

To: Shareholders of Universal Mfg. Co.

**THREE MONTH OPERATING REPORTS
FOR FIRST QUARTER ENDED OCTOBER 31, 2009**
(Not audited by Independent Public Accountants)

BALANCE SHEET

	July 31, 2009	October 31, 2009
Assets		
Current Assets		
Cash & Equivalents	\$2,370,393	\$2,333,776
Accounts Receivable	2,143,800	1,883,034
Inventory	3,649,376	3,837,729
Other Current Assets	<u>16,032</u>	<u>9,669</u>
Total Current Assets	\$8,179,601	\$8,064,208
Property, Plant, & Equipment	<u>1,200,829</u>	<u>1,204,697</u>
Total Assets	\$9,380,430	\$9,268,905
Liabilities & Stockholder's Equity		
Current Liabilities		
Accounts Payable	581,971	429,213
Accrued Taxes	(154,066)	(125,494)
Other Accruals	<u>401,071</u>	<u>359,628</u>
Total Current Liabilities	\$828,976	\$663,347
Stockholder's Equity		
Common Stock Outstanding	\$816,000	\$816,000
Additional Paid-in Capital	17,862	17,862
Retained Earnings	<u>7,717,592</u>	<u>7,771,696</u>
Total Stockholder's Equity	\$8,551,454	\$8,605,558
Total Liabilities & Stockholder's Equity	\$9,380,430	\$9,268,905

INCOME STATEMENT

	2009-2010	2008-2009
Sales	\$2,376,634	\$2,510,858
Income Before Income Taxes	90,172	90,667
Income Taxes (Est.)	36,069	37,226
Net Income	54,103	53,441
Earnings Per Share	.07	.07

The above figures compare the results of the First Quarter of the current fiscal year, with the First Quarter of fiscal year 2008-2009, and show that sales decreased by about 5% from a year ago.

Sales were led by remanufactured transfer cases, with sales of about \$1,160,000, which accounted for about 49% of the total sales. Remanufactured transfer case sales the First Quarter a year ago were \$1,276,000. This resulted in an overall decrease for the quarter, and is due to weaker market demand for the product. We believe that this was a temporary situation, and demand for replacement transfer cases will improve.

Sales of other product lines were comparable to the First Quarter a year ago. Although customers continue to show a reluctance to invest in or add to inventories, we continue to expand our customer base. Nine new accounts were added the First Quarter of the current fiscal year.

Operating Income the First Quarter of this fiscal year was higher than the First Quarter a year ago, but due to reduced income from investments and non-ordinary expenses, overall income matched that of a year ago.

The Board of Directors of Universal Mfg. Co., continuing a conservative approach and maintaining options for other opportunities, has chosen not to declare a dividend for the quarter ended October 31, 2009.

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.