

To Shareholders of Universal Mfg. Co.

**NINE MONTH OPERATING REPORTS
FOR THIRD QUARTER ENDED APRIL 30, 2010**

(Not audited by Independent Public Accountants)

BALANCE SHEET

	July 31, 2009	April 30, 2010
Assets		
Current Assets		
Cash & Equivalents	\$2,370,393	\$2,757,086
Accounts Receivable	2,143,800	2,129,845
Inventory	3,649,376	3,847,964
Other Current Assets	<u>16,032</u>	<u>20,306</u>
Total Current Assets	\$8,179,601	\$8,755,201
Property, Plant, & Equipment	<u>1,200,829</u>	<u>1,166,370</u>
Total Assets	\$9,380,430	\$9,921,571
Liabilities & Stockholder's Equity		
Current Liabilities		
Accounts Payable	581,971	454,924
Accrued Taxes	(154,066)	114,878
Other Accruals	<u>401,071</u>	<u>396,601</u>
Total Current Liabilities	\$828,976	\$966,403
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>8,121,306</u>
Total Stockholder's Equity	\$8,551,454	\$8,955,168
Total Liabilities & Stockholder's Equity	\$9,380,430	\$9,921,571

INCOME STATEMENT

	Third Quarter Ended April 30		Nine Months Ended April 30	
	2010	2009	2010	2009
Sales	\$2,868,036	\$2,654,006	\$7,920,530	7,490,977
Income (Loss) Before Income Taxes	320,662	122,491	672,855	231,170
Income Taxes (Est.)	128,265	48,996	269,142	93,649
Net Income (Loss)	192,397	73,495	403,713	137,521
Earnings (Loss) Per Share	.24	.09	.49	.17

The above figures compare results from the Third Quarter and the first nine months of this fiscal year, with results from the Third Quarter and the first nine months of last fiscal year. Sales for the Third Quarter exceeded sales of the previous quarter by 7.1%, and exceeded sales for the Third Quarter a year ago by 8.2%. Sales for the first nine months of the fiscal year increased 5.7%

Increases in sales of remanufactured transfer cases and remanufactured brake calipers accounted for the overall sales increase. Transfer case sales the Third Quarter were \$1,587,000, an increase of \$180,000, or 13%, over the same period a year ago. Brake caliper sales increased by \$135,000 to \$450,000, or 42%. Severe weather conditions in many parts of the country contributed to transfer case sales increase, and brake caliper sales increased due to expansion of our customer base.

Overall sales of electric fuel pumps remained relatively unchanged, but the trend of sales of new assemblies displacing the sales of remanufactured assemblies continued. The sales of new assemblies the first nine months of the fiscal year increased 37%, while the sales of remanufactured assemblies decreased 23%.

The increase in sales resulted in a gross margin increase of from 28.2% of sales Third Quarter a year ago to 33.3% this year, and from 27% the first nine months a year ago to 31.7% this year. Selling, General, and Administrative expenses were equal to a year ago, therefore earnings per share increased from \$.17 to \$.49.

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 April 30, 2010.

Donald D. Heupel
President