

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____.

COMMISSION FILE NUMBER: 0-21044

UNIVERSAL ELECTRONICS INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION
OF INCORPORATION OR ORGANIZATION)

33-0204817
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

6101 GATEWAY DRIVE
CYPRESS, CALIFORNIA
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

90630
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (714) 820-1000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(d) OF THE ACT:
COMMON STOCK, PAR VALUE \$.01 PER SHARE
(TITLE OF CLASS)

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months, and (2) has been subject to such filing
requirements for the past 90 days.

Yes X No
----- -----

Indicate by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K is not contained herein, and will not be contained,
to the best of Registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of the Form 10-K or any
amendment to this Form 10-K. []

The aggregate market value of the Registrant's outstanding common stock
held by non-affiliates of the Registrant on February 29, 2000, determined using
the per share closing sale price thereof on the National Market of The Nasdaq
Stock Market of \$19.75 on that date, was approximately \$270,547,000.

As of February 29, 2000, 13,715,499 shares of Common Stock, par value
\$.01 per share, of the Registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's definitive Proxy Statement for its 2000
Annual Meeting of Stockholders to be held on June 21, 2000 are incorporated by
reference into Part III of this Form 10-K.

Except as otherwise stated, the information contained in this Form
10-K is as of December 31, 1999.

Exhibit Index appears on page 45.

UNIVERSAL ELECTRONICS INC.
 ANNUAL REPORT ON FORM 10-K
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

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PART I

ITEM 1. BUSINESS

BUSINESS OF UNIVERSAL ELECTRONICS INC.

Universal Electronics Inc. was incorporated under the laws of Delaware in 1986 and began operations in 1987. The principal executive offices of the Company are located at 6101 Gateway Drive, Cypress, California 90630. As used herein, the terms "Universal" and the "Company" refer to Universal Electronics Inc. and its subsidiaries unless the context indicates to the contrary.

Universal develops and markets easy-to-use, preprogrammed universal wireless control devices (i.e. remote controls, wireless keyboards, gaming controls, etc.) and technologies principally for home video and audio entertainment equipment. The Company sells and licenses its wireless control devices and proprietary technologies worldwide to original equipment manufacturers ("OEMs"), private label customers, and companies involved in the cable and satellite (collectively referred to as "subscription broadcasting") industries. The Company also sells its wireless control devices internationally under the One For All(R) brand name. In addition, the Company has licensed certain of its proprietary technology and its One For All brand name to third parties who in turn sell products directly to United States retailers. Through 1999, the Company also marketed a line of home safety and automation products under the Eversafe(R) brand name through domestic retail, hardware, food and drug, and mass marketing distribution channels.

GENERAL BUSINESS INFORMATION

Universal has developed a broad line of easy-to-use, preprogrammed universal wireless control products which are marketed principally for home video and audio entertainment equipment through various channels of distribution, including international retail, private label, OEMs, and cable and satellite service providers. The Company believes that its universal wireless controls can operate virtually all infrared remote controlled TV's, VCR's, DVD players, cable converters, CD players, audio components and satellite receivers, as well as most other infrared remote controlled devices worldwide.

The Company believes its wireless control products incorporate certain significant technological advantages. First, the Company has compiled an extensive library of over 82,000 infrared codes that cover over 100,000 individual device functions and over 1,500 individual consumer electronic equipment brand names. The Company believes its database of infrared codes is larger than any other existing library of infrared codes for the operation of home video and audio devices sold worldwide. The Company's library is regularly updated with new infrared codes used in newly introduced video and audio devices. All such infrared codes are captured from the original manufacturer's remote control devices to ensure the accuracy and integrity of the database. Second, the Company's proprietary software and know-how permit infrared codes to be compressed before being loaded into a Read Only Memory ("ROM"), Random Access Memory ("RAM") or an electronically erasable programmable ROM ("E2") chip. This provides significant cost and space efficiencies that enable the Company to include more codes and features in the limited memory space of the chip than are included in similarly priced products of competitors. Third, the Company has developed a patented technology that provides the capability to easily upgrade the memory of the remote control by adding codes from its library that were not originally included. This technology utilizes both RAM and EEPROM ("E2") chip technologies.

PRODUCTS

Universal Wireless Controls

The Company's family of products include universal standard and touch screen remote controls, wireless keyboards, antennas, joysticks and other gaming devices, custom and customizable chips that include the Company's library of codes and proprietary software, and licensing of the Company's library of codes and proprietary software. These products cover a broad spectrum of suggested prices and performance capabilities. The Company sells its customized products to International retailers, consumer electronic accessory suppliers, private label customers, OEMs, cable operators and satellite service providers for resale under their respective brand names. Prior to its restructuring in 1997, the Company sold its wireless controls directly to a number of domestic retailers and service centers under the One For All brand name and to cable operators under the Uniwand(R) brand name. The Company's products are capable of controlling from one to fifteen video and audio devices, including, but not limited to, TVs, VCRs, DVD players, cable converters, CD players,

satellite receivers, laser disc players, amplifiers, tuners, turntables, cassette players, digital audio tape players, and surround sound systems.

Each of the Company's wireless control devices is designed to simplify the use of video and audio devices. To appeal to the mass market, the number of buttons is minimized to include only the most popular functions. The Company's universal remotes are also designed for ease of initial set-up. For most of the Company's products, the consumer simply inputs a four-digit code for each video or audio device to be controlled. Each remote contains either a RAM, a ROM, or a combination of ROM and E2 chips. The RAM, and the ROM and E2 combination products allow the remote to be upgraded with additional codes. Another proprietary ease of use feature the Company offers in several of its universal remote controls is the user programmable macro key. This feature allows the user to program a sequence of commands onto a single key, to be played back each time that key is subsequently pressed.

The Company introduced its first product, the One For All, in 1987. In the international markets, One For All brand name products accounted for 23.7%, 23.1%, and 18.4% of the Company's sales for the years ended December 31, 1999, 1998, and 1997, respectively. The Company discontinued direct retail operations in North America in 1997 (see also discussion at "1997 Restructuring").

Many of the Company's products include its patented and highly proprietary "upgradeability" feature. This feature provides the user with the capability to easily upgrade the memory of the remote control by adding codes from its library that were not originally included. Each of these products utilizes the E2 chip technology and, as a result of other improvements, also retains memory while changing batteries which eliminates the inconvenience experienced by consumers of having to set up the remote control each time the batteries are changed.

By providing its wireless control technology in many forms, including finished products, integrated circuits on which the Company's software is embedded, or custom software packages, the Company can meet the needs of its customers, enabling those who manufacture or subcontract their manufacturing requirements to use existing sources of supply and more easily incorporate the Company's technology. In addition, the Company's products are easily customized to include the features that are important to customers. These may include keys to control electronic program guides, one-button VCR record keys, customized macro set-up keys, and/or other features.

DISTRIBUTION AND CUSTOMERS

The Company's products are sold to a wide variety of customers in numerous distribution channels. In the United States, the Company principally sells its products and/or licenses its proprietary technology to cable operators, private label customers and consumer electronics accessory manufacturers for resale or rental under their respective brand names. In addition, the Company sells its wireless control products and licenses its proprietary technologies to OEMs for packaging with their products. As a result of its 1997 restructuring, the Company has also licensed certain of its proprietary technology and its One For All brand name and Eversafe line of products to third parties who in turn sell the products directly to certain domestic retailers. Outside of the United States, the Company sells remotes, other wireless control devices, and certain accessories under the One For All and certain other brand names to retailers and to other customers under private labels through its international subsidiaries and distributors. The Company also sells its products and/or licenses its proprietary technology to OEMs, cable operators and satellite service providers internationally.

For the year ended December 31, 1999, sales to Media One and Radio Shack accounted for approximately 11.6% and 10.3%, respectively, of the Company's net sales for the year. Also during the year, the Company lost a significant customer when Primestar, a satellite service provider, was acquired by a third party in early 1999. While management considers the Company's relationships with each of its customers to be good, the loss of any one key customer could have a material adverse effect on the Company's results of operations.

Subscription Broadcasting and OEM

The Company provides subscription broadcasters, namely cable operators or multiple system operators ("MSOs") and satellite service providers both domestically and internationally, with universal wireless control devices, integrated circuits on which the Company's software is embedded, and/or customized software packages to support the increased demand associated with the launch of digital services, and increased cable and satellite household penetration.

The Company also sells its universal wireless control devices, integrated circuits on which the Company's software is embedded, and/or customized software packages to OEMs which manufacture cable converters and satellite receivers for resale with their products. Growth in this business line is driven by the same factors noted for subscription broadcasting. Also during 1999, the Company continued pursuing a further penetration of the more traditional consumer electronics/OEM markets. Customers in these markets generally package the Company's wireless control devices for resale with their audio and video home entertainment products (i.e. TVs, DVD and CD players, VCRs, personal digital recorders, etc.). The Company also sells customized chips which include the Company's software and/or customized software packages to these customers.

Growth in this line of business has been driven by the proliferation of home entertainment equipment, the emerging digital technology, the increase in multimedia and interactive internet applications, and the increase in the number of OEMs.

The Company continues to place significant emphasis on expanding its sales and marketing efforts to subscription broadcasters and OEMs in Asia and Europe. In 1999, the Company hired a direct sales representative dedicated to expanding the Company's customer base in Asia. Additional sales support staff were also added in Europe to support the significant growth in the European markets. In addition, the Company continues to improve on its manufacturing process to increase cost savings and to provide more timely delivery of its products to its customers.

Private Label

As a supplier of technology to private label customers, the Company is able to achieve greater distribution of its proprietary technology. During 1999, the Company continued its efforts to improve product cycles and planning to better meet the needs of its customers.

International Retail

Throughout 1999, the Company continued its retail sales and marketing efforts in Europe, Australia, New Zealand, South Africa, Mexico and selected countries in Asia and Latin America. The Company has five international subsidiaries, Universal Electronics B.V., established in the Netherlands, One For All GmbH and Ultra Control Consumer Electronics GmbH, both established in Germany, One for All Iberia S.L., established in Spain, and One For All Ltd. (UK), established in the United Kingdom. In the first quarter of 1998, the Company acquired substantially all of the remote control business of one of its distributors in the United Kingdom (One For All Ltd. (UK)). In the third quarter of 1999, the Company completed its acquisition of a remote control distributor in Spain (One For All Iberia S.L.). The Company also utilizes third party distributors in all of the areas noted above where it does not have subsidiaries.

North American Retail

In December 1997, the Company announced its decision to discontinue its North American Retail line of business. As the Company anticipated when it made its announcement, the discontinuation occurred primarily during the first half of 1998 and was completed during the third quarter of 1998. During this transition, the Company continued to support its retail customers by selling its remaining inventory of North American Retail remote control products. Thereafter, in accordance with the Company's plan, the Company licensed certain of its proprietary technology and its One For All trademark to a third party overseas manufacturer, to enable them to supply certain domestic retailers with a limited number of remote control products on a direct import basis. See also discussion at "1997 Restructuring".

CONSUMER SERVICE AND SUPPORT

Throughout 1999, the Company continued its strategy to review its consumer support program and modify its "help line" service such that the majority of calls received are directed through its automated "Conversant" system. Live agent help is also available through certain programs. The Company continues to review its programs to determine their value in enhancing and improving the sales of the Company's products. As a result of this continued review, some or all of these programs may be modified or discontinued in the future and new programs may be added. In addition, the Company provides consumer telephone support services to several customers and is actively marketing these services to other companies.

RAW MATERIALS AND DEPENDENCE ON SUPPLIERS

The Company utilizes third-party manufacturers and suppliers in the Far East, Mexico and the United States to produce its wireless control products. The number of third party manufacturers or suppliers that provided the Company in excess of 10% of the Company's manufacturing services and/or components were two, three and four for 1999, 1998, and 1997, respectively. In 1999, Philips and Motorola exceeded the 10% threshold. Motorola, Philips and Jetta exceeded the threshold

in 1998. In 1997, Computime, Kimex, Jetta and Philips exceeded the 10% threshold. As in the past, the Company continues to evaluate alternative and additional third-party manufacturers and sources of supply.

During 1999, the Company continued its program of diversification of suppliers and maintenance of duplicate tooling for its products. The purpose of this program is to allow the Company to stabilize its source for products and negotiate more favorable terms with its suppliers. In addition, the Company generally uses standard parts and components, which are available from multiple sources. The Company continues to seek other sources for integrated circuit chips to reduce the potential for manufacturing and shipping delays and to maintain additional inventory of these component parts as safety stock by purchasing some of its chips from a variety of sources.

PATENTS, TRADEMARKS AND COPYRIGHTS

The Company owns a number of United States and international patents relating to its products and technology, has filed applications for other patents that are pending, and has obtained copyright registration for various of its proprietary software and libraries of infrared codes. The lives of the Company's patents range from seven to 17 years. While the Company follows the practice of obtaining patents or copyright registration on new developments whenever advisable, in certain cases, the Company has elected common law trade secret protection in lieu of obtaining such protection. In the Company's opinion, engineering and production skills, and experience are of more importance to its market position than are patents and copyrights. The Company further believes that none of its business is dependent to any material extent upon any single patent or trade secret, or group of patents or trade secrets. The names of most of the Company's products are registered or are being registered as trademarks in the United States Patent and Trademark Office and in most of the other countries in which such products are sold. These registrations are valid for a variety of terms ranging from ten to 20 years, which terms are renewable as long as the trademarks continue to be used. Management regularly renews those registrations deemed by them to be important to the Company's operations.

SEASONALITY

Prior to the discontinuation of the Company's North American Retail line, the majority of the Company's sales were to retailers either directly under its One For All brand name or indirectly through its private label and OEM customers. The Company has, accordingly, in the past but to a lesser extent going forward, experienced stronger demand for its products in the third and fourth calendar quarters rather than in the first half of the year as retailers purchase products prior to the holiday selling season. Retail, private label and to a lesser degree OEM customers generally commit to carry new and existing products for the year in the first and second quarters and initial manufacturing and deliveries take place in the second and third quarters. Generally, sales to private label customers peak in the third quarter and branded product sales to international retailers peak in the fourth quarter.

With the discontinuation of the Company's North American Retail line and the increasing significance of the Company's other lines of business including subscription broadcasting and OEM, the seasonality effect on the Company's business has lessened. See "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Notes to Consolidated Financial Statements-Note 17" for further details regarding the quarterly results of the Company.

COMPETITION

The Company's principal competitors in the international retail and private label markets for universal wireless controls are currently Philips, Thomson and Sony, as well as various manufacturers of wireless controls in Asia. The Company's primary competitors in the OEM market are the original equipment manufacturers themselves and remote control manufacturers in Asia. In the subscription broadcasting business, the Company competes with various distributors in the United States and several of the larger set-top manufacturers, including General Instrument Corp. and Scientific-Atlanta, Inc. The Company competes in its markets on the basis of product quality, product features, price, and customer and consumer support. The Company believes that it will need to continue to introduce new and innovative products to remain competitive and to obtain and retain competent personnel to successfully accomplish its future objectives. Certain of the Company's competitors have significantly larger financial, technical, marketing and manufacturing resources than the Company, and there can be no assurance that the Company will remain competitive in the future.

ENGINEERING, RESEARCH AND DEVELOPMENT

During 1999, the Company's engineering efforts focused on modifying existing products and technology to improve their features and lower their costs, and to develop measures to protect the Company's proprietary technology and general know-

how. In addition to taking steps in an attempt to control costs by improving the efficiency of its activities and systematizing its operations, the Company continued to regularly update its library of infrared codes to include codes for features and devices newly introduced both in the United States and internationally and for uncommon devices. New infrared codes are identified by the Company through many of its activities. The Company also continues to explore ways to improve its software to preprogram more codes into its memory chips and to simplify the upgrading of its wireless control products.

Also during 1999, the Company's research and development efforts continued to focus on the development of new and innovative wireless control devices with enhanced capabilities, as well as new applications of wireless control technology. Work on new applications to be used in combination with personal computers and the internet continued as the Company increased the number of customers with whom it worked with in this area.

The Company is also exploring various opportunities to supply wireless control devices for the operation of additional electronic and other devices in the home using infrared signals, as well as combinations of infrared signals, radio frequencies, household electrical circuits and telephone lines. Company personnel are actively involved with various industry organizations and bodies, which are in the process of setting standards for infrared, radio frequency, power line, telephone and cable communications and networking in the home. There can be no assurance that any of the Company's research and development projects will be successfully completed.

The Company's engineering, research and development departments, located in Cypress, California, had approximately 51 full-time employees at December 31, 1999. The Company's expenditures on engineering, research and development in 1999, 1998 and 1997 were \$3.9 million, \$4.0 million, and \$5.1 million, respectively, of which approximately \$2,391,000, \$2,712,000, and \$2,950,000, respectively, was for research and development.

ENVIRONMENTAL MATTERS

The Company believes it has materially complied with all currently existing federal, state and local statutes and regulations regarding environmental standards and occupational safety and health matters to which it is subject. During the years ended December 31, 1999, 1998 and 1997, the amounts incurred in complying with federal, state and local statutes and regulations pertaining to environmental standards and occupational safety and health laws and regulations did not materially affect the Company's earnings or financial condition. However, future events, such as changes in existing laws and regulations or enforcement policies, may give rise to additional compliance costs that could have a material adverse effect upon the capital expenditures, earnings or financial condition of the Company.

EMPLOYEES

At December 31, 1999, the Company employed approximately 232 employees, of whom 51 were in engineering, research and development, 50 in sales and marketing, 63 in consumer service and support, 23 in operations and warehousing and 45 in executive and administrative staff. None of the Company's employees is subject to a collective bargaining agreement or is represented by a union. The Company considers its employee relations to be good.

INTERNATIONAL OPERATIONS

Financial information relating to the Company's international operations for the years ended December 31, 1999, 1998 and 1997, is included in "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Notes to Consolidated Financial Statements-Note 14".

1997 RESTRUCTURING

In December 1997, the Company announced its decision to discontinue its North American One For All Retail line of business and the domestic retail distribution channel supported by the operations in the Twinsburg, Ohio facility. The Company continues to supply a limited line of remote control products indirectly to several domestic retailers on a direct import basis. The Company closed the Twinsburg, Ohio facility, with the exception of its consumer service phone center, and moved its headquarters to Cypress, California, formerly the site of the Company's Technology Center, during the second quarter of 1998. The pre-tax restructuring charge of \$8,419,000 taken in the fourth quarter of fiscal year 1997 was composed of severance and employee benefit costs, a write-down of fixed assets to be disposed of to their estimated fair market value, a write-down of intangibles by the amount for which no future benefit existed, a write-off of prepaid advertising and other prepaid assets to their estimated fair market value, certain of the Company's consumer service and support costs, and other costs related to the discontinuation of the North American Retail business. The restructuring was completed

during 1998. See "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Notes to Consolidated Financial Statements-Note 16".

In connection with the discontinuation of the North American Retail product line, the Company increased the allowance for doubtful accounts by \$2.5 million in the fourth quarter of 1997. This increase primarily related to certain customer accounts of the Company that were deemed significantly at risk due to the Company's exit from this business. See "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Notes to Consolidated Financial Statements-Note 3".

In 1997, the North American Retail product inventories were written down by \$3.9 million to a carrying value of approximately \$7.0 million from a carrying value prior to the write down of approximately \$10.9 million. The purpose of this write down was to carry this inventory at what management believed its estimated net realizable value was as a result of the discontinuation of this business. See "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Notes to Consolidated Financial Statements-Note 4".

ITEM 2. PROPERTIES

The Company's headquarters are located in Cypress, California. The Company utilizes the following office and warehouse facilities:

Location -----	Purpose or Use -----	Square Feet -----	Status -----
Twinsburg, Ohio	Consumer and customer call center	8,509	Leased, expires July 17, 2002
Cypress, California	Corporate headquarters, warehouse, engineering, research and development	30,768	Leased, expires December 31, 2002
Enschede, Netherlands	European headquarters and consumer support	9,149	Leased, expires August 2002

The Company believes its existing facilities will be adequate to meet the Company's needs for the foreseeable future. See "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA - Notes to Consolidated Financial Statements - Note 11" for additional information regarding the Company's obligations under leases.

ITEM 3. LEGAL PROCEEDINGS

On November 8, 1998, SKR Resources, Inc. filed suit against the Company in the United States District Court for the Northern District of Ohio, Eastern Division, SKR Resources, Inc. v. Universal Electronics Inc., Case No. 1:98CV 2561, alleging the Company has breached a Sales Agreement alleged to have been made in December 1997 with the plaintiff. The plaintiff was seeking damages in excess of \$630,000 and was also seeking specific performance on the Agreement. On January 15, 1999, the Company filed its answer denying plaintiff's allegations and also filed a counterclaim asserting that SKR breached a Sales Agreement entered into in April 1996 with the Company and in addition the Company has claimed that SKR was unjustly enriched. The Company was seeking damages in excess of \$1,600,000. On December 17, 1999, the parties entered into a confidential Full and Final Release of all Claims and Settlement Agreement and, on December 28, 1999, these matters were dismissed with prejudice.

On May 10, 1999, Kelly Temporary Services filed suit against the Company in the Court of Common Pleas, Summit County, Ohio, Kelly Temporary Services v. Universal Electronics, Case No. CV-1999-04-1721, alleging that the Company failed to pay certain past amounts due Kelly Temporary Services. On August 4, 1999, the parties entered into a Settlement Agreement and on September 2, 1999, this matter was dismissed with prejudice.

On July 7, 1999, The Chamberlain Group, Inc. filed suit against the Company, The Chamberlain Group, Inc. v. Universal Electronics Inc. a/k/a One For All, Inc., Civil Action No. 99C-4471, alleging that by selling its garage door opener line of products, the Company infringed and contributed to the infringement of one of The Chamberlain Group's patents. On March 17, 2000, the parties entered into a confidential Settlement and Patent License Agreement and on that date, this matter was dismissed with prejudice.

There are no other material pending legal proceedings, other than litigation that is incidental to the ordinary course of business, to which the Company or any of its subsidiaries is a party or of which any of their property is subject.

As is typical in the Company's industry and the nature and kind of business in which the Company is engaged, from time to time, various claims, charges and litigation are asserted or commenced by third parties against the Company arising from or related to product liability, infringement of patent or other intellectual property rights, breach of warranty, contractual relations, or employee relations. The amounts claimed may be substantial but may not bear any reasonable relationship to the merits of the claims or the extent of any real risk of court awards. In the opinion of management, final judgments, if any, which might be rendered against the Company in potential or pending litigation, would not have a material adverse effect on the Company's financial condition or results of operations. Moreover, management believes that the Company's products do not infringe any third parties' patent or other intellectual property rights.

The Company maintains directors' and officers' liability insurance which insures individual directors and officers of the Company against certain claims such as those alleged in the above lawsuits, as well as attorney's fees and related expenses incurred in connection with the defense of such claims.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the Company's fiscal year through the solicitation of proxies or otherwise.

EXECUTIVE OFFICERS OF THE REGISTRANT*

The following table sets forth certain information concerning the executive officers of the Company as of February 29, 2000:

NAME - - - - -	AGE - - -	POSITION - - - - -
Camille Jayne	47	Chairman and Chief Executive Officer
Paul D. Arling	37	President and Chief Operating Officer
Paul J.M. Bennett	44	Managing Director and Senior Vice President
J. Stewart Ames	41	Senior Vice President
Richard A. Firehammer, Jr.	42	Senior Vice President, General Counsel and Secretary
Jerry L. Bardin	61	Senior Vice President
Mark Z. Belzowski	41	Vice President, Corporate Controller and Chief Financial Officer

* Included pursuant to Instruction 3 to Item 401(b) of Regulation S-K.

Camille Jayne has been Chairman of the Company since December 1998 and has been the Company's Chief Executive Officer since August 1998. She was the Company's President and Chief Operating Officer of the Company since February 1998. Prior to that, she was President and CEO of The Jayne Group (a consulting firm specializing in the development, introduction and operation of digital cable TV products and services) and a Senior Partner at BHC Consulting (a business management and market research firm). Prior to The Jayne Group and BHC, Ms. Jayne was Senior Vice President in charge of the digital TV business unit at Tele-Communications, Inc (TCI). She holds both a BA and Masters degree from Stanford and an MBA from the University of Michigan.

Paul D. Arling has been President and Chief Operating Officer of the Company since being rehired by the Company in September 1998. He was the Company's Senior Vice President and Chief Financial Officer from May 1996 until August 1998. From 1993 through May 1996, he served in various capacities at LESCO, Inc. (a manufacturer and distributor of professional turf care products) with the most recent being Acting Chief Financial Officer. Prior to LESCO, he worked for Imperial Wallcoverings (a manufacturer and distributor of wallcovering products) as Director of Planning and The Michael Allen Company (a strategic management consulting company) where he was employed as a management consultant. He

obtained a BS degree from the University of Pennsylvania and an MBA from the Wharton School of the University of Pennsylvania.

Paul J.M. Bennett has been Managing Director and Senior Vice President responsible for international retail and European OEM, Cable and Satellite business lines. Prior to Universal Electronics, Mr. Bennett held various positions at Philips Consumer Electronics over a seven year period, first as Product Marketing Manager for the Accessories Product Group, initially set up to support Philip's Audio division, and then as head of that division. Mr. Bennett was educated at Terenure College and the College of Commerce in Dublin and completed his studies at University College, where he gained a Bachelor of Commerce Degree.

J. Stewart Ames has been Senior Vice President of Sales, Product Development and Marketing of Universal Electronics Inc., managing the marketing and sales efforts for North America and Japan. Prior to this position at UEI, Ames served as the Company's Vice President of Cable Sales, directing the United States based sales force in selling universal wireless control products to multiple system operators. Before joining UEI in January 1991, Mr. Ames worked for three years as Sales Manager for Calmold, a plastic injection molder in Southern California, managing its sales force and selling injection molding capacity for three factories to a variety of OEM businesses. Prior to Calmold, Mr. Ames held sales and sales management positions at Spirol International, a manufacturer of specialty metal fasteners, assembly equipment and metal stampings, over a period of seven years. Mr. Ames received a B.S. Degree in Biology from Bates College in Lewiston, Maine.

Richard A. Firehammer, Jr., Esq. has been Senior Vice President of the Company since being rehired by the Company in February 1999. He has been the Company's General Counsel since October 1993 and Secretary since February 1994, positions he continued to hold after his employment with the Company ceased as part of the 1997 restructuring. He was the Company's Vice President from May 1997 until August 1998. From November 1992 to September 1993, he was associated with the Chicago, Illinois law firm, Shefsky & Froelich, Ltd. From 1987 to 1992, he was with the law firm, Vedder, Price, Kaufman & Kammholz in Chicago, Illinois. He is admitted to the Bars in the State of Illinois and the State of Ohio. Mr. Firehammer is also a certified public accountant. He received a BS degree from Indiana University and a JD degree from Whittier College School of Law.

Jerry L. Bardin has been Senior Vice President of Engineering and Operations since August 1998. Prior to UEI, Mr. Bardin was with Science Applications International Corp. (SAIC), a high technology research and engineering company for 15 years serving in several executive, management and consulting positions. Most recently, as a Senior Systems Engineer, Mr. Bardin was part of a contract consulting team providing engineering and management expertise on several product development and rollout projects as well as business process re-engineering projects. From 1983 to 1994, Mr. Bardin managed the study and development of undersea systems for acoustic propagation and reception at SAIC. Mr. Bardin earned his Bachelor of Science and Master of Science in Electrical Engineering at the University of Texas at Austin.

Mark Z. Belzowski has been the Chief Financial Officer of the Company since January 2000. He has been a Vice President and the Corporate Controller of the Company since May 1998 when he joined the Company. From February 1997 through April 1998, he was a financial management consultant for various companies including a cellular reseller and a local area network switch manufacturer. From September 1994 through January 1997, he was Vice President Controller in the Turner Entertainment Group, a division of Turner Broadcasting Systems, Inc. From September 1988 through August 1994, he served in various capacities at Orion Pictures Corporation with the most recent being Vice President Corporate Controller. Prior to that, Mr. Belzowski was a Senior Auditor with Ernst and Young, Certified Public Accountants. He is a certified public accountant in the state of California. Mr. Belzowski obtained a BS degree from California State University at Fullerton.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's common stock trades on the National Market of The Nasdaq Stock Market under the symbol "UEIC".

The following table sets forth, for the periods indicated, the high and low last reported sale prices for the Company's common stock, as reported on the National Market of The Nasdaq Stock Market:

	1999		1998	
	High	Low	High	Low
First Quarter	\$ 7.7500	\$ 5.1250	\$5.9375	\$4.8125
Second Quarter	15.0000	6.3125	6.6250	5.0625
Third Quarter	15.6875	10.0000	7.2500	5.0000
Fourth Quarter	23.0000	10.5000	5.8750	4.1250

Stockholders of record on December 31, 1999 numbered approximately 146.

On December 20, 1999, the Company's Board of Directors authorized a two-for-one split of its common stock effective January 31, 2000, in the form of a stock dividend for stockholders of record at the close of business on January 10, 2000. All share and per-share amounts have been restated to give retroactive effect to the stock split.

The Company has never paid cash dividends on its common stock and does not intend to pay cash dividends on its common stock in the foreseeable future. The Company intends to retain its earnings, if any, for the future operation and expansion of its business. In addition, the terms of the Company's revolving credit facility limit the Company's ability to pay cash dividends on its common stock. See "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS-Liquidity and Capital Resources" and "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Notes to Consolidated Financial Statements-Note 6."

RECENT SALES OF UNREGISTERED SECURITIES

On September 1, 1998, in connection with the Company's acquisition of H&S Management Corp., the Company issued 168,422 shares of Common Stock, valued at \$5.1875 per share, as well as \$1.5 million in cash to H&S Management Corp. as consideration for the purchase price. Registration under the Securities Act of 1933 was not effected with respect to the transaction described above in reliance upon the exemption from registration contained in Section 4(2) of the Securities Act of 1933.

On November 9, 1998, the Company issued a warrant to purchase Company common stock to General Instrument Corporation as consideration for entering into an exclusive supply agreement with the Company. The warrant is contingent upon General Instrument Corporation purchasing a specified minimum number of units of products from the Company for each of the calendar years 1999, 2000 and 2001. Assuming such minimum purchase requirements are met, the warrant allows General Instrument Corporation to purchase up to 600,000 shares of Company common stock at an exercise price of \$6.3125 per share (both the number of shares and the exercise price have been adjusted due to the stock split previously discussed in this ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS). Registration under the Securities Act of 1933 was not effected with respect to the warrant in reliance upon the exemption from registration contained in Section 4(2) of the Securities Act of 1933. In 1999, General Instrument Corporation failed to purchase the minimum requirement for that year. As such, General Instrument Corporation forfeited its right to acquire up to 200,000 shares of Company common stock and may not recoup such forfeited shares through the purchase of products in any subsequent years.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

	Year Ended December 31,				
	1999	1998	1997	1996	1995
	(in thousands, except per share data)				
Net sales	\$105,091	\$96,123	\$114,338	\$98,589	\$105,090
Operating income (loss)	\$ 12,968	\$ 9,505	\$ (9,289)	\$(4,098)	\$ 1,179
Net income (loss)	\$ 7,740	\$ 5,638	\$ (6,518)	\$(2,295)	\$ 320
Net income (loss) per share:					
Basic	\$ 0.58	\$ 0.44	\$ (0.52)	\$ (0.17)	\$ 0.02
Diluted	\$ 0.55	\$ 0.43	\$ (0.52)	\$ (0.17)	\$ 0.02
Weighted average common stock outstanding:					
Basic	13,312	12,772	12,564	13,322	13,488
Diluted	14,126	13,200	12,564	13,322	13,556
Gross margin	41.3%	37.7%	27.7%	24.9%	29.3%
Operating margin (loss)	12.4%	9.9%	(8.1%)	(4.2%)	1.1%
Selling, general and administrative expenses as a % of sales	28.9%	27.8%	26.3%	29.0%	27.3%
Net income (loss) as a % of sales	7.4%	5.9%	(5.7%)	(2.3%)	0.3%
Return on average assets	11.5%	9.3%	(10.8%)	(3.5%)	0.4%
Working capital	\$ 45,506	\$26,921	\$ 29,350	\$36,515	\$ 43,996
Ratio of current assets to current liabilities	4.0	2.7	2.3	4.4	3.2
Total assets	\$ 73,751	\$60,677	\$ 61,138	\$59,451	\$ 70,105
Cash and cash equivalents	\$ 13,286	\$ 1,489	\$ 1,097	\$ 510	\$ 872
Long-term debt	\$ 240	--	--	\$ 3,183	--
Stockholders' equity	\$ 58,511	\$44,532	\$ 38,887	\$45,627	\$ 50,238
Book value per share	\$ 4.40	\$ 3.49	\$ 3.10	\$ 3.42	\$ 3.71
Ratio of liabilities to liabilities and stockholders' equity	20.7%	26.6%	36.4%	23.3%	28.3%

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth the statement of operations data of the Company expressed as a percentage of net sales for the periods indicated.

	Year Ended December 31,		
	1999	1998	1997
Net sales			
On-going business	100.0%	92.6%	74.5%
Discontinued North American Retail business	--	7.4	25.5
	-----	-----	-----
	100.0	100.0	100.0
Cost of sales			
On-going business	58.7	54.8	48.3
Discontinued North American Retail business	--	7.5	20.5
Inventory write-down	--	--	3.5
	-----	-----	-----
	58.7	62.3	72.3
Gross profit	41.3	37.7	27.7
Selling, general and administrative expenses	28.9	27.8	26.3
Discontinued North American Retail business bad debt expenses	--	--	2.2
Restructuring expense	--	--	7.3
	-----	-----	-----
Operating income (loss)	12.4	9.9	(8.1)
Interest expense (income)	(0.1)	0.5	0.6
Other expense (income)	0.0	0.1	(0.1)
	-----	-----	-----
Income (loss) before income taxes	12.5	9.3	(8.6)
Provision (benefit) for income taxes	5.1	3.4	(2.9)
	-----	-----	-----
Net income (loss)	7.4%	5.9%	(5.7%)
	=====	=====	=====

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Net sales for the twelve months ended December 31, 1999 were \$105.1 million, an increase of 18.0% over the net sales of \$89.0 million for the same period last year (after excluding net sales of \$7.1 million related to the Company's discontinued North American Retail business). Net income for 1999 was \$7.7 million or \$0.58 per share (basic) and \$0.55 per share (diluted), compared to \$5.6 million or \$0.44 per share (basic) and \$0.43 per share (diluted) for the same period last year.

Net sales in the Company's technology businesses (subscription broadcasting, OEM and private label) in 1999 increased by \$15.4 million, or 24.5%, to \$78.2 million from \$62.8 million in 1998. Net sales in the Company's technology businesses were approximately 74.4% of net sales in 1999 compared to 65.3% in 1998. Sales to subscription broadcasting providers and OEMs increased by \$11.3 million, or 20.3%, from \$55.9 million in 1998 to \$67.2 million in 1999 driven primarily by increased demand for digital technology and related services, growth in cable and satellite household penetration, the proliferation of home entertainment equipment, and the increase in the number of OEMs. The Company lost a significant customer in early 1999 when Primestar, a satellite service provider, was acquired by DirectTV. Excluding sales to Primestar, sales to subscription broadcasting providers and OEMs increased by 43.9% from 1998 to 1999. Private label sales increased by \$4.2 million, or 61.8%, from \$6.8 million in 1998 to \$11.0 million in 1999 due to strong demand for a new line of products introduced in 1999.

Net sales from the continuing retail businesses (One For All(R) international retail, Eversafe and direct import) increased \$0.7 million, or 2.7%, from \$26.2 million in 1998 to \$26.9 million in 1999 due to growth in international retail sales offset by reduced sales of Eversafe product and reduced chip sales in the direct import business. Net sales from the continuing retail businesses accounted for approximately 25.6% of total 1999 net sales compared to 27.3% in 1998. One For All(R) international retail sales grew by \$2.7 million, or 12.2%, from \$22.2 million in 1998 to \$24.9 million in 1999 primarily due to increased demand in the larger European countries including Spain and France, as well as increased growth in Australia, New Zealand and South America. Revenue in the Eversafe line of products decreased by \$1.3 million, or 69.1%, from \$1.8 million for the year ended 1998 to \$0.6 million in 1999 as the Company focused less on this remaining domestic direct retail line. Direct import sales decreased by \$0.8 million or 35.2% from \$2.2 million in 1998 to \$1.4 million in 1999, due to higher initial chip sales in 1998 to fill the pipeline. There were no sales from the discontinued North American Retail business line during 1999 and none are expected in the future.

Gross margins for the year ended December 31, 1999 were 41.3% compared to 37.7% for the same period last year. This increase can be attributed to the sale by the Company of substantially all of its remaining inventory in the discontinued North American Retail business at average selling prices that approximated book value during the first half of 1998. In the Company's continuing businesses, gross margins increased to 41.3% in 1999 compared to 40.8% in 1998. This increase can be attributed to higher margins in the Company's technology businesses due to the introduction of new products in 1999, and cost reductions in certain component parts in late 1998 and throughout 1999.

Selling, general and administrative expenses increased to \$30.4 million in 1999, compared to \$26.7 million in 1998. As a percentage of net sales, selling, general and administrative expenses was 28.9% in 1999 compared to 27.8% in 1998. The increase in selling, general and administrative expenses was primarily due to increases in payroll and bonus related costs, increased bad debt expense, and increased depreciation and amortization expense, offset by lower telephone costs. Employee payroll and bonus, and related fringe costs were \$12.7 million in 1999 compared to \$11.3 million in 1998, an increase of \$1.4 million due to increases in headcount, and higher management bonuses and employee profit sharing payments based on the Company's stronger performance in 1999. For the year ended December 31, 1999, bad debt expense increased by \$1.2 million from the year ended December 31, 1998 due to increased reserves on certain domestic and international accounts.

Depreciation and amortization expense increased by \$1.0 million in 1999. Depreciation expense increased as a result of the \$1.4 million increase in fixed assets with a shorter useful life during 1999. The increase in amortization expense can be attributed to a full year of amortization expense in 1999 on goodwill from acquisitions and non-compete agreements entered into in 1998 compared to a partial year of amortization expense in 1998 on such intangibles as well as additional amortization expense on the goodwill associated with the acquisition of a Spanish distributor in 1999. Telephone costs decreased by \$.4 million in 1999 compared to 1998 due primarily to rate reductions in Europe as a result of increased provider competition, and cost efficiencies from the elimination of unused toll free lines and the implementation of more efficient telephone systems and consumer support programs.

Interest expense (income) decreased by \$564,000 in 1999 to \$108,000 of interest income from \$456,000 of interest expense for the same period in 1998 due to reduced borrowing under the Company's revolving credit agreement and interest earned on accumulated cash balances in 1999.

Other expense (income) increased by \$143,000 in 1999 when compared to 1998. This is primarily attributed to favorable changes in currency rates in Europe resulting in a gain on currency exchange transactions of \$30,000 in 1999 compared to a \$127,000 loss on currency exchange transactions in 1998.

The Company recorded income tax expense of \$5.4 million for the year ended 1999 compared to approximately \$3.3 million for the same period of 1998. The increase was due to increased income in 1999. In 1999, the Company's effective tax rate was 41% compared to an effective tax rate of 37% in 1998. The difference in the 1999 rate as compared to the 1998 rate was primarily due to differences in NOL carryforward limitations in California versus Ohio due to the relocation of the Company's headquarters from Ohio to California and a decrease in the valuation allowance during 1998.

Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

Net sales for the twelve months ended December 31, 1998 were \$89.0 million, an increase of 4.5% over the net sales of \$85.2 million for the same period last year (after excluding net sales of \$7.1 million in 1998 and \$29.1 million in 1997 related to the Company's discontinued North American Retail business). Net income for 1998 was \$5.6 million or \$0.44 per share (basic) and \$0.43 per share (diluted), compared to a net loss of \$6.5 million or \$0.52 loss per share (basic and diluted) for the same period last year.

Net sales in the Company's technology businesses (subscription broadcasting, OEM and private label) were approximately 65.3% of net sales in 1998 compared to 53.0% in 1997. Net sales in the Company's technology businesses for 1998 increased by \$2.2 million or 3.6%, from \$60.6 million in 1997 to \$62.8 million in 1998. Sales to subscription broadcasting providers and OEMs increased by \$6.5 million or 13.1%, from \$49.4 million in 1997 to \$55.9 million in 1998 driven primarily by continued strong demand in new remote control business with the providers of cable and satellite broadcast services. Delayed customer orders in anticipation of a new line of remotes in combination with increased competition resulted in reduced shipments in the private label business and accounted for a decrease of \$4.4 million or 39.5%, from \$11.2 million in 1997 to \$6.8 million in 1998.

Net sales from the continuing retail businesses (One For All international retail, Eversafe and direct import) accounted for approximately 27.3% of total 1998 net sales compared to 21.5% in 1997. The Company's net sales from its continuing retail businesses increased by \$1.6 million or 6.5% in 1998 from \$24.6 million in 1997 to \$26.2 million in 1998. One For All international retail revenues (the largest component of the continuing retail business group) increased \$1.2 million or 5.8%, from \$21.0 million in 1997 to \$22.2 million in 1998. This change can be attributed to the growth in universal remote control business in Europe. Net sales of Eversafe products decreased by \$1.9 million or 49.7%, from \$3.7 million in 1997 to \$1.8 million in 1998 primarily due to weaker demand. The direct import business line began during the first quarter of 1998, with royalty income and significant initial chip sales of \$2.2 million for 1998.

Net sales in 1998 from the discontinued North American Retail business (One For All US and Canada) were approximately 7.4% of overall net sales compared to 25.5% in 1997. Net sales in 1998 of the Company's discontinued North American Retail product line decreased 75.7% from \$29.1 million to \$7.1 million as the Company sold off its remaining inventory for this business line at an amount just below its carrying value.

The Company's overall gross margin in 1998 was 37.7% compared to a gross margin of 27.7% in 1997. In the Company's continuing businesses, the gross margin increased to 40.8% in 1998 compared to 35.2% in 1997. This increase can be attributed to improved margins in the Company's subscription broadcasting and One For All international businesses due primarily to reduced product costs. In the Company's discontinued North American Retail business, the gross margin decreased from \$5.7 million or 19.4% in 1997 to a negative gross margin of \$75,000 in 1998 as the Company sold the remaining product in this line at average selling prices just below its carrying value. In 1997, the North American Retail product inventories were written down by \$3.9 million to a carrying value of approximately \$7.0 million from a carrying value prior to the write down of approximately \$10.9 million. The purpose of this write down was to carry this inventory at what management believed its estimated net realizable value was as a result of the discontinuation of this business.

As a percentage of net sales, selling, general and administrative expenses increased to 27.8% in 1998 from 26.3% in 1997. In dollars, the Company's selling, general and administrative expenses decreased 11.1% during 1998 to \$26.7 million from \$30.1 million in 1997. Advertising and payroll expenses decreased during 1998 by approximately \$2.0 and \$1.3 million, respectively, which were partially offset by an increase in amortization expense of \$.6 million. The reductions in advertising costs were attributable to the elimination of retail-related advertising programs for the Company's discontinued North American Retail product line. The payroll decreases were a result of headcount reductions associated with the discontinuation of the North American Retail product line. The increase in amortization expense was due to the amortization of additional goodwill from businesses acquired and non-compete covenants entered into in 1998.

In connection with the discontinuation of the North American Retail product line, the Company increased the allowance for doubtful accounts by \$2.5 million in the fourth quarter of 1997. This increase primarily related to certain customer accounts of the Company that were deemed at risk due to the Company's exit from this business.

In December 1997, the Company announced its decision to discontinue its North American One For All Retail business. As part of that announcement, the Company advised its employees, stockholders and the investment community generally that it would recognize a pre-tax charge of \$8.4 million during the fourth quarter of 1997.

The table below depicts the costs associated with this action:

Type of Cost	Amount
-----	-----
Severance and related employee benefit costs	\$3,260,000
Prepaid advertising for retail products	2,129,000
Fixed assets	1,738,000
Intangible assets - trademarks	460,000
Consumer support and service	393,000
Prepaid assets	163,000
Other retail business exit costs	276,000

	\$8,419,000
	=====

Severance and related employee benefits were determined by adding such estimated amounts for each of the 105 employees of the Company that were terminated in the restructuring. Prepaid advertising amounts represent trade credits for various types of advertising that were obtained by the Company in 1994 and 1996 in exchange for remote control product. These prepaid advertising credits were recorded by the Company at the carrying value of the inventory exchanged. The advertising obtained in these arrangements was exclusively geared toward retail products. Therefore, these credits were written off as part of the discontinuation of the Company's North American One For All Retail business. Fixed asset charges consisted primarily of the Company's Twinsburg facility, tooling associated with the Company's North American One For All Retail product, and equipment dedicated to the Company's North American One For All Retail line. The book value of the plant and leasehold improvements for the Company's Twinsburg facility was compared to the estimated market value of the building pursuant to an existing purchase offer received from a non-affiliated third party to determine the necessary charge. The Company's Twinsburg facility was sold in August 1998 at a value approximating the book value after the write-down

with no material gain or loss. Charges for all other fixed assets and prepaid assets were determined by comparing net book values to estimated fair market values. The fair market values used in these comparisons represent the Company's estimates based on an assessment of the usefulness of each item within the other business lines of the Company. Gains or losses resulting from the dispositions of these adjusted fixed assets in 1998 were not material. The unamortized value of the trademarks used solely on products that were discontinued and determined by the Company to not be usable in its on-going businesses were written off in their entirety. Consumer support and service costs relate to on-going contractual obligations of the Company to provide telephonic support for certain of its products that were discontinued as part of this restructuring.

Under the Company's plan, the Company anticipated that the discontinuation would (i) reduce its annual overhead by approximately \$5.0 million as a result of significantly reducing the advertising associated with the retail business, eliminating the costs associated with owning and operating the Twinsburg facility, terminating 105 employees during the first half of 1998, reducing the Company's amortization expense as a result of writing off certain of the Company's trademarks used solely on products that were discontinued and determined by the Company to not be usable in its on-going businesses, and eliminating costs associated with obtaining and holding an inventory of products for sale to its retail customers; and (ii) create a profitable new marketing and distribution channel for certain of its technology and trademarks by licensing them to third party distributors and manufacturers for their use in the domestic retail markets.

As the Company anticipated when it made its December 1997 announcement, the discontinuation occurred primarily during the first half of 1998 and was completed during the 1998 third quarter. During this transition, the Company continued to support its retail customers by selling through its remaining inventory of North American Retail remote control products. Thereafter, in accordance with the Company's plan, the Company licensed certain of its proprietary technology and its One For All trademark to a third party overseas manufacturer, to enable them to supply several of these customers with a limited number of remote control products on a direct import basis.

During the first half of 1998, the Company relocated its headquarters from its Twinsburg, Ohio facility to its Technology Center in Cypress, California. In connection with this move, all of the Company's operations and administrative functions were moved to its new headquarters, with the exception of its customer service phone center, which remained in the Company's Twinsburg facility. In the third quarter of 1998, the Company sold its Twinsburg facility to a third party at a price of \$1.7 million and leased back a portion of it to house its customer service phone center on terms which the Company believed to be competitive. The carrying value of the building at the time of the sale was approximately \$1.7 million and the Company recognized a loss on the sale of the building of approximately \$34,000.

A reserve for expected cash expenditures of \$3.9 million was established as part of the Company's 1997 fourth quarter restructuring. During 1998, the Company completed this restructuring and used the reserve in its entirety. The restructuring proceeded according to the Company's plan and was completed without any significant changes to the plan. The following table details the type and amount of costs charged against the reserve during 1998.

Type of Cost	Amount
-----	-----
Severance and related employee benefit costs	\$3,180,000
Consumer support and service	393,000
Other retail business exit costs	356,000

	\$3,929,000
	=====

Interest expense decreased by \$172,000 in 1998 to \$455,000 from \$627,000 in 1997 due to reduced borrowing under the Company's revolving letter agreement and lower average borrowing costs. Other expense increased to \$100,000 in 1998 from \$1,000 in 1997. This occurred as a result of higher net currency exchange losses from the Company's international operations.

The Company had an effective income tax rate for 1998 of 37% as compared to 34.3% in 1997. The difference in the 1998 rate as compared to the 1997 rate was primarily due to differences in NOL carryforward limitations in California versus Ohio due to the relocation of the Company's headquarters from Ohio to California.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of funds are its operations and bank credit facilities. Cash provided by operating activities for 1999 was \$17.5 million as compared to cash provided by operating activities during 1998 of \$9.7 million and cash used for operating activities during 1997 of \$186,000. The improvement in 1999 cash flow from operating activities is principally due to the significant increase in income before taxes, depreciation and amortization in 1999 and the effect of cash payments incurred during 1998 to complete the discontinuation of the North American Retail product line and restructuring announced in late 1997.

On October 23, 1998, the Company paid off its outstanding credit line with The Provident Bank and entered into a \$15 million revolving credit agreement with Bank of America National Trust and Savings Association ("B of A"). Under the revolving credit agreement with B of A, the Company can choose from several interest rate options at its discretion. The interest rate in effect as of December 31, 1999 using the Fixed Rate option as defined in the agreement, which is intended to approximate B of A's cost of funds, plus an applicable margin was 7.08%. The applicable margin varies with a range from 1.25% to 2.00% per annum depending on the Company's net income before interest, taxes, depreciation and amortization. At December 31, 1999, the applicable margin was 1.25 percent. The revolving credit facility, which expires October 23, 2001, is secured by a first priority security interest in the Company's cash and cash equivalents, accounts receivable, inventory, equipment, and general intangibles of the Company. The Company pays a commitment fee of a maximum rate of 3/16 of 1% per year on the unused portion of the credit line. Under the terms of this revolving credit agreement, the Company's ability to pay cash dividends on its common stock is restricted and the Company is subject to certain financial covenants and other restrictions that are standard for these types of agreements. However, the Company has authority under this credit facility to acquire up to 1,000,000 shares of its common stock in market purchases and, since the date of this agreement, the Company has acquired approximately 109,000 shares of stock, at a cost of approximately \$564,500, which it holds as treasury shares and are available for reissue by the Company. Amounts available for borrowing under this credit facility are reduced by the outstanding balance of the Company's import letters of credit. As of December 31, 1999, no amounts were outstanding under this credit facility. The Company had no outstanding import letters of credit as of December 31, 1999.

Open market purchases of the Company's common stock under a program announced in 1996 amounted to zero in 1999, approximately \$3.5 million during 1998 and \$700,000 in 1997. The Company holds all of these shares as treasury stock and they are available for reissue by the Company. Presently, except for using a small number of these treasury shares to compensate its outside board members, the Company has no plans to distribute these shares although the Company may change these plans if necessary to fulfill its on-going business objectives. In addition, during 1999, the Company received proceeds of approximately \$3.0 million from the exercise of stock options granted to the Company's current and former employees, as compared to approximately \$1.5 million in 1998 and \$264,000 in 1997. The primary reason for the significant increase in stock option exercises during 1999 and 1998 was that the Company's stock began to trade at relatively high levels towards the second half of 1998 and into 1999 and many employees, as well as former employees who were terminated during 1998 as part of the Company's restructuring (principally the Company's former Chairman of the Board), elected to exercise their options.

Capital expenditures in 1999, 1998 and 1997 were approximately \$1.4 million, \$2.4 million, and \$2.7 million, respectively. These expenditures related primarily to acquiring product tooling in each year and relocating the Company's headquarters from Twinsburg, Ohio to Cypress, California during 1998. The Company has currently budgeted approximately \$2.2 million for capital expenditures in 2000 primarily for acquiring product tooling.

Effective July 1, 1999, the Company completed its acquisition of a remote control distributor in Spain for \$750,000 in cash. During the third quarter of 1998, the Company acquired a remote control company in the United States for \$2.4 million, for which 168,422 shares of newly issued Company common stock valued at \$874,000 were issued and \$1.5 million was paid in cash. During the first quarter of 1998, the Company acquired a remote control distributor in the United Kingdom for \$3.0 million in cash, of which \$1.7 million was paid in 1998 and the remaining \$1.3 million was paid in 1999.

Historically, the Company's working capital needs have typically been greatest during the third and fourth quarters when accounts receivable and inventories increase in connection with the fourth quarter holiday selling season.

However, due to the discontinuation of the Company's North American Retail line and the increasing significance of the Company's other lines of business including subscription broadcasting and OEM, the Company expects that this seasonality will be lessened. At December 31, 1999, the Company had \$45.5 million of working capital compared to \$26.9 million at December 31, 1998. The increase in working capital is principally due to increases in accumulated cash and cash equivalents and higher accounts receivable balances due from customers at December 31, 1999.

It is the Company's policy to carefully monitor the state of its business, cash requirements and capital structure. The Company believes that funds generated from operations and available from its borrowing capacity will be sufficient to fund current business operations as well as anticipated growth at least through the end of 2000, however, there can be no assurances that this will occur.

YEAR 2000 READINESS DISCLOSURES

As previously reported, over the past several years the Company developed and implemented a plan to address the anticipated impacts of the so-called Year 2000 problem on its information technology (IT) systems and non-IT systems. The Company also surveyed selected third parties to determine the status of their Year 2000 compliance programs. In addition, contingency plans were developed specifying what the Company would do if it or important third parties experienced disruptions to critical business activities as a result of the Year 2000 problem.

The Company's Year 2000 plan was completed in all material respects prior to the anticipated Year 2000 failure dates. As of March 24, 2000, the Company has not experienced any materially important business disruptions or system failures as a result of Year 2000 issues, nor is it aware of any Year 2000 issues that have impacted its customers, suppliers or other significant third parties to an extent significant to the Company. However, Year 2000 compliance has many elements and potential consequences, some of which may not be foreseeable or may be realized in future periods. Consequently, there can be no assurance that unforeseen circumstances may not arise, or that the Company will not in the future identify equipment or systems which are not Year 2000 compliant.

As of December 31, 1999, the Company's total incremental costs of addressing Year 2000 issues were approximately \$165,000. This amount has been incurred and was funded through operating cash flow.

In addition, the Company has performed a full internal evaluation of its non-information technology systems and products. Based upon that evaluation and certain ongoing tests that the Company performs from time to time, it believes that its non-information technology systems and products are Year 2000 compliant. Because of these ongoing evaluations, the Company sells its products with Year 2000 compliance warranties. Although the Company strongly believes that its products are Year 2000 compliant and provides Year 2000 compliance warranties with its products, there can be no assurance that the Company has identified all possible Year 2000 product issues and that any such issues would not have an adverse financial impact on the Company.

RISK FACTORS

Forward Looking Statements

The Company cautions that the following important factors, among others (including but not limited to factors discussed below, in the "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as those discussed elsewhere in this Annual Report of the Form 10-K, and as mentioned from time to time in the Company's other reports filed with the Securities and Exchange Commission), could affect the Company's actual results and could cause or contribute to the Company's actual consolidated results to differ materially from those expressed in any forward-looking statements of the Company made by or on behalf of the Company. The factors included here are not exhaustive. Further, any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any

forward-looking statements. Therefore, forward-looking statements should not be relied upon as a prediction of actual future results.

While management believes that the forward looking statements made in this report are based on reasonable assumptions, the actual outcome of such statements is subject to a number of risks and uncertainties, including continued acceptance of the Company's technology and products, the impact of competitive pressures, including products and pricing, locating and finalizing acceptable acquisition targets and/or strategic partners, the availability of financing for acquisitions on terms acceptable to the Company, fluctuations in currency exchange rates, the consolidation of and new competition experienced by members in the cable industry, principally from satellite and other similar broadcast providers, general economic and stock market conditions and other risks which are otherwise set forth in this Annual Report on Form 10-K and the Company's other filings with the Securities and Exchange Commission.

Dependence Upon Key Suppliers

Most of the components used in the Company's products are available from multiple sources; however, the Company has elected to purchase integrated circuit components used in the Company's products, principally its wireless control products, and certain other components used in the Company's products, from two main sources, each of which provide in excess of ten percent (10%) of the Company's microprocessors for use in its products. The Company has developed alternative sources of supply for these integrated circuit components. However, there can be no assurance that the Company will be able to continue to obtain these components on a timely basis. The Company generally maintains inventories of its integrated chips, which could be used in part to mitigate, but not eliminate, delays resulting from supply interruptions. An extended interruption, shortage or termination in the supply of any of the components used in the Company's products, or a reduction in their quality or reliability, or a significant increase in prices of components, would have an adverse effect on the Company's business and results of operations.

Dependence on Foreign Manufacturing

Third-party manufacturers located in foreign countries manufacture all of the Company's wireless controls. The Company's arrangements with its foreign manufacturers are subject to the risks of doing business abroad, such as import duties, trade restrictions, work stoppages, political instability and other factors which could have a material adverse effect on the Company's business and results of operations. The Company believes that the loss of any one or more of its manufacturers would not have a long-term material adverse effect on the Company's business and results of operations because numerous other manufacturers are available to fulfill the Company's requirements, however, the loss of any of the Company's major manufacturers could adversely effect the Company's business until alternative manufacturing arrangements are secured.

Potential Fluctuations in Quarterly Results

The Company's quarterly financial results may vary significantly depending primarily upon factors such as the timing of significant orders, the timing of new product offerings by the Company and its competitors and product presentations and the loss or acquisition of any significant customers. In addition, historically the Company's business has been seasonal, with the largest proportion of sales occurring in September, October and November of each calendar year. Factors such as quarterly variations in financial results could adversely affect the market price of the Common Stock and cause it to fluctuate substantially. In addition, the Company (i) may from time to time increase its operating expenses to fund greater levels of research and development, increase its sales and marketing activities, develop new distribution channels, improve its operational and financial systems and broaden its customer support capabilities and (ii) may incur significant operating expenses associated with any new acquisitions. To the extent that such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely effected.

The Company may experience significant fluctuations in future quarterly operating results that may be caused by many factors, including demand for the Company's products, introduction or enhancement of products by the Company and its competitors, the loss or acquisition of any significant customers, market acceptance of new products, price reductions by the Company or its competitors, mix of distribution channels through which products are sold, level of product returns, mix of customers and products sold, component pricing, mix of international and

domestic revenues, and general economic conditions. In addition, as a strategic response to changes in the competitive environment, the Company may from time to time make certain pricing or marketing decisions or acquisitions that could have a material adverse effect on the Company's business, results of operations or financial condition. As a result, the Company believes that period-to-period comparisons of its results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance. Due to all of the foregoing factors, it is likely that in some future quarters the Company's operating results will be below the expectations of public market analysts and investors. In such event, the price of the Company's common stock would likely be materially adversely effected.

Dependence on Consumer Preference

The Company is susceptible to fluctuations in its business based upon consumer demand for its products. The Company believes that its success depends in substantial part on its ability to anticipate, gauge and respond to such fluctuations in consumer demand. However, it is impossible to predict with complete accuracy the occurrence and effect of any such event that will cause such fluctuations in consumer demand for the Company's products. Moreover, the Company cautions that any increases in sales or growth in revenue that it achieves may be transitory and should by no means be construed to mean that such increases or growth will continue.

Dependence Upon Timely Product Introduction

The Company's ability to remain competitive in the wireless control products market will depend in part upon its ability to successfully identify new product opportunities and to develop and introduce new products and enhancements on a timely and cost effective basis. There can be no assurance that the Company will be successful in developing and marketing new products or in enhancing its existing products, or that such new or enhanced products will achieve consumer acceptance, and if acquired, will sustain that acceptance, that products developed by others will not render the Company's products non-competitive or obsolete or that the Company will be able to obtain or maintain the rights to use proprietary technologies developed by others which are incorporated in the Company's products. Any failure by the Company to anticipate or respond adequately to technological developments and customer requirements, or any significant delays in product development or introduction, could have a material adverse effect on the Company's financial condition and results of operations.

In addition, the introduction of new products which the Company may introduce in the future may require the expenditure of a significant amount of funds for research and development, tooling, manufacturing processes, inventory and marketing. In order to achieve high volume production of any new product, the Company may have to make substantial investments in inventory and expand its production capabilities.

Dependence on Major Customers

The Company's performance is affected by the economic strength and weakness of its worldwide customers. The Company sells its wireless control products and proprietary technologies to private label customers, original equipment manufacturers ("OEMs"), and companies involved in the subscription broadcasting industry. The Company also supplies its products to its wholly-owned, non-U.S. subsidiaries and to independent foreign distributors, who in turn distribute the Company's products worldwide, with Europe, Australia, New Zealand, Mexico and selected countries in Asia and Latin America currently representing the Company's principal foreign markets. In 1999, the Company lost a significant customer in its subscription broadcasting business due to that customer being acquired by a third party. During 1999, the Company had two customers that acquired more than ten percent of the Company's products and the loss of either of these customers or any of the Company's other key customers either in the United States or abroad due to the financial weakness or bankruptcy of any such customer or the inability of the Company to obtain orders or maintain its order volume with its major customers may have an adverse effect on the Company's financial condition or results of operations.

Competition

The wireless control industry is characterized by intense competition based primarily on product availability, price, speed of delivery, ability to tailor specific solutions to customer needs, quality and depth of product lines. The Company's competition is fragmented across its product lines, and accordingly, the Company does not compete

with any one company across all product lines. The Company competes with a variety of entities, some of which have greater financial and other resources than the Company. The Company's ability to remain competitive in this industry depends in part on its ability to successfully identify new product opportunities and develop and introduce new products and enhancements on a timely and cost effective basis as well as its ability to identify and enter into strategic alliances with entities doing business within the industries the Company serves. There can be no assurances that the Company and its product offerings will be and/or remain competitive or that any strategic alliances, if any, which the Company enters into will achieve the type, extent and amount of success or business that the Company expects or hopes to achieve.

Potential for Litigation

As is typical in the Company's industry and the nature and kind of business in which the Company is engaged, from time to time, various claims, charges and litigation are asserted or commenced by third parties against the Company or by the Company against third parties arising from or related to product liability, infringement of patent or other intellectual property rights, breach of warranty, contractual relations, or employee relations. The amounts claimed may be substantial but may not bear any reasonable relationship to the merits of the claims or the extent of any real risk of court awards. While it is the opinion of management that the Company's products do not infringe any third parties' patent or other intellectual property rights, the costs associated with defending or pursuing any such claims or litigation could be substantial and amounts awarded as final judgments, if any, in any such potential or pending litigation, could have a significant and material adverse effect on the Company's financial condition or results of operations.

General Economic Conditions

General economic conditions, both domestic and foreign, have an impact on the Company's business and financial results. From time to time the markets in which the Company sells its products experience weak economic conditions that may negatively affect the sales of the Company's products. To the extent that general economic conditions affect the demand for products sold by the Company, such conditions could have an adverse effect on the Company's business.

1997 Restructuring Efforts

The Company believes that the discontinuation of its North American Retail business and its subsequent restructuring favorably impacted the Company's ongoing operations due to (i) reductions in the Company's annual overhead which were a result of closing the Company's Twinsburg, Ohio facility, (ii) eliminating employee and other costs associated with operating this business, and (iii) generating revenues from licensing certain of its technology and trademarks. There can be no assurance that any such cost savings or revenues will continue to occur and if they do, that they will be significant or maintained.

Effects on the Company Due to International Operations

By operating its business in countries outside of the United States, the Company is exposed to fluctuations in foreign currency exchange rates, exchange ratios, nationalization or expropriation of assets, import/export controls, political instability, variations in the protection of intellectual property rights, limitations on foreign investments and restrictions on the ability to convert currency. These risks are inherent in conducting operations in geographically distant locations, with customers speaking different languages and having different cultural approaches to the conduct of business, any one of which alone or collectively, may have an adverse affect on the Company's international operations, and consequently on the Company's business, operating results and financial condition. While the Company will continue to work toward minimizing any adverse affects of conducting its business abroad, no assurance can be made that the Company will be successful in minimizing any such affects.

OUTLOOK

The Company's focus in 2000 is to continue to seek ways to increase its customer base worldwide, particularly in the areas of subscription broadcasting, OEM, and its One For All international retail business. In addition, the Company will increase its focus on creating new applications for its proprietary and/or patented technologies in the

consumer electronics/OEM market, and computer/internet control markets.

The Company will also continue in 2000 to control its overall cost of doing business. Management believes that through product design changes and its purchasing efforts, improvements in the Company's gross margins and efficiencies in its selling, general and administrative expenses can be accomplished, although there can be no assurances that there will be any improvements to the Company's gross margin or that the Company will achieve any cost savings through these efforts and if obtained, that any such improvements or savings will be significant or maintained.

In addition, during 2000, management will continue to pursue its overall strategy of seeking out ways to operate all aspects of the Company more profitably. This strategy will include looking at acceptable acquisition targets and strategic partnership opportunities. The Company cautions, however, that no assurances can be made that any suitable acquisition targets or partnership opportunities will be identified and, if identified, that a transaction can be consummated. Moreover, if consummated, no assurances can be made that any such acquisition or partnership will profitably add to the Company's operations.

While management believes that the forward looking statements made in this report are based on reasonable assumptions, the actual outcome of such statements is subject to a number of risks and uncertainties, including continued acceptance of the Company's technology and products, the impact of competitive pressures, including products and pricing, locating and finalizing acceptable acquisition targets and/or strategic partners, the availability of financing for acquisitions on terms acceptable to the Company, fluctuations in currency exchange rates, the consolidation of and new competition experienced by members in the cable industry, principally from satellite and other similar broadcast providers, general economic and stock market conditions and other risks which are otherwise set forth in this Annual Report on Form 10-K and the Company's other filings with the Securities and Exchange Commission.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to various market risks, including interest rate and foreign currency exchange rate fluctuations. The Company has established policies, procedures and internal processes governing its management of market risks and the use of financial instruments to manage its exposure to such risks. The interest payable under the Company's revolving credit agreement with its bank is variable and generally based on either the bank's cost of funds, or the IBOR rate, and is affected by changes in market interest rates. At December 31, 1999, the Company had no borrowings on its credit line. The interest rate in effect on the credit line using the bank's cost of funds rate as the base as of December 31, 1999 was 7.08%. The Company has wholly owned subsidiaries in the Netherlands, United Kingdom, Germany and Spain. Sales from these operations are typically denominated in local currencies including Euros, British Pounds, German Marks, and Spanish Pesetas thereby creating exposures to changes in exchange rates. Changes in the local currencies/U.S. Dollars exchange rate may positively or negatively affect the Company's sales, gross margins and retained earnings. The Company, from time to time, enters into foreign currency exchange agreements to manage its exposure arising from fluctuating exchange rates related to specific transactions, primarily foreign currency forward contracts for inventory purchases. The Company had a number of forward exchange contracts outstanding at December 31, 1999 with an aggregate notional value of approximately \$9.1 million. The Company does not enter into any derivative transactions for speculative purposes. The sensitivity of earnings and cash flows to variability in exchange rates is assessed by applying an approximate range of potential rate fluctuations to the Company's assets, obligations and projected results of operations denominated in foreign currencies. Based on the Company's overall foreign currency rate exposure at December 31, 1999, the Company believes that movements in foreign currency rates should not materially affect the financial position of the Company, although no assurance can be made that any such foreign currency rate movements in the future will not have a material affect.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Universal Electronics Inc.

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Universal Electronics Inc. and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. In addition, in our opinion, the financial statement schedule listed in the accompanying index present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Costa Mesa, California
January 21, 2000

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,	
	1999	1998
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,286,219	\$ 1,488,672
Accounts receivable, net	27,932,794	23,639,054
Inventories	13,493,813	14,834,058
Prepaid expenses and other current assets	1,887,367	1,835,035
Deferred income taxes	3,906,102	1,268,924
	-----	-----
Total current assets	60,506,295	43,065,743
Equipment, furniture and fixtures, net	3,696,906	4,439,947
Goodwill and other intangible assets, net	6,264,603	6,158,135
Other assets	1,661,867	1,547,641
Deferred income taxes	1,621,795	5,465,424
	-----	-----
Total assets	\$ 73,751,466	\$ 60,676,890
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility	\$ --	\$ 4,786,293
Accounts payable	8,824,212	7,756,515
Accrued income taxes	793,902	331,395
Accrued compensation	1,928,110	1,090,149
Other accrued taxes	830,953	439,729
Other accrued expenses	2,623,271	1,740,335
	-----	-----
Total current liabilities	15,000,448	16,144,416
Notes payable	239,821	--
	-----	-----
Total liabilities	15,240,269	16,144,416
Commitments and contingencies (note 15)		
Stockholders' equity:		
Preferred stock, \$.01 par value, 624,512 shares authorized; none issued or outstanding	--	--
Common stock, \$.01 par value, 20,000,000 shares authorized; 15,317,304 and 14,453,214 shares issued at December 31, 1999 and 1998, respectively	153,173	144,532
Paid-in capital	64,299,603	57,899,173
Currency translation adjustment	(236,778)	(121,753)
Retained earnings/(accumulated deficit)	1,086,760	(6,653,322)
Unamortized value of restricted stock grants	(83,117)	--
	-----	-----
	65,219,641	51,268,630
Less cost of common stock in treasury, 1,652,384 and 1,659,210 shares in 1999 and 1998, respectively	6,708,444	6,736,156
	-----	-----
Total stockholders' equity	58,511,197	44,532,474
	-----	-----
Total liabilities and stockholders' equity	\$ 73,751,466	\$ 60,676,890
	=====	=====

The accompanying notes are an integral part of these financial statements.

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	1999	1998	1997
Net sales			
On-going business	\$ 105,091,183	\$ 89,035,707	\$ 85,231,450
Discontinued North American Retail business	--	7,086,912	29,106,970
	-----	-----	-----
	105,091,183	96,122,619	114,338,420
Cost of sales			
On-going business	61,714,724	52,717,177	55,275,357
Discontinued North American Retail business	--	7,161,912	23,451,789
Inventory write-down	--	--	3,892,215
	-----	-----	-----
	61,714,724	59,879,089	82,619,361
Gross profit	43,376,459	36,243,530	31,719,059
Selling, general and administrative expenses	30,408,321	26,738,845	30,089,673
Discontinued North American Retail business bad debt expenses	--	--	2,500,000
Restructuring expense	--	--	8,418,742
	-----	-----	-----
Operating income (loss)	12,968,138	9,504,685	(9,289,356)
Interest expense (income)	(107,594)	455,577	627,495
Other expense (income)	(43,051)	100,355	587
	-----	-----	-----
Income (loss) before income taxes	13,118,783	8,948,753	(9,917,438)
Provision (benefit) for income taxes	5,378,701	3,311,103	(3,399,076)
	-----	-----	-----
Net income (loss)	\$ 7,740,082	\$ 5,637,650	\$ (6,518,362)
	=====	=====	=====
Net income (loss) per share:			
Basic	\$ 0.58	\$ 0.44	\$ (.52)
	=====	=====	=====
Diluted	\$ 0.55	\$ 0.43	\$ (.52)
	=====	=====	=====
Weighted average common stock outstanding:			
Basic	13,311,594	12,772,796	12,564,062
	=====	=====	=====
Diluted	14,126,210	13,199,814	12,564,062
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Issued Amount	Common Stock in Treasury Shares	Amount
	-----	-----	-----	-----
Balance at December 31, 1996 as previously reported	6,787,025	\$ 67,870	(415,000)	\$(2,593,750)
2-for-1 stock split effective January 31, 2000	6,787,025	67,870	(415,000)	--
	-----	-----	-----	-----
Balance at December 31, 1996	13,574,050	135,740	(830,000)	(2,593,750)
	-----	-----	-----	-----
Additional shares issued for employee retirement plan	41,520	415	--	--
Stock options exercised	93,250	933	--	--
Purchase of treasury shares	--	--	(273,200)	(736,048)
Shares issued to Directors	--	--	18,778	58,681
Repayment of loans by employees for purchases of Common Stock	--	--	--	--
Net loss	--	--	--	--
Currency translation adjustment	--	--	--	--
	-----	-----	-----	-----
Balance at December 31, 1997	13,708,820	137,088	(1,084,422)	(3,271,117)
	-----	-----	-----	-----
Additional shares issued for employee retirement plan	16,274	163	--	--
Issuance of warrant to customer	--	--	--	--
Stock options exercised	559,698	5,597	--	--
Purchase of treasury shares	--	--	(583,600)	(3,492,576)
Shares issued to Directors	--	--	8,812	27,537
Net income	--	--	--	--
Shares issued in connection with business acquired	168,422	1,684	--	--
Currency translation adjustment	--	--	--	--
	-----	-----	-----	-----
Balance at December 31, 1998	14,453,214	144,532	(1,659,210)	(6,736,156)
	-----	-----	-----	-----
Additional shares issued for employee retirement plan	20,222	202	--	--
Stock options exercised	835,918	8,359	--	--
Shares issued to Directors	--	--	6,826	27,712
Restricted stock grants	7,950	80	--	--
Amortization of restricted stock grants	--	--	--	--
Income tax benefit related to the exercise of non-qualified stock options	--	--	--	--
Net income	--	--	--	--
Currency translation adjustment	--	--	--	--
	-----	-----	-----	-----

Balance at December 31, 1999 15,317,304 \$153,173 (1,652,384) \$(6,708,444)

	Paid in Capital	Currency Translation Adjustment	Retained Earnings/ (Accumulated Deficit)	Unamortized Value of Restricted Stock Grants	Total Stockholders' Equity
Balance at December 31, 1996 as previously reported	\$53,950,430	\$ (25,084)	\$(5,772,610)	\$ --	\$45,626,856
2-for-1 stock split effective January 31, 2000	(67,870)	--	--	--	--
Balance at December 31, 1996	53,882,560	(25,084)	(5,772,610)	--	45,626,856
Additional shares issued for employee retirement plan	128,826	--	--	--	129,241
Stock options exercised	263,556	--	--	--	264,489
Purchase of treasury shares	--	--	--	--	(736,048)
Shares issued to Directors	1,319	--	--	--	60,000
Repayment of loans by employees for purchases of Common Stock	109,235	--	--	--	109,235
Net loss	--	--	(6,518,362)	--	(6,518,362)
Currency translation adjustment	--	(48,177)	--	--	(48,177)
Balance at December 31, 1997	54,385,496	(73,261)	(12,290,972)	--	38,887,234
Additional shares issued for employee retirement plan	88,520	--	--	--	88,683
Issuance of warrant to customer	1,006,000	--	--	--	1,006,000
Stock options exercised	1,524,820	--	--	--	1,530,417
Purchase of treasury shares	--	--	--	--	(3,492,576)
Shares issued to Directors	22,332	--	--	--	49,869
Net income	--	--	5,637,650	--	5,637,650
Shares issued in connection with business acquired	872,005	--	--	--	873,689
Currency translation adjustment	--	(48,492)	--	--	(48,492)
Balance at December 31, 1998	57,899,173	(121,753)	(6,653,322)	--	44,532,474
Additional shares issued for employee retirement plan	194,719	--	--	--	194,921
Stock options exercised	3,027,862	--	--	--	3,036,221
Shares issued to Directors	23,313	--	--	--	51,025
Restricted stock grants	107,633	--	--	(107,713)	--
Amortization of restricted stock grants	--	--	--	24,596	24,596
Income tax benefit related to the exercise of non-qualified stock options	3,046,903	--	--	--	3,046,903
Net income	--	--	7,740,082	--	7,740,082
Currency translation adjustment	--	(115,025)	--	--	(115,025)
Balance at December 31, 1999	\$64,299,603	\$(236,778)	\$ 1,086,760	\$ (83,117)	\$58,511,197

The accompanying notes are an integral part of these financial statements.

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
Cash provided by (used for) operating activities:			
Net income (loss)	\$ 7,740,082	\$ 5,637,650	\$ (6,518,362)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	3,616,267	2,600,514	2,131,179
Provision for doubtful accounts	1,504,275	342,661	2,850,000
Inventory write-down	--	--	3,892,215
Restructuring expense	--	--	8,418,742
Deferred income taxes	4,253,354	2,944,948	(3,531,008)
Other	246,914	138,552	189,242
Changes in operating assets and liabilities:			
Accounts receivable	(5,518,015)	2,067,594	(8,736,334)
Inventory	1,340,245	1,805,336	676,397
Prepaid expenses and other assets	(369,755)	(841,762)	(3,660)
Accounts payable and accrued expenses	3,808,594	(1,258,126)	541,938
Accrued restructuring expense	--	(3,928,933)	--
Accrued income and other taxes	853,731	230,766	(96,648)
Net cash provided by (used for) operating activities	17,475,692	9,739,200	(186,299)
Cash used for investing activities:			
Acquisition of fixed assets	(1,441,601)	(2,395,498)	(2,739,028)
Sale of building and other assets	--	1,862,711	--
Payments for businesses acquired	(2,050,000)	(3,200,000)	--
Employee loan repayments for common stock	--	--	109,235
Acquisition of intangible assets	(321,447)	(1,153,228)	(131,322)
Net cash used for investing activities	(3,813,048)	(4,886,015)	(2,761,115)
Cash provided by (used for) financing activities:			
Short-term bank borrowing	10,810,000	49,931,280	46,766,476
Short-term bank payments	(15,596,293)	(52,381,753)	(42,713,186)
Proceeds from stock options exercised	3,036,221	1,530,417	264,489
Treasury stock purchased	--	(3,492,576)	(736,048)
Net cash provided by (used for) financing activities	(1,750,072)	(4,412,632)	3,581,731
Effect of exchange rate changes on cash	(115,025)	(48,492)	(48,177)
Net increase in cash and cash equivalents	11,797,547	392,061	586,140
Cash and cash equivalents at beginning of year	1,488,672	1,096,611	510,471
Cash and cash equivalents at end of year	\$ 13,286,219	\$ 1,488,672	\$ 1,096,611

The accompanying notes are an integral part of these financial statements.

UNIVERSAL ELECTRONICS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF BUSINESS

Business

Universal Electronics develops and markets easy-to-use, pre-programmed universal wireless control devices and technologies principally for home video and audio entertainment equipment. The Company sells its wireless control products and proprietary technologies to private label customers, original equipment manufacturers ("OEMs"), retail businesses, and companies involved in the subscription broadcasting industry. In December 1997, the Company decided to discontinue its North American One For All Retail business. During 1998 and 1999, the Company continued to sell its wireless control products internationally under the One for All(R) brand name. The Company also marketed a line of home automation products under the Eversafe(R) brand name, principally a universal garage door opener.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and significant transactions have been eliminated in the consolidated financial statements.

Revenue Recognition

Product revenues are recognized upon product shipment. The Company provides allowances for estimated returns of defective or damaged product and other sales promotions and discounts at the time of product shipment.

Foreign Currency Translation

The assets and liabilities of foreign subsidiaries are translated to U.S. dollars using the exchange rates in effect at the balance sheet date. Results of operations are translated using the average exchange rates during the period. Resulting translation adjustments are recorded in a separate component of stockholders' equity, "Currency Translation Adjustment".

Cash and Cash Equivalents

Cash and cash equivalents include cash accounts and all investments purchased with initial maturities of three months or less.

Inventories

Inventories consist of wireless control devices, including universal remote controls, wireless keyboards, antennas, and related component parts, and home safety and automation devices and are valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

Equipment, Furniture and Fixtures

Fixed assets are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Tooling and equipment are depreciated over two to 7 years. Furniture and fixtures are depreciated over five to 7 years. Leasehold improvements are amortized over the terms of the related leases. When fixed assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the appropriate accounts and any gain or loss is included in current income.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets are stated on the basis of cost and are amortized on a straight-line basis over the estimated future periods to be benefited. The amortization periods range from five to 10 years. Goodwill and other intangible assets are periodically reviewed for impairment based on an assessment of undiscounted future cash flows to ensure that they are appropriately valued. At December 31, 1999, 1998 and 1997, accumulated amortization was \$2,098,780, \$962,178 and \$225,331, respectively. Amortization expense was \$1,339,799, \$737,497 and \$128,805 for the years ended December 31, 1999, 1998 and 1997, respectively.

Income Taxes

Deferred income taxes are provided utilizing an asset and liability method that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that all, or some portion, of the deferred tax assets will not be realized.

Research and Development

Research and development expenditures are expensed as incurred. Research and development expense was \$2,391,000, \$2,712,000 and \$2,950,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$1,263,344, \$1,511,065, and \$3,536,835 for the years ended December 31, 1999, 1998 and 1997, respectively.

Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares and dilutive potential common shares which includes the dilutive effect of stock options. Dilutive potential common shares for all periods presented are computed utilizing the treasury stock method.

Stock Split

On December 20, 1999, the Board of Directors declared a two-for-one split of the Company's common stock effective January 31, 2000, in the form of a stock dividend for stockholders of record at the close of business on January 10, 2000. All share and per-share amounts in the accompanying consolidated financial statements and notes to consolidated financial statements have been restated to give retroactive effect to the stock split.

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income". This statement establishes standards for reporting and display of comprehensive income and its components in the Company's consolidated financial statements. Comprehensive income consists of net income and other gains and losses affecting stockholders' equity that, under generally accepted accounting principles, are excluded from net income. SFAS No. 130 did not have a material effect on the Company's consolidated financial statements.

In June 1997, the FASB issued SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information", which amends the disclosure requirements of SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise". The Company adopted the provisions of SFAS No. 131 in the year ended December 31, 1998 and has added certain disclosures for all periods presented.

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities". The statement is effective for fiscal years beginning after June 15, 2000. The Company is assessing the impact this statement will have on the consolidated financial statements and has not yet adopted the provisions of SFAS No. 133 as of December 31, 1999.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform with the presentation utilized in the year ended December 31, 1999.

NOTE 2 - ACQUISITIONS

Effective July 1, 1999, the Company completed its acquisition of a remote control distributor in Spain for \$750,000 in cash. On September 1, 1998 the Company acquired a domestic remote control company for approximately \$2.4 million. The acquisition was funded by \$1.5 million in cash and 168,422 shares of the Company's newly issued common stock valued at \$874,000. During the first quarter of 1998, the Company acquired a remote control distributor in the United Kingdom for \$3.0 million, of which \$1.7 million was paid in 1998 and the remaining \$1.3 million was paid in 1999.

The excess of the aggregate purchase prices for these acquisitions over the fair market value of net assets acquired is recorded as goodwill and is being amortized over periods ranging from five to 10 years.

Pro forma results for 1999 and 1998, assuming the acquisitions had occurred at the beginning of the periods, would not have been materially different from the Company's historical results for the periods presented.

On October 12, 1998, the Company entered into a covenant not to compete agreement with a former officer of the Company at a cost of \$949,000 in cash, which is recorded as an intangible asset and is being amortized over the five year duration of the contract.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	DECEMBER 31,	
	1999	1998
Accounts receivable, gross	\$29,812,725	\$25,250,522
Allowance for doubtful accounts	(1,879,931)	(1,611,468)
	27,932,794	\$23,639,054
	=====	=====

In connection with the discontinuation of the Company's North American Retail business as discussed in Note 16, the Company increased the allowance for doubtful accounts by \$2,500,000 in 1997. This increase primarily related to certain customer accounts of the Company that were deemed at risk due to the Company's exit from the North American Retail business. As of December 31, 1999 and 1998, accounts receivable for the Company's North American Retail business were \$678,000 and \$2,011,000, respectively. Write-offs in 1999 and 1998 attributable to the accounts receivable for the Company's North American Retail business were \$1,226,000 and \$1,320,000, respectively.

NOTE 4 - INVENTORIES

Inventories consist of the following:

	DECEMBER 31,	
	1999	1998
Components	\$ 5,710,349	\$ 5,993,160
Finished goods	7,783,464	8,840,898
	\$13,493,813	\$14,834,058
	=====	=====

The Company carries some additional amounts of inventory in order to satisfy certain of its customers' inventory requirements on a timely basis. New product innovations and technological advances may shorten a given product's life cycle. Management continually monitors the inventory status to control inventory levels and dispose of any excess or obsolete inventories on hand. Management believes an adequate provision has been made in the financial statements for any loss on disposition of inventory.

In 1997, the North American Retail product inventories were written down by \$3,892,000 to their estimated net realizable value as a result of the discontinuation of the Company's North American Retail business as discussed in Note 16.

NOTE 5 - EQUIPMENT, FURNITURE AND FIXTURES

Fixed assets consist of the following:

	DECEMBER 31,	
	----- 1999 -----	----- 1998 -----
Tooling	\$ 4,564,749	\$ 3,679,610
Equipment	4,214,863	3,752,150
Furniture and fixtures	762,343	779,126
Leasehold improvements	889,140	858,040
	-----	-----
	10,431,095	9,068,926
Accumulated depreciation	(6,734,189)	(4,628,979)
	-----	-----
	3,696,906	\$ 4,439,947
	=====	=====

Depreciation expense was \$2,276,468, \$1,863,667 and \$2,018,979 for the years ended December 31, 1999, 1998 and 1997, respectively.

In 1997, all fixed assets related to the North American Retail business to be disposed of in connection with the discontinuation discussed in Note 16 (including the Company's Twinsburg, Ohio facility), were written down to their estimated fair market value. The Company's Twinsburg, Ohio building was classified as held for sale in the consolidated balance sheet as of December 31, 1997. In August 1998, the Company sold the building for \$1,695,000, a price approximating the book value.

NOTE 6 - REVOLVING CREDIT LINE

On October 23, 1998, the Company paid off its outstanding credit line with The Provident Bank and entered into a \$15 million revolving credit agreement with Bank of America National Trust and Savings Association ("B of A"). Under the revolving credit agreement with B of A, the Company can choose from several interest rate options at its discretion. The interest rate in effect as of December 31, 1999 using the Fixed Rate option as defined in the agreement, which is intended to approximate B of A's cost of funds, plus an applicable margin, was 7.08%. The applicable margin varies with a range from 1.25% to 2.00% per annum depending on the Company's net income before interest, taxes, depreciation and amortization. At December 31, 1999, the applicable margin for the Company was 1.25 percent. The revolving credit facility, which expires on October 23, 2001, is secured by a first priority security interest in the Company's cash and cash equivalents, accounts receivable, inventory, equipment, and general intangibles of the Company. The Company pays a commitment fee of a maximum rate of 3/16 of 1% per year on the unused portion of the credit line. Under the terms of this revolving credit agreement, the company's ability to pay cash dividends on its common stock is restricted and the Company is subject to certain financial covenants and other restrictions. However, the Company has authority under this credit facility to acquire up to 1,000,000 shares of its common stock in market purchases and, since the date of this agreement, the Company has acquired approximately 109,000 shares of stock which it holds as treasury shares and are available for reissue by the Company. Amounts available for borrowing under the credit facility are reduced by the outstanding balance of the Company's import letters of credit.

On November 22, 1995, the Company entered into a \$22 million revolving credit agreement with The Provident Bank that expired on April 30, 1998. The interest rate on the borrowing was modified periodically based on formulas specified in the agreement and was based on the bank's prime rate (8.50% at December 31, 1997) plus one-quarter percent. Effective in January 1997, the agreement was amended to modify certain of the financial covenants and adjust the interest rate to be equal to the bank's prime rate plus one-quarter of one percent. Under the terms of this revolving credit facility, the Company's ability to pay cash dividends on its common stock was restricted and the Company was subject to certain financial covenants with limits on its ability to repurchase its stock and other restrictions. Further, amounts available for borrowing under this credit facility were reduced by the outstanding balance of the Company's import letters of credit. The Company paid a commitment fee of a maximum rate of 1/8 of 1% per year on the unused portion of the credit line. The revolving credit facility was secured by a

first priority security interest in the accounts receivable, inventory, equipment and general intangibles of the Company.

The Company had approximately \$0, \$4.8 and \$7.2 million at December 31, 1999, 1998 and 1997, respectively, outstanding under the revolving credit facilities and approximately \$0, \$0, and \$0.5 million of import letters of credit outstanding at December 31, 1999, 1998 and 1997, respectively. The weighted average interest rate was 6.56%, 8.07% and 8.30% for the years ended December 31, 1999, 1998 and 1997, respectively. Interest paid on the revolving credit facilities amounted to \$28,422, \$488,144 and \$616,239 for the years ended December 31, 1999, 1998 and 1997, respectively.

NOTE 7 - FINANCIAL INSTRUMENTS

The Company's financial instruments consist primarily of investments in cash and cash equivalents, accounts receivable and accounts payable, as well as obligations under the credit facility described above. The carrying values of these instruments approximate fair value because of their short maturity.

The Company enters into forward exchange contracts to hedge foreign currency transactions on a continuing basis for periods consistent with its committed exposures. These contracts are with major financial institutions and the risk of loss due to the financial institutions' nonperformance is considered remote. The gains and losses on these forward contracts are recognized in net income when the underlying foreign currency gain and loss is recognized. The Company had a number of forward exchange contracts outstanding at December 31, 1999 with an aggregate notional value of approximately \$9.1 million.

NOTE 8 - STOCKHOLDERS' EQUITY

Loans to Employees for Common Stock Purchases

During 1994, the Company loaned \$484,989 to certain of its officers and key employees to enable them to purchase 148,818 shares of the Company's Common Stock on the open market. The principal amount of the loans was due five years from the inception date, with interest on the loans accruing at the minimum rate required per annum by the Internal Revenue Code and payable at maturity. These loans are reflected as a reduction of Stockholders' Equity and are secured by the Common Stock purchased in accordance with the corresponding Stock Pledge Agreement. The Stock Pledge Agreement in certain instances accelerates debt repayment and provides for the forgiveness of the debt. During 1999, 1998 and 1997, \$0, \$42,875 and \$109,235, respectively, in loan principal was forgiven under the terms of these agreements.

Fair Price Provisions and Other Anti-Takeover Measures

The Company's Restated Certificate of Incorporation, as amended, contains certain provisions restricting business combinations with interested stockholders under certain circumstances and imposing higher voting requirements for the approval of certain transactions ("fair price" provision). Any of these provisions could delay or prevent a change in control of the Company.

The "fair price" provisions require that holders of at least two-thirds of the outstanding shares of voting stock approve certain business combinations and significant transactions with interested stockholders.

Treasury Stock

No treasury stock was purchased by the Company during 1999. During 1998, 583,600 shares of common stock were purchased by the Company on the open market at a cost of approximately \$3.5 million. During 1997, 273,200 shares were purchased for an approximate cost of \$0.7 million. These shares are recorded as shares held in treasury at cost. The shares will generally be held by the Company for future use as management and the Board of Directors shall deem appropriate. In addition, some of these shares will be used by the Company to compensate the outside directors of the Company. During 1999, 1998 and 1997, 6,826, 8,812 and 18,778 shares, respectively, were issued to the outside directors.

Warrant Issued to Customer

On November 9, 1998, the Company entered into an exclusive supply agreement with a customer. As a result of this agreement, the Company issued a warrant entitling the customer to purchase up to 600,000 shares of the Company's common stock at \$6.3125 per share.

Based on the expected number of shares to be issued, the fair value of this warrant of \$1,006,000 was recorded as additional paid in capital of the Company with a corresponding increase in other assets. The fair value of the warrant was determined using the Black-Scholes Model. The following assumptions were used for the warrant: risk-free interest rate of approximately 4.84%; expected volatility of approximately 48.11%; and expected life of five years. This asset is amortized on a straight-line basis over the five year term of the agreement. Subject to achieving the minimum purchase requirements of the warrant, the warrant will vest 50% on January 1, 2003 and the remaining 50% will vest on January 1, 2004.

Stock Split

On December 20, 1999, the Company's Board of Directors declared a two-for-one stock split effected in the form of a 100 percent stock dividend to be distributed on January 31, 2000 to shareholders of record on January 10, 2000. Shareholders' equity has been restated to give retroactive recognition to the stock split for all periods presented by reclassifying the par value of the additional shares arising from the split from paid-in capital to common stock. In addition, all references in the financial statements and in the notes to the financial statements to number of shares, per share amounts, stock option data, and market prices of the Company's common stock have been restated.

Restricted Stock Awards

During the year ended December 31, 1999, a total of 7,950 restricted shares of the Company's common stock were reserved for issuance to certain employees. The restricted shares vest over a two year period and had a market value of \$107,713 at that date. These awards have been recorded as a separate component of stockholders' equity. The carrying value of the restricted stock grants is being amortized to expense over the two year vesting period. Amortization expense amounted to \$24,596 in 1999.

NOTE 9 - STOCK OPTIONS

1993 Stock Incentive Plan

On January 19, 1993, the 1993 Stock Incentive Plan ("1993 Plan") was approved. Under the 1993 Plan, 400,000 shares of Common Stock are reserved for the granting of incentive and other stock options to officers, key employees and non-affiliated directors. The 1993 Plan provides for the granting of incentive and other stock options through January 19, 2003. All options outstanding at the time of termination of the 1993 Plan shall continue in full force and effect in accordance with their terms. The option price for incentive stock options and non-qualified stock options will not be less than the fair market value at the date of grant. The Compensation Committee shall determine when each option is to expire, but no option shall be exercisable more than ten years after the date the option is granted. The 1993 Plan also provides for the award of stock appreciation rights subject to terms and conditions specified by the Compensation Committee. No stock appreciation rights have been awarded under this 1993 Plan.

1995 Stock Incentive Plan

On May 19, 1995, the 1995 Stock Incentive Plan ("1995 Plan") was approved. Under the 1995 Plan, 800,000 shares of Common Stock are available for distribution to the Company's key officers, employees and non-affiliated directors. The 1995 Plan provides for the issuance of stock options, stock appreciation rights, performance stock units, or any combination thereof through May 19, 2005, unless otherwise terminated by resolution of the Board of Directors. The option price for the stock options will be equal to the fair market value at the date of grant. The Compensation Committee shall determine when each option is to expire, but no option shall be exercisable more than ten years after the date the option is granted. No stock appreciation rights or performance stock units have been awarded under this 1995 Plan.

1996 Stock Incentive Plan

On December 1, 1996, the 1996 Stock Incentive Plan ("1996 Plan") was approved. Under the 1996 Plan, 800,000 shares of Common Stock are available for distribution to the Company's key officers and employees. The 1996 Plan provides for the issuance of stock options, stock appreciation rights, performance stock units, or any combination thereof through November 30, 2007, unless otherwise terminated by the resolution of the Company's Board of Directors. The option price for the stock options will be equal to the fair market value

at the date of grant. The Compensation Committee shall determine when each option is to expire, but no option shall be exercisable more than ten years after the date the option is granted. No stock appreciation rights or performance stock units have been awarded under this 1996 Plan.

1998 Stock Incentive Plan

On May 27, 1998, the 1998 Stock Incentive Plan ("1998 Plan") was approved. Under the 1998 Plan, 630,000 shares of Common Stock are available for distribution to the Company's key officers and employees. The 1998 Plan provides for the issuance of stock options, stock appreciation rights, performance stock units, or any combination thereof through May 27, 2008, unless otherwise terminated by resolution of the Company's Board of Directors. The option price for the stock options will not be less than the fair market value at the date of grant. The Compensation Committee shall determine when each option is to expire, but no option shall be exercisable more than ten years after the date the option is granted. No stock appreciation rights or performance stock units have been awarded under this 1998 Plan.

1999 Stock Incentive Plan

On January 27, 1999, the 1999 Stock Incentive Plan ("1999 Plan") was approved. Under the 1999 Plan, 630,000 shares of Common Stock are available for distribution to the Company's key officers and employees. The 1999 Plan provides for the issuance of stock options, stock appreciation rights, performance stock units, or any combination thereof through January 27, 2009, unless otherwise terminated by resolution of the Company's Board of Directors. The option price for the stock options will not be less than the fair market value at the date of grant. The Compensation Committee shall determine when each option is to expire, but no option shall be exercisable more than ten years after the date the option is granted. No stock appreciation rights or performance stock units have been awarded under this 1999 Plan.

1999A Stock Incentive Plan

On October 7, 1999, the 1999A Nonqualified Stock Plan ("1999A Plan") was approved and on February 1, 2000, the 1999A Plan was amended. Under the 1999A Plan, 1,000,000 shares of Common Stock are available for distribution to the Company's key officers and employees. The 1999A Plan provides for the issuance of stock options, stock appreciation rights, performance stock units, or any combination thereof through October 7, 2009, unless otherwise terminated by resolution of the Company's Board of Directors. The option price for the stock options will not be less than the fair market value at the date of grant. The Compensation Committee shall determine when each option is to expire, but no option shall be exercisable more than ten years after the date the option is granted. No stock appreciation rights or performance stock units have been awarded under this 1999A Plan.

The Company applies the provisions of APB Opinion No. 25 in accounting for stock-based employee compensation; therefore, no compensation expense has been recognized for its fixed stock option plans as options generally are granted at fair market value on the date of the grant. In October 1995, Statement of Financial Accounting No. 123 "Accounting for Stock-Based Compensation" ("SFAS No. 123"), was issued. The Company adopted the disclosure requirements of this Statement in 1996 and accordingly, had compensation expense been determined consistent with SFAS No. 123, the Company's 1999 net income and basic and diluted income per share would have been \$6,627,088, \$0.50 and \$0.47, respectively. The Company's 1998 net income and basic and diluted income per share would have been \$5,080,578, \$0.40 and \$0.38, respectively. The Company's 1997 net loss and basic and diluted loss per share would have been \$6,904,381, \$0.55 and \$0.55, respectively.

The fair value of options at date of grant was estimated using the Black-Scholes model. The following assumptions were used for the grants in 1999, 1998 and 1997, respectively: risk-free interest rate of approximately 5.56%, 5.28% and 6.38%; expected volatility of approximately 51.75%, 45.26% and 49.38%; expected life of five years for 1999, 1998 and 1997; and the common stock will pay no dividends. The weighted average grant date fair value of the options granted in 1999, 1998 and 1997 was \$9.95, \$4.97 and \$2.74.

The following table summarizes the changes in the number of shares of Common Stock under option:

	1997		1998		1999	
	Shares (000)	Weighted-Average Exercise Price	Shares (000)	Weighted-Average Exercise Price	Shares (000)	Weighted-Average Exercise Price
Outstanding at beginning of year	1,606	3.24	1,452	3.18	1,688	4.29
Granted	190	3.00	804	5.22	1,352	9.58
Exercised	(92)	2.87	(560)	2.74	(836)	3.63
Expired and/or forfeited	(252)	3.53	(8)	3.47	(62)	4.31
	-----	----	-----	----	-----	----
Outstanding at end of year	1,452	3.18	1,688	4.29	2,142	7.89
	=====	=====	=====	=====	=====	=====
Options exercisable at year-end	730		788		181	

Significant option groups outstanding at December 31, 1999 and related weighted average price and life information follows:

Range of Exercise Prices	Number Outstanding At 12/31/99	Options Outstanding		Options Exercisable	
		Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable At 12/31/99	Weighted-Average Exercise Price
\$2.09 to 3.84	109,800	6.79	2.94	61,300	2.97
4.97 to 5.97	631,850	8.35	5.21	90,850	5.19
6.19 to 7.50	578,600	8.77	7.40	28,600	6.53
9.91 to 13.00	822,000	9.77	10.93	--	--
	-----	-----	-----	-----	-----
\$2.09 to 13.00	2,142,250	8.93	7.88	180,750	4.65
	=====	=====	=====	=====	=====

NOTE 10 - SIGNIFICANT CUSTOMERS AND SUPPLIERS

The Company had annual sales to two customers in 1999, two customers in 1998, and one customer in 1997 that individually exceeded 10% of total Company sales in the years ended December 31, 1999, 1998 and 1997. The sales amounted to \$12.2 million and \$10.8 million in 1999, \$11.8 million and \$10.6 million in 1998, and \$14.8 million in 1997. Trade receivables with the previously mentioned customers amounted to \$2.1 million, \$5.3 million and \$3.3 million at December 31, 1999, 1998 and 1997, respectively.

Trade receivables subject the Company to a concentration of credit risk. The risk is limited due to the large number of customers comprising the Company's customer base, the relative size and strength of most of the Company's customers and the Company's performance of ongoing credit evaluations.

The Company utilizes third-party manufacturers in the Far East, Mexico and the United States to produce its wireless control products. The number of third party manufacturers or suppliers that provided the Company in excess of 10% of the Company's wireless control products and/or components were two, three and four for 1999, 1998, and 1997, respectively.

The Company currently purchases a significant portion of its integrated circuit chips from two vendors. Although there are a limited number of manufacturers of this component part, management believes that other suppliers could provide similar parts on comparable terms. A change in suppliers, however, could cause a delay in manufacturing and a possible loss of sales, which would affect operating results adversely.

NOTE 11 - LEASES

The Company leases office and warehouse space and certain office equipment under operating leases. Rental expense under operating leases was \$953,475, \$837,976 and \$914,712, for the years ended December 31, 1999, 1998 and 1997, respectively.

The following summarizes future minimum non-cancellable operating lease payments at December 31, 1999:

Year ending December 31:	AMOUNT

2000	\$1,067,754
2001	700,622
2002	518,874
2003	96,053
2004 and beyond	0

Total lease commitments	\$2,383,303
	=====

NOTE 12 - EMPLOYEE BENEFIT PLANS

The Company maintains a retirement and profit sharing plan under Section 401(k) of the Internal Revenue Code for all of its domestic employees that meet certain qualifications. Participants in the plan may elect to contribute from 1% to 15% of their annual salary to the plan. The Company may, at its discretion, make contributions to the plan. The Company's match was 25% of participants' contributions for the years ended December 31, 1998 and 1997 and the expense recorded amounted to \$123,332 and \$123,911, respectively. The Company's match was increased from 25% to 50% of participants' contributions effective April 22, 1999 and the expense recorded for the year ended December 31, 1999 amounted to \$200,236. The Company's match in 1999, 1998 and 1997 was in the form of newly issued shares of common stock of the Company.

NOTE 13 - INCOME TAXES

In 1999, 1998 and 1997, pretax income (loss) was attributed to the following jurisdictions:

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
	-----	-----	-----
Domestic operations	\$13,032,767	\$ 8,210,501	\$(10,174,279)
Foreign operations	86,016	738,252	256,841
	-----	-----	-----
Total	\$13,118,783	\$ 8,948,753	\$ (9,917,438)
	=====	=====	=====

The provision (benefit) for income taxes charged to operations was as follows:

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
	-----	-----	-----
Current tax expense:			
U.S. federal	\$3,458,002	\$ --	\$ --
State and local	685,003	114,999	72,720
Foreign	29,245	251,156	59,531
	-----	-----	-----
Total current	4,172,250	366,155	132,251
	-----	-----	-----
Deferred tax expense (benefit):			
U.S. federal	1,004,848	2,521,779	(3,406,385)
State and local	201,603	423,169	(124,942)
Foreign	--	--	--
	-----	-----	-----
Total deferred	1,206,451	2,944,948	(3,531,327)
	-----	-----	-----
Total provision (benefit)	\$5,378,701	\$3,311,103	\$(3,399,076)
	=====	=====	=====

Net deferred tax assets (liabilities) comprised the following at December 31:

	1999	1998	1997
	-----	-----	-----
Capitalized packaging costs	\$ 37,188	\$ 72,365	\$ 68,897
Advertising allowance	38,935	41,570	256,447
Inventory reserves	660,310	256,441	317,573
Allowance for doubtful accounts	738,390	256,440	984,244
Sales return reserve	64,882	57,885	128,216
Capitalized inventory costs	218,855	259,983	255,304
NOL and credit carry forwards	2,983,469	6,278,675	5,265,390
Discontinuation reserves	--	--	2,324,297
Other	971,264	234,593	844,952
	-----	-----	-----
Gross deferred tax assets	5,713,293	7,457,952	10,445,320
	-----	-----	-----
Depreciation	(185,396)	(723,604)	(591,825)
Gross deferred tax liabilities	(185,396)	(723,604)	(591,825)
	-----	-----	-----
Less Valuation allowance	--	--	(174,199)
	-----	-----	-----
	\$ 5,527,897	\$ 6,734,348	\$ 9,679,296
	=====	=====	=====

In management's opinion, future taxable income will be sufficient to utilize the tax benefit recognized as deferred tax assets. The decrease in the valuation allowance in 1998 was due to the Company's assessment that benefits from alternative minimum tax and other credit carryforwards will more likely than not be realized prior to their expiration.

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pre-tax income from operations as a result of the following:

	YEAR ENDED DECEMBER 31,		
	1999	1998	1997
	-----	-----	-----
Tax provision (benefit) at statutory U.S. rate	\$ 4,460,386	\$ 3,042,704	\$(3,371,235)
Increase (decrease) in tax provision resulting from:			
State and local taxes, net	782,280	423,169	(76,947)
Nondeductible items	28,763	28,763	35,908
Reduction in valuation allowance	--	(174,199)	--
Other	107,272	(9,334)	13,198
	-----	-----	-----
Tax provision (benefit), as above	\$ 5,378,701	\$ 3,311,103	\$(3,399,076)
	=====	=====	=====

The Company has federal and state net operating loss carryforwards of \$4,773,969 and \$494,029, respectively, that begin to expire in 2010 and an alternative minimum tax credit carryforward of \$473,573 which does not expire. The Company also has a research and development credit carryforward of \$744,207 that begins to expire in 2006.

No income taxes have been provided on the undistributed earnings of foreign subsidiaries as the earnings are expected to be permanently reinvested in the foreign operations. Determination of the amount of unrecognized deferred tax liability for temporary differences related to the undistributed earnings of the Company's foreign operations is not practicable.

NOTE 14 - BUSINESS SEGMENTS AND FOREIGN OPERATIONS

The Company operates in a single industry segment and is engaged in the development, manufacturing and marketing of universal wireless controls and related products principally for video and audio entertainment equipment. In 1997 the Company's customers consisted primarily of domestic and international retailers, private label customers, original equipment manufacturers and subscription broadcasting operators. Beginning in 1998

and going forward, the Company's customers remained the same although the number of domestic retail customers decreased as the Company exited its North American Retail business line.

The Company's operations by geographic area are presented below:

	1999 -----	1998 -----	1997 -----
Net Sales			
United States	\$ 70,067,412	\$ 70,667,968	\$ 92,149,517
United Kingdom	8,889,076	8,807,684	5,818,232
Germany	6,467,420	5,865,240	4,958,049
All Other	19,667,275	10,781,727	11,412,622
	-----	-----	-----
Total Net Sales	105,091,183 =====	96,122,619 =====	114,338,420 =====
Identifiable Assets			
United States	7,617,945	8,344,489	4,236,717
All Other Countries	4,005,430	3,801,234	647,884
	-----	-----	-----
Total Identifiable Assets	11,623,375 =====	12,145,723 =====	4,884,601 =====

Specific identification was the basis used for attributing revenues from external customers to individual countries. Foreign currency exchange gains (losses) of \$30,344, \$(97,066) and \$(27,364), were included in the determination of net income for the years ended December 31, 1999, 1998 and 1997, respectively.

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

The Company is a party to lawsuits and claims arising in the normal course of its business. In the opinion of management, the Company's liability or recovery, if any, under pending litigation and claims would not materially adversely affect its results of operations, cash flows, or financial condition.

NOTE 16 - RESTRUCTURING

In December 1997, the Company announced its decision to discontinue its North American One For All Retail line of business and the distribution channel supported by the operations in the Twinsburg, Ohio facility. The Company licensed certain of its proprietary technology and its One For All trademark to a third party overseas manufacturer, to enable them to supply certain domestic retailers with a limited number of remote control products on a direct import basis. The Company closed the Twinsburg, Ohio facility, with the exception of its consumer service phone center, and moved its headquarters to its Technology Center in Cypress, California during the second quarter of 1998. The pre-tax restructuring charge of \$8,419,000 taken in the fourth quarter of fiscal year 1997 primarily related to severance and employee benefit costs (\$3,260,000), the write-down of fixed assets to be disposed of to their estimated fair market value (\$1,738,000), the write-down of intangibles by the amount for which no future benefit existed (\$460,000), consumer support and service costs relating to contractual obligations of the Company to provide telephonic support for certain of its products that were discontinued as part of the restructuring (\$393,000), write-off of prepaid advertising and other prepaid assets to their estimated fair market value (\$2,129,000 and \$163,000, respectively), and other costs related to the discontinuation of the North American Retail business (\$276,000). Severance and related employee benefit costs were determined by estimating such amounts for each of the 105 employees of the Company that were terminated in the restructuring. Charges for prepaid advertising, other prepaid assets and fixed assets were determined by comparing net book values to the estimated fair market values. Intangibles consisting of trademark costs were evaluated for future benefits and an estimate was made of the amount for which no future benefits existed. Other costs related to the disposition of assets were primarily related to operating expenses associated with the liquidation of the North American Retail business. After an income tax benefit of \$2,863,000, the restructuring charge reduced fiscal year 1997 earnings by \$5,556,000 or \$0.44 per share. See also Note 3 - Accounts Receivable and Note 4 - Inventories for explanation of additional expenses related to the restructuring. The restructuring was completed during 1998.

NOTE 17 - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for the years ended December 31, 1999, 1998, and 1997.

	1999			
	MARCH 31,	JUNE 30,	SEPTEMBER 30,	DECEMBER 31,
Net sales				
On-going business	\$20,941,528	\$22,756,972	\$28,115,949	\$33,276,734
Discontinued North American Retail business	--	--	--	--
	<u>20,941,528</u>	<u>22,756,972</u>	<u>28,115,949</u>	<u>33,276,734</u>
Gross profit				
On-going business	8,282,374	9,167,183	11,787,577	14,139,324
Discontinued North American Retail business	--	--	--	--
	<u>8,282,374</u>	<u>9,167,183</u>	<u>11,787,577</u>	<u>14,139,324</u>
Operating income	831,221	2,021,426	3,852,979	6,262,512
Net income	<u>\$ 448,763</u>	<u>\$ 1,199,413</u>	<u>\$ 2,338,057</u>	<u>\$ 3,753,849</u>
Net income per share:				
Basic	<u>\$ 0.03</u>	<u>\$ 0.09</u>	<u>\$ 0.17</u>	<u>\$ 0.28</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.08</u>	<u>\$ 0.16</u>	<u>\$ 0.26</u>
Weighted average common stock outstanding:				
Basic	<u>12,997,000</u>	<u>13,262,000</u>	<u>13,446,000</u>	<u>13,537,000</u>
Diluted	<u>13,402,000</u>	<u>14,112,000</u>	<u>14,299,000</u>	<u>14,667,000</u>
	1998			
	MARCH 31,	JUNE 30,	SEPTEMBER 30,	DECEMBER 31,
Net sales				
On-going business	\$ 18,575,778	\$ 22,272,821	\$ 23,731,761	\$ 24,455,346
Discontinued North American Retail business	4,356,540	2,446,099	284,274	--
	<u>22,932,318</u>	<u>24,718,920</u>	<u>24,016,035</u>	<u>24,455,346</u>
Gross profit (loss)				
On-going business	7,249,639	9,073,208	9,567,461	10,428,222
Discontinued North American Retail business	--	--	(75,000)	--
	<u>7,249,639</u>	<u>9,073,208</u>	<u>9,492,461</u>	<u>10,428,222</u>
Operating income	646,875	2,116,671	2,655,658	4,085,481
Net income	<u>\$ 343,903</u>	<u>\$ 1,313,777</u>	<u>\$ 1,609,322</u>	<u>\$ 2,370,648</u>
Net income per share:				
Basic	<u>\$ 0.03</u>	<u>\$ 0.10</u>	<u>\$ 0.12</u>	<u>\$ 0.18</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.10</u>	<u>\$ 0.12</u>	<u>\$ 0.18</u>
Weighted average common stock outstanding:				
Basic	<u>12,676,000</u>	<u>12,732,000</u>	<u>12,876,000</u>	<u>12,836,000</u>
Diluted	<u>13,300,000</u>	<u>13,446,000</u>	<u>13,384,000</u>	<u>13,162,000</u>

	1997			
	MARCH 31,	JUNE 30,	SEPTEMBER 30,	DECEMBER 31,
Net sales				
On-going business	\$ 16,538,559	\$ 17,152,545	\$ 26,095,641	\$ 25,444,705
Discontinued North American Retail business	5,841,691	6,778,502	7,403,283	9,083,494
	22,380,250	23,931,047	33,498,924	34,528,199
Gross profit (loss)				
On-going business	5,606,265	5,662,342	8,527,383	10,163,271
Discontinued North American Retail business	1,151,149	1,620,637	1,763,268	1,116,959
Inventory write-down	--	--	--	(3,892,215)
	6,757,414	7,282,979	10,290,651	7,388,015
Operating income (loss)	(313,909)	548,511	1,958,168	(11,482,127)
Net income (loss)	\$ (280,786)	\$ 288,488	\$ 1,187,387	\$ (7,713,452)
Net income (loss) per share:				
Basic	\$ (0.02)	\$ 0.02	\$ 0.09	\$ (0.61)
Diluted	\$ (0.02)	\$ 0.02	\$ 0.09	\$ (0.61)
Weighted average common stock outstanding:				
Basic	12,626,000	12,532,000	12,522,000	12,592,000
Diluted	12,626,000	12,598,000	12,718,000	12,592,000

The Company has restated the presentation of certain information for the first three quarters of 1998. The net effect of the restatement was to reclassify 1998 sales and cost of sales associated with the discontinued North American Retail business from accrued restructuring expenses to net sales and cost of sales. In 1997, the North American Retail product inventories were written down by \$3,892,000 to their estimated net realizable value as a result of the discontinuation discussed in Note 16. The 1997 write down amounted to \$0.31 per share for the full year on a pretax basis.

UNIVERSAL ELECTRONICS INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	WRITE-OFFS AND DEDUCTIONS	BALANCE AT END OF PERIOD
Valuation account for accounts receivable:				
Year Ended December 31, 1999	\$1,611,468	\$1,504,275	\$1,235,812	\$1,879,931
Year Ended December 31, 1998	\$2,950,548	\$ 342,661	\$1,681,741	\$1,611,468
Year Ended December 31, 1997	\$ 359,480	\$2,850,000	\$ 258,932	\$2,950,548

(1) Includes reclassification of North American Retail return reserve of \$280,000 as of December 31, 1998 to the allowance for doubtful accounts.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by Item 401 of Regulation S-K with respect to the directors of the Company will be contained in and is hereby incorporated by reference to the Company's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934. Information regarding executive officers of the Company is set forth in Part I of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information required by Item 402 of Regulation S-K will be contained in and is hereby incorporated by reference to the Company's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by Item 403 of Regulation S-K will be contained in and is hereby incorporated by reference to the Company's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by Item 404 of Regulation S-K will be contained in and is hereby incorporated by reference to the Company's definitive Proxy Statement for its 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) LIST OF FINANCIAL STATEMENTS

See "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Index to Consolidated Financial Statements" for a list of the consolidated financial statements included herein.

(a)(2) LIST OF FINANCIAL STATEMENT SCHEDULES

See "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Index to Consolidated Financial Statements" for a list of the consolidated financial statement schedules included herein.

(a)(3) LIST OF EXHIBITS REQUIRED TO BE FILED BY ITEM 601(a) OF THE REGULATION S-K ARE INCLUDED AS EXHIBITS TO THIS REPORT:

See EXHIBIT INDEX at page 45 to Item 601(a) of this Regulation S-K.

(b) No reports on Form 8-K were filed by the Company during the quarter ended December 31, 1999.

SIGNATURES

Pursuant to the requirement of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Cypress, State of California on the 30th day of March, 2000.

UNIVERSAL ELECTRONICS INC.

By: /s/ Camille Jayne
Camille Jayne
Chairman and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Camille Jayne and Paul D. Arling as true and lawful attorneys-in-fact and agents, each acting alone, with full powers of substitution, for her/him and in her/his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully for all intents and purposes as she/he might or could do in person, thereby ratifying and confirming all that said attorneys-in-fact and agents, each acting alone, or her/his substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 30th day of March, 2000, by the following persons in the capacities indicated.

NAME & TITLE -----	SIGNATURE -----
Paul D. Arling President, Chief Operating Officer and Director	/s/ Paul D. Arling -----
Camille Jayne Chairman, Chief Executive Officer and Director (Principal Executive Officer)	/s/ Camille Jayne -----
Mark Belzowski Vice President, Corporate Controller and Chief Financial Officer (Principal Financial and Accounting Officer)	/s/ Mark Belzowski -----
David Beddow Director	/s/ David Beddow -----
Bruce A. Henderson Director	/s/ Bruce A. Henderson -----
William C. Mulligan Director	/s/ William C. Mulligan -----
J.C. Sparkman Director	/s/ J.C. Sparkman -----

EXHIBIT INDEX

EXHIBIT NUMBER -----	DOCUMENT DESCRIPTION -----
2.1	Asset Purchase Agreement dated September 1, 1998 by and among Universal Electronics Inc., H&S Management Corp., J.C. Sparkman and Steven Helbig (Incorporated by reference to Exhibit 2.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
2.2	Contract for Sale of Participations of Unimand Espana, S.L. dated June 30, 1999 by and among Universal Electronics, BV and Diffusion Artistique et Musicale D.A.M. S.A. and Mr. Francisco Muro (filed herewith)
3.1	Restated Certificate of Incorporation of Universal Electronics Inc., as amended (Incorporated by reference to Exhibit 3.1 to the Company's Form S-1 Registration filed on or about December 24, 1992 (File No. 33-56358))
3.2	Amended and Restated By-laws of Universal Electronics Inc. (Incorporated by reference to Exhibit 3.2 to the Company's Form S-1 Registration filed on or about December 24, 1992 (File No. 33-56358))
3.3	Certificate of Amendment to Restated Certificate of Incorporation of Universal Electronics Inc. (Incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 filed on April 1, 1996 (File No. 0-21044))
*10.1	Form of Universal Electronics Inc. 1993 Stock Incentive Plan (Incorporated by reference to Exhibit 10.13 to Amendment No. 1 to the Company's Form S-1 Registration filed on or about January 21, 1993 (File No. 33-56358))
10.2	Standard Industrial Lease dated January 24, 1992 by and between Universal Electronics Inc. and RREEF USA Fund II, Inc. (Incorporated by reference to Exhibit 10.24 to the Company's Form S-1 Registration filed on or about June 25, 1993 (File No. 33-65082))
10.3	Form of Secured Promissory Note by and between Universal Electronics Inc. and certain employees used in connection with loans made to the employee to enable them to make open market purchases of shares of Universal Electronics Inc. Common Stock (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994 (File No. 0-21044))
10.4	Form of Stock Pledge Agreement by and between Universal Electronics Inc. and certain employees used in connection with loans made to the employees to enable them to make open market purchases of shares of Universal Electronics Inc. Common Stock (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994 (File No. 0-21044))
10.5	Loan and Security Agreement dated November 21, 1995 by and between Universal Electronics Inc. and The Provident Bank (Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 filed on April 1, 1996 (File No. 0-21044))
10.6	Copy of Promissory Note dated November 21, 1995 by and between Universal Electronics Inc. and The Provident Bank (Incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 filed on April 1, 1996 (File No. 0-21044))
10.7	Commercial Letters of Credit Master Agreement dated November 21, 1995 by and between Universal Electronics Inc. and The Provident Bank (Incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995

EXHIBIT NUMBER -----	DOCUMENT DESCRIPTION -----
	filed on April 1, 1996 (File No. 0-21044))
10.8	Intercreditor Agreement dated November 21, 1995 by and between The Provident Bank and Society National Bank and acknowledged and agreed to by Universal Electronics Inc. (Incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 filed on April 1, 1996 (File No. 0-21044))
10.9	Lockbox Service Contract dated November 10, 1995 by and between Universal Electronics Inc. and The Provident Bank (Incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 filed on April 1, 1996 (File No. 0-21044))
*10.10	Form of Universal Electronics Inc. 1995 Stock Incentive Plan (Incorporated by reference to Exhibit B to the Company's Definitive Proxy Materials for the 1995 Annual Meeting of Stockholders of Universal Electronics Inc. filed on May 1, 1995 (File No. 0-21044))
*10.11	Form of Stock Option Agreement by and between Universal Electronics Inc. and certain employees used in connection with options granted to the employees pursuant to the Universal Electronics Inc. 1995 Stock Incentive Plan (Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996 filed on March 28, 1997 (File No. 0-21044))
*10.12	Form of Stock Option Agreement by and between Universal Electronics Inc. and certain non-affiliated directors used in connection with options granted to the non-affiliated directors pursuant to the Universal Electronics Inc. 1995 Stock Incentive Plan (Incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996 filed on March 28, 1997 (File No. 0-21044))
10.13	First Amendment to Loan and Security Agreement dated July 31, 1996 by and between Universal Electronics Inc. and The Provident Bank (Incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996 filed on March 28, 1997 (File No. 0-21044))
*10.14	Form of Universal Electronics Inc. 1996 Stock Incentive Plan (Incorporated by reference to Exhibit 4.5 to the Company's Form S-8 Registration Statement filed on March 26, 1997 (File No. 333-23985))
*10.15	Form of Stock Option Agreement by and between Universal Electronics Inc. and certain employers used in connection with options granted to the employees pursuant to the Universal Electronics Inc. 1996 Stock Incentive Plan (Incorporated by reference to Exhibit 4.6 to the Company's Form S-8 Registration Statement filed on March 26, 1997 (File No. 333-23985))
10.16	Sublease dated January 10, 1997 by and between Universal Electronics Inc. and Edgemont Sales Company, a division of IKON Office Solutions, Inc. (Incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996 filed on March 28, 1997 (File No. 0-21044))
*10.17	Form of Salary Continuation Agreement by and between Universal Electronics Inc. and certain employees (Incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, filed on March 30, 1998 (File No. 0-21044))
*10.18	Form of Amendment to Salary Continuation Agreement by and between Universal Electronics Inc. and certain employees (Incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, filed on March 30, 1998 (File No. 0-21044))

EXHIBIT NUMBER -----	DOCUMENT DESCRIPTION -----
10.19	Second Amendment to Loan and Security Agreement dated January 24, 1997 by and between Universal Electronics Inc. and The Provident Bank (Incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, filed on March 30, 1998 (File No. 0-21044))
10.20	Lease dated November 1, 1997 by and between Universal Electronics Inc. and Warland Investments Company (Incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, filed on March 30, 1998 (File No. 0-21044))
10.21	Letter Agreement in Principal dated March 18, 1998 by and between Universal Electronics Inc. and The Provident Bank further amending that certain Loan and Security Agreement (Incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, filed on March 30, 1998 (File No. 0-21044))
*10.22	Form of Universal Electronics Inc. 1998 Stock Incentive Plan (Incorporated by reference to Exhibit A to the Company's Definitive Proxy Materials for the 1998 Annual Meeting of Stockholders of Universal Electronics Inc. filed on April 20, 1998 (File No. 0-21044))
*10.23	Form of Stock Option Agreement by and between Universal Electronics Inc. and certain employees used in connection with options granted to the employees pursuant to the Universal Electronics Inc. 1998 Stock Incentive Plan (Incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.24	Agreement for Purchase and Sale of Property dated May 29, 1998 by and between Universal Electronics Inc., and Duke Realty Limited Partnership (Incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.25	Agreement dated August 12, 1998 by and between Universal Electronics Inc., and David M. Gabrielsen (Incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.26	Stock Acquisition Representations and Covenants Certificate dated September 1, 1998 from H & S Management Corp., J.C. Sparkman and Steven Helbig (Incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.27	Non-Compete Agreement dated September 1, 1998 by and among Universal Electronics Inc., H & S Management Corp., J.C. Sparkman and Steven Helbig (Incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.28	Consulting Agreement dated September 1, 1998 by and between Universal Electronics Inc. and J.C. Sparkman (Incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
*10.29	Form of Executive Officer Employment Agreement dated September 29, 1998 by and between Universal Electronics Inc. and Paul D. Arling (Incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.30	Revolving Loan and Security Agreement dated October 2, 1998 by and between Universal Electronics Inc. and Bank of America National Trust and Savings Association (Incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year

EXHIBIT NUMBER	DOCUMENT DESCRIPTION
	ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.31	Copy of Revolving Note dated October 2, 1998 by and between Universal Electronics Inc. and Bank of America National Trust and Savings Association (Incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.32	Patent and Trademark Collateral Assignment dated October 2, 1998 by and between Universal Electronics Inc. and Bank of America National Trust and Savings Association (Incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.33	Purchase Agreement dated November 8, 1998 by and between Universal Electronics Inc. and General Instrument Corporation (Incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.34	Warrant dated November 9, 1998 by and between Universal Electronics Inc. and General Instrument Corporation (Incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.35	Agreement dated January 30, 1998, as amended on December 30, 1998 by and among Universal Electronics BV, a wholly owned subsidiary of Universal Electronics Inc. and Euro quality Assurance Ltd. And T. Maeizumi (Incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
10.36	Agreement dated February 3, 1998, as amended on December 30, 1998 by and among Universal Electronics BV, a wholly owned subsidiary of Universal Electronics Inc., Strand Europe Ltd. and Ashok Suri (Incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))
*10.37	Form of Universal Electronics Inc. 1999 Stock Incentive Plan (Incorporated by reference to Exhibit A to the Company's Definitive Proxy Materials for the 1999 Annual Meeting of Stockholders of Universal Electronics Inc. filed on April 29, 1999 (File No. 0-21044))
*10.38	Form of Stock Option Agreement by and between Universal Electronics Inc. and certain employees used in connection with options granted to the employees pursuant to the Universal Electronics Inc. 1999 Stock Incentive Plan (Incorporated by reference to Exhibit A to the Company's Definitive Proxy Materials for the 1999 Annual Meeting of Stockholders of Universal Electronics Inc. filed on April 29, 1999 (File No. 0-21044))
*10.39	Form of Salary Continuation Agreement by and between Universal Electronics Inc. and certain employees (filed herewith)
*10.40	Form of Executive Officer Amended Employment Agreement dated January 29, 1998 by and between Universal Electronics Inc. and Camille Jayne (filed herewith)
*10.41	Form of First Amendment to Executive Officer Employment Agreement dated April 22, 1999 by and between Universal Electronics Inc. and Paul D. Arling, together with Exhibit C attached thereto (filed herewith)
*10.42	Form of Universal Electronics Inc. 1999A Nonqualified Stock Plan effective October 7, 1999 and subsequently amended February 1, 2000 (filed herewith)
*10.43	Form of Stock Option Agreement by and between Universal Electronics Inc. and certain employees used in connection with options granted to the employees pursuant to the Universal Electronics Inc. 1999A Nonqualified Stock Plan (filed herewith)
11.1	Statement re: computation of per share earnings (filed herewith)
21.1	List of Subsidiaries of the Registrant (filed herewith)

EXHIBIT NUMBER -----	DOCUMENT DESCRIPTION -----
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith)
24.1	Power of Attorney (filed as part of the signature page hereto)
27.1	Financial Data Schedule (filed herewith)

* Management contract or compensation plan or arrangement identified pursuant to Item 14(c) of the Form 10-K.

CONTRACT FOR SALE OF PARTICIPATIONS
OF UNIMAND ESPANA, S.L.

Made in Barcelona, on this 30 day of June 1999.

I
PARTIES

Of the one part,

Mr. DIDIER PATRICK ANDRE BRIAUD, of full age, French national, domiciled at Saint Martin en Biere, 6 Rue des Plantes, Macherin (France), and bearer of Passport number 98LZ22358.

Mr. FRANCISCO MURO, of full age, French national, domiciled at Gava (Barcelona), C/ Cadaques number 3, 1(o) 1(a), and bearer of French Passport number 88DP56899.

And of the other part,

Mr. PAUL JOSEPH BENNETT, of full age, Irish national, domiciled at Dr. Benthemstraat 107, 7514 CL Enschede, The Netherlands, and bearer of Passport number .

II
THEY ACT

Mr. Briaud for and on behalf of DIFFUSION ARTISTIQUE ET MUSICALE D.A.M, S.A. (hereinafter DAM), a registered company, whose registered office is 17 Rue Paul Seramy, 77300 Fontainebleau, filed into the Chamber of Commerce of Montereau with number K BIS B.303.952.519. He states that he is duly empowered to sign the present Contract by his position as President and Managing Director of the Company.

Mr. Francisco Muro, on his own name and behalf.

The second party, for and on behalf of UNIVERSAL ELECTRONICS, BV a Dutch registered company, whose registered office is Javastraat 92, 7512ZK Enschede, The Netherlands, filed into the Commercial Register of the Chamber of Commerce and Industries for Veluwe en Twente with number 06067125, who is empowered to sign the present Contract.

The parties by mutual agreement, for the better understanding of this Contract, subscribe to the following:

III

DEFINITIONS AND ABBREVIATIONS

The following definitions are applicable to the terms used in this Contract and in its APPENDICES.

The Contract	The present Contract, its appendices, and any documents which may amend or novate it.
The Company	The Spanish company UNIMAND ESPANA, S.L., whose registered office is at calle Las Torres n(0) 58, Sant Joan Despi, Barcelona, registered in the Mercantile Register of Barcelona, on folio 98, volume 26.372, page B-101.622, holder of C.I.F. number B-60-419.124.
The Participations	EIGHT THOUSAND (8,000) participations of nominal value 1,000 Pesetas each, no. 1 to 8,000, both inclusive, of the company of UNIMAND ESPANA, S.L., which correspond to the 100% of the share capital of this company
The Sellers	DAM and Mr. FRANCISCO MURO, which appears in Section II of this Contract.
The Purchaser	The company UNIVERSAL ELECTRONICS, BV, which appears in Section II of this Contract.
The Signature Date	Today's date, on which there shall take place the effective purchase of the Participations by UNIVERSAL ELECTRONICS, BV.

Having made the preceding definitions, the parties:

IV
DECLARE

- I. Whereas DAM is owner of 5,600 participations numbers 1,501 to 7,100 both inclusive of the Company, which represents 70% of the total sharecapital.
- II. Whereas Mr. FRANCISCO MURO is owner of 2,400 participants numbers 1 to 1,500 and 7,101 to 8,000, all inclusive of the Company, which represents 30% of the total sharecapital.
- III. Whereas the Participants the subject of the present Contract are free of all charges and encumbrances, and are not subject to any pledge or guarantee, and they are not affected by any purchase option right.
- IV. Whereas THE SELLERS are prepared to warrant the truthfulness of the representations with regards the status and assets of UNIMAND ESPANA, S.L., in the terms and subject to the limits herein.
- V. Whereas THE SELLERS are interested to sell the Participations to THE PURCHASER and THE PURCHASER is interested to purchase them.
- VI. Whereas the present transaction can not be executed before Spanish Public Notary on today's date due to the individual acting on behalf of DAM has not his representation documents officially granted and apostilled according to the Hague Convention. For this reason, the parties agree to grant this transaction as a private document on today's date, subject to resolatory condition that the public deed of transfer is granted before July 20, 1999 before Spanish Public Notary, as set forth below.

IN PURSUANCE WHEREOF, the parties mutually and reciprocally recognising their respective legal capacity to contract and bind themselves, and in particular as to the execution of the presents, hereby execute the present CONTRACT FOR SALE OF PARTICIPATIONS, subject to the following:

V
CLAUSES

1.-OBJECT

Subject to the terms and conditions set forth in this Contract, THE SELLERS sell and transfer the EIGHT THOUSAND (8,000) Participations which represents 100% of the sharecapital of the Company to THE PURCHASER, which buys and acquires them free of charges and encumbrances.

The total respective dividends corresponding to such holding from the Signature Date shall be attributed to THE PURCHASER as of the Signature Date. THE SELLERS declares that there are no dividends pending payment corresponding to periods prior to said date and expressly renounces and waives any right to such said dividends.

2.-PRICE AND MANNER OF PAYMENT

2.1 PURCHASE PRICE.

The Purchase Price for the Participations is established at 724,600 Euros. This Price has been freely fixed by the contracting parties.

2.2 MANNER OF PAYMENT

THE PURCHASER advance the payment of the total Purchase Price to THE SELLERS, with the resolatory condition that this transaction is executed before Spanish Public Notary determined by THE PURCHASER before July 20, 1999. In case that the transfer is not formalised before Public Notary before such date, this transaction will be resolved and THE SELLERS shall return the advanced payment immediately to the PURCHASER.

The advanced payment of the total Purchase Price is distributed as follows:

- - THE PURCHASER pays 507.220 Euros to DAM by way of wire transfer to the account number 14806 00088 280 570 84000 51, of the French Bank CREDIT AGRICOLE, Swift code AGRI FR PP 848.
- - THE PURCHASER pays 217.380 Euros to Mr. FRANCISCO MURO by way of wire transfer to the account number 2013 0049 15 0201089064 of the Spanish Bank CAIXA DE CATALUNYA, Swift code CESCESBB.

The execution of this Contract of Sale constitutes the most effective receipt for the Purchase Price which is paid.

2.3 COMPLETION.

In accordance with the Spanish Law in force, the present transaction shall be executed in a public document before a Spanish Notary Public determined by THE PURCHASER before July 20, 1999. It shall be also fulfilled the following condition precedent:

- - Delivery to the satisfaction of THE SELLER of Minutes and Certificate of the General Shareholders Meeting of the company, dated June 30, 1999, whereby the resignation of Mr. DIDIER PATRICK ANDRE BRIAUD as Sole Administrator of the Company, and the appointment of UNIVERSAL ELECTRONICS, BV as Sole Administrator of the Company, are agreed.

If the transfer is not formalised before Public Notary before such date, this transaction will be resolved and THE SELLERS will be obliged to return the advanced payment of the total Purchase Price immediately to the PURCHASER.

3.-REPRESENTATIONS AND WARRANTIES BY THE PARTIES

3.1. BY THE SELLERS

THE SELLERS confirm to THE PURCHASER that all the representations and warranties attached as APPENDIX 1 and all contained in this agreement are true and accurate, and accepts in the terms established in Clause 4, all liability arising from any misrepresentation or inaccuracy therein. THE SELLERS also confirm that none of the representations and warranties contained in this Contract contains a misrepresentation which could materially affect THE PURCHASER as potential investor.

3.2. BY MR. DIDIER PATRICK ANDRE BRIAUD.

Mr. Briaud represents and warrants that he is duly empowered to represent DAM in this transaction by his post as President and managing Director of DAM, and that his appointment is in force today and will be in force until the public deed of transaction is executed as set forth above. Mr. Briaud also represents and warrants that the document of his appointment will be recorded in the Company's Register where DAM is recorded and that he will obtain the necessary documentation notarised and apostilled according to the Hague Convention before July 20, 1999.

3.3. BY THE PURCHASER

THE PURCHASER represents and warrants to THE SELLERS:

- a) That THE PURCHASER is a lawfully constituted company and that it has sufficient power and capacity to enter into and sign the present Contract and conduct all the acts, actions, businesses and transactions which should be conducted by virtue of the present document and that it has all requisite and sufficient company resolutions and agreements in that respect and does not require any other authorisation.
- b) That the execution and development by THE PURCHASER of the purchase herein and the communication of the transactions shall not in any way give rise to a conflict or violation of its Articles of Association, or agreements of any type or legislation or regulations thereto applicable.

In the event that any of the representations of THE PURCHASER or THE SELLERS is incorrect or untrue, or in the event of non compliance, in whole or in part of any of the substantial acts or obligations of THE PURCHASER or THE SELLERS under this Contract, that could materially affect THE SELLERS or THE PURCHASER, these may, at their own election, chose to proceed with execution of the present Contract or may resolve the Contract, without prejudice to any other rights and claims available under law.

4.-LIABILITIES BY THE SELLERS

4.1 THE SELLERS shall be jointly and severally, personally and unlimitedly liable under the terms established in this Clause, for any misrepresentation and/or inaccuracy contained in this Contract and in particular representations and warranties set out in Clause 3 and attached as APPENDIX 1, and shall be jointly and severally, personally and unlimitedly liable to the Company and THE PURCHASER in relation to any possible claim by THE PURCHASER and/or the Company as a consequence of the application of the present Contract, including, by way of illustration, the liability which may derive from any misrepresentation or inaccuracy in the representations and warranties given by THE SELLERS.

4.2 THE SELLERS shall be jointly and severally, personally and unlimitedly liable to THE PURCHASER and the Company with respect to any liability, known or unknown, including of a tax, social security, administrative, commercial or of any other nature which is claimed against the Company and which derive from any administrative or judicial actions or procedures which may be derived from any acts or omissions prior to Signature Date, which the Company may have to meet. In particular, without prejudice to other liabilities, THE SELLERS shall be jointly and severally, personally and unlimitedly liable to THE PURCHASER and the Company, with respect to the following contingencies which may arise in the Company:

- a) Liabilities of a tax nature, in relation to all taxes, rates or levies, including fiscal license taxes/trading licenses and taxes which may derive from any acts or omissions or periods prior to the Signature Date, although these may be claimed subsequent to said date.
- b) Labour or Social Security liabilities, which may derive from any act or omissions prior to the Signature Date.
- c) Administrative proceedings and authorisations which are required for the Company.

The compensation for all matters included herein shall be the total liability which the Company may have to meet, together with interest, fines and expenses incurred including the costs of defence which the Company and/or THE PURCHASER may have to meet.

- 4.3 The responsibilities and guarantees of THE SELLERS described in the present Contract and the appendices thereto, regarding claims, events, contingencies as a result of incidents prior to the Signature Date shall expire in accordance with their statutory/legal prescription period.
- 4.4 No claim under this contract related with the balance sheet dated March 31, 1999, attached as Appendix 2, may be presented if the total claimed is less than TEN THOUSAND EURO (10,000 Euro). Such total may consist in one sole claim or the total of various. Once such level of claim against THE VENDORS is reached, all claims will be payable.

5.-PROCEDURE TO BE FOLLOWED IN THE EVENT OF CLAIMS

- 5.1 In case the Company should be officially claimed for any obligation or responsibility incurred prior to today's date and included in the previous clause, the latter should be duly notified to THE SELLERS and THE PURCHASER. Said communication should take place within the seven (7) working days following its reception.
- 5.2 The Company will be the one dealing with the exercise or formulation of actions, appeals or opposition to the obligation or responsibility thereby claimed.
- 5.3 Any cost and expenses including deposits, previous payments or consignments that derive or are necessary for such opposition or claim will be directly charged to the Company.

5.4 Should the final resolution or sentence from the competent authority, or agreement reached by both parties, establish an obligation or responsibility, THE SELLERS shall pay the amount claimed or, in case the Company has already paid, reimburse within a maximum of 30 days 100% of the corresponding amount, in addition, if applicable, the amounts borne for concepts outlined in the previous paragraph, together with interests, fines and expenses incurred.

6.-JOINT AND SEVERAL LIABILITY AND SUBROGATION

THE SELLERS shall be jointly and severally, personally and unlimitedly liable to the Company, THE PURCHASER and/or any other person or entity which in the future might acquire all or part of the Participations, for all obligations for which the former are liable by virtue of this Contract.

The liability extends in particular to the liability which might derive from the misrepresentation or inaccuracy of the representations and warranties for which THE SELLERS are liable, established in this Contract.

In the event of the subrogation of a said third party in the present Contract, THE SELLERS shall be notified of the same.

7.-COSTS AND TAXES

Except as may otherwise be expressly provided in this Contract, the taxes arising from the performance and execution hereof shall be borne by such party as is specified by Law. The expenses arising from such performance and execution shall be borne and payable by the party which causes them. The expenses corresponding to the protocol registration of the transactions foreseen in the present document shall be borne by THE PURCHASER.

8.-COMMITMENT NOT TO SELL THE PARTICIPATIONS AND RESOLUTION

Since THE SELLERS will have the title deeds of the Participations until the execution of the present transaction before Spanish Public Notary, THE SELLERS individually and personally commit, represent and warrant to THE PURCHASER that they will not sell the Participations to third parties in any case.

In the event of any of the parties being in breach of its obligations, including the non fulfillment of the granting of the public deed of transfer, the other party may demand the performance or rescission of same, according to Article 1.124 of the Spanish Civil Code.

All the above is without prejudice to any actions and claims which are available under law.

9.-ARBITRATION AND LAW

The parties declare their wish to settle amicably and by way of appropriate negotiations any differences or disagreements which may arise in the performance and execution of this Contract.

This notwithstanding, if no amicable settlement is reached, both parties agree to refer their differences to legal arbitration by a sole arbitrator, and for such purposes submit the appointment of the arbitrator and administration thereof to the ARBITRATION COURT OF BARCELONA, and covenant to comply with the decision of such arbitration.

Should judicial formalization or execution of the arbitration award be necessary, the parties expressly submit themselves to the Courts of Barcelona, expressly renouncing any other jurisdiction that may correspond to them.

This Contract is to be governed in all respects by Spanish Law.

10.-NOTICES

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed duly given if and when delivered personally or sent by certified mail (return receipt requested, postage prepaid) to the other party at its respective address first above written, or as subsequently changed by notice duly given.

11.-PRIOR AGREEMENTS

This Contract replaces and renders void any antecedent agreement and contract signed between the parties.

12.-MODIFICATIONS AND ADDENDA

Any amendment or addenda to the present Contract will be valid only if the effect thereof is expressly stated and signed by both parties. In such event, apart from the Clauses expressly modified, the remaining Clauses of the Contract will remain valid, and, therefore, fully enforceable.

13.-VOID CLAUSES

If any of the Clauses of the present Contract should be void or inapplicable, the validity of the remaining provisions shall not be effected and shall remain in force.

This Agreement is executed in THREE (3) original parts in English language.

IN WITNESS WHEREOF, the parties sign this Agreement in the place and the date first above written.

THE SELLERS:

/s/ Francisco Muro

Signed: Mr. Francisco Muro

Signed: DIFFUSION ARTISTIQUE ET MUSICALE D.A.M, S.A.
Represented by Mr. Didier Patrick Andre Briaud

THE PURCHASER:

Signed: Mr. UNIVERSAL ELECTRONICS, BV
Represented by Mr. Paul Joseph Bennett

REPRESENTATIONS AND WARRANTIES

DAM and Mr. FRANCISCO MURO (hereinafter, "the Sellers") confirm to UNIVERSAL ELECTRONICS, BV (hereinafter, "the Purchaser") that the following representations and warranties are true and correct, and accepts any liability which may arise from their untruthfulness. No representation or warranty expressed in the present document contains a misrepresentation which could materially affect the Purchaser as a potential investor. The present representations and warranties are an essential part of the Contract for Sale of Participations, forming with it a unity.

The Sellers represent and warrant to the Purchaser in respect of the Company its business and assets the following:

1. AUTHORITY

The Sellers have the right, power and authority to enter into and perform their obligations under this Agreement and this Agreement constitutes obligations binding on the Seller in accordance with its terms.

2. THE COMPANY

The Company UNIMAND ESPANA, S.L. has full legal personality under the laws of Spain, and holds all the permits and licenses needed in order to pursue and develop its business activities, with the exception set forth in point 8 below, together with full power to deal with its properties and assets.

UNIMAND ESPANA, S.L. is a Spanish registered company, whose registered office is at Calle Las Torres number 58, Sant Joan Despi (Barcelona), and was incorporated before the Notary Public of Barcelona, Mr. Antonio Lopez-Ceron y Ceron, executed on November 15, 1993, and is registered in the Mercantile Register of Barcelona, on folio 98, volume 26.372, page B-101.622, holder of C.I.F. number B-60/419.124.

3. QUALIFICATION TO DO BUSINESS

The Company has the complete power to own or to lease its property and to carry on the business as now being conducted by it under the laws of the jurisdiction in which it is incorporated, being the only jurisdiction in which the nature of the business conducted by it or the property owned or leased by it makes such qualification necessary.

4. SHARE CAPITAL

The issued and outstanding participations of the Company have been authorised and are validly issued and fully paid, and all such participations are owned directly by the Sellers free and clear of any and all liens, pledges, charges, claims, restrictions or agreements of any kind.

The share capital of the Company is 8,000,000 Pesetas fully paid up, represented by 8,000 participations, numbered from 1 to 8,000, inclusive, with a nominal value of 1,000 Pesetas each, all enjoying the voting and financial rights, proportional to their respective nominal value.

The participations held by the Sellers are free of all charges and encumbrances, and no purchase option rights have been created over the same. No person has a right to call for the allotment or transfer of any participation in the Company.

All the participations issued enjoy the financial rights corresponding to its nominal value, and therefore, with respect to the distribution of company profits and to the resulting net assets of the company on liquidation and to the preferential subscription right on the issue of new participations.

All the participations have the voting rights corresponding to its nominal value and there are no preference participations which grant any benefit over the ordinary participations. All the participations belong to the same class and have the same political and economical rights.

5. NO OPTIONS

The Company is not party to any agreement or commitment or has outstanding any option, warrant or convertible security that would require it, at some future date or upon the happening of some event, to issue any additional participations or any other participations or debentures, nor does it have the right or option to require any holder of its outstanding participations to make any further contributions to its capital or to purchase any additional participations.

6. BYLAWS

The Bylaws of the Company are up to date and are those filed in the Mercantile Register.

7. CORPORATE RECORDS

The corporate records and minute books (or their equivalent) of the Company contain complete and accurate minutes of all meetings of and copies of all resolutions passed by the directors and members of the Company since its incorporation. All such meetings were duly called and held, all such resolutions were duly passed and the members registers, registers of transfers and other corporate registers of the Company are complete and accurate in all material respects.

8. LICENSES AND COMPLIANCES

The Company has obtained all licences, permissions, authorisations and consents (referred to collectively as "Licenses") required in order to conduct the businesses now carried on, except for the licence of activity of the City Council, which has not been applied yet, due to the fact that the company has recently moved to new premises. All such licences are in full force and effect and not subject to any onerous conditions and all reports, returns and information required by law or as a condition have been duly made or given to the appropriate authority and no notice has been received that any Licence is likely to be revoked. The Company has concluded and is conducting its business in compliance in all respects with all applicable laws, rules and regulations of the jurisdiction in which its business is carried on and has not been and is not now in breach of any such laws, rules or regulations.

9. LITIGATION

Except as plaintiff in the collection of debts rising in the ordinary course of business and the proceeding and claim with regards MEL GROUP, S.L./RAYTEL SOUND VISIONS, S.L. (65/1999 file of the Alcorcon Courts), the Company is not a plaintiff or defendant in or otherwise a party to any litigation, arbitration or administrative proceedings which are in progress, nor have such proceedings been threatened by or against the Company or any of its assets nor, are there any fact or circumstances likely to give rise to any such litigation, arbitration or administrative proceedings.

10. INSOLVENCY

No receiver or trustee (or the equivalent thereof) has been appointed of the whole or any part of the assets or undertaking of the Company. No petition has been presented, no order has been made and no resolution has been passed for the winding-up (or the equivalent thereof) of the Company in the jurisdiction where it is incorporated. The Company has not stopped payment of its debts and is not insolvent or unable to pay its debts within

14
the meaning of the insolvency or bankruptcy legislation in its jurisdiction of incorporation.

11. FAIR TRADING

11.1 The Company is not party to any agreement, arrangement or concerted practice which is or must be registered under any legislation in any jurisdiction in which it carries on business or which contravenes any cartel or fair trading legislation.

11.2 The Company does not conduct any business or is party to any agreement, arrangement or transaction which contravenes any legal limitation on prices, is required in whole or in part to be registered, filed or recorded in any jurisdiction in order to be valid and has not been so registered, filed or recorded.

12. NO DEFECTIVE SERVICES

The Company has not supplied Services which are, or were or will become in any respect faulty or defective or which do not comply in any material respect with any warranties and representations expressly or implicitly made by the Company or with all applicable regulations, standards and requirements in respect thereof.

13. ACCURACY OF BOOKS AND RECORDS

The Company possesses and maintains up to date the statutory accounting books, together with all auxiliary books necessary for the proper development of the activity of the Company.

It has also duly complied with and is up to date in relation to the Minute book, Tax and Social Security Returns, and other documents which the Company is legally obliged to maintain.

It has also filed its annual accounts in the Barcelona Mercantile Register within the period established under current legislation.

The books and records, financial and otherwise, of the Company fairly and correctly set out and disclose in all respects the financial position of the Company as of the date hereof and all financial transactions of the Company have been fully and accurately recorded in such books and records.

14. ACCOUNTS

The Company Accounts:

- 14.1 Were prepared in accordance with the statutory and other accounting principles and practices applicable thereto in Spain and, subject to the foregoing, give a true and fair view of the Company as of the date on which they were prepared and of the results of the Company;
- 14.2 set out completely and accurately the assets and liabilities of the Company and contain adequate provision for bad and doubtful debts, for all social security dues and Taxation (including deferred taxation) relating to any period ending on or before the date as of which they were prepared, and for all actual and contingent liabilities incurred or accruing before that date to the extent required by such statutory and other accounting principles and practices;
- 14.3 were prepared on a basis consistent with that on which such Accounts of the Company were prepared for at least the three preceding years.

15. BALANCE SHEET AND COMPANY EQUITY

- 15.1 THE SELLERS guarantee that the assets shown in the balance sheet of the Company closed at 31 March 1999, attached to this document as APPENDIX 2 thereof, and in the Accounting Books of the Company, are not overvalued, and have been valued in accordance with the valuation rules applicable in Spain and with generally accepted accounting principles.
- 15.2 THE SELLERS guarantee that the liabilities shown in the balance sheet of the Company closed at 31 March 1999, attached to this document as APPENDIX 2, thereof, and in the Accounting Books of the Company, are the only liabilities of the Company and are not undervalued, and have been valued in accordance with the valuation rules applicable in Spain and with generally accepted accounting principles. Full provision or reserve has been made for all liabilities and commitments of the Company when required.

Furthermore, THE SELLERS guarantee that the Company has no other obligations which were derived prior to the close of such balance sheet, except those shown and duly provisioned as liabilities in the balance sheet.

15.3 THE SELLERS state that since the date of close of the balance sheet (30 March 1999), the Company has not conducted any operations which are not in the normal course of business, and, in particular:

- it has not granted any loans or guarantees to any of its shareholders, directors or employees, other than advance payments of salary and commission to nonshareholder employees or representatives.
- it has not made nor shall it make any investments nor acquired nor shall acquire any commitments to invest in fixed assets which exceed in total TWO MILLION PESETAS (ptas. 2,000,000.).
- it has not entered into any agreement or contract whatsoever, other than contracts for maintenance and purchases and sales arising from the normal course of operations, in which cases, where these have been with related companies, the prices have not been substantially different from habitual prices.
- in general, it has not performed any action nor contracted any obligation which could materially vary the situation of the net assets nor the business perspectives of the Company.

16. ASSETS

16.1 The Company is owner of all its assets, and no purchase option, encumbrance or charge whatsoever affects the same.

16.2 All Assets which are subject to registration in Public Registers are duly registered.

17. WORKING CAPITAL AND STOCK

The Company has sufficient working capital for the purposes of continuing to carry on its business in its present form and at its present level of turnover for the foreseeable future and for the purposes of executing, carrying out and fulfilling in accordance with their terms all orders, projects

and contractual obligations which have been placed with or undertaken by the Company.

All the stocks of the Company are in good and marketable condition, and comply with all the legal requisites applicable to its process and sale. In particular, goods deposited at the premises of customers, fulfil such requirements, and the Company possesses sufficient documentation to support their recovery or payment. Likewise, all stocks in deposit with customers are in good condition, and no claim may be made with respect to them.

All the stocks of the Company within its product line are in marketable conditions and saleable at market price, subject to normal and appropriate stock provision as stated below.

Due provision has been made in respect of stocks which may be affected by a loss of value in accordance with current valuation rules, on the basis of the prudence principle, all consistent with the principles applied in the accounts of the Company.

The parties agree that an inventory of all the stocks at June 30, 1999 will be done in the company premises, at THE PURCHASER request, being the PURCHASER able to assist with a representative of Price Waterhouse.

18. ABSENCE OF CONFLICTS

The execution and delivery of this Agreement by the Seller will not conflict with or result in any breach of, or constitute an event of default or give rise to a right of termination or accelerate the time for performance required under any agreement entered into by the Company or result in the creation or imposition of any lien, charge or encumbrance upon any assets of the Company or the loss of any right, privilege, franchise, licence or permit which is material to the business of the Company or result in the violation by the Company of any applicable writ, order, injunction or decree of any local, national or supra-national government or governmental body or of any court of competent jurisdiction or give rise to or trigger any right of preemption.

19. INSURANCE

The Company has taken out and maintains fire, use and occupancy and other forms of insurance with reputable and sound insurers covering its property and assets and protecting its business in amounts and against such losses and claims as are generally maintained for comparable businesses and properties and:

- 19.1 there are no circumstances which might lead to any liability under such insurance policies being avoided by the insurers, according to standards of preventions;
- 19.2 no material claims have been made under any such insurance policies which remain outstanding and no event has occurred which may give rise to a claim;
- 19.3 such policies of insurance will not lapse on the change of ownership of participations resulting from the performance of this Agreement.

20. SUFFICIENCY OF ASSETS

The assets and rights of the Company at Signature Date are sufficient to enable it to continue business as now carried on.

21. PERSONAL OR MOVEABLE PROPERTY

The Company is the owner of all of its personal or moveable property with good and marketable title thereto free and clear of any lien, charge, security interest, adverse claim or other encumbrance whatsoever. The uses to which such personal or moveable property have been put are not in breach in any material respect of any statute, by-law, ordinance, regulation or governmental restriction. The Company is not a party to any conditional sales contract, hire purchase agreement, security agreement or other title retention agreement.

22. MATERIAL COMMITMENTS AND LIABILITIES

The Company does not have:

22.1. Outstanding borrowing, guarantee, indemnity or indebtedness in the nature of borrowing including any liability under acceptances (otherwise than in respect of normal trade bills) or any loans to third parties with the following exceptions:

The company has granted a loan to French company S.A. DAM, subject to the following conditions:

Amount of credit: 2,000,000 French Francs.

Destination: Financing of working capital.

Term: Between 31 July 1998 and 31 July 2003 (five-year term), the latter date being that on which the loan shall be definitively due and payable.

Nominal interest rate per year is fixed at 5.25% (5.28% TAE). The interest shall accrue at the end of each month and the monthly amount is 37,971.97 FF.

- 22.2 mortgage, charge, lien or pledge or any obligation to create a mortgage, charge, loan or pledge or to secure any obligation or the performance of an obligation;
- 22.3 any contract or obligation which cannot readily be performed by it on time and without exceptional expenditure of money or effort.

23. ACCOUNTS RECEIVABLE

The accounts receivable of the Company are bona fide and collectible within the usual period for payment without any set-off or other claim.

Client receivable accounts shown as assets in the balance sheet and registered up to the date hereof correspond to sums truly due from solvent creditors, and THE SELLERS shall be liable for the solvency of same, except for such creditors and to the extent for which due provision has been made.

THE SELLERS are not aware of any reason why the level of sales to or purchases from any such customer or supplier should reduce after closing or why any such person would not deal with the Company under the new ownership.

The SELLERS represent that the usual average period for payments is 155 days from date of shipment to customers.

24. INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS

The company has no intellectual property rights (trademarks, patents, designs, commercial names, etc.).

25. REAL PROPERTY LEASE AGREEMENTS

The company does not own any real state. The activity of the company is carried out in the offices leased by the company, copy of the lease agreement dated 1 March 1999 is attached as APPENDIX 3. The address of such offices is C/ Las Torres number 58, Sant Joan Despi (Barcelona).

- 25.1 No event has occurred or right has arisen (whether or not the same has subsequently lapsed) under a lease agreement of any lease property entitling the lessor to terminate the same prematurely;

25.2 there are no circumstances which would entitle or require any third person to exercise any power of entry upon or of taking possession of the whole or part of any property leased by the Company or which would otherwise restrict or terminate the continued possession or occupation of any thereof;

25.3 no third party rights are being infringed by the current use of any property leased by the Company the consequences of which infringement are material for the Company;

25.4 no repairs to any property leased by the Company are outstanding;

26. CONDITION OF EQUIPMENT, ETC

All stock, facilities, machinery and equipment owned and used by the Company in connection with its businesses are in good operating condition, in a state of good repair and maintenance (reasonable wear and tear excepted) and valued in the Accounts in accordance with generally accepted accounting principles.

27. CONTRACTS

No contracts has been entered into by the Company in any way other than in the ordinary course of business (or are known to be likely to result in a loss on completion of performance) and the Company is not in breach of any contract.

28. INSIDER CONTRACTS

There is not any material contract or arrangement to which the Company is, or was, a party and in which the Company or any person beneficially interested in any part of the share capital of the Company or any Partner, or director of the Company is, or has been, interested either directly or indirectly and the Company is not a party to, nor has its profits or financial position been affected by, any contract or arrangement which was not of an entirely arm's length nature.

29. INDEBTEDNESS

The Company has not received any notice to repay under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which is repayable on demand; nor has the Company received notice that there has occurred any event of default under any agreement relating to any borrowing or indebtedness in the nature or borrowing or other credit facility to which the Company is a party.

30. GUARANTEES

The Company is not a party or bound by any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness.

31. EMPLOYEES, AGENTS AND DIRECTORS

The employees set out in the list of employees of the Company set forth in APPENDIX 4 hereto are the only employees who have a contract of employment with the Company. The Company has not entered into any unusual labour agreements and no pension plans or other plan providing any retirement benefits or similar rights have been created or entered into with respect to the employees. The Company is up to date in the payment of wages.

The company and its officers have complied with all applicable laws and regulations, including health and safety.

The Company has not entered into any contract or agreement granting a share of profits to employees, nor has it granted nor guaranteed any loans in favour of employees.

The Company has not signed any agreements with its employees which contain special compensation clauses in the event of the resolution of such contract by the Company. "Special compensation clauses" shall be deemed to be such clauses which provide for compensation greater than the minimum established by Law or which, being permitted by Law, provide for compensation greater than that statutorily payable, in the absence of an express agreement thereto. Any claim made in this respect shall be the liability of THE SELLERS.

The said APPENDIX 4 contains the category, salary and other remunerations together with service and types of contracts of the employees of the Company. The Company does not have any other corporate or labour obligations other than those specified in APPENDIX 4 hereto, to the extent that these are stated in the said Appendix and the balance sheet closed at 30 May 1999.

The Company is affected the Collective Wage Agreement of the metal trading, reference D.O:G.C. 30.09.1997. No other collective bargaining agreement affects the Company's employees.

Attached as APPENDIX 5 are listed all the Company's agents and distributors, affiliated and non-affiliated, including their commissions

levied and their periods of service, and no contracts for such agents and distributors have been granted in writing.

There is not in existence any written or unwritten contract of employment with a director or an employee of the Company which cannot be terminated by less than three months notice without giving rise to a claim for damages or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal). There is not outstanding any agreement or arrangement to which the Company is a party for profit-sharing or for payment to any of its directors or employees of bonuses or for incentive payments or other similar matters. No dispute has arisen within the last one year between the Company and a material number or category of its employees. None of the contracts of employment of the employees of the Company contain terms outside those which would reasonably be regarded as being granted in the ordinary course of business for the Company.

32. TAX RETURNS AND SOCIAL SECURITY

The Company has duly filed in a timely manner all Tax Returns required to be filed by it, has made complete and accurate disclosure in such returns and has paid all Taxes shown on such returns as being due and payable and has also paid all assessments and re-assessments and all other Taxes, governmental charges, penalties, interest and fines due and payable by the Company up to the date hereof. There are no agreements, waivers or other arrangements providing for an extension of time with respect to the assessment or re-assessment of Taxes or filing of any Tax Return by or payment of any Tax by, or levying of any governmental charge against the Company. There are no actions, audits, assessments, re-assessments, suits, proceedings, investigations or claims now threatened or pending against the Company in respect of taxes or governmental charges asserted by any such authority. The Company has withheld from each payment made by it the amount of all Taxes and other deductions required to be withheld therefrom and have paid the same to the proper taxing or other authority within the time prescribed under any applicable legislation or regulation.

The Company is up to date in respect of all Labour or Social Security obligations, accrued prior to the date of the present document.

33. SUBSIDIARIES

The Company has no Subsidiaries nor any interest in the participations or right to participate in the profits or obligation to bear the losses of any other company, consortium, joint venture or partnership.

34. MATERIAL DISCLOSURE

All information and circumstances relating to the Company which are material to be known by a willing purchaser of the Participations have been accurately and completely disclosed by the Sellers to the Purchaser.

35. CLIENTS

No client of the Company has given any indication to the Seller that they will or may cease to be a client of the Company by reason of the transactions anticipated by this Agreement and the Seller has reason to believe that any client will so cease to be a client.

36. SELLERS CONFLICTS

The Sellers are not involved in any business which is in competition with that carried out by the Company.

37. REGISTRATION

The Company does not require any specific registration of its products for its activity.

38. POWERS

The Company has not granted any general powers or specific powers of attorney other than those set out in Mercantile Register at the Date of the Signature.

39. BANKS

The credit institutions with which the Company maintains relations as a client, are set out in APPENDIX 6 hereto, indicating the type or types of operations contracted, the persons authorized to draw funds and make decisions, and the amounts of same as of June 30, 1999, and THE SELLERS state that since these dates, no movements have been made which do not correspond to normal operations of the activity of the Company.

40. "BONA FIDE"

All the information provided by THE SELLERS has been correct and there has not been omitted any matter of vital or material importance, which if known beforehand, would have caused THE PURCHASER not to proceed with this purchase.

APPENDIX 2

UNIMAND ESPANA SL

BALANCE SITUATION 31 - 03 - 1999

ASSETS

IMMOBILIZED

ESTABLISHMENT EXPENSES

- 201. Establishment expenses of the premises
- 202. Capital amplification expenses

IMMOBILIZED IMMATERIAL

- 215. Computing applications
- 281. Accumulated amortization

IMMOBILIZED MATERIAL

- 226. Furniture
- 227. Computing equipment
- 229. Others immobilized
- 281. Accumulated amortization
- 239. Advance for immobilized

IMMOBILIZED FINANCIAL

- 260. Constituted finances

CIRCULATING ASSETS

EXISTENCES

- 300. Goods

DEBTORS

- 430. Customers
- 440. Other debtors
- 473. Retention and payments
- 474. Anticipated taxes

TREASURY

- 566. Factoring SFF deposits
- 57. Saving funds and banks

TOTAL ASSETS

UNIMAND ESPANA SL

BALANCE SITUATION 31 - 03 - 1999

LIABILITIES

OWN FUNDS

100. Capital

121. Results of previous exercises

129. Period results (benefits)

DEBTS TO LONG TERM

160. Loans to long term to the group's companies

DEBTS TO SHORT TERM

400. Suppliers

410. Other creditors

465. Pending remuneration to the personnel

475. Public Treasury fiscal creditor

476. Social Security creditor

521. Expired short term debt

555. Application of pending consignment

TOTAL LIABILITIES

UNIMAND ESPANA S.L.

RESULTS FROM 31 - 03 - 1999

SALES

700. Sales

709. Rapels over the sales

SALES COSTS

600. Purchases
608. Purchases devolution
610. Stock changes

GROSS MARGIN

OTHER EXPLOITATION REVENUES

759. Advertising participation
75. Other revenues

PERSONNEL EXPENSES

640. Wages and salaries
642. Social charges
6231. Commissions

EXTERNAL SERVICES

621. Rents
623. Professional services
624. Transports
625. Insurance premiums
626. Banking services
627. Advertising and propaganda
628. Supplies
629. Other expenses (inc. Traveling)
631. Other tributes

EXPLOITATION RESULTS

FINANCIAL REVENUES

769. Financial revenues
768. Positive exchange difference

FINANCIAL EXPENSES

662. Long term debts interests
663. Short term debts interests
664. Consignment expenses and SFF
665. Discounts over sales p.p.
668. Negative exchange difference
669. Other financial expenses

ORDINARY ACTIVITIES RESULT

EXTRAORDINARY REVENUES

EXTRAORDINARY EXPENSES

PERIOD RESULT (BENEFITS)

APPENDIX 3

RENTING CONTRACT OF THE BUSINESS PREMISES 6364

RENTING OBJECT

On the premises.....Bajos -1.....approximate area.....250 m2
 Placed in.....Calle Las Torres.....Nr. 58
 City ofSan Juan Despi.....Province.....Barcelona

San Juan Despi, March 1, 1999, brought together:

Mr. Francisco Muro born in Valencia, province of Valencia, of ___ years of age, marital status divorced and of profession business manager, resident at Calle Cadaques, 3 - Gava, with D.N.I. number (ID number) X - 1287463 - S, issued in Barcelona on July 4, 1997, C.I.F number (Tax code) B60419124, acting as Unimand Espana S.L.administrator ON A LEASEHOLDER CONCEPT AND,

Mr. Joaquin Jimenez Trivino

Born in Cornellà, province Barcelona of 74 years of age, with D.N.I number (ID number) 36737973, issued in San Feliu de Llobregat on April 23, 1990, C.I.F number (Tax code) 36737973G as owner,

AGREE ON

1. Renting the premises mentioned above for ONE YEAR, for the price of EIGHTY FIVE THOUSAND pesetas every month, and also agree on the conditions explained on the next page attached to this contract, which are part of the same.
2. This lease is subject to the VAT, and its subscription will include all those concepts, which integrate the quantity to pay by the leaseholder, appearing by separate on the rent receipts.

And to put this on record, both parts sign on the indicated place and date.

LEASEHOLDER

OWNER

ADDITIONAL CONDITIONS ATTACHED TO THE RENTING CONTRACT

On regard to the premises at Bajos Primera on Calle Ls Torres 58, In San Juan Despi, extended on a contract of the class/ serial number 6346.

1st. The length of the term of this contract is of ONE YEAR, and it will start from today. After this term of ONE YEAR, the contract will be automatically considered extended month by month for a maximum of TWELVE MONTHS, both for leaseholder and owner, as long as any of the parts does not report anything two months before.

To have the right of the successive extensions, the leaseholder will have to be up to date with the payment of the rent, and to finish the contract during the extensions period, the tenant will have to notify in writing his intentions to the owner and minimum sixty days before.

2nd. Both parts, with the explicit resignation to what it is established by the article 34 of the L.A.U., the agreement states that after the extinction of the contract due to the passing of the established period, the tenant will not have the right to ask the owner for any compensations.

3rd. The premises object of this contract, will be used exclusively to the DISTRIBUTION OF UNIVERSAL REMOTE CONTROLS. In the case that other activities are developed, even though similar to the one mentioned, the owner would have the right to terminate the contract for considering this as an offence.

4th. The object of the renting is exclusively the surface placed within the wall of the premises, being specially excluded the face, the sides of the entrance, the attic, the lobby and its stairway. Consequently, the leasing to which this contract is referred will not give the right to neither enter nor use the attic or terrace of the property.

5th. In the case of the tenant's decease, the heir or legate that continues the activity, will be able to have the rights and obligations until the end of the contract.

Expressly, it will be agreed as an amplification of what it is foreseen in the article 33 of the L.A.U., that this continuation should be notified on a irrefutable way to the owner, for his efficiency, within two months after the date of decease of the leaseholder; and the owner would have the right to rise the rent on a fifteen percent.

6th. Both parts, with their explicit resignation of what it is established by the article 31 of the L.A.U, it is agreed that in the case that the premises is sold as an independent property, the leaseholder will not have the right to have preference over the purchase of the same.

7th. The tenant, with the explicit resignation of what it is established by the article 32 of the L.A.U., will be obligated to not to rent entirely or partially or to hand over the premise rented, without the explicit permission and in writing of the owner. In the case that the tenant does not carry out this condition, the owner would be able to terminate the contract.

8th. The leaseholder declares that knows the characteristics and the conditions of the premises and accepts them; as well as its urbanistic qualities and the allowed administrative uses.

9th. The purchase, conservation, repair or substitution of the supplies meters and their consume cost, are the tenant's exclusive responsibility.

The premises are rented in its actual state with the general mains and connections or existent lines for the supplies available in the building.

The leaseholder will be able to make arrangements with the correspondent supply companies for all or some of the supplies available in the building.

If modifications are needed in the property or in the rented premises, the tenant will be entirely in charge of the costs as long as he is interested on these modifications or in the continuity of a particular supply. Previously he will have to consult with the owner for his approval and report him about the project on the changes that may be done or that is being required by the supplying company.

10th. On the same way the tenant will take care of the costs caused by damage on glass windows, locks and other implements or tools within the installations, conservation and repair costs of water, gas, heating, sanitary and services systems, water heater, TV antenna, particularly drains,

blockages, kitchen repairs, sinks, laundry rooms, air conditioning and pipes, as well as the repair and conservation of blinds. All this as long as these implements are available in the building.

11th. The owner of the property and its administrator are exempt of all responsibility of any supply.

12th. The owner will not be held responsible if, for some reason the competent organizations do not authorize the tenant to open his business. The correspondent taxes or contribution must be the tenant's responsibility.

13th. If there is no supply of direct water through individual meters, the administrator in order to precede to authorize such an installation, will sign on behalf of the tenant's name as many documents as necessary obligating himself to formalize the correspondent policy, and getting the respective meter. This installation will be considered as an improvement of the premises.

14th. The leaseholder will be responsible of any damaged caused to objects or people by the installation of these services on the rented premises.

15th. The tenant will not make alterations of any kind in the premises without a previous permission of the administrator or the owner. The tenant will pay the costs of the authorized alterations, and they will be a benefit for the property, not having the right to any compensation at any moment. The leaseholder will also pay the costs of the town council permits.

16th. The tenant, with the explicit resignation of what it is established by the article 21 of the L.A.U., will be responsible of the premises and he is obliged to its preservation for its right used. This will not give the right to have any compensation nor to finish the contract during this period nor to stop or reduce the rent payments.

17th. Both parts, with the explicit resignation to what it is established by the article 22 and 26 of the L.A.U., agreed that in the case that the owner wants to make repairs or alterations in the property, this one will have to notify within three months in advance of his intentions to the leaseholder. The tenant will not have the right to disagree with the owner unless he notifies him within a month that these alterations affect him directly. The tenant will resign to any reduction of the rent affecting the part of the premises that he cannot use while the alterations are being made and will not receive any compensation for the costs that will have to carry.

18th. The leaseholder is obliged to:

- A) Not installing transmissions, engines, machines etc. that may produce annoying vibrations to other neighbors of the building or other buildings in the area, or that may affect the consistency and preservation of the building.
- B) Not to store or manipulate within the premises any kind of explosive, flammable, uncomfortable or unhealthy materials and will have to respect the relevant regulations.
- C) Allow the access into the premises to the owner, administrator and to those workers that have been sent for any of them to inspect or repair damages that could affect the building.
- D) In the case that these premises are integrated, within a building, on a Community Regime of Horizontal Property, the tenant will have to follow all the statutory rules and the agreements of the Property Community, in order to use the services and common elements to have a good relationship with other members of the building

19th. Both parts agree that the total rent, paid by the leaseholder during the contract period or its extensions, will fit the percentile variations that take place every year and that are regulated by the national Institute of Statistics, applying this way over that rent, the percentile which represents the existent difference between the indexes that correspond to this period.

February 1999 will be the reference month for the application of the first update and for the following ones the one that corresponds to the last update. The updated rent will be required to the tenant from the following first month being this notified by the interested part, mentioning the applied alteration.

In any case the delay of this application will mean that is no longer valid.

20th. The leaseholder is also obliged to:

- A) Pay the rent, legal rising and the costs and services of the building in advance in the administrator's office and within the first seven days of each agreed period. The rent can be also payable by standing order, which will be done from a bank or saving fund. The delay on the payment of the rent will produce automatically interests in favor of the owner part. These interests are relative to the legal money interest and to the date from which those debts are current until the day that these have been paid. All this without counting on

judicial or extrajudicial actions that need to be taken to obtain the performance of the obligations and/ or dismissal which costs will be carried by the tenant.

- B) Pay the costs originated by this same contract such as the stamp, management, registry, administrator honorary for his work and process and inscription on the Registry of Property.
- C) Pay the increase of the Fire Insurance or Risk fee of the building.
- D) Pay the total amount of the real state taxes that belongs to the rented premises. When this fee is not individualized, it will be divided in proportion to the surface of each premises.
- E) The payment of the VAT (art.11, nr.2, section 2 of the Tax Law 37/1992) and also of the total amount of each rent receipt which specifies, depending on the legal type applied in its right moment and automatically, de correspondent VAT fee, which it will be mentioned apart from other concepts, and being each receipt as an invoice.
- F) By the Real Decreto 113/1998 January 30th., this rent has deductions depending on the type applied in each moment. The deduction will mentioned apart from other concepts of the receipt and it will be paid three -monthly by the leaseholder. The tenant is obliged also to issue, at the on of each period, a credited certificate of the deductions and deposits that have been done.
- G) Pay, independently of the agree rent, the general costs for the right preservation of the building, as well as its services, taxes, and responsibilities that are not individual and that correspond to the rented premises or its accessories if it has them. This costs, will be updated every year having repercussions for the leaseholder the variations that may be performed and that will be specified as a different concept and apart from the rent, but both included in the same rent receipt.

21st. The leaseholder will hands over in this act the sum of ONE HUNDRED AND SIXTY THOUSAND pesetas as deposit concept. The administrator is in charge of handing over this amount to the owner of the property.

After five years, the deposit will be updated every year, including it into the amount of the rent that is received every two months. The existence of this deposit will not be used as an excuse to delay the payment of the rent or any of the amounts assumed by the tenant.

22nd. Both parts will be able to submit under the supervision of the correspondent legal organizations, any disagreement, law suit or question that may occur due to the interpretation of this document, which in this case they will agree to do what is said by the law.

23rd. The tenant will enjoy of a lack of the rent payment for fifteen days, from today, as compensation for the alteration work and conditioning of the premises, which costs are paid by the tenant. These alterations will be a benefit for the property at the end of the contact, and will not give any right to the leaseholder to have any kind of compensation for them.

24th. The water and electricity supplies are arranged by the property. The tenant will be responsible of the consume, maintenance and change of name costs on behalf of the supplying companies.

25th. The premises, object of this contract, have available lowered kerb which is legalized. The leaseholder is responsible of the payment of the correspondent municipal taxes.

San Juan Despi, March 1st, 1999

THE LEASEHOLDER

OWNER

APPENDIX 4

1. WORKER
2. ANTIQUITY
3. ANNUAL GROSS SALARY:
 - 3.1 SALARY
 - 3.2 EXTRA PAYMENTS
4. SALARY UNTIL 31 - 05 - 99
 - 4.1 PERMANENT
 - 4.2 VARIABLE
 - 4.2.1 COMMISSIONS
 - 4.2.2 ASSISTANCE
 - 4.2.3 LANGUAGES
5. PROFESSIONAL CATEGORIES
 - 5.1 GENERAL MANAGER
 - 5.2 SALESMAN
 - 5.3 OFFICE CLERK
 - 5.4 UPGRADE & EXCHANGE DEPARTMENT
6. CONTRACT TYPE
 - 6.1 INDEFINITE
 - 6.2 INDEFINITE WITH BONUS
 - 6.3 ORDINARY INDEFINITE

APPENDIX 5

NAME

ADDRESS

INITIAL DATE

APPENDIX 6

ACCOUNT BALANCE OF UNIMAND ESPANA S.L. JUNE 29, 1999

BANK: CAIXA DE CATALUNYA
SANT JOAN DESPI - VERDAGUER

- ACCOUNT NUMBER 0201063174
5.670.407 PESETAS
- SAVING FUNDS ACCOUNT NUMBER 0101447688
4.844.449 PESETAS
- FACTORCAT ACCOUNT NUMBER 0201163927
327.667 PESETAS

BANK: GENERALE BANK
PASEO DE GRACIA 85
BARCELONA

- ACCOUNT NUMBER 0214001087
659.037 PESETAS

PERSON AUTHORISED: MR. FRANCISCO MURO

SALARY CONTINUATION AGREEMENT

THIS AGREEMENT is made as of this ___ day of _____, 1999, by and between Universal Electronics Inc., a Delaware corporation (the "Corporation") and _____ (the "Executive").

WITNESSETH:

WHEREAS, the Corporation, on behalf of itself and its subsidiaries, wishes to attract and retain well-qualified executive and key personnel and to assure both itself and the Executive of continuity of management in the event of any actual or threatened Change in Control (as defined in Paragraph 2) of the Corporation; and

WHEREAS, to achieve this purpose, the Board of Directors of the Corporation considered and approved this Agreement to be entered into with the Executive as being in the best interests of the Corporation and its stockholders;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the parties hereto agree as follows:

1. Operation of Agreement. The "effective date of this Agreement" shall be the date on which a Change in Control occurs, and this Agreement shall not have any force or effect whatsoever prior to that date.
2. Change in Control. For the purposes of this Agreement, a "Change in Control" shall be deemed to occur when and only when the first of the following events occurs:
 - a. Any "person" or "group" (as such terms are used in Sections 3(a), 3(d), and 14(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "1934 Act"), other than (i) a trustee or other fiduciary holding securities under any employee benefit plan of the Corporation or any of its subsidiaries or (ii) a corporation owned directly or indirectly by the stockholders of the Corporation in substantially the same proportions as their ownership of stock in the Corporation, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act)), directly or indirectly, of securities of the Corporation representing 20% or more of the total voting power of the then outstanding securities of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"); or

- b. Individuals who are members of the Incumbent Board, cease to constitute a majority of the Board of Directors of the Corporation; or
- c. (i) The merger or consolidation of the Corporation with any other corporation or entity, other than a merger or consolidation which would result in the Voting Stock outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the total voting power represented by the Voting Stock or the voting securities of such surviving entity outstanding immediately after such merger or consolidation, (ii) the sale, transfer or disposition of all or substantially all of the Corporation's assets to any other corporation or entity, and/or (iii) the dissolution or liquidation of the Corporation.

The term "Incumbent Board" shall mean (i) the members of the Board of Directors on February 1, 1999, and (ii) any individual who becomes a member of the Board of Directors after February 1, 1999, if his or her election or nomination for election as a director was approved by the affirmative vote of a majority of the then Incumbent Board. For purposes of this Agreement, a Change in Control approved by the Incumbent Board will be deemed a "friendly acquisition" and a Change in Control not approved by the Incumbent Board will be deemed a "hostile acquisition."

- 3. Employment. The Corporation hereby agrees to continue the Executive in its employ and/or the employ of one or more of its subsidiaries and the Executive hereby agrees to remain in the employ of the Corporation and/or such subsidiaries, for the period commencing on the effective date of this Agreement and ending on the earlier to occur of eighteen months after such date in the case of a friendly acquisition, or the third anniversary of such date in the case of a hostile acquisition (the "employment period"), to exercise such authority and perform such executive duties as are commensurate with the authority being exercised and duties being performed by the Executive immediately prior to the effective date of this Agreement, which services shall be performed at a location within the metropolitan area in which the Executive was employed immediately prior to the effective date of this Agreement. During the employment period, the Executive agrees to devote Executive's full business time exclusively to such executive duties and shall perform such duties faithfully.
- 4. Compensation, Compensation Plans, Benefits and Perquisites. During the employment period, the Executive shall be compensated as follows:
 - a. Executive shall receive an annual salary at a rate which is not less than Executive's rate of annual salary immediately prior to the effective date of this Agreement, with the opportunity for increases from time to time thereafter which are in accordance with the Corporation's regular practices.

- b. Executive shall be eligible to participate on a reasonable basis in the Corporation's stock option plans, annual incentive bonus programs and any other bonus and incentive compensation plans (whether now or hereinafter in effect) in which executives with comparable authority and duties are eligible to participate, which plans must provide opportunities to receive compensation which are at least as great as the opportunities under the plans in which the Executive was participating immediately prior to the effective date of this Agreement.
- c. Executive shall be entitled to receive employee benefits and perquisites which are the greater of the employee benefits and perquisites provided by the Corporation to executives with comparable duties or the employee benefits and perquisites to which Executive was entitled immediately prior to the effective date of this Agreement. Such benefits and perquisites shall include, but not be limited to, the benefits and perquisites included under the Universal Electronics Inc. 401(K) and Profit Sharing Plan, the Universal Electronics Inc. 1993 Stock Incentive Plan, the Universal Electronics Inc. 1995 Stock Incentive Plan, the Universal Electronics Inc. 1996 Stock Incentive Plan, the Universal Electronics Inc. 1998 Stock Incentive Plan, the Universal Electronics Inc. 1999 Stock Incentive Plan, the Salaried Employee Cash Incentive Program, and the Universal Electronics Inc. group health insurance program, which includes comprehensive medical insurance, group disability, group life insurance, and executive bonus (supplemental life) and such other plans as shall be developed and implemented from time to time.

5. Termination Following Change in Control

- a. For purposes of this Agreement, the term "termination" shall mean (i) termination by the Corporation of the employment of the Executive with the Corporation and all of its subsidiaries for any reason other than death, disability or "cause" (as defined below), or (ii) resignation of the Executive for "good reason" (as defined below).
- b. The term "good reason" shall mean (i) a significant change in the nature or scope or the location for the exercise or performance of the Executive's authority or duties from those referred to in Section 3, a reduction in total compensation, compensation plans, benefits or perquisites from those provided in Section 4, or the breach by the Corporation of any other provision of this Agreement; or (ii) a reasonable determination by the Executive that, as a result of a Change in Control and a change in circumstances thereafter significantly affecting Executive's position, Executive is unable to exercise the authorities, power, function or duties attached to Executive's position and contemplated by Section 3 of the Agreement.
- c. The term "cause" means (i) the willful and continued failure by the Executive to substantially perform Executive's duties with the Corporation and/or, if applicable,

one or more of its subsidiaries (other than any such failure resulting from Executive's incapacity due to physical or mental illness) after a demand for substantial performance is delivered to Executive by the Board of Directors of the Corporation which specifically identifies the manner in which the Board believes the Executive has not substantially performed Executive's duties, (ii) the willful engaging by the Executive in gross misconduct materially and demonstrably injurious to the property or business of the Corporation or any of its subsidiaries, or (iii) Executive's commission of fraud, misappropriation or a felony. For purposes of this paragraph, no act or failure to act on the Executive's part will be considered "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's action or omission was in the interests of the Corporation or not opposed to the interests of the Corporation.

6. Confidentiality. The Executive agrees that during and after the employment period, Executive shall retain in confidence any confidential information known to Executive concerning the Corporation and its subsidiaries and their respective business for as long as such information is not publicly disclosed.
7. No Obligation to Mitigate Damages. The Executive shall not be obligated to seek other employment in mitigation of amounts payable or arrangements made under the provisions of this Agreement and the obtaining of any such other employment shall in no event effect any reduction of the Corporation's obligations under this Agreement.
8. Severance Allowance
 - a. In the event of the termination of the Executive during the employment period, the Executive shall be entitled to receive a lump sum severance allowance within five days of such termination, in an amount which is equal to the sum of the following:
 - (i) The amount equivalent to salary payments for 18 calendar months, in the case of a friendly acquisition, or 36 calendar months, in the case of a hostile acquisition, at the rate required by paragraph 4(a) and in effect immediately prior to termination, plus a pro rata share of the estimated amount of any bonus which would have been payable for the bonus period which includes the termination date; and
 - (ii) The amount equivalent to 18 calendar months of bonus in the case of a friendly acquisition, or 36 calendar months of bonus in the case of a hostile acquisition, at the greater of (A) the monthly rate of the bonus payment for the bonus period immediately prior to Executive's termination date, or (B) the estimated amount of the bonus for the period which includes Executive's termination date.

- b. In addition to such amount under paragraph (a) above, the Executive shall also receive in cash the value of the incentive compensation (including, but not limited to, employer contributions to the Universal Electronics Inc. 401(K) and Profit Sharing Plan and the rights to receive stock awards and to exercise stock options and other bonus and similar incentive compensation benefits) to which Executive would have been entitled under all incentive compensation plans maintained by the Corporation if Executive had remained in the employ of the Corporation for 18 months after such termination in the case of a friendly acquisition, or 36 months after such termination in the case of a hostile acquisition. The amount of such payment shall be determined as of the date of termination and shall be paid as promptly as practicable and in no event later than 30 days after such termination.
- c. The Corporation shall maintain in full force and effect for the Executive's continued benefit (and, to the extent applicable, the continued benefit of Executive's dependents) all of the employee benefits (including, not limited to, coverage under any medical and insurance plans, programs or arrangements) to which Executive would have been entitled under all employee benefit plans, programs or arrangements maintained by the Corporation if Executive had remained in the employ of the Corporation for 18 calendar months after Executive's termination in the case of a friendly acquisition, or 36 calendar months after Executive's termination in the case of a hostile acquisition, or if such continuation is not possible under the terms and provisions of such plans, programs or arrangements, the Corporation shall arrange to provide benefits substantially similar to those which the Executive (and, to the extent applicable, Executive's dependents) would have been entitled to receive if the Executive had remained a participant in such plans, programs or for such 18-month or 36-month period, as the case may be.
9. Adjustments in Case of "Excess Parachute Payments. In the event that the aggregate present value (determined in accordance with applicable federal, state and local income tax law, rules and regulations) of all payments to be made and benefits to be provided to the Executive under this Agreement and/or under any other plan, program or arrangement maintained or entered into by the Corporation or any of its subsidiaries shall result in "excess parachute payments" to the Executive within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), or any comparable provision of successor legislation, which subject the Executive to the Excise Tax under Section 4999 of the Code or any comparable provision of successor legislation, the Corporation shall pay to the Executive an additional amount (the "gross-up payment") calculated so that the net amount received by Executive after deduction of the Excise Tax and of all federal, state, and

local income taxes upon the gross-up payment shall equal the payments to be made and the benefits to be provided to the Executive under this Agreement. For purposes of determining the amount of the gross-up payment, the Executive shall be deemed to pay federal, state, and local income taxes at the highest marginal rates thereof in the calendar year in which the gross-up payment is to be made, net of the maximum reduction in federal income taxes obtainable from deduction of such state and local taxes. The computations required by this Section 9 shall be made by the independent public accountants then regularly retained by the Corporation, in consultation with tax counsel selected thereby and acceptable to the Executive. Said accountants' and tax counsel's fees shall be paid by the Corporation.

10. Interest; Indemnification

- a. In the event any payment to Executive under this Agreement is not paid within five business days after it is due, such payment shall thereafter bear interest at the prime rate from time to time in effect at Bank of America, Los Angeles, California.
- b. The Corporation hereby indemnifies the Executive for all legal and accounting fees and expenses incurred by Executive in contesting any action of the Corporation with respect to this Agreement, including the termination of Executive's employment hereunder, or incurred by Executive in seeking to obtain or enforce any right or benefit provided by this Agreement.

11. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and if sent by registered or certified mail to the Executive at the last address Executive has filed in writing with the Corporation or, in the case of the Corporation, at its principal executive offices.

12. Non-Alienation. The Executive shall not have any right to pledge, hypothecate, anticipate or in any way create a lien upon any amounts provided under this Agreement; and no benefits payable hereunder shall be assignable in anticipation of payment either by voluntary or involuntary acts, or by operation of law, except by will or the laws of descent and distribution.

13. Governing Law. The provisions of this Agreement shall be construed in accordance with the laws of the State of California, without regard to its conflict of laws provisions.

14. Amendment. This Agreement may be amended or canceled only by mutual agreement of the parties in writing without the consent of any other person and, so long as the Executive lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

15. Successor to the Corporation. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the Corporation and any successor of the Corporation.

16. Partial Invalidity. The various covenants and provisions of this Agreement are intended to be severable and to constitute independent and distinct binding obligations of the parties hereto. Should any covenant or provision of this Agreement be determined to be void and unenforceable, in whole or in part, to any party hereto or in any circumstance, it shall not be deemed to affect or impair the validity of any other covenant or provision of part thereof, and shall continue in effect to the extent valid, enforceable and applicable in other circumstances and to the other party, and such covenant or provision of part thereof shall be deemed modified but only to such a minimum extent required to permit it to remain valid, enforceable and applicable to such party or circumstance. Without limiting the generality of the foregoing, if the scope of any covenant, provision or part thereof contained in this Agreement is too broad to permit enforcement to its full extent, such covenant, provision or part thereof shall be enforced to the maximum extent permitted by law, and the parties hereto agree that such scope may be judicially modified accordingly.

IN WITNESS WHEREOF, the Executive has executed this Agreement and, pursuant to the authorization from its Board of Directors, the Corporation has caused this Agreement to be executed in its name on its behalf, and attested by its Secretary, all as of the day and year first above written.

Executive

UNIVERSAL ELECTRONICS INC.,
a Delaware corporation

By: _____
Camille Jayne, Chairman and Chief
Executive Officer

ATTEST:

Richard A. Firehammer, Jr., Secretary

EXECUTIVE OFFICER
AMENDED EMPLOYMENT AGREEMENT

THIS AMENDED EXECUTIVE OFFICER EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into this 24th day of March 1999 by and between UNIVERSAL ELECTRONICS INC. (the "Employer") and CAMILLE JAYNE ("Executive").

RECITALS:

WHEREAS, the Employer is presently headquartered in Cypress, California, and is engaged in the business of developing and marketing easy to use, pre-programmed universal remote control products primarily for home video and audio entertainment equipment and home security and home automation devices; and

WHEREAS, Employer wishes to retain Executive as one of its key executives and avail itself of Executive's expertise, experience and capability in Employer's business, and in this connection has Executive, in addition to being Employer's Chief Executive Officer and performing those duties and assuming those responsibilities as set forth in this Agreement and as identified and outlined in Employer's Amended and Restated By-Laws, and undertaking such other duties and assuming such other responsibilities commensurate with Executive's designated position(s) as may be reasonably assigned to Executive from time to time by the Board of Directors of Employer, has recently been named Employer's Chairman of the Board and has agreed to perform those duties and assume those responsibilities as identified and outlined in Employer's Amended and Restated By-Laws, and to undertake such other duties and to assume such other responsibilities commensurate with Executive's designated position(s) as may be reasonably assigned to Executive from time to time by the Board of Directors of Employer; and

WHEREAS, Executive and Employer each desires to enter into this Agreement to reflect fully the terms and conditions of Executive's employment with Employer.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT

Subject to all of the terms and conditions of this Agreement, effective on the date of this Agreement as set forth in the preamble (the "Effective Date of this Agreement"), Employer hereby employs Executive and Executive hereby accepts employment with Employer.

2. TITLE, AUTHORITY AND DUTIES

(a) TITLE(S) AND POSITION(S). On the Effective Date of this Agreement, Executive shall be employed in the position(s) of and shall have the title(s) of Chairman of the Board and Chief Executive Officer of Employer, until this Agreement is terminated as provided herein.

(b) AUTHORITY AND DUTIES. Executive will, during the term of this Agreement, perform those duties and assume those responsibilities as set forth in this Agreement and as identified and outlined in Employer's Amended and Restated By-Laws, as amended as of the date of this Agreement, and to undertake such other duties and to assume such other responsibilities commensurate with Executive's designated position(s) as may be reasonably assigned to Executive from time to time by the Board of Directors of Employer.

(c) EXCLUSIVE SERVICES AND EFFORTS OF EXECUTIVE. During the term of this Agreement, Executive shall serve the Employer, under the direction of the Board of Directors of Employer, and shall faithfully, diligently, competently and, to the best of her ability, exclusively devote her full time, energy and attention (unless otherwise agreed to by the parties) to the business of the Employer and to the promotion of its interest. Executive recognizes that Employer's organization, business and relationship with clients, prospective clients and others having business dealings with Employer are and will be the sole property of Employer and Executive shall have no separate interests or rights with respect thereto, except as an employee of Employer.

(d) OTHER ACTIVITIES AND INTERESTS. Employer shall be entitled to all of the benefits, emoluments, profits, discoveries or other issues arising from, incident to and related to any and all work, services and advice of Executive to Employer in carrying out her duties and responsibilities hereunder. Executive shall not, without the written consent of Employer, directly or indirectly, render services to or for any person, firm, corporation or other entity or organization, whether or not in exchange for compensation, regardless of the form in which such compensation, if any, is paid and whether or not it is paid directly or indirectly to her if the rendering of such service would interfere with the performance of her duties and responsibilities to Employer hereunder. Notwithstanding the foregoing sentence, Executive may spend time and attention to personal investment and community activity matters and such other personal matters consistent with Employer's policies and procedures set forth within Employer's policy manual in effect from time to time which are equally applicable to all of Employer's executive employees, so long as the spending of such time and attention does not substantially interfere with the performance of her duties and responsibilities to Employer hereunder.

3. TERM OF EMPLOYMENT AND TERMINATION

(a) TERM. Unless earlier terminated as provided herein, the term of this Agreement shall commence at the start of business on the Effective Date of this Agreement and shall continue through the end of business on February 1, 2001 (the "Initial Term"). Unless terminated by either party by giving the other party written notice of an intent not to renew this Agreement at least one hundred twenty (120) days prior to the end of the Initial Term or any successive one (1) year term, this Agreement shall automatically extend for one (1) additional year after the Initial Term and then again for a one (1) year term after each successive year.

(b) TERMINATION.

(i) BY EMPLOYER FOR JUST CAUSE. Employer may terminate the employment of Executive under this Agreement for Just Cause (as defined herein) at any time upon delivery of written notice to her setting forth, in reasonable specificity, such Just Cause. For purposes of this Agreement, and particularly this subsection 3(b)(i), "Just Cause" shall mean:

(1) The continued failure by or refusal of Executive to substantially perform her duties and responsibilities as set forth herein; or

(2) Executive's indictment for, conviction of or a guilty plea to a felony or of any crime involving moral turpitude, whether or not affecting the Employer; or

(3) The engagement by Executive of personal illegal conduct which, in the reasonable judgment of Employer, by association with her, is materially and demonstrably injurious to the property and/or business of Employer; or

(4) Any material breach by Executive of the terms and conditions contained herein, including without limitation, those certain confidentiality provisions set forth in Section 16; or

(5) The commission of any act opposed to the best interests of Employer for which Executive would not be entitled to indemnification under Employer's Restated Certificate of Incorporation and Amended and Restated By-Laws, each as amended as of the date of this Agreement; or

(6) The failure by Executive to protect the best interests of Employer through Executive's gross neglect of duty.

(ii) BY EXECUTIVE FOR GOOD REASON. Executive may terminate her employment with Employer under this Agreement for Good Reason (as defined

herein) at any time upon delivery of written notice to Employer setting forth, in reasonable specificity, such Good Reason(s). For purposes of this Agreement, and particularly this subsection 3(b)(ii), "Good Reason" shall mean:

(1) The attempted discontinuance or reduction in Executive's "Base Cash Salary" (as defined herein); or

(2) The attempted discontinuance or reduction in Executive's bonuses and/or incentive compensation award opportunities under plans or programs applicable to her, unless such discontinuance or reduction is a result of Employer's policy applied equally to all executive employees of Employer; or

(3) The attempted discontinuance or reduction in Executive's stock option and/or stock award opportunities under plans or programs applicable to her, unless such discontinuance or reduction is a result of Employer's policy applied equally to all executive employees of Employer; or

(4) The attempted discontinuance or reduction in Executive's perquisites from those historically provided her during her tenure with the Employer and generally applicable to executive employees of Employer; or

(5) The relocation of Executive to an office (other than Employer's headquarters) located more than fifty (50) miles from her then current office location; or

(6) The significant reduction in Executive's responsibilities and status within the Employer or change in her title(s) or position(s); or

(7) The attempted discontinuance of Executive's participation in any benefit plans maintained by Employer unless such plans are discontinued by reason of law or loss of tax deductibility to the Employer with respect to the contributions to or payments under such plans, or are discontinued as a matter of the Employer's policy applied equally to all participants; or

(8) The attempted reduction of Executive's paid vacation to less than that as provided in this Agreement; or

(9) The failure by Employer to obtain an assumption of Employer's obligations under this Agreement by any assignee of or successor to

Employer, regardless of whether such entity becomes a successor to Employer as a result of merger, consolidation, sale of assets of Employer or other form of reorganization; or

(10) The occurrence of any of the items set forth in paragraphs (1) through (9) of this subsection 3(b)(ii), if, in the reasonable determination by the Executive, such occurrence happens as a result of and within the shorter of six (6) months or the remaining term of this Agreement following a "Change in Control" (as such term is defined below). For the purposes of this Agreement, a "Change in Control" shall be deemed to occur when and only when the first of the following events occurs:

a. Any "person" or "group" (as such terms are used in Sections 3(a), 3(d), and 14(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "1934 Act"), other than (i) a trustee or other fiduciary holding securities under any employee benefit plan of the Corporation or any of its subsidiaries or (ii) a corporation owned directly or indirectly by the stockholders of the Corporation in substantially the same proportions as their ownership of stock in the Corporation, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act)), directly or indirectly, of securities of the Corporation representing 20% or more of the total voting power of the then outstanding securities of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"); or

b. Individuals who are members of the Incumbent Board, cease to constitute a majority of the Board of Directors of the Corporation. The term "Incumbent Board" shall mean (i) the members of the Board of Directors on the effective date of this Agreement, and (ii) any individual who becomes a member of the Board of Directors after the effective date of this Agreement, if his or her election or nomination for election as a director was approved by the affirmative vote of a majority of the then Incumbent Board; or

c. (i) The merger or consolidation of the Corporation with any other corporation or entity, other than a merger or consolidation which would result in the Voting Stock outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the total voting power represented by the Voting Stock or the voting securities of such surviving entity outstanding immediately after such merger or consolidation, (ii) the sale, transfer or disposition of all or substantially all of the

Corporation's assets to any other corporation or entity, or (iii) the dissolution or liquidation of the Corporation.

For purposes of this Agreement, a Change in Control approved by the Incumbent Board will be deemed a "friendly acquisition" and a Change in Control not approved by the Incumbent Board will be deemed a "hostile acquisition."

(iii) AUTOMATICALLY IN ACCORDANCE WITH SUBSECTION 3(a). In addition to the rights to terminate this Agreement as set forth in subsections 3(b)(i) and 3(b)(ii), this Agreement may also terminate automatically in accordance with subsection 3(a).

(iv) DISAGREEMENTS. Any disagreement concerning whether there has been Just Cause for termination by Employer or Good Reason for termination by Executive will be resolved by binding arbitration in accordance with the provisions of Section 18 of this Agreement.

(c) EFFECT OF TERMINATION. Upon termination of Executive's employment with Employer:

(i) BY EMPLOYER FOR JUST CAUSE. Executive shall not be entitled to receive payment of any salary, bonus, expenses, or other benefits beyond the date of termination and, subject to this subsection 3(c)(i) and Section 17, this Agreement shall become null and void effective as of the date of termination and Employer and Executive shall have no further obligation hereunder toward the other except for the payment of salary, bonus, expenses and benefits, if any, which have accrued but remain unpaid prior to and as of the termination date.

(ii) BY EXECUTIVE FOR GOOD REASON.

(1) Executive shall be paid by Employer in a lump sum within twenty (20) business days of such termination, an amount which is equal to the sum of the following:

(A) The amount equivalent to salary payments for eighteen (18) months (twenty-four (24) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "friendly acquisition" or thirty-six (36) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "hostile acquisition"), at that rate of pay which is not less than Executive's rate of Base Cash Salary in effect immediately prior to the effective date of such termination (without regard to any attempted reduction or discontinuance of such salary); and

(B) The amount equivalent to eighteen (18) months (twenty-four (24) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "friendly acquisition" or thirty-six (36) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "hostile acquisition"), multiplied by the greater of (i) the monthly rate of the bonus payment for the bonus period in the year immediately prior to Executive's termination date or (ii) the estimated amount of the bonus for the period which includes Executive's termination date (without regard to any attempted reduction or discontinuance of such bonus).

(2) In addition to such amount under subsection 3(c)(ii)(1) above, Executive shall also receive, (i) in cash, the value of the incentive compensation (including, but not limited to, employer contributions to the Universal Electronics Inc. 401(K) and Profit Sharing Plan) and (ii) the rights to receive grants of stock options and stock awards to which she would have been entitled under all incentive compensation and stock option and stock award plans maintained by Employer if Executive had remained in the employ of Employer for eighteen (18) months (twenty-four (24) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "friendly acquisition" or thirty-six (36) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "hostile acquisition"), without regard to any attempted reduction or discontinuance of such incentive compensation. The amount of such payment and/or grants shall be determined as of the date of termination and shall be paid and/or issued as promptly as practicable and in no event later than 30 days after such termination.

(3) Employer shall also maintain in full force and effect for the Executive's continued benefit (and, to the extent applicable, the continued benefit of her dependents) all of the employee benefits (including, not limited to, coverage under any medical and insurance plans, programs or arrangements) to which she would have been entitled under all employee benefit plans, programs or arrangements maintained by Employer if Executive had remained in the employ of Employer for eighteen (18) months (twenty-four (24) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "friendly acquisition" or thirty-six (36) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "hostile acquisition"), without regard to any attempted reduction or discontinuance of such benefits, or if such continuation is not possible under the terms and provisions of such

plans, programs or arrangements, Employer shall arrange to provide benefits substantially similar to those which Executive (and, to the extent applicable, her dependents) would have been entitled to receive if she had remained a participant in such plans, programs or for such eighteen (18) month (twenty-four (24) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "friendly acquisition" or thirty-six (36) months if such termination is pursuant to subsection 3(b)(ii)(10) and such Change in Control is deemed a "hostile acquisition") period.

(4) Subject to this subsection 3(c)(ii) and Section 17, this Agreement shall become null and void effective as of the date of termination and Employer and Executive shall have no further obligation hereunder toward the other.

(ii) PURSUANT TO SUBSECTION 3(b)(III). Executive acknowledges and agrees that in the event that this Agreement terminates in accordance with subsection 3(b)(iii), that Employer and Executive shall have no further obligation hereunder toward the other except for the payment of salary, bonus, expenses and benefits, if any, which have accrued but remain unpaid prior to and as of the termination date.

(iv) SUBMISSION OF RESIGNATIONS BY EXECUTIVE. Upon termination of this Agreement by either Employer or Executive as set forth herein and the receipt by Executive of (1) all cash amounts due her as set forth herein and (2) a written representation signed by an authorized representative of Employer that all non-cash obligations of Employer as set forth herein have been fulfilled or, as the case may be, have been commenced, Executive shall immediately submit Executive's resignation for any and all offices or directorships of Employer and/or any and all subsidiaries and affiliates of Employer which resignation shall have retroactive application and effect to such termination date; provided however that during such time period from the effective date of such termination to the date Executive submits her resignation, Executive acknowledges and agrees that she does not have authority to bind Employer to any contracts or commitments and agrees not to create any obligation for Employer or bind or attempt to bind Employer in any manner whatsoever. Executive also acknowledges that she shall have no supervisory or managerial responsibility or authority from and after the effective date of her termination, regardless of whether she submits the resignation or not, and agrees not to involve herself in any activities of Employer, except as may be requested by the an authorized officer of Employer.

4. TOTAL COMPENSATION

While employed under this Agreement and in consideration of the services to be rendered by Executive pursuant hereto, Executive shall receive the following amounts/benefits as the sole and total compensation for the performance of her duties and obligations under this Agreement:

(a) BASE CASH SALARY. A salary at the rate of Three Hundred Thousand Dollars (US\$300,000) per annum (the "Base Cash Salary"), which shall be deemed to accrue from day to day, payable in accordance with Employer's standard payroll practices and procedures;

(b) BONUS. A bonus calculated in accordance with the plans or programs established by Employer from time to time; provided that the bonus for the 1999 calendar year shall be calculated in accordance with the Bonus Plans attached hereto as Exhibit A, payable in accordance with Employer's standard payroll practices and procedures; and provided further, that any such bonuses whenever earned and paid shall be determined without regard to any material gains and losses which occur outside of the scope of Employer's ordinary operating business unless any such plans or programs explicitly include such material gains and losses within the determination of any such bonuses;

(c) STOCK OPTIONS. Stock options granted or stock awards in accordance with the plans or programs established by Employer from time to time; provided that the stock options and/or stock awards granted for the 1999 calendar year shall be determined in accordance with the Stock Option Plans attached hereto as Exhibit B;

(d) INCENTIVE COMPENSATION. Participation in Employer's incentive compensation plans and/or programs, including, but not limited to, receipt of employer contributions to the Universal Electronics Inc. 401(K) and Profit Sharing Plan and the right to receive stock awards and to exercise stock options under the Universal Electronics Inc. 1993 Stock Incentive Plan, the Universal Electronics Inc. 1995 Stock Incentive Plan, the Universal Electronics Inc. 1996 Stock Incentive Plan, the Universal Electronics Inc. 1998 Stock Incentive Plan, the Salaried Employee Cash Incentive Program, and such other plans and/or programs which are established from time to time;

(e) BENEFITS. The benefits provided by Employer to its executive employees generally, including without limitation, the benefits and perquisites included under the Universal Electronics Inc. group family health insurance program, which includes comprehensive medical insurance, dental insurance, group disability, group life insurance, and executive bonus (supplemental life); provided that the benefits provided to Executive shall be no less extensive than that provided her immediately prior to the date of this Agreement;

(f) VACATION. Three (3) weeks (fifteen (15) working days) vacation with pay, determined and carried over in accordance with the policies and procedures set forth within Employer's policy manual in effect from time to time which are equally applicable to all of Employer's executive employees;

(g) OTHER PERQUISITES. Such other employee benefits and perquisites which are provided by Employer to executives generally, provided that the other perquisites provided to Executive shall be no less extensive than the most extensive perquisites provided to any other executive employee of the Employer;

(h) D&O INSURANCE. Director and Officer Liability insurance in a reasonably sufficient amount;

(i) DISCRETIONARY BONUS. Such other amounts of compensation and/or bonus which is determined by Employer from time to time;

(j) REVIEWS. The total amount of compensation to be paid and/or provided to Executive shall be reviewed by the Board of Directors, or such committee thereof, of Employer as of the first day of each calendar year while this Agreement is in force and effect. In no event shall such review result in a reduction or discontinuance of the amount of compensation paid and/or provided to Executive hereunder except if such reduction or discontinuance occurs by reason of law or loss of tax deductibility to the Employer with respect to the contributions to such plans, or are discontinued as a matter of the Employer's policy applied equally to all participants;

(k) ENTITLEMENT TO EMPLOYER'S EXECUTIVE RELOCATION POLICY. Effective of the date of this Agreement, Executive has agreed to change her principal place of residence from Northern California to Southern California. In this connection, Employer acknowledges and agrees that such change by Executive will benefit the Corporation. Therefore, Employer agrees that in connection with such relocation by Executive, Executive shall be entitled to receive such assistance as set forth in Employer's Executive Relocation Policy Number 4.10, effective date August 1, 1995.

5. ADJUSTMENTS IN CASE OF EXCESS PARACHUTE PAYMENTS

In the event that the aggregate present value (determined in accordance with applicable federal, state and local income tax law, rules and regulations) of all payments to be made and benefits to be provided to Executive under this Agreement and/or under any other plan, program or arrangement maintained or entered into by Employer or any of its subsidiaries shall result in "excess parachute payments" to her within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), or any comparable provision of successor legislation, which subject her to the Excise Tax under Section 4999 of the Code or any comparable provision of successor legislation, Employer shall pay to Executive an additional amount (the "gross-up payment") calculated so that the net amount received by her after deduction of the Excise Tax and of all federal, state and local income taxes upon the gross-up payment shall equal the payments to be made and the benefits to be provided to her under this Agreement. For purposes of determining the amount of the gross-up payment, Executive shall be deemed to pay federal, state and local income taxes at the

highest marginal rates thereof in the calendar year in which the gross-up payment is to be made, net of the maximum reduction in federal income taxes obtainable from deduction of such state and local taxes. The computations required by this Section 5 shall be made by the independent public accountants then regularly retained by Employer, in consultation with tax counsel selected by and acceptable to Executive. Employer shall pay all of its accountants' fees and the lesser of (i) one-half of Executive's tax counsel's fees or (ii) \$2,500.

6. REIMBURSEMENT FOR BUSINESS RELATED EXPENSES

Employer shall reimburse Executive for all reasonable expenses incurred and paid by her in connection with Employer's business in accordance with Employer's policy manual in effect from time to time.

7. INTEREST

In the event any payment to Executive under this Agreement is not paid within five (5) business days after it is due, such payment shall thereafter bear interest at the prime rate from time to time in effect at Bank of America, Los Angeles, California; provided however, that this provision shall not excuse the timely payment of such sums required by this Agreement.

8. NOTICES

Written notices to be given under this Agreement shall be personally delivered or sent by overnight courier (such as Federal Express, DHL or UPS and the like) or by registered or certified mail, return receipt requested, to the addresses set forth below:

To Employer:
 Universal Electronics Inc.
 6101 Gateway Drive
 Cypress, California 90630
 Attn.: Corporate Secretary

With a required copy to:
 Universal Electronics Inc.
 6101 Gateway Drive
 Cypress, California 90630
 Attn: The Board of Directors

To Executive:
 Ms. Camille Jayne
 At her last known address as reflected in Employer's records

9. SEVERABILITY

If any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall not, in any way, be ineffective or impaired thereby.

10. GOVERNING LAW

This Agreement shall be governed by the law of the state of California and not the law of conflicts of the state of California.

11. WAIVER

The failure of either party to insist in any one or more instances on strict performance of any of this Agreement's provisions, or to exercise or enforce any right, remedy or obligation under this Agreement, shall not be construed as a waiver or relinquishment of any right, remedy or obligation, and the right, remedy or obligation shall continue in full force and affect.

12. ENTIRE AGREEMENT AND MODIFICATION

This Agreement sets forth the entire agreement of the parties concerning the employment of Executive by the Employer and any oral or written statements, representations, agreements or understandings made or entered into prior to or contemporaneously with the execution of this Agreement are hereby rescinded, revoked, and rendered null and void by the parties. The parties hereto further acknowledge and agree that the terms of that certain (a) Offer Letter dated November 5, 1997 and (b) Executive Officer Employment Agreement dated January 29, 1998 have each been incorporated in this Agreement and such Offer Letter and Executive Officer Employment Agreement has each been superseded by this Agreement and therefore, each is hereby terminated in its entirety and shall be of no further force and effect. This Agreement may be modified only by a written instrument duly executed by each party hereto.

13. ASSIGNMENT

This Agreement shall be binding upon the parties hereto, their respective heirs, personal representatives, executors, administrators, successors and assigns. Any such assignee or successor of Employer shall, within ten (10) business days after receipt of a written request by Executive, send to Executive its acknowledgment and agreement that such assignee or successor expressly assumes all of Employer's obligations under this Agreement as if such assignee or successor was the original employer and the term "Employer" as used herein as include any such assignee or successor.

14. INTERPRETATION OF AGREEMENT

The parties have cooperated in the drafting and preparation of this Agreement. Therefore, the parties hereto agree that, in any construction to be made of the Agreement the same shall not be

construed against any of the parties. Each of the parties hereto has carefully read this Agreement and has been given the opportunity to have it reviewed by legal counsel and negotiate its terms.

15. SPECIFIC OBLIGATIONS OF THE EXECUTIVE

In addition to the general duties set forth herein, Executive shall use her reasonable efforts for the benefit of Employer by whatever activities Employer finds reasonably appropriate to maintain and improve Employer's standing in the community generally and among current and prospective customers, including such entertainment for professional purposes as Executive and Employer mutually consider appropriate. Executive shall undertake business development endeavors as reasonably directed by Employer.

16. NONDISCLOSURE AND NONAPPROPRIATION OF INFORMATION

(a) Executive recognizes and acknowledges that while employed by Employer, she has and will have access to, learn, be provided with and, in some cases, prepare and create certain confidential, proprietary business information and/or trade secrets for Employer, including, but not limited to, lists, files and forms, (hereinafter collectively referred to as the "trade secrets"), all of which are of substantial value to Employer and its business. In this connection, Executive expressly covenants and agrees, during her employment with Employer and continuing thereafter, to:

(i) Hold in a fiduciary capacity and not reveal, communicate, use or cause to be used for her own benefit or divulge any trade secrets, or other proprietary right now or hereafter owned by the Employer;

(ii) Not sell, exchange or give away, or otherwise dispose of any trade secrets now or hereafter owned by Employer, whether the same shall or may have been originated or discovered by Employer or otherwise;

(iii) Not reveal, divulge or make known to any person, firm, corporation or other entity any trade secrets of Employer;

(iv) Not reveal, divulge or make known to any person (other than her spouse, attorney and/or accountant), firm, company or corporation any of the terms of this Agreement;

(v) Not solicit, interfere with or endeavor to entice away from Employer any person, firm, company or corporation in the habit of dealing with Employer; and

(vi) Not interfere with or solicit for hire or hire any other executive employee of Employer.

(b) Executive further covenants and agrees to return to Employer either before or immediately upon her termination of employment with Employer any and all written information, material or equipment that constitutes, contains or relates to Employer's proprietary information trade secrets and which relate to Employer's business which are in Executive's possession, custody and control, whether confidential or not, including any and all copies thereof which may have been made by or for Executive. Executive shall maintain no copies thereof after termination of her employment.

17. SURVIVAL OF OBLIGATIONS

In addition to those specific provisions of Section 3, which by their express terms, survive the termination of this Agreement under certain circumstances, the terms and conditions and obligations of the parties as contained Sections 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, and 18 shall survive the termination of this Agreement and, notwithstanding such termination, shall remain fully binding on the parties hereto.

18. ARBITRATION

Except for any claim or dispute in which equitable relief under this Agreement is sought, any disagreement, dispute or controversy concerning whether there has been Just Cause, Good Reason or breach of any of the terms of this Agreement shall be settled exclusively and finally by arbitration. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect from time to time (the "AAA Rules"). The arbitration shall be conducted in Los Angeles, California, or in such other city as the parties to the dispute may designate by mutual consent. The arbitral tribunal shall consist of three arbitrators (or such lesser number as may be agreed upon by the parties) selected according to the procedure set forth in the AAA Rules, with the chairman of the arbitral tribunal selected in accordance with the AAA Rules. Except as otherwise set forth in this Agreement, the fees and expenses of the arbitral tribunal in connection with such arbitration shall be borne by the parties to the dispute as shall be determined by the arbitral tribunal.

IN WITNESS WHEREOF, the parties have executed the Agreement as of the Effective Date of this Agreement.

Signed and acknowledged in the presence of:

UNIVERSAL ELECTRONICS INC.

By:

An Authorized Member of the Board
of Directors

CAMILLE JAYNE

Signature

EXHIBIT A

BONUS PLAN

PURSUANT TO SECTION 4(b) FOR 1999

If Minimum, Bonus shall equal Thirty percent (30%) of Executive's Base Salary.

If Target, Bonus shall equal Sixty percent (60%) of Executive's Base Salary.

If Maximum, Bonus shall equal One Hundred and Twenty percent (120%) of Executive's Base Salary.

The determination shall be made in accordance with criteria established by the Compensation Committee of Employer's Board of Directors which shall use the following percentage ranges:

Financial Percentage Range -- 0% to 150%
Strategic Percentage Range -- 75% to 133%

EXHIBIT B

STOCK OPTION AWARD

PURSUANT TO SECTION 4(c) FOR 1999

Options to acquire up to 80,000 shares of the common stock of Employer with an exercise price determined as market price of the average of the beginning and the end of business on January 28, 1999. These options shall vest at a rate of 33.3% per year for three years, but all in accordance with the terms and conditions of the Stock Option Agreement and Stock Option Plans of Employer.

FIRST AMENDMENT TO
EXECUTIVE OFFICER
EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EXECUTIVE OFFICER EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into this 22nd day of April, 1999 by and between UNIVERSAL ELECTRONICS INC. (the "Employer") and PAUL D. ARLING ("Executive").

RECITALS:

WHEREAS, the Employer and Executive are parties to that certain Executive Employment Agreement dated September 29, 1998; and

WHEREAS, the parties wish to amend the Executive Employment Agreement by replacing Paragraph 19 to the Executive Employment Agreement.

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

1. Paragraph 19 of the Executive Employment Agreement is hereby deleted in its entirety and replaced with the following:

"19. RELOCATION LOAN MADE TO EXECUTIVE

At such time as demanded by Executive, Employer shall loan Two Hundred Thousand Dollars (\$200,000) to Executive which Executive shall use solely for relocating his home and family from his present place of residence in Shaker Heights, Ohio to a new residence located in Southern California and in this connection the Executive shall execute and deliver to Employer a Nonrecourse Secured Promissory Note in favor of Employer in the form attached to this Agreement as Exhibit C, the terms and conditions of which are incorporated into this Agreement by this reference. On each December 15 during the term of such Note and on the payment of principal of the Note, Employer shall pay to Executive an amount equal to 1.045 times the amount of interest due by Executive under the Note as of each of such dates (the "Interest Compensation"), regardless of whether Executive is employed by Employer on such dates. Such loan and such Interest Compensation is in addition to all amounts to be paid and/or reimbursed to Executive pursuant to Employer's Executive Relocation Policy."

2. Except as specifically modified as set forth in this First Amendment to Executive Employment Agreement, the Executive Employment Agreement shall be and remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed the Agreement as of this 22nd day of April, 1999.

Signed and acknowledged in the presence of:

UNIVERSAL ELECTRONICS INC.

By: _____

Its: _____

PAUL D. ARLING

Signature

EXHIBIT C

NONRECOURSE SECURED PROMISSORY NOTE

AMOUNT: \$200,000

APRIL 22, 1999
CYPRESS, CALIFORNIA

FOR VALUE RECEIVED, the undersigned, Paul D. Arling, (hereinafter referred to as "Maker"), promises to pay to the order of Universal Electronics Inc., a Delaware corporation, 6101 Gateway Drive, Cypress, California 90630 (hereinafter referred to as "Payee"), the principal sum of Two Hundred Thousand Dollars (\$200,000), together with interest at the rate of 5.28% per annum from the date hereof, payable as follows: (a) accrued interest shall be paid on each December 15 during the term of this Note and at the time of full payment of this Note (to the extent accrued from the last interest payment); and (b) the entire principal balance is due on the earlier of (i) December 15, 2007, (ii) within twelve (12) months following a demand from Payee, which demand may only be made by Payee in the event that Maker shall cease (for whatever reason) being an employee of Payee or upon the occurrence of an Event of Default or (iii) on the closing of a sale or transfer by Maker or Maker's spouse of all or any part of his and/or her primary residence in Southern California that secures this Note (the "Property"), including without limitation any sale or transfer of any interest therein (including any beneficial interest therein) without Payee's prior written consent, which consent shall not be unreasonably withheld. An Event of Default shall occur hereunder if Maker (1) fails to render payment of principal (or, if applicable, interest under this Note) when said payment is due and payable, or (2) breaches any material provision of this Note or any material provision of the Executive Employment Agreement.

This Note is secured by a deed of trust of even date herewith ("Deed of Trust").

In the event Maker fails to make any payments under this Note, a late payment charge equal to 5% of the amount due and owing will be assessed from the date such payment was due. All amounts of interest not paid when due, shall accrue and be added to and considered principal of this Note.

This Note shall be nonrecourse. In the event of a default by Maker under the terms of this Note, Payee's recourse shall be limited to the Property. In no event shall Payee have any recourse against, nor shall Payee be able to recover from, any of Maker's assets other than the Property.

Maker hereby agrees to be bound by all the terms contained in this Note.

This Note is given to Payee by Maker to evidence a loan from Payee to Maker made for the reason set forth in Section 19 of that certain Executive Employment Agreement dated September 29, 1998, as amended on April 22, 1999 (the "Executive Employment Agreement"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Executive Employment Agreement.

Payment upon this Note shall be made by check or checks payable to Payee at the address set forth herein, or such other place as Payee or a subsequent holder of this Note shall designate to Maker in writing, in lawful money of the United States of America.

This Note may be prepaid by the Maker, in whole or in part, at any time without premium or penalty.

Maker hereby waives any defenses based upon, and specifically assents to, any and all extensions and postponements of the time of payment and all other indulgences or forbearances which may be granted to any party liable hereon by Payee or any subsequent holder of this Note.

Maker hereby waives presentment, demand for payment, notice of protest, notice of nonpayment, protest, and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note.

No delay or omission on the part of Payee or any subsequent holder of this Note in exercising any right hereunder shall operate as a waiver of such right or of any other right of Payee or such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any other occasion.

No single or partial exercise by Payee or any subsequent holder hereof of any power hereunder shall preclude any other or future exercise thereof or the exercise of any other power.

Maker shall pay on demand of Payee or any subsequent holder of this Note all costs of collection, including reasonable attorneys' fees incurred by Payee or such holder in enforcing collection of this Note on default.

No provision of this Note shall be modified except by a written instrument executed by Maker and by Payee or a subsequent holder hereof expressly referring to this Note and to the provision modified.

THE MAKER IRREVOCABLY CONSENTS THAT ANY LEGAL ACTION OR PROCEEDING AGAINST IT UNDER, ARISING OUT OF OR IN ANY MANNER RELATING TO THIS AGREEMENT, THE NOTES, OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN ANY COURT OF THE STATE OF CALIFORNIA OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA - LOS ANGELES. THE MAKER EXPRESSLY AND IRREVOCABLY ASSENTS AND SUBMITS TO THE PERSONAL JURISDICTION OF ANY OF SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING. THE MAKER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF ANY COMPLAINT, SUMMONS, NOTICE OR OTHER PROCESS RELATING TO ANY SUCH ACTION OR PROCEEDING BY DELIVERY THEREOF TO IT BY HAND OR BY MAIL IN THE MANNER PROVIDED FOR IN SECTION 8 OF THE EXECUTIVE EMPLOYMENT AGREEMENT. THE MAKER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES ANY CLAIM OR DEFENSE IN ANY SUCH ACTION OR PROCEEDING BASED ON ANY ALLEGED LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS OR ANY SIMILAR BASIS. THE MAKER SHALL NOT BE ENTITLED IN ANY SUCH ACTION OR PROCEEDING TO ASSERT ANY DEFENSE GIVEN OR ALLOWED UNDER THE LAWS OF ANY STATE OTHER THAN THE STATE OF CALIFORNIA UNLESS SUCH DEFENSE IS ALSO GIVEN OR ALLOWED BY THE LAWS OF THE STATE OF CALIFORNIA. NOTHING IN THIS PARAGRAPH SHALL AFFECT OR IMPAIR IN ANY MANNER OR TO ANY EXTENT THE RIGHT OF THE PAYEE TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE MAKER IN ANY JURISDICTION OR TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW.

MAKER WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN MAKER, PAYEE, OR ANY OTHER PARTY HERETO ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THE PARTIES HERETO IN CONNECTION WITH THIS LOAN OR ANY OTHER AGREEMENT AMONG THEM.

THIS NOTE SHALL BE INTERPRETED, AND THE RIGHTS AND LIABILITIES OF MAKER AND PAYEE DETERMINED, IN ACCORDANCE WITH THE LAWS AND DECISIONS OF THE STATE OF CALIFORNIA.

This Note and the provisions hereof are to be binding on the assigns or successors of Maker and Payee.

If from any circumstances whatsoever, fulfillment of any obligation of this Note or of any other instrument evidencing or securing the indebtedness evidenced hereby, at the time performance of such obligation shall be due, shall violate the lawful limit of any applicable usury statute or any other applicable law with regard to obligations of like character and amount, then the obligation to be fulfilled shall be reduced to such lawful limit, so that in no event shall there occur,

under this Note or under any other instrument evidencing or securing the indebtedness evidenced hereby any violation of such lawful limit, but such obligation shall be fulfilled to the lawful limit. If any sum is collected in excess of the lawful limit, such excess shall first be applied to reduce the principal debt, and then to the extent any such excess exceeds the principal debt such excess shall be returned to Maker.

The provisions of this Note are hereby declared to be severable, and if any clause or provision or the application of any clause or provision to any entity or in any circumstances shall be held to be invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision in this Note in any jurisdiction. Each of the covenants, agreements, and conditions contained in this Note is independent and compliance by the Maker with any of them shall not excuse non-compliance by the Maker within the other. Maker shall not take any action, the affect of which shall constitute a breach or violation of any clause or provision of this Note

IN WITNESS WHEREOF, this Note has been duly executed by Maker as of the date first above written.

By: -----
Paul D. Arling, Individually

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

I, _____, a Notary Public in and for the State and County aforesaid, do hereby certify that before me this day personally appeared Paul D. Arling, an individual, known to me and he acknowledged to me that he executed and delivered the above and foregoing Nonrecourse Secured Promissory Note as his free and voluntary act in his individual capacity for the uses and purposes set forth herein.

GIVEN under my hand and notarial seal this ____ day of April, 1999.

Notary Public

My Commission Expires:

UNIVERSAL ELECTRONICS INC.
1999A NONQUALIFIED STOCK PLAN

EFFECTIVE OCTOBER 7, 1999
(AS SUBSEQUENTLY AMENDED FEBRUARY 1, 2000)

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UNIVERSAL ELECTRONICS INC.
1999A NONQUALIFIED STOCK PLAN

SECTION 1. GENERAL PURPOSE OF PLAN; DEFINITIONS.

The name of this Plan is the Universal Electronics Inc. 1999A NonQualified Stock Plan (the "Plan"). The purpose of this Plan is to enable the Corporation (as hereinafter defined) and its Subsidiaries (as hereinafter defined) to obtain and retain competent personnel who will contribute to the Corporation's success by their ability, ingenuity and industry and to provide incentives to the participating officers and key employees that are related to increases in stockholder value and will therefore inure to the benefit of all stockholders of the Corporation.

For purposes of this Plan, the following terms shall be defined as set forth below:

- (a) "Award" means any grant under this Plan in the form of Stock Options, Stock Appreciation Rights, Performance Stock Units, Restricted Stock Units or any combination of the foregoing.
- (b) "Board" means the Board of Directors of the Corporation.
- (c) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.
- (d) "Committee" means the Compensation Committee or any other committee the Board may subsequently appoint to administer this Plan. The Committee shall be composed entirely of directors who meet the qualifications referred to in Section 2 of this Plan.
- (e) "Corporation" means Universal Electronics Inc., a corporation incorporated under the laws of the State of Delaware (or any successor corporation).
- (f) "Disability" means an event of illness or other incapacity of Optionee resulting in Optionee's failure or inability to discharge Optionee's duties as an employee of the Corporation, any Subsidiary or any Related Entity for ninety (90) or more days during any period of 120 consecutive days.
- (g) "Eligible Employee" means an employee of the Corporation, any Subsidiary or any Related Entity as described in Section 4 of this Plan.
- (h) "Fair Market Value" means, as of any given date, with respect to any Awards granted hereunder, the mean of the high and low trading price of the Stock on such date as reported on The Nasdaq Stock Market or if the Stock is not then traded on The Nasdaq Stock Market, on such other national securities exchange on which the Stock is admitted to trade or, if none, on the National Association of Securities Dealers Automated Quotation System if the Stock is admitted for quotation thereon; provided, however, that if any such system, exchange or quotation system is closed on any day on which Fair Market Value is to be determined, Fair Market Value shall be determined as of the first day immediately proceeding such day on which such system, exchange or quotation system was open for trading; provided, further, that in all other circumstances, "Fair Market Value" means the value determined by the Committee after obtaining an appraisal by one or more independent appraisers meeting the requirements of regulations issued under Section 170(a)(1) of the Code.
- (i) "Non-Employee Director" shall have the meaning set forth in Rule 16b-3 ("Rule 16b-3"), as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"), or any successor definition adopted by the Securities and Exchange Commission.
- (j) "Optionee" means a Participant granted a Stock Option pursuant to Section 5 of this Plan, which remains outstanding.
- (k) "Participant" means any Eligible Employee selected by the Committee, pursuant to the Committee's authority in Section 2 of this Plan, to receive Awards.
- (l) "Performance Stock Unit" means the right to receive one share of Stock as set forth in an Award granted pursuant to Section 7 of this Plan.

- (m) "Related Entity" means any corporation, joint venture or other entity, domestic or foreign, other than a Subsidiary, in which the Corporation owns, directly or indirectly, a substantial equity interest.
- (n) "Restricted Stock Unit" means the right to receive one share of Stock as set forth in an Award granted pursuant to Section 7 of this Plan.
- (o) "Retirement" means (i) retirement from active employment under a retirement plan of the Corporation, any Subsidiary or Related Entity or under an employment contract with any of them or (ii) termination of employment at or after age 55 under circumstances which the Committee, in its sole discretion, deems equivalent to retirement.
- (p) "Stock" means the common stock, par value \$0.01 per share, of the Corporation.
- (q) "Stock Appreciation Right" means the right pursuant to an Award granted under Section 6 of this Plan, (i) in the case of a Related Stock Appreciation Right (as defined in Section 6 of this Plan), to surrender to the Corporation all or a portion of the related Stock Option and receive an amount equal to the excess of the Fair Market Value of one share of Stock as of the date such Stock Option or portion thereof is surrendered over the option price per share specified in such Stock Option, multiplied by the number of shares of Stock in respect of which such Stock Option is being surrendered and (ii) in the case of a Freestanding Stock Appreciation Right (as defined in Section 6 of this Plan), receive an amount equal to the excess of the Fair Market Value of one share of Stock as of the date of exercise over the price per share specified in such Freestanding Stock Appreciation Right, multiplied by the number of shares of Stock in respect of which such Freestanding Stock Appreciation Right is being exercised.
- (r) "Stock Option" means a nonqualified stock option (i.e., a Stock Option that does not qualify as an "incentive stock option" within the meaning of Section 422 of the Code) to purchase shares of Stock granted pursuant to Section 5 of this Plan.
- (s) "Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Corporation, if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

SECTION 2. ADMINISTRATION.

This Plan shall be administered by the Committee, composed solely of two or more directors who are Non-Employee Directors, who shall be appointed by the Board and who shall serve at the pleasure of the Board. In the event that a Committee has not been appointed or in the Board's sole discretion, this Plan shall be administered by the Board, which shall have all of the power and authority of the Committee set forth below. The Committee shall have the power and authority in its sole discretion to grant Awards pursuant to the terms and provisions of this Plan.

In particular, the Committee shall have the full authority, not inconsistent with this Plan:

- (a) to select Participants;
- (b) to determine whether and to what extent Awards are to be granted to Participants hereunder;
- (c) to determine the number of shares of Stock to be covered by each such Award granted hereunder, but in no case shall such number be in the aggregate greater than that allowed under this Plan;
- (d) to approve or ratify transactions by Participants involving acquisitions from the Corporation or dispositions to the Corporation of equity securities of the Corporation made pursuant to the terms of this Plan;
- (e) to determine the terms and conditions of any Award granted hereunder (including, without limitation, (i) the restrictive periods applicable to Restricted Stock Unit Awards and (ii) the performance objectives and periods applicable to Performance Stock Unit Awards);

- (f) to waive compliance by a Participant with any obligation to be performed by such Participant under any Award and to waive any term or condition of any such Award (provided, however, that no such waiver shall detrimentally affect the rights of the Participant without such Participant's consent); and
- (g) to determine the terms and conditions which shall govern all written agreements evidencing the Awards.

The Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan as it shall, from time to time deem advisable; to interpret the provisions of this Plan and the terms and conditions of any Award issued, expired, terminated, canceled or surrendered under this Plan (and any agreements relating thereto); and to otherwise supervise the administration of this Plan.

All decisions made by the Committee pursuant to the provisions of this Plan and as to the terms and conditions of any Award (and any agreements relating thereto) shall be final and binding on all persons, including the Corporation and the Optionees.

SECTION 3. NUMBER OF SHARES OF STOCK SUBJECT TO PLAN.

The total number of shares of Stock reserved and available for issuance under this Plan shall be one million (1,000,000). Such shares of Stock may consist, in whole or in part, of authorized and unissued shares of Stock or issued shares of Stock reacquired by the Corporation at any time, as the Board may determine.

To the extent that (a) a Stock Option expires or is otherwise terminated, canceled or surrendered without being exercised (including, without limitation, in connection with the grant of a replacement option) or (b) any Restricted Stock Unit Award or Performance Stock Unit Award granted hereunder expires or is otherwise terminated or is canceled, the shares of Stock underlying such Stock Option or subject to such Restricted Stock Unit Award or Performance Stock Unit Award shall again be available for issuance in connection with future Awards under this Plan. Upon the exercise of a Related Stock Appreciation Right (as defined in Section 6 of this Plan), the Stock Option, or the part thereof to which such Related Stock Appreciation Right is related, shall be deemed to have been exercised for the purpose of the limitation on the number of shares of Stock in respect of which the Related Stock Appreciation Right was exercised.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, spin-off, or other change in corporate structure or capitalization affecting the Stock, the Committee shall make an equitable adjustment or substitution in the number and class of shares reserved for issuance under this Plan, the number and class of shares covered by outstanding Awards and the option price per share of Stock Options or the applicable price per share specified in Stock Appreciation Rights to reflect the effect of such change in corporate structure or capitalization on the Stock; provided, however, that any fractional shares resulting from such adjustment shall be eliminated; provided further, however, that if by reason of any such change in corporate structure or capitalization a Participant holding a Restricted Stock Unit Award or Performance Stock Unit Award shall be entitled, subject to the terms and conditions of such Award, to additional or different shares of any security, the issuance of such additional or different shares shall thereupon be subject to all of the terms and conditions (including restrictions and performance criteria) which were applicable to such Award prior to such change in corporate structure or capitalization; and, provided, further, however, that unless the Committee in its sole discretion determines otherwise, any issuance by the Corporation of shares of stock of any class or securities convertible into shares of stock of any class shall not affect, and no such adjustment or substitution by reason thereof shall be made with respect to, the number or class of shares reserved for issuance under this Plan, the number or class of shares covered by outstanding Awards or any option price or applicable price.

SECTION 4. ELIGIBILITY.

All full-time employees of the Corporation, its Subsidiaries and its Related Entities shall be eligible to be granted Awards; provided however, with respect to an employee of a Related Entity, that such person was an employee of the Corporation, a Subsidiary or, if originally an employee of the Corporation or a Subsidiary, of another Related Entity immediately prior to becoming employed by such Related Entity and accepted employment with such Related Entity at the request of the Corporation or a Subsidiary. The Participants under this Plan shall be selected, from time to time, by the Committee, in its sole discretion, from among those Eligible Employees.

SECTION 5. STOCK OPTIONS.

- (a) GRANT AND EXERCISE. Stock Options may be granted either alone or in addition to other Awards granted under this Plan. Any Stock Option granted under this Plan shall be in such form as the Committee may, from time to time, approve, and the terms and conditions of Stock Option Awards need not be the same with respect to each Optionee. Each Optionee shall enter into a Stock Option agreement ("Stock Option Agreement") with the Corporation, in such form as the Corporation shall determine, which agreement shall set forth, among other things, the option price of the option, the term of the option and conditions regarding exercisability of the option granted thereunder.
- (i) NATURE OF OPTIONS. Under this Plan, the Committee shall have the authority to grant any Participant Stock Options with or without Stock Appreciation Rights.
- (ii) EXERCISABILITY. Subject to such terms and conditions as shall be determined by the Committee in its sole discretion at or after the time of grant, Stock Options shall be exercisable from time to time to the extent of 25% of the number of shares of Stock covered by the Stock Option on and after the first anniversary and before the second anniversary of the date of grant of the Stock Option, to the extent of 50% of the number of shares of Stock covered by the Stock Option on and after the second anniversary and before the third anniversary of the date of grant of the Stock Option, to the extent of 75% of the number of shares of Stock covered by the Stock Option on and after the third anniversary and before the fourth anniversary of the date of grant of the Stock Option and to the extent of 100% of the number of shares of Stock covered by the Stock Option on and after the fourth anniversary of the date of grant of the Stock Option (or to such lesser extent as the Committee in its sole discretion shall determine at the time of grant or to such greater extent as the Committee in its sole discretion shall determine at or after the time of grant).
- (iii) METHOD OF EXERCISE. Stock Options may be exercised by giving written notice of exercise delivered in person or by mail as required by the terms of any Stock Option Agreement at the Corporation's principal executive office, specifying the number of shares of Stock with respect to which the Stock Option is being exercised, accompanied by payment in full of the option price in cash or its equivalent as determined by the Committee in its sole discretion. If requested by the Committee, the Optionee shall deliver to the Corporation the Stock Option Agreement evidencing the Stock Option being exercised for notation thereon of such exercise and return thereafter of such agreement to the Optionee. As determined by the Committee in its sole discretion at or after the time of grant, payment of the option price in full or in part may also be made in the form of shares of unrestricted Stock already owned by the Optionee (based on the Fair Market Value of the Stock on the date the Stock Option is exercised). The Committee also may allow cashless exercise as permitted under Federal Reserve Board's Regulation T, subject to applicable securities law restrictions, or by any other means that the Committee determines to be consistent with this Plan's purpose and applicable law. An Optionee shall generally have the rights to dividends or other rights of a stockholder with respect to shares of Stock subject to the Stock Option when the Optionee has given written notice of exercise, has paid in full for such shares of Stock, and, if requested, has made representations described in Section 10(a) of this Plan.
- (b) TERMS AND CONDITIONS. Stock Options granted under this Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem desirable.
- (i) OPTION PRICE. The option price per share of Stock purchasable under a Stock Option shall be Fair Market Value at the time of grant, unless otherwise determined by the Committee in its sole discretion.
- (ii) OPTION TERM. The term of each Stock Option shall be fixed by the Committee at the time of grant, but no Stock Option shall be exercisable more than ten years after the date such Stock Option is granted.
- (iii) TRANSFERABILITY OF OPTIONS. Except as otherwise set forth in a Stock Option Agreement, no Stock Options shall be transferable by the Optionee otherwise than by will or by the laws of descent and distribution and all Stock Options shall be exercisable, during the Optionee's lifetime, only by the

Optionee, or in the case of Optionee's legal incompetency, only by Optionee's guardian or legal representative.

- (iv) **OPTION EXERCISE AFTER TERMINATION BY REASON OF DEATH OR DISABILITY.** If an Optionee's employment with the Corporation, any Subsidiary or any Related Entity terminates by reason of death or Disability, any Stock Option held by such Optionee may thereafter be exercised for a period of one year (or such shorter period as the Committee in its sole discretion shall specify at or after the time of grant) from the date of such termination or until the expiration of the stated term of such Stock Option, whichever period is shorter, to the extent to which the Optionee would on the date of termination have been entitled to exercise the Stock Option (or to such greater or lesser extent as the Committee in its sole discretion shall determine at or after the time of grant).
- (v) **OPTION EXERCISE AFTER TERMINATION WITHOUT CAUSE OR CONSTRUCTIVE TERMINATION.** If an Optionee's employment with the Corporation, any Subsidiary, or any Related Entity is terminated, by the Corporation or such Subsidiary or such Related Entity, without "Cause" (as such term is defined within the Stock Option Agreement) or in the event of "Constructive Termination" (as such term is defined within the Stock Option Agreement) of the Optionee's employment with the Corporation or such Subsidiary or such Related Entity is so terminated the Committee, in its sole discretion, may (a) permit the Optionee to exercise any Stock Option held by such Optionee, to the extent not theretofore exercised, in whole or in part with respect to all remaining shares covered by the Stock Option at any time prior to the expiration of the Stock Option (or such shorter period as the Committee in its sole discretion shall specify at or after the time of grant), or to such greater or lesser extent as the Committee in its sole discretion shall determine at or after the time of grant and/or (b) accelerate the vesting schedule of such Stock Option. An Optionee's acceptance of employment, at the request of the Corporation or a Subsidiary, with a Related Entity (or acceptance of employment, at the request of the Corporation or a Subsidiary, with any other Related Entity), shall not be deemed a termination of employment hereunder and any Stock Option held by an Optionee may be exercised thereafter to the extent that the Optionee would on the date of exercise have been entitled to exercise such Stock Option if such Optionee had continued to be employed by the Corporation or such Subsidiary (or such initial Related Entity), provided that the Optionee has been in continuous employ with the Related Entity to which such Optionee has moved from the date of acceptance of employment therewith until the date of exercise.
- (vi) **OPTION EXERCISE AFTER TERMINATION TO RESIGNATION.** If an Optionee's employment with the Corporation, any Subsidiary, or any Related Entity terminates for any reason not set forth in Sections 5(iv) or (v) above, the Committee, in its sole discretion, may permit the Optionee to exercise any Stock Option held by such Optionee to the extent such Option was exercisable on the date of such termination (or to such greater or lesser extent as the Committee in its sole discretion shall determine at or after the time of grant) for such period as designated by the Committee.
- (vii) **OTHER TERMINATION.** Except as otherwise provided in this Section 5 of this Plan, or as determined by the Committee in its sole discretion, if an Optionee's employment with the Corporation, any Subsidiary or any Related Entity terminates, all Stock Options held by the Optionee will terminate.

SECTION 6. STOCK APPRECIATION RIGHTS.

- (a) **GRANT AND EXERCISE.** Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option granted under this Plan ("Related Stock Appreciation Rights") or alone ("Freestanding Stock Appreciation Rights") and, in either case, in addition to other Awards granted under this Plan. Participants shall enter into a Stock Appreciation Rights Agreement with the Corporation if requested by the Committee, in such form as the Committee shall determine.
 - (i) **TIME OF GRANT.** Related Stock Appreciation Rights may be granted either at or after the time of the grant of the Stock Option to which it is related. Freestanding Stock Appreciation Rights may be granted at any time.

- (ii) **EXERCISABILITY.** Related Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate shall be exercisable in accordance with the provisions of Section 5(a)(ii) of this Plan and Freestanding Stock Appreciation Rights shall be exercisable, subject to such terms and conditions as shall be determined by the Committee in its sole discretion at or after the time of grant, from time to time, to the extent that Stock Options are exercisable in accordance with the provisions of Section 5(a)(ii) of this Plan.
 - (iii) **METHOD OF EXERCISE.** Stock Appreciation Rights shall be exercised by a Participant by giving written notice of exercise delivered in person or by mail as required by the terms of any agreement evidencing the Stock Appreciation Right at the Corporation's principal executive office, specifying the number of shares of Stock in respect of which the Stock Appreciation Right is being exercised. If requested by the Committee, the Participant shall deliver to the Corporation the agreement evidencing the Stock Appreciation Right being exercised and, in the case of a Related Stock Appreciation Right, the Stock Option Agreement evidencing any related Stock Option, for notation thereon of such exercise and return thereafter of such agreements to the Participant.
 - (iv) **AMOUNT PAYABLE.** Upon the exercise of a Related Stock Appreciation Right, an Optionee shall be entitled to receive an amount in cash or shares of Stock equal in value to the excess of the Fair Market Value of one share of Stock on the date of exercise over the option price per share specified in the related Stock Option, multiplied by the number of shares of Stock in respect of which the Related Stock Appreciation Rights shall have been exercised, with the Committee having in its sole discretion the right to determine the form of payment. Upon the exercise of a Freestanding Stock Appreciation Right, a Participant shall be entitled to receive an amount in cash or shares of Stock equal in value to the excess of the Fair Market Value of one share of Stock on the date of exercise over the price per share specified in the Freestanding Stock Appreciation Right, which shall be not less than 100% of the Fair Market Value of the Stock on the date of Grant, multiplied by the number of shares of Stock in respect of which the Freestanding Stock Appreciation Rights shall have been exercised, with the Committee having in its sole discretion the right to determine the form of payment
- (b) **TERMS AND CONDITIONS.** Stock Appreciation Rights under this Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions not inconsistent with the terms of this Plan, as the Committee shall deem desirable.
- (i) **TERMS OF STOCK APPRECIATION RIGHTS.** The term of a Related Stock Appreciation Right shall be the same as the term of the related Stock Option. A Related Stock Appreciation Right or applicable portion thereof shall terminate and no longer be exercisable upon the exercise, termination, cancellation or surrender of the related Stock Option, except that, unless otherwise provided by the Committee in its sole discretion at or after the time of grant, a Related Stock Appreciation Right granted with respect to less than the full number of shares of Stock covered by a related Stock Option shall terminate and no longer be exercisable if and to the extent that the number of shares of Stock covered by the exercise, termination, cancellation or surrender of the related Stock Option exceeds the number of shares of Stock not covered by the Related Stock Appreciation Right.

The term of each Freestanding Stock Appreciation Right shall be fixed by the Committee, but no Freestanding Stock Appreciation Right shall be exercisable more than ten years after the date such right is granted.

- (ii) **TRANSFERABILITY OF STOCK APPRECIATION RIGHTS.** Stock Appreciation Rights shall be transferable only when and to the extent that a Stock Option would be transferable under Section 5(b)(iii) of this Plan.
- (iii) **TERMINATION OF EMPLOYMENT.** In the event of the termination of employment of an Optionee holding a Related Stock Appreciation Right, such right shall be exercisable to the same extent that the related Stock Option is exercisable after such termination. In the event of the termination of employment of the holder of a Freestanding Stock Appreciation Right, such right shall be exercisable to the same extent that a Stock Option with the same terms and conditions as such Freestanding Stock Appreciation Right would have been exercisable in the event of the termination of employment of the holder of such Stock Option.

SECTION 7. RESTRICTED STOCK UNITS AND PERFORMANCE STOCK UNITS.

- (a) GRANT. Awards of Restricted Stock Units or Performance Stock Units may be granted either alone or in addition to other Awards granted under this Plan. Each Restricted Stock Unit or Performance Stock Unit represents the right to receive, subject to the terms and provisions of this Plan and any agreements evidencing such Awards, one share of Stock. If the Committee in its sole discretion so determines at the time of grant, a Participant to whom a Restricted Stock Unit Award or Performance Stock Unit Award has been granted may be credited with an amount equivalent to all cash dividends ("Dividend Equivalents") that would have been paid to the holder of such Restricted Stock Unit Award or Performance Stock Unit Award if one share of Stock for every Restricted Stock Unit or Performance Stock Unit awarded had been issued to the holder on the date of grant of such Restricted Stock Unit Award or Performance Stock Unit Award. The Committee shall determine the terms and conditions of each Restricted Stock Unit Award and Performance Stock Unit, including without limitation, the number of Restricted Stock Units or Performance Stock Units to be covered by such Awards, the restricted period applicable to Restricted Stock Unit Awards and the performance objectives applicable to Performance Stock Unit Awards. The Committee in its sole discretion may prescribe terms and conditions applicable to the vesting of such Restricted Stock Unit Awards or Performance Stock Unit Awards in addition to those provided in this Plan. The Committee shall establish such rules and guidelines governing the crediting of Dividend Equivalents, including the timing, form of payment and payment contingencies of Dividend Equivalents, as it may deem desirable. The Committee in its sole discretion may at any time accelerate the time at which the restrictions on all or any part of a Restricted Stock Unit Award lapse or deem the performance objectives with respect to all or any part of a Performance Stock Unit Award to have been attained. Restricted Stock Units Awards and Performance Stock Unit Awards shall not be transferable otherwise than by will or by the laws of descent and distribution. Shares of Stock shall be deliverable upon the vesting of Restricted Stock Unit Awards and Performance Stock Unit Awards for no consideration other than services rendered or, in the Committee's sole discretion, the minimum amount of consideration other than services (such as the par value of Stock) required to be received by the Corporation in order to assure compliance with applicable state law, which amount shall not exceed 10% of the Fair Market Value of such shares of Stock on the date of issuance. Each such Award shall be evidenced by a Restricted Stock Unit agreement ("Restricted Stock Unit Award Agreement") or Performance Stock Unit Award agreement ("Performance Stock Unit Award Agreement").
- (b) TERMS AND CONDITIONS. Unless otherwise determined by the Committee in its sole discretion:
- (i) a breach of any term or condition provided in this Plan, the Restricted Stock Unit Award Agreement or the Performance Stock Unit Award Agreement or established by the Committee with respect to such Restricted Stock Unit Award or Performance Stock Unit Award will cause a cancellation of the unvested portion of such Restricted Stock Unit Award or Performance Stock Unit Award (including any Dividend Equivalents credited in respect thereof) and the Participant shall not be entitled to receive any consideration in respect of such cancellation; and
 - (ii) termination of such holder's employment with the Corporation, any Subsidiary or any Related Entity prior to the lapsing of the applicable restriction period or attainment of applicable performance objectives will cause a cancellation of the unvested portion of such Restricted Stock Unit Award or Performance Stock Unit Award (including any Dividend Equivalents credited in respect thereof) and the Participant shall not be entitled to receive any consideration in respect of such cancellation.
- (c) COMPLETION OF RESTRICTION PERIOD AND ATTAINMENT OF PERFORMANCE OBJECTIVES. To the extent that restrictions with respect to any Restricted Stock Unit Award lapse or performance objectives with respect to any Performance Stock Unit Award are attained and provided that other applicable terms and conditions have been satisfied:
- (i) such of the Restricted Stock Units or Performance Stock Units as to which restrictions have lapsed or performance objectives have been attained shall become vested and the Committee shall cause to be issued and delivered to the Participant a stock certificate representing a number of shares of Stock equal to such number of Restricted Stock Units or Performance Stock Units, and, subject to Section 11(a) hereof, free of all restrictions; and
 - (ii) any Dividend Equivalents credited in respect of such Restricted Stock Units or Performance Stock Units shall become vested to the extent that such Restricted Stock Units or Performance Stock Units

shall have become vested and the Committee shall cause such Dividend Equivalents to be delivered to the Participant.

Any such Restricted Stock Unit Award or Performance Stock Unit Award (including any Dividend Equivalents credited in respect thereof) that shall not have become vested at the end of the applicable restricted period or the period given for the attainment of performance objectives shall expire, terminate and be canceled and the Participant shall not thereafter have any rights with respect to the Restricted Stock Units or Performance Stock Units (or any Dividend Equivalents credited in respect thereto) covered thereby.

SECTION 8. AMENDMENT AND TERMINATION.

The Board may amend, alter, or discontinue this Plan, but no amendment, alteration, or discontinuation shall be made that would impair the rights of a Participant under any Award theretofore granted without such Participant's consent. The Committee may amend or alter the terms and conditions of any Award theretofore granted, and of any agreement evidencing such Award, prospectively or retroactively, but no such amendment or alteration shall impair the rights of any Optionee under such Award or agreement without such Optionee's consent.

SECTION 9. UNFUNDED STATUS OF PLAN.

This Plan is intended to constitute an "unfunded" plan. With respect to any payments not yet made and due to a Participant by the Corporation, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Corporation.

SECTION 10. GENERAL PROVISIONS.

- (a) The Committee may require each Optionee purchasing shares of Stock pursuant to a Stock Option to represent to and agree with the Corporation in writing that such Optionee is acquiring the shares of Stock without a view to distribution thereof. All certificates for shares of Stock delivered under this Plan and, to the extent applicable, all evidences of ownership with respect to Dividend Equivalents delivered under this Plan, shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed or quotation system on which the Stock is admitted for trading and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
- (b) Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan shall not confer upon any employee of the Corporation, any Subsidiary or any Related Entity any right to continued employment with the Corporation, any Subsidiary or any Related Entity as the case may be, nor shall it interfere in any way with the right of the Corporation, any Subsidiary or any Related Entity to terminate the employment of any of its employees at any time.
- (c) Each Participant shall be deemed to have been granted an Award on the date the Committee took action to grant such Award under this Plan or such later date as the Committee in its sole discretion shall determine at the time such grant is authorized.
- (d) Unless the Committee otherwise determines, each Participant shall, no later than the date as of which the value of an Award first becomes includable in the gross income of the Participant for federal income tax purposes, pay to the Corporation, or make arrangements satisfactory to the Committee regarding payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the Award. The obligations of the Corporation under this Plan shall be conditional on such payment or arrangements and the Corporation (and, where applicable, its Subsidiaries and its Related Entities) shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant. A Participant may elect to have such tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Corporation to withhold from shares of Stock to be issued upon the exercise of a Stock Option or upon the vesting of any

Restricted Stock Unit Award or the Performance Stock Unit Award a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due, or (ii) transferring to the Corporation shares of Stock owned by the Participant with an aggregate Fair Market Value that would satisfy the withholding amount due. With respect to any Participant who is an executive officer, the election to satisfy the tax withholding obligations relating to the exercise of a Stock Option or to the vesting of a Restricted Stock Unit Award or Performance Stock Unit Award in the manner permitted by this subsection (d) shall be made during the "window period" as described within the Corporation Insider Trading Policy unless otherwise determined in the sole discretion of the Committee of the Board.

- (e) No member of the Board or the Committee, nor any officer or employee of the Corporation acting on behalf of the Board or the Committee, shall be personally liable for any action, failure to act, determination or interpretation taken or made in good faith with respect to this Plan, and all members of the Board or the Committee and each and any officer or employee of the Corporation acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Corporation in respect of any such action, failure to act, determination or interpretation.
- (f) The term "executive officer" as used in this Plan means any director or officer who is subject to the provisions of Section 16(b) of the Exchange Act.
- (g) Notwithstanding any other provision herein to the contrary, the maximum number of shares with respect to which Awards may be granted to the same Participant under this Plan may not exceed, in the aggregate, Three Hundred Thirty-three thousand (333,333) shares, except to the extent of adjustments authorized by Section 3 of this Plan.

SECTION 11. EFFECTIVE DATE OF PLAN.

This Plan, effective as of October 7, 1999, was subsequently amended as of February 1, 2000.

SECTION 12. TERM OF PLAN.

No Award shall be granted under this Plan on or after the tenth anniversary of the effective date of this Plan; provided, however, that the vesting and exercisability of Awards granted prior to such tenth anniversary may extend beyond that date.

NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT is made as of the date set forth on the signature page hereof by and between Universal Electronics Inc., a Delaware corporation (the "Corporation") and the undersigned Optionee (the "Optionee"). As used in this Agreement, the term "Corporation" shall include, where applicable, any and all of its subsidiaries.

WHEREAS, the Board of Directors of the Corporation (the "Board") has approved the Universal Electronics Inc. 1999A NonQualified Stock Plan (the "Plan"); and

WHEREAS, the Corporation desires to grant to the Optionee an option ("Option") to purchase shares of the Corporation's common stock, par value \$0.01 per share (the "Stock"), upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the parties, intending to be legally bound, hereto agree as follows:

1. GRANT AND DESIGNATION OF OPTION. Upon the execution and delivery of this Agreement and the related Stock Option Certificate of even date herewith (the "Certificate"), the Corporation hereby grants to the Optionee the Option to purchase the aggregate number of shares of Stock set forth on the Certificate at the price per share ("Option Price") further set forth on the Certificate. The Option granted hereunder shall not be treated as an incentive stock option within the meaning of Section 422A of the Internal Revenue Code of 1986, as amended.
2. TERM AND EXERCISE OF OPTION. Subject to earlier termination, acceleration or cancellation of the Option as provided herein, the term of the Option shall be for that period of time also set forth on the Certificate (the "Option Period") and, subject to the provisions of this Agreement, the Option shall be exercisable at such times and as to such number of shares as determined on the schedule set forth on the Certificate.
3. METHOD OF EXERCISE. The Option may be exercised by written notice to the Corporation (the "Exercise Notice") at its offices at 6101 Gateway Drive, Cypress, California 90630 to the attention of the Secretary of the Corporation. The Exercise Notice shall state (i) the election to exercise the Option, (ii) the total number of full shares in respect to which it is being exercised, and (iii) shall be signed by the person or persons exercising the Option. The Exercise Notice shall be accompanied by the Certificate and a certified or cashier's check for the full amount of the purchase price of such shares, or as may be permitted by the Board, by certificates for shares of Stock which have been owned by the Optionee for more than six months prior to the date of exercise and which have a fair market value of the date of exercise equal to the purchase price, or by a combination of such methods of payment. Upon receipt of the foregoing, the Corporation shall issue the shares of Stock as to which the Option has been duly exercised and shall return the Certificate, duly endorsed to reflect such exercise, to the Optionee.

4. OPTIONEE'S REPRESENTATIONS.

(a) Optionee represents and warrants that any and all shares acquired through the exercise of rights under the Option granted pursuant to this Agreement will be acquired for Optionee's own account and not with a view to, or present intention of, distribution thereof in violation of the Securities Act of 1933, as amended and the rules and regulations promulgated thereunder (the "1933 Act") and will not be disposed of in contravention of the 1933 Act.

(b) Optionee acknowledges that Optionee is able to bear the economic risk of the investment in any and all shares of Stock acquired through the exercise of rights under the Option for an indefinite period of time because the Stock may not be registered under the 1933 Act and, if not, cannot be sold unless subsequently registered under the 1933 Act or an exemption from such registration is available.

(c) Optionee has reviewed this Agreement and has had an opportunity to ask questions and receive answers concerning the terms and conditions of the offering of Stock and has had full access to such other information concerning the Corporation as Optionee has requested.

5. RESTRICTION ON EXERCISE. This Option may not be exercised if the issuance of such shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any applicable federal or state securities or other law or regulation. As a condition to the exercise of this Option, the Corporation may require Optionee to make any representation and warranty to the Corporation as may be required by any applicable law or regulation. All exercises of the Option must be for full shares of Stock only.

6. EFFECT OF TERMINATION OF EMPLOYMENT. Except as set forth in Paragraphs 7, 8 and 9 below, in the event that Optionee's employment with the Corporation ceases for any reason, Optionee may (or Optionee's estate or representative, in the event of Optionee's death during the applicable exercise period as set forth in this Paragraph 6), during the earlier of (i) the 180 day period following such cessation of employment or (ii) the remaining term of the Option Period, exercise the Option to the extent such Option was exercisable on the date such employment ceased and, on such date, that portion of the Option which was not exercisable shall automatically terminate without further action by the parties hereto and, in all events, to the extent not exercised, the Option shall terminate in its entirety at the end of business on the applicable exercise period as set forth in this Paragraph 6.

7. EFFECT OF TERMINATION OF EMPLOYMENT WITHOUT CAUSE OR DUE TO CONSTRUCTIVE TERMINATION.

(a) In the event that Optionee's employment with the Corporation is terminated by the Corporation without "Cause" (as such term is defined in subparagraph 7(b) below) or in the event of "Constructive Termination" (as such term is defined in subparagraph 7(c)

below), Optionee shall become immediately fully vested in the Option without further action by the parties hereto, and, to the extent not previously exercised, shall be exercisable in whole or in part with respect to all remaining shares of Stock covered by the Option and may be exercised by Optionee (or Optionee's estate or representative, in the event of Optionee's death) at any time prior to the expiration of the Option Period.

(b) For purposes of this Agreement, "Cause" shall mean (i) the willful and continued failure by Optionee to substantially perform Optionee's duties with the Corporation (other than a failure resulting from Optionee's death or "Total Disability," as such term is defined in subparagraph 7(e) below) after a demand for substantial performance is delivered to Optionee by the Corporation which specifically identifies the manner in which it is believed that Optionee has not substantially performed Optionee's duties; (ii) the willful engaging by Optionee in gross misconduct materially and demonstrably injurious to the property or business of the Corporation; or (iii) Optionee's commission of fraud, misappropriation or a felony. For purposes of this definition of "Cause", no act or failure to act on Optionee's part will be considered "willful" unless done, or omitted to be done, by Optionee not in good faith and without reasonable belief that Optionee's action or omission was in the interests of the Corporation or not opposed to the interests of the Corporation.

(c) For purposes of this Agreement, "Constructive Termination" shall occur on that date on which Optionee resigns from employment with the Corporation, if such resignation occurs within eighteen (18) months after the occurrence of (i) the failure of Optionee to be elected or re-elected or appointed or reappointed to such office which Optionee holds (other than as a result of a termination for "Cause") if Optionee is an officer of the Corporation and the office which Optionee holds is one to which Optionee is elected according to the Corporation's By-laws; (ii) a change in Optionee's functions, duties, or responsibilities such that Optionee's position with the Corporation becomes substantially less in responsibility, importance, or scope; or (iii) a "Change in Control" (as such term is defined in subparagraph 7(d) below).

(d) For purposes of this Agreement, a "Change in Control" shall be deemed to occur when (i) any "person" or "group" (as such terms are used in Sections 3(a), 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "1934 Act")), other than (1) a trustee or other fiduciary holding securities under any employee benefit plan of the Corporation or (2) a corporation owned directly or indirectly by the stockholders of the Corporation in substantially the same proportions as their ownership of Stock in the Corporation immediately prior to any such occurrence, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of the Corporation representing 20% or more of the total voting power of the then outstanding securities of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"); (ii) individuals who are members of the Board on the date of this Agreement and any individual who becomes a member of the Board hereafter whose nomination for election as a director was approved by the affirmative vote of a majority of such Directors, cease to constitute a majority of the members of the Board; (iii) there

occurs a merger or consolidation of the Corporation with any other corporation or entity, other than a merger or consolidation which would result in the Voting Stock of the Corporation immediately outstanding prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 80% of the total voting power represented by the Voting Stock or the voting securities of such surviving entity outstanding immediately after such merger or consolidation; (iv) there occurs a sale or transfer or disposition of all or substantially all of the Corporation's assets to any other corporation or entity, other than a corporation owned directly or indirectly by the stockholders of the Corporation in substantially the same proportions as their ownership of Stock in the Corporation immediately prior to such sale, transfer or disposition; or (v) the dissolution or liquidation of the Corporation.

(e) For purposes of this Agreement, "Total Disability" shall mean an event of illness or other incapacity of Optionee resulting in Optionee's failure or inability to discharge Optionee's duties as an employee of the Corporation for ninety (90) or more days during any period of 120 consecutive days.

8. EFFECT OF TERMINATION OF EMPLOYMENT DUE TO DEATH OR TOTAL DISABILITY. In the event that Optionee's employment with the Corporation ceases or is terminated due to Optionee's death or Total Disability, Optionee (or Optionee's estate or representative, in the event of Optionee's death) may during the earlier of (i) the one (1) year period following such cessation or termination of employment or (ii) the remaining term of the Option Period, exercise the Option to the extent such Option was exercisable on the date such employment ceased or was terminated and, on such date, that portion of the Option which was not exercisable shall automatically terminate without further action by the parties hereto and, in all events, to the extent not exercised, the Option shall terminate in its entirety at the end of business on the applicable exercise period as set forth in this Paragraph 8; provided, however, the Board, in its sole discretion, may approve the full vesting to Optionee (or Optionee's estate or representative, in the event of Optionee's death) in the Option and, in such event, to the extent not previously exercised, the Option shall be exercisable in whole or in part with respect to all remaining shares of Stock covered the Option and may be exercised by Optionee (or Optionee's estate or representative, in the event of Optionee's death) at any time prior to the expiration of the Option Period.
9. EFFECT OF TERMINATION OF EMPLOYMENT FOR CAUSE. In the event that Optionee's employment with the Corporation is terminated by the Corporation for Cause, the Option, to the extent not then exercised (and whether or not then exercisable in whole or in part) shall automatically and immediately terminate in its entirety as of the date of such termination of employment, without further action by Optionee or the Corporation, and Optionee thereafter shall have no rights whatsoever with respect to the Option.
10. RIGHT OF A STOCKHOLDER. Optionee shall not have any rights as a stockholder with respect to any shares of Stock unless and until legended certificates for such shares of such Stock are issued or unless the Optionee has been granted additional applicable rights under the Plan.

11. WITHHOLDING OF TAXES. Whenever the Corporation is required to issue shares of Stock upon exercise hereunder, the Corporation shall have the right to require the recipient to remit in cash (or with the consent of the Board, shares of Stock previously owned by the recipient or issuable upon such exercise) to the Corporation an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery of any certificate or certificates for such shares of Stock.
12. ADJUSTMENTS. In the event of any change in the outstanding shares of Stock of the Corporation by reason of a stock dividend or distribution, recapitalization, spin-off, merger, consolidation, split-up, combination, exchange of shares or the like, the Board shall adjust the number of shares of Stock which may be issued under the Plan and shall provide for an equitable adjustment to (a) the number of shares of Stock subject to this Agreement and (b) the option price of this Stock Option.
13. COMPLIANCE WITH CERTAIN LAWS AND REGULATIONS. If the Board shall determine, in its sole discretion, that the listing, registration or qualification of the shares subject to the Option upon any securities exchange or under any law or regulation, or that the consent or approval of any governmental regulatory body is necessary or desirable in connection with the granting of the Option or the acquisition of shares thereunder, the Optionee shall supply the Board or the Corporation, as the case may be, with such certificates, representations and information as the Board or the Corporation, as the case may be, may request and shall otherwise cooperate with the Corporation in obtaining any such listing, registration, qualification, consent or approval.
14. TRANSFERABILITY OF OPTION. The Option is not transferable by the Optionee other than (i) by will or by the laws of descent and distribution or (ii) by gift or domestic relations order to a family member of the Optionee (a "Permitted Transferee"), and is exercisable, during the Optionee's lifetime, only by a Permitted Transferee, the Optionee, or in the case of Optionee's legal incompetency, by Optionee's guardian or legal representative.
15. ADDITIONAL RESTRICTIONS ON TRANSFER. The certificates representing the Stock purchased upon the exercise of the Option will bear the following legend until such shares of Stock have been registered under an effective registration statement under the 1933 Act:

The securities represented by this certificate were originally issued on _____, 19___, have not been registered under the Securities Act of 1933, as amended, or under the securities laws of any state or other jurisdiction (together, the "Securities Laws") and may not be offered for sale, sold or otherwise transferred or encumbered in the absence of compliance with such Securities Laws and until the issuer hereof shall have received from counsel acceptable to issuer a written opinion reasonably satisfactory to issuer that the proposed transaction will not violate any applicable Securities Laws.

16. NOTICES. Any notice or demand provided for in this Agreement must be in writing and must be either personally delivered, delivered by overnight courier, or mailed by first class mail, to the Optionee at Optionee's most recent address on file in the records of the Corporation, to the Corporation at the address set forth or established pursuant to Paragraph 3 or to such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice or demand under this Agreement will be deemed to have been given when received.
17. SEVERABILITY. This Agreement and each provision hereof shall be valid and enforced to the fullest extent permitted by law. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision. Without limiting the generality of the foregoing, if the scope of any provision contained in this Agreement is too broad to permit enforcement to its fullest extent, such provision shall be enforced to the maximum extent permitted by law, and the parties hereby agree that such scope may be judicially modified accordingly.
18. COMPLETE AGREEMENT. This Agreement and those documents expressly referred to herein embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.
19. COUNTERPARTS. This Agreement may be executed in separate counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same agreement.
20. SUCCESSORS AND ASSIGNS. This Agreement is intended to bind and inure to the benefit of and be enforceable by Optionee, the Corporation and their respective permitted successors and assigns (including personal representatives, heirs and legatees), and is intended to bind all successors and assigns of the respective parties, except that Optionee may not assign any of Optionee's rights or obligations under this Agreement except to the extent and in the manner expressly permitted hereby.
21. REMEDIES. Each of the parties to this Agreement will be entitled to enforce its rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in its favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may, in its sole discretion, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement, without the necessity of posting bond or any other security.
22. WAIVER OR MODIFICATION. Any waiver or modification of any of the provisions of this Agreement shall not be valid unless made in writing and signed by the parties hereto. A

waiver by either party of any breach of this Agreement shall not operate as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the ___ day of _____, ____.

OPTIONEE

UNIVERSAL ELECTRONICS INC.

Signature

By: -----
Its: Chairman and Chief
Executive Officer

Print Name

Certificate Number: _____

UNIVERSAL ELECTRONICS INC.
1999A NONQUALIFIED STOCK PLAN
STOCK OPTION CERTIFICATE

THIS CERTIFIES THAT _____ has been awarded an OPTION to purchase _____ shares of common stock, par value \$0.01 per share, of UNIVERSAL ELECTRONICS INC. at a price per share of \$____. This Certificate is issued in accordance with and is subject to the terms and conditions of the related NonQualified Stock Option Agreement of even date herewith (the "Agreement").

THIS OPTION is not transferable except in accordance with the terms and conditions of the Agreement.

THIS OPTION shall expire [ten (10)] years from the date of this Certificate.

THIS OPTION shall be exercisable as to all or a portion of the number of shares set forth above as follows:

On and After the Following Dates, But Prior to Expiration	Maximum Percentage Taking Into Account Prior Exercises
___/___/___	25%
___/___/___	50%
___/___/___	75%
___/___/___	100%

IN WITNESS WHEREOF, UNIVERSAL ELECTRONICS INC. has caused this Stock Option Certificate to be signed by its duly authorized officer as of the ___ day of _____, _____.

UNIVERSAL ELECTRONICS INC.

By: _____

Its: _____

UNIVERSAL ELECTRONICS INC.
COMPUTATION OF PER SHARE EARNINGS

	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	----- 1999 -----	----- 1998 -----	----- 1999 -----	----- 1998 -----
Common stock outstanding, beginning of period	13,463,000	12,924,000	12,794,000	12,624,000
Weighted average common stock outstanding from exercise of stock options, treasury stock purchases and employee benefit plan	74,000	(88,000)	518,000	149,000
Weighted average common stock outstanding	13,537,000 =====	12,836,000 =====	13,312,000 =====	12,773,000 =====
Stock options	1,130,000 -----	326,000 -----	814,000 -----	427,000 -----
Weighted average common stock and common stock equivalents outstanding	14,667,000 =====	13,162,000 =====	14,126,000 =====	13,200,000 =====
Net income attributable to common stockholders	\$ 3,753,849	\$ 2,370,648	\$ 7,740,082	\$ 5,637,650
Net income per common stock and common stock equivalents:				
Basic	\$ 0.28 =====	\$ 0.18 =====	\$ 0.58 =====	\$ 0.44 =====
Diluted	\$ 0.26 =====	\$ 0.18 =====	\$ 0.55 =====	\$ 0.43 =====

UNIVERSAL ELECTRONICS INC.
LIST OF SUBSIDIARIES OF THE REGISTRANT

Universal Electronics B.V. (organized under the laws of the Netherlands)

One For All GmbH (organized under the laws of Germany)

Ultra Control Consumer Electronics GmbH (organized under the laws of Germany)

One For All (UK) Ltd. (organized under the laws of the United Kingdom)

One For All Iberia S.L. (organized under the laws of Spain)

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 No. 33-66426 filed on or about July 23, 1993, No. 333-09021 filed on July 26, 1996, No. 333-23985 filed on March 26, 1997, No. 333-91101 filed on November 17, 1999, and No. 333-95715 filed on January 31, 2000 of Universal Electronics Inc. of our report dated January 21, 2000, relating to the financial statements and financial statement schedules, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

Costa Mesa, California
March 30, 2000

YEAR		
	DEC-31-1999	
	JAN-01-1999	
	DEC-31-1999	13,286,219
		0
		29,812,725
		(1,879,931)
		13,493,813
		60,506,295
		10,431,095
		(6,734,189)
		73,751,466
15,000,448		0
	0	
	0	
		153,173
		58,358,024
73,751,466		
		105,091,183
	105,091,183	
		61,714,724
		29,184,046
		(43,051)
		1,224,275
		(107,594)
		13,118,783
		5,378,701
7,740,082		
	0	
	0	
		0
		7,740,082
		.58
		.55