

To: Shareholders of Universal Mfg. Co.

**THREE MONTH OPERATING REPORTS
FOR FIRST QUARTER ENDED OCTOBER 31, 2010**
(Not audited by Independent Public Accountants)

BALANCE SHEET

	July 31, 2010	October 31, 2010
Assets		
Current Assets		
Cash & Equivalents	\$2,876,797	\$2,686,606
Accounts Receivable	1,920,735	2,038,639
Inventory	4,022,078	4,201,862
Other Current Assets	<u>18,964</u>	<u>24,998</u>
Total Current Assets	\$8,838,574	\$8,952,106
Property, Plant, & Equipment	<u>1,173,063</u>	<u>1,167,734</u>
Total Assets	\$10,011,637	\$10,119,839
Liabilities & Stockholder's Equity		
Current Liabilities		
Accounts Payable	382,923	679,810
Accrued Taxes	95,161	(62,454)
Other Accruals	<u>419,281</u>	<u>385,360</u>
Total Current Liabilities	\$897,365	\$1,002,716
Stockholder's Equity		
Common Stock Outstanding	\$816,000	\$816,000
Additional Paid-in Capital	17,862	17,862
Retained Earnings	<u>8,280,410</u>	<u>8,283,261</u>
Total Stockholder's Equity	\$9,114,272	\$9,117,123
Total Liabilities & Stockholder's Equity	\$10,011,637	\$10,119,839

INCOME STATEMENT

	2010-2011	2009-2010
Sales	\$2,646,336	\$2,376,634
Income Before Income Taxes	4,386	90,172
Income Taxes (Est.)	1,535	36,069
Net Income	2,851	54,103
Earnings Per Share	.00	.07

The above figures compare the results of the First Quarter of the current fiscal year, with the First Quarter of fiscal year 2009-2010, and show that sales increased by about 11% from a year ago.

This sales increase was led by remanufactured transfer cases, with sales of about \$1,400,000, which is a 16% increase over the same period a year ago. Particularly strong demand for transfer cases was noted early in the quarter.

Sales of other product lines were moderately higher than during the First Quarter a year ago. Four significant new accounts were added.

Margins from product sales increased by 12% from a year ago. However, unusual expenses or charges to operations resulted in lower operating profit and lower earnings. These included health insurance expenses for that portion of our Group Health Insurance Program that is self-insured, and charges to LIFO inventory and obsolescence inventory reserves.

The Board of Directors of Universal Mfg. Co. anticipates completing the purchase of Man & Material Lift Engineering on December 1, 2010, which will then become a wholly owned subsidiary of Universal Mfg. Co., and will be called Manlift Mfg. Co. The parts remanufacturing business in Algona, Iowa, will continue as ReTech, Division of Universal Mfg. Co.

Donald L. Dunn
President
Universal Mfg. Co.

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.