Stock          | Robert E. Scott<br>440 N. 8 <sup>th</sup> Street, Suite 140<br>Lincoln, NE 68508 | 201,877(6)                                       | 24.74%                  |
|                       | P. Kevin Pope<br>5936 VanDervoort Drive<br>Lincoln, NE 68516                     | -0-  | 0%                      |

(1) - Does not include 75,592 shares owned by Mr. Agee's mother Eloise Rogers Agee or her husband

Richard W. Agee (see Principal Holders below). If Mr. Richard R. Agee is deemed to have shared voting and dispositive power over these shares his total rises to 76,192 which is 9.34%.

- (2) - Includes 14,745 shares owned by Mr. Dunn's IRA.
- (3) - Jeff A. Einfalt's total does not include 3,400 shares owned by Ned L. Einfalt, his father. If Jeff A. Einfalt is deemed to have voting and dispositive power over the shares owned by Ned L. Einfalt, then he is deemed to own 3,400 shares, which is 0.42%.
- (4) - Includes 1,500 shares owned by Mr. Heupel and his wife as joint tenants with respect to which Mr. Heupel may be regarded as having shared voting and dispositive power.
- (5) - Includes 15,000 shares held by Mr. McFayden as Trustee of the R.E. McFayden Trust, to which Mr. McFayden has sole voting and dispositive power.
- (6) - Includes 195,877 shares owned by WRK, LLC, to which Mr. Scott has shared voting and dispositive power. Does not include 2,000 shares owned by Mr. Scott's brother William D. Scott and 500 shares owned by his mother. (Note that if Mr. Scott is regarded as having shared voting and dispositive power for these shares, then his total rises to 204,377 which is 25.05%) .

In addition to the shared voting power and shared investment power indicated in the above footnotes, spouses of the persons listed may be regarded as having beneficial ownership and shared voting power and shared dispositive power with respect to the shares shown.

The following table sets forth certain cumulative information per the above as to the shares of Common Stock beneficially owned by all officers and directors of the Company as a group as of September 13, 2010:

| <u>Title of Class</u> | <u>Amount and Nature of Beneficial Ownership</u> | <u>Percentage of Class</u> |
|-----------------------|--|----------------------------|
| Common Stock          | 259,722 (1)                                      | 31.83%                     |

- (1) - Includes shares with respect to which members of the group may be regarded as having shared voting power and/or dispositive power as determined per the shares in columns above (and if the additional shares per footnotes 1 and 6 above are included the total rises to 337,814 which is 41.4%).

#### PRINCIPAL HOLDERS OF VOTING SECURITIES

The following table sets forth the names and certain information with respect to each person who was known by the Company to be the beneficial or record owner of more than five percent (5%) of the Company's Common Stock, except as otherwise noted, as of September 13, 2010.

| <u>Title of Class</u> | <u>Name and Address of Beneficial Owner</u>                         | <u>Amount and Nature of Beneficial Ownership</u> | <u>Percent of Class</u> |
|-----------------------|---|--|-------------------------|
| Common Stock          | Eloise Rogers Agee<br>2541 Woodleigh Lane<br>Lincoln, NE 68502      | 75,592(1)(2)                                     | 9.26%                   |
| Common Stock          | Cede & Co.<br>Box 20<br>Bowling Green Station<br>New York, NY 10004 | 745,010 (3)                                      | 91.3%                   |



| <u>Title of Class</u> | <u>Name and Address of Beneficial Owner</u>  | <u>Amount and Nature of Beneficial Ownership</u> | <u>Percent of Class</u> |
|-----------------------|--|--|-------------------------|
| Common Stock          | Robert E. Scott<br>440 N. 8 <sup>th</sup> Street, Suite 140<br>Lincoln, NE 68508                 | 201,877(1)(4)                                    | 24.74%                  |
| Common Stock          | WRK, LLC<br>c/o Robert E. Scott<br>440 N. 8 <sup>th</sup> Street, Suite 140<br>Lincoln, NE 68508 | 195,877(1)(5)                                    | 24.00%                  |

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- (1) - Some or all of these shares are held in the nominee name of Cede & Co.
- (2) - Includes four shares owned by her husband, Richard W. Agee, with respect to which Mrs. Agee may be regarded as having shared voting power and shared dispositive power. Does not include 600 shares owned by Richard R. Agee (see director ownership table above – if these 600 shares were included, her total would be 76,192, which is 9.34%).
- (3) - The Company's stock transfer records reflect that these shares are held in nominee name. These shares are beneficially owned by more than one beneficial owner.
- (4) - Includes 195,877 shares owned by WRK, LLC, to which Mr. Scott has shared voting and dispositive power. Does not include 2,000 shares owned by Mr. Scott's brother William D. Scott and 500 shares owned by his mother (note if Mr. Scott is regarded as having shared voting and dispositive power for these shares, then his total rises to 204,377, which is 25.05%).
- (5) - Director Robert E. Scott is the Co-Manager of this Nebraska limited liability company. See also Note 4.
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In addition to the persons listed above, any spouses of the persons listed may be regarded as having beneficial ownership and shared voting and shared investment power with respect to the shares shown.

### ANNUAL REPORT AND FINANCIAL STATEMENTS

The Company's annual report for the fiscal year ended July 31, 2010, including financial statements, has accompanied or preceded the mailing of this proxy statement, but it is not deemed a part of the proxy soliciting material.

### AUDIT MATTERS

Representatives of the firm of Kiesling Associates LLP are expected to be present at the Annual Meeting of Shareholders. Such representatives will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from stockholders.

### SHAREHOLDERS' PROPOSALS

In order for any proposal of shareholders to be presented as an item of business at the 2011 Annual Meeting of Shareholders of the Company, the proposal must be received at the Company's principal executive offices no later than May 21, 2011.

Any shareholder who desires to present a proposal for inclusion in the next year's proxy statement must deliver a written proposal to the Company's President at 405 Diagonal Street, Algona, IA 50511 no

later than the close of business on May 21, 2011. The submission should include the proposal and a statement of the reasons for it, the name and address of the stockholder, the number of shares beneficially owned of record by the submitting stockholder, and a description of any material direct or indirect financial or other interest the shareholder (or any affiliate or associate) may have in the proposal.

#### SHAREHOLDER LIST

For at least ten days prior to the meeting, a list of the shareholders entitled to vote at the annual meeting will be available for examination, for purposes germane to the meeting, during ordinary business hours at the Company's offices. The list will also be available for examination at the meeting.

#### OTHER MATTERS

The Board of Directors knows of no other matter to be acted upon at the meeting. However, if any other matter is lawfully brought before the meeting, the shares covered by the proxy in the accompanying form will be voted on such matter in accordance with the best judgment of the persons acting under such proxy.

By Order of the Board of Directors  
Donald D. Heupel  
President

October 12, 2010

TO BE CERTAIN THAT YOUR SHARES WILL BE REPRESENTED AT THE 2010 ANNUAL MEETING OF SHAREHOLDERS WE URGE YOU TO SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON.