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)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

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	33-0204817
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
6101 GATEWAY DRIVE CYPRESS, CALIFORNIA	90630
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(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(g) 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 28, 2001, determined using the per share closing sale price thereof on the National Market of The NASDAQ Stock Market of $18.875 on that date, was approximately $261,172,000.

As of February 28, 2001, 13,836,912 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 2001 Annual Meeting of Stockholders to be held on June 21, 2001 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, 2000.

Exhibit Index appears on page 46.

UNIVERSAL ELECTRONICS INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

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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 a third party who in turn sells products directly to United States retailers.

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 90,000 infrared codes that cover nearly 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 ("E(2)") 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 ("E(2)") chip technologies.

PRODUCTS

Universal Wireless Controls

The Company's family of products includes 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. 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 what the Company believes to be 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 three or four-digit code for each video or audio device to be controlled. Each remote contains a RAM, a ROM, or a combination of ROM and E(2) chips. The RAM, and the ROM and E(2) 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 18.8%, 23.7%, and 23.1% of the Company's sales for the years ended December 31, 2000, 1999, and 1998, 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 E(2) 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 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. The Company has also licensed certain of its proprietary technology and its One For All brand name to a third party who in turn sells 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, 2000, sales to Media One and Philips accounted for approximately 12.8% and 10.9%, respectively, of the Company's net sales for the year. 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 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 set-top boxes and services.

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.

The Company continues to pursue 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 and increasing complexity of home entertainment equipment, 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, Latin America and Europe. The Company added a cable sales representative for Latin America in 2000 and will add new sales people in the Asian market during the next year. In addition, the Company continues to improve on its development processes 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 2000, the Company continued to improve product design and planning to better meet the needs of its customers.

International Retail

Throughout 2000, 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 seven 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, One For All Ltd. (UK), established in the United Kingdom, One For All Argentina S.R.L., established in Argentina, and One For All France S.A.S., established in France.

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 acquired a remote control distributor in Spain (One For All Iberia S.L.). During the third quarter of 2000, the Company established an office in Argentina (One For All Argentina S.R.L.) and also completed its acquisition of a remote control distributor in France (One For All France S.A.S.). The Company utilizes third party distributors in certain other countries 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 2000, 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 "InterVoice" 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. Our strength is our core technical support expertise in the consumer electronics market. We currently provide and continue to market these services to various universal remote control marketers, including manufacturers, cable and satellite providers, retail distributors, and audio and video original equipment manufacturers. Revenues from this service in 2000 were not material to the consolidated financial statements.

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 three, two, and three for 2000, 1999, and 1998, respectively. In 2000, Philips, Jetta and Samsung exceeded the 10% threshold. In 1999, Philips and Motorola exceeded the 10% threshold. Motorola, Philips and Jetta exceeded the threshold in 1998. As in the past, the Company continues to evaluate alternative and additional third-party manufacturers and sources of supply.

During 2000, the Company continued its program of diversification of suppliers and maintenance of duplicate tooling for certain of 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 7 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 equal importance to its market position as 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 10 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

The majority of the Company's sales are through the international retail, private label, OEM, and subscription broadcasting markets. The Company has generally experienced stronger demand for its products in the third and fourth calendar quarters rather than in the first half of the year as retailers and private label customers purchase products prior to the holiday selling season. Generally, sales to private label customers peak in the third quarter and branded product sales to international retailers peak in the fourth quarter.

See "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Notes to Consolidated Financial Statements-Note 18" 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 line, the Company competes with various distributors in the United States and several of the larger set-top manufacturers, including Motorola, Inc. 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 2000, 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 an attempt to control costs, the Company is continually improving the efficiency of its activities and systematizing its operations. In addition, the Company continues to regularly update its library of infrared codes to include codes for features and devices newly introduced both in the United States and internationally. 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 2000, 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 interactive digital cable systems, 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 56 full-time employees at December 31, 2000. The Company's expenditures on engineering, research and development in 2000, 1999, and 1998 were $4.5 million, $3.9 million, and $4.0 million, respectively, of which approximately $2.8 million, $2.4 million, and $2.7 million, 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, 2000, 1999 and 1998, 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, 2000, the Company employed approximately 259 employees, of whom 56 were in engineering, research and development, 58 in sales and marketing, 76 in consumer service and support, 22 in operations and warehousing and 47 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, 2000, 1999 and 1998 is included in "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA-Notes to Consolidated Financial Statements-Note 15".

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 $8.4 million 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.

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	33,268	Leased, expires December 31, 2002
Enschede, Netherlands	European headquarters	9,149	Leased, expires August 2002
Enschede, Netherlands	European consumer call center	5,400	Leased, expires September 30, 2002

In addition to the facilities listed above, the Company leases space in various international locations, primarily for use as sales offices. The Company believes it will need to lease additional office space in its Cypress, California location during 2001 to meet the Company's growth needs for the foreseeable future and is currently evaluating its options. 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 15, 2000, the Company filed suit against Contec LLC alleging that Contec has infringed certain of the Company's patents (Universal Electronics Inc. v. Contec LLC, Civil Action No. SACV 00-1126 GLT (EEx)). The Company is seeking damages and injunctive relief. Contec has answered the Complaint and has denied infringement.

On November 15, 2000, the Company filed suit against The Thad Group alleging that Thad has infringed certain of the Company's patents (Universal Electronics Inc. v. The Thad Group, Civil Action No. SACV 00-1124 AHS (EEx)). The Company is seeking damages and injunctive relief. The Thad Group has answered the Corporation's Complaint and has denied infringement and asserted that the aforementioned patents are invalid.

On November 15, 2000, the Company filed suit against Universal Remote Control Inc. alleging that Universal Remote has infringed certain of the Company's patents (Universal Electronics Inc. v. Universal Remote Control, Inc., Civil Action No. SACV 00- 1125 AHS (EEx)). The Company is seeking damages and injunctive relief. Universal Remote has not yet answered the complaint.

On November 15, 2000. the Company filed suit against U.S. Electronics alleging that U.S. Electronics has infringed certain of the Company's patents (Universal Electronics Inc. v. U.S. Electronics, Civil Action No. SACV 00-1127 DOC (EEx)). The Company is seeking damages and injunctive relief. U.S. Electronics has answered the Complaint in the aforementioned matter and has filed a counterclaim seeking a declaratory judgment of the noninfringement and invalidity of aforementioned patents.

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 28, 2001:

NAME	AGE	POSITION
Camille Jayne	48	Executive Chairman of the Board
Paul D. Arling	38	President and Chief Executive Officer
J. Stewart Ames	42	Senior Vice President
Jerry L. Bardin	62	Senior Vice President
Mark Z. Belzowski	42	Vice President, Chief Financial Officer and Treasurer
Paul J.M. Bennett	45	Senior Vice President, Managing Director, Europe
Richard A. Firehammer, Jr.	43	Senior Vice President, General Counsel and Secretary

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

Camille Jayne has been Executive Chairman of the Company since October 2000. Prior to that, she was Chairman of the Company since December 1998 and has been the Company's Chief Executive Officer since August 1998. She was 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 Executive Officer since October 2000. Prior to that, he was 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.

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 BS Degree in Biology from Bates College in Lewiston, Maine.

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 BS and Master of Science in Electrical Engineering at the University of Texas at Austin.

Mark Z. Belzowski has been the Chief Financial Officer and Treasurer 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. He is a certified public accountant in the state of California. Mr. Belzowski obtained a BS degree from California State University at Fullerton.

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.

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.

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 reported sale prices for the Company's common stock, as reported on the National Market of The Nasdaq Stock Market:

	2000		1999	
	High	Low	High	Low
First Quarter	$ 32.3125	$ 14.7500	$ 7.8750	$ 5.1250
Second Quarter	27.0000	14.5000	15.2500	6.1875
Third Quarter	25.6250	16.6250	15.6875	9.5938
Fourth Quarter	24.1875	12.8750	24.1250	10.2500

Stockholders of record on February 28, 2001 numbered approximately 1,811.

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 100 percent 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 (subsequently merged with Motorola, Inc. in 2000) 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. In 2000 and 1999, General Instrument Corporation failed to purchase the minimum requirements for each year. As such, General Instrument Corporation forfeited its right to acquire up to 400,000 shares of Company common stock and may not recoup such forfeited shares through the purchase of products in any subsequent years. Assuming such minimum purchase requirements for 2001 are met, the warrant allows General Instrument Corporation to purchase up to 200,000 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.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

	Year Ended December 31,				
	2000	1999	1998	1997	1996
	(in thousands, except per share data)				
Net sales	$ 124,740	$ 105,091	$ 96,123	$ 114,338	$ 98,589
Operating income (loss)	$ 18,242	$ 12,968	$ 9,505	$ (9,289)	$ (4,098)
Net income (loss)	$ 11,601	$ 7,740	$ 5,638	$ (6,518)	$ (2,295)
Net income (loss) per share:					
Basic	$ 0.84	$ 0.58	$ 0.44	$ (0.52)	$ (0.17)
Diluted	$ 0.78	$ 0.55	$ 0.43	$ (0.52)	$ (0.17)
Weighted average common stock outstanding:					
Basic	13,743	13,312	12,772	12,564	13,322
Diluted	14,941	14,126	13,200	12,564	13,322
Gross margin	41.3%	41.3%	37.7%	27.7%	24.9%
Operating margin (loss)	14.6%	12.4%	9.9%	(8.1%)	(4.2%)
Selling, general and administrative expenses as a % of sales	26.7%	28.9%	27.8%	26.3%	29.0%
Net income (loss) as a % of sales	9.3%	7.4%	5.9%	(5.7%)	(2.3%)
Return on average assets	13.9%	11.5%	9.3%	(10.8%)	(3.5%)
Working capital	$ 58,323	$ 45,506	$ 26,921	$ 29,350	$ 36,515
Ratio of current assets to current liabilities	3.5	4.0	2.7	2.3	4.4
Total assets	$ 93,766	$ 73,751	$ 60,677	$ 61,138	$ 59,451
Cash and cash equivalents	$ 20,809	$ 13,286	$ 1,489	$ 1,097	$ 510
Long-term debt	$ 163	$ 240	--	--	$ 3,183
Stockholders' equity	$ 70,353	$ 58,511	$ 44,532	$ 38,887	$ 45,627
Book value per share	$ 5.10	$ 4.28	$ 3.48	$ 3.08	$ 3.58
Ratio of liabilities to liabilities and stockholders' equity	25.0%	20.7%	26.6%	36.4%	23.3%

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,		
	2000	1999	1998
Net sales			
On-going business	100.0%	100.0%	92.6%
Discontinued North American Retail business	--	--	7.4
	100.0	100.0	100.0
Cost of sales			
On-going business	58.7	58.7	54.8
Discontinued North American Retail business	--	--	7.5
	58.7	58.7	62.3
Gross profit	41.3	41.3	37.7
Selling, general and administrative expenses	26.7	28.9	27.8
Operating income	14.6	12.4	9.9
Interest expense (income)	(0.8)	(0.1)	0.5
Other expense (income)	(0.4)	0.0	0.1
Income before income taxes	15.8	12.5	9.3
Provision for income taxes	6.5	5.1	3.4
Net income	9.3%	7.4%	5.9%

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Net sales for the twelve months ended December 31, 2000 were $124.7 million, an increase of 18.7% over the net sales of $105.1 million for the same period last year. Net income for 2000 was $11.6 million or $0.84 per share (basic) and $0.78 per share (diluted), compared to $7.7 million or $0.58 per share (basic) and $0.55 per share (diluted) for the same period last year.

Net sales in the Company's technology lines (subscription broadcasting, OEM and private label) in 2000 increased by $21.5 million, or 27.5%, to $99.7 million from $78.2 million in 1999. Net sales in the Company's technology lines were approximately 79.9% of net sales in 2000 compared to 74.4% in 1999. Sales to subscription broadcasting service providers and OEMs increased by $23.0 million, or 34.2%, from $67.2 million in 1999 to $90.2 million in 2000 principally due to the continued deployment of digital set top boxes by our U.S. cable customers, growth in the European satellite service market and increased demand in the US and European OEM markets. Private label sales decreased by $2.3 million, or 20.5%, from $11.0 million in 1999 to $8.7 million in 2000 due to decreased demand for products in 2000.

Net sales from the continuing retail lines (One For All(R) international retail, Eversafe and direct import) decreased $1.9 million, or 6.9%, from $26.9 million in 1999 to $25.0 million in 2000. Net sales from the continuing retail lines accounted for approximately 20.1% of total 2000 net sales compared to 25.6% in 1999. One For All(R) international retail sales decreased by $1.5 million, or 6.0%, from $24.9 million in 1999 to $23.4 million in 2000 due primarily to reduced orders from major retail customers in England and Germany, and the unfavorable effect of the loss in value of the European currencies against the U.S. dollar. Revenue in the Eversafe line of products decreased by $0.5 million, or 93.8%, from $563,000 in 1999 to $35,000 in 2000 as the Company discontinued the sale of product in this only remaining direct domestic retail line. Direct import sales increased by $0.2 million or 13.0% from $1.4 million in 1999 to $1.6 million in 2000. There were no retail sales from the discontinued North American Retail business line during 2000 and 1999.

Gross profit was $51.6 million in 2000 as compared to $43.4 million in 1999, or 41.3% of net sales in both years.

Selling, general and administrative expenses increased to $33.3 million in 2000, compared to $30.4 million in 1999. As a percentage of net sales, selling, general and administrative expenses improved to 26.7% in 2000 compared to 28.9% in 1999. The increase was attributable to increased delivery and freight expenses, increased payroll and bonus-related costs, and increased professional fees, partially offset by reduced bad debt and telephone expenses. Delivery and freight expenses increased $1.4 million, from $1.5 million in 1999 to $2.9 million in 2000, primarily due to higher sales volumes and increased use of air shipments to meet customer demand. Employee payroll, bonus, and related fringe costs were $14.7 million in 2000 compared to $12.7 million in 1999, an increase of $2.0 million, principally due to additional hiring of personnel in technology development and sales as well as higher management bonuses and employee profit sharing payments based on the Company's stronger performance in 2000. Professional fees primarily associated with the Company's corporate development activity including acquisitions and evaluation of acquisition candidates resulted in an increase of $0.8 million to $1.7 million in 2000 compared to $0.9 million in 1999. The Company recorded income of $0.5 million as an offset to bad debt expense to reflect the settlement and collection of an older U.S. retail receivable, previously fully reserved. Telephone costs decreased by $0.5 million in 2000 compared to 1999 due primarily to rate reductions as a result of increased provider competition and the implementation of more efficient telephone systems and consumer support programs.

Interest income increased by $0.8 million in 2000 to $0.9 million as compared to $0.1 million in 1999, primarily due to interest earned on higher accumulated cash balances in 2000.

Other income increased by $457,000 to $500,000 in 2000 compared to $43,000 in 1999. This increase is primarily attributable to the favorable settlement of foreign currency exchange agreements entered into by the Company to manage its exposure on cash flows arising from the devaluation of the European currencies against the U.S. dollar.

The Company recorded income tax expense of $8.1 million for the year ended 2000 compared to $5.4 million for the same period of 1999. The increase was due to improved results in 2000. The Company's effective tax rate was 41% for the years ended 2000 and 1999.

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 in 1998 (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 in 1998.

Net sales in the Company's technology lines (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 lines 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 that customer was acquired by a third party. Excluding sales to that customer, 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 lines (One For All(R) international retail, Eversafe(R) 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 lines. Net sales from the continuing retail lines 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 retail 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 in 1998. 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 product lines, 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 product lines 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 $0.4 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 $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.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of funds are its operations and bank credit facility. Cash provided by operating activities for 2000 was $11.4 million as compared to cash provided by operating activities during 1999 of $17.5 million and $9.7 million during 1998. The decrease in cash flow from operating activities during 2000 is principally due to increases in accounts receivable and inventory balances at year end due to the increased sales levels.

On October 23, 1998, the Company entered into a $15 million revolving credit agreement with Bank of America National Trust and Savings Association ("B of A"), which was amended on September 19, 2000 (the "Agreement"). Under the 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, 2000 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 7.81%. 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, 2000, the applicable margin 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 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, 2000, no amounts were outstanding under this credit facility. The Company had no outstanding import letters of credit as of December 31, 2000.

Open market purchases of the Company's common stock under a program announced in 1996 amounted to zero in 2000 and 1999 and approximately $3.5 million during 1998. 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 2000, the Company received proceeds of approximately $0.6 million from the exercise of stock options granted to the Company's current and former employees, as compared to approximately $3.0 million in 1999 and $1.5 million in 1998.

Capital expenditures in 2000, 1999, and 1998 were approximately $2.8 million, $1.4 million and $2.4 million, respectively. Annual capital expenditures relate primarily to acquiring product tooling each year and relocating the Company's headquarters from Twinsburg, Ohio to Cypress, California during 1998.

On August 25, 2000, the Company completed its acquisition of a remote control distributor in France for approximately $1.8 million, of which $1.5 million was paid during 2000. The remaining amount will be paid in installments through the end of 2002.

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. At December 31, 2000, the Company had $58.3 million of working capital compared to $45.5 million and $26.9 million at December 31,1999 and 1998, respectively. 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 31,2000.

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 2001, however, there can be no assurances that this will occur.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133 "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 1999, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet, measured at fair value. Gains and losses resulting from changes in the values of those derivatives would be accounted for as either components of earnings or accumulated other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting. Derivatives that are not hedges must be adjusted to fair value through earnings. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," which defers the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of FASB Statement No. 133," which amends the accounting and reporting standards of SFAS 133. Adoption of these new accounting pronouncements is not expected to have a material effect on the Company's consolidated financial statements.

In December 1999, the Securities and Exchange Commission released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which was amended by SAB No. 101A in March 2000 and SAB No. 101B in June 2000. SAB No. 101A and SAB No. 101B delayed the implementation date of SAB No. 101. SAB No. 101, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements, was adopted in the fourth quarter of 2000. The adoption did not have a material impact on the Company's consolidated financial statements.

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 on 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 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 a majority 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 that 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. During 2000, the Company had three customers that acquired more than ten percent of the Company's products and the loss of any 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. In the fourth quarter of 2000, the Company filed lawsuits against four separate companies claiming that each of the four companies is infringing certain of the Company's patents. In these actions, the Company is seeking money damages and injunctive relief. 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, including the four matters discussed in this Annual Report on Form 10-K, 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.

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 effect 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 effects of conducting its business abroad, no assurance can be made that the Company will be successful in minimizing any such effects.

OUTLOOK

The Company's focus in 2001 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 product lines. In addition, the Company will increase its focus on diversifying product lines and 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 2001 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 2001, 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, 2000, 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, 2000 was 7.81%. The Company has wholly owned subsidiaries in the Netherlands, United Kingdom, Germany, France, Argentina and Spain. Sales from these operations are typically denominated in local currencies including Euros, Dutch Guilders, British Pounds, German Marks, French Francs, Argentine Pesos 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 that affect cash flows. The Company had a number of forward exchange contracts outstanding at December 31, 2000 with an aggregate notional value of approximately $5.1 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, 2000, 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 effect.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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 Shareholders 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, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents 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 of America, 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 our opinion.

PricewaterhouseCoopers LLP

Orange County, California
January 22, 2001

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,808,716	$ 13,286,219
Accounts receivable, net	38,139,721	27,932,794
Inventories	18,847,336	13,493,813
Prepaid expenses and other current assets	1,111,387	1,887,367
Deferred income taxes	2,665,801	3,906,102
Total current assets	81,572,961	60,506,295
Equipment, furniture and fixtures, net	3,925,900	3,696,906
Goodwill and other intangible assets, net	6,898,074	6,264,603
Other assets	726,923	1,661,867
Deferred income taxes	642,200	1,621,795
Total assets	$ 93,766,058	$ 73,751,466
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,845,860	$ 8,824,212
Accrued income taxes	3,617,249	793,902
Accrued compensation	3,036,927	1,928,110
Other accrued taxes	292,709	830,953
Other accrued expenses	3,456,726	2,623,271
Total current liabilities	23,249,471	15,000,448
Notes payable	163,245	239,821
Total liabilities	23,412,716	15,240,269
Commitments and contingencies (note 16)		
Stockholders' equity:		
Preferred stock, $.01 par value, 5,000,000 shares authorized; none issued or outstanding	--	--
Common stock, $.01 par value, 50,000,000 shares authorized; 15,429,584 and 15,317,304 shares issued at December 31, 2000 and 1999, respectively	154,296	153,173
Paid-in capital	64,937,078	64,299,603
Accumulated other comprehensive income	(705,957)	(236,778)
Retained earnings	12,687,392	1,086,760
Unamortized value of restricted stock grants	(29,260)	(83,117)
	77,043,549	65,219,641
Less cost of common stock in treasury, 1,647,892 and 1,652,384 shares in 2000 and 1999, respectively	6,690,207	6,708,444
Total stockholders' equity	70,353,342	58,511,197
Total liabilities and stockholders' equity	$ 93,766,058	$ 73,751,466

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

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED INCOME STATEMENTS

	Year Ended December 31, 2000	1999	1998
Net sales			
On-going business	$ 124,739,877	$ 105,091,183	$ 89,035,707
Discontinued North American Retail business	--	--	7,086,912
	124,739,877	105,091,183	96,122,619
Cost of sales			
On-going business	73,167,971	61,714,724	52,717,177
Discontinued North American Retail business	--	--	7,161,912
	73,167,971	61,714,724	59,879,089
Gross profit	51,571,906	43,376,459	36,243,530
Selling, general and administrative expenses	33,330,047	30,408,321	26,738,845
Operating income	18,241,859	12,968,138	9,504,685
Interest expense (income), net	(920,520)	(107,594)	455,577
Other expense (income), net	(499,709)	(43,051)	100,355
Income before income taxes	19,662,088	13,118,783	8,948,753
Provision for income taxes	8,061,456	5,378,701	3,311,103
Net income	$ 11,600,632	$ 7,740,082	$ 5,637,650
Net income per share:			
Basic	$ 0.84	$ 0.58	$ 0.44
Diluted	$ 0.78	$ 0.55	$ 0.43
Weighted average common stock Outstanding:			
Basic	13,742,635	13,311,594	12,772,796
Diluted	14,941,153	14,126,210	13,199,814

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

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Issued		Common Stock in Treasury			Accumulated Other	Retained Earnings/	Unamortized Value of Restricted	
	Shares	Amount	Shares	Amount	Paid in Capital	Comprehensive Income	(Accumulated Deficit)	Stock Grants	Totals
Balance at December 31, 1997	13,708,820	$ 137,088	(1,084,422)	$(3,271,117)	$54,385,496	$ (73,261)	$(12,290,972)	--	$38,887,234
Comprehensive income:									
Net income	--	--	--	--	--	--	5,637,650	--	5,637,650
Currency translation adjustment	--	--	--	--	--	(48,492)	--	--	(48,492)
Total comprehensive income	--	--	--	--	--	--	--	--	5,589,158
Additional shares issued for employee retirement plan	16,274	163	--	--	88,520	--	--	--	88,683
Issuance of warrant to customer	--	--	--	--	1,006,000	--	--	--	1,006,000
Stock options exercised	559,698	5,597	--	--	1,524,820	--	--	--	1,530,417
Purchase of treasury shares	--	--	(583,600)	(3,492,576)	--	--	--	--	(3,492,576)
Shares issued to Directors	--	--	8,812	27,537	22,332	--	--	--	49,869
Shares issued in connection with business acquired	168,422	1,684	--	--	872,005	--	--	--	873,689
Balance at December 31, 1998	14,453,214	144,532	(1,659,210)	(6,736,156)	57,899,173	(121,753)	(6,653,322)	--	44,532,474
Comprehensive income:									
Net income	--	--	--	--	--	--	7,740,082	--	7,740,082
Currency translation adjustment	--	--	--	--	--	(115,025)	--	--	(115,025)
Total comprehensive income	--	--	--	--	--	--	--	--	7,625,057
Additional shares issued for employee retirement plan	20,222	202	--	--	194,719	--	--	--	194,921
Stock options exercised	835,918	8,359	--	--	3,027,862	--	--	--	3,036,221
Shares issued to Directors	--	--	6,826	27,712	23,313	--	--	--	51,025
Restricted stock grants	7,950	80	--	--	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
Balance at December 31, 1999	15,317,304	153,173	(1,652,384)	(6,708,444)	64,299,603	(236,778)	1,086,760	(83,117)	58,511,197
Comprehensive income:									
Net income	--	--	--	--	--	--	11,600,632	--	11,600,632
Currency translation adjustment	--	--	--	--	--	(469,179)	--	--	(469,179)
Total comprehensive income									11,131,453
Additional shares issued for employee retirement plan	14,216	142	--	--	293,230	--	--	--	293,372
Stock options exercised	97,864	979	--	--	591,096	--	--	--	592,075
Shares issued to Directors	--	--	4,492	18,237	76,342	--	--	--	94,579
Restricted stock grants	200	2	--	--	4,398	--	--	53,857	58,257
Income tax benefit related to the exercise of non-qualified stock options	--	--	--	--	477,206	--	--	--	477,206
Adjustment to fair value of warrant issued to a customer	--	--	--	--	(804,797)	--	--	--	(804,797)
Balance at December 31, 2000	15,429,584	$ 154,296	(1,647,892)	$(6,690,207)	$64,937,078	$(705,957)	$ 12,687,392	$ (29,260)	$70,353,342

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

UNIVERSAL ELECTRONICS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2000	1999	1998
Cash provided by operating activities:			
Net income	$ 11,600,632	$ 7,740,082	$ 5,637,650
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,784,586	3,616,267	2,600,514
Provision for doubtful accounts	(91,493)	1,504,275	342,661
Deferred income taxes	2,697,102	4,253,354	2,944,948
Other	446,209	246,914	138,552
Changes in operating assets and liabilities:			
Accounts receivable	(10,964,373)	(5,518,015)	2,067,594
Inventory	(4,993,472)	1,340,245	1,805,336
Prepaid expenses and other assets	861,258	(369,755)	(841,762)
Accounts payable and accrued expenses	5,798,588	3,808,594	(1,258,126)
Accrued restructuring expense	--	--	(3,928,933)
Accrued income and other taxes	2,300,898	853,731	230,766
Net cash provided by operating activities	11,439,935	17,475,692	9,739,200
Cash used for investing activities:			
Acquisition of fixed assets	(2,751,440)	(1,441,601)	(2,395,498)
Sale of building and other assets	--	--	1,862,711
Payments for businesses acquired	(1,493,926)	(2,050,000)	(3,200,000)
Acquisition of intangible assets	(486,737)	(321,447)	(1,153,228)
Net cash used for investing activities	(4,732,103)	(3,813,048)	(4,886,015)
Cash provided by (used for) financing activities:			
Short-term bank borrowing	--	10,810,000	49,931,280
Short-term bank payments	--	(15,596,293)	(52,381,753)
Payments on note payable	(60,910)	--	--
Proceeds from stock options exercised	592,075	3,036,221	1,530,417
Treasury stock purchased	--	--	(3,492,576)
Net cash provided by (used for) financing activities	531,165	(1,750,072)	(4,412,632)
Effect of exchange rate changes on cash	283,500	(115,025)	(48,492)
Net increase in cash and cash equivalents	7,522,497	11,797,547	392,061
Cash and cash equivalents at beginning of year	13,286,219	1,488,672	1,096,611
Cash and cash equivalents at end of year	$ 20,808,716	$ 13,286,219	$ 1,488,672

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. The Company continues 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 when title transfers and risks of ownership are passed to the customer. For the majority of the Company's sales, this occurs when products are shipped. The company provides allowances for estimated product returns and for sales promotions and discounts in the same period as the related revenues.

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, "Accumulated other comprehensive income."

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 seven years. Furniture and fixtures are depreciated over five to seven 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 ten 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, 2000, 1999, and 1998, accumulated amortization was $3,354,613, $2,098,780, and $962,178, respectively. Amortization expense was $1,262,141 $1,339,799, and $737,497 for the years ended December 31, 2000, 1999, and 1998, 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 different periods for financial statement purposes versus tax return purposes. 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 $2,764,000, $2,391,000,and $2,712,000 for the years ended December 31, 2000, 1999, and 1998, respectively.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $1,282,519, $1,263,344, and $1,511,065 for the years ended December 31,2000, 1999, and 1998, respectively.

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 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133 "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 1999, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet, measured at fair value. Gains and losses resulting from changes in the values of those derivatives would be accounted for as either components of earnings or accumulated other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting. Derivatives that are not hedges must be adjusted to fair value through earnings. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," which defers the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of FASB Statement No. 133," which amends the accounting and reporting standards of SFAS 133. Adoption of these new accounting pronouncements is not expected to have a material effect on the Company's consolidated financial statements.

In December 1999, the Securities and Exchange Commission released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which was amended by SAB No. 101A in March 2000 and SAB No. 101B in June 2000. SAB No. 101A and SAB No. 101B delayed the implementation date of SAB No. 101. SAB No. 101, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements, was adopted in the fourth quarter of 2000. The adoption did not have a material impact on the Company's consolidated financial statements.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, 2000.

NOTE 2 - ACQUISITIONS

On August 25, 2000, the Company completed its acquisition of a remote control distributor in France for approximately $1.8 million, of which $1,494,000 was paid during 2000. The remaining amount will be paid in installments through the end of 2002.

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 with $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 ten years.

Results of operations for the acquired entities are included in the Company's consolidated income statements from the date of acquisition. Pro forma results for 2000, 1999, and 1998, assuming the acquisitions had occurred at the beginning of each year previous to the acquisition date, would not have been materially different from the Company's historical results for the periods presented.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	DECEMBER 31,	
	2000	1999
Accounts receivable, gross	$ 39,819,821	$ 29,812,725
Allowance for doubtful accounts	(1,680,100)	(1,879,931)
	$ 38,139,721	$ 27,932,794

As of December 31, 2000, 1999 and 1998, accounts receivable for the Company's North American Retail business were $572,000, $678,000 and $2,011,000, respectively. Write-offs in 2000, 1999 and 1998 attributable to the accounts receivable for the Company's North American Retail business were $106,000, $1,226,000, and $1,320,000 respectively.

NOTE 4 - INVENTORIES

Inventories consist of the following:

	DECEMBER 31,	
	2000	1999
Components	$10,079,116	$ 5,710,349
Finished goods	8,768,220	7,783,464
	$18,847,336	$13,493,813

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.

NOTE 5 - EQUIPMENT, FURNITURE AND FIXTURES

Fixed assets consist of the following:

	DECEMBER 31,	
	2000	1999
Tooling	$ 5,781,477	$ 4,564,749
Equipment	4,703,982	4,214,863
Furniture and fixtures	926,193	762,343
Leasehold improvements	1,115,941	889,140
	12,527,593	10,431,095
Accumulated depreciation	(8,601,693)	(6,734,189)
	$ 3,925,900	$ 3,696,906

Depreciation expense was $2,522,445, $2,276,468, and $1,863,667 for the years ended December 31, 2000, 1999, and 1998, respectively.

NOTE 6 - REVOLVING CREDIT LINE

On October 23, 1998, the Company entered into a $15 million revolving credit agreement with Bank of America National Trust and Savings Association ("B of A"), which was amended on September 19, 2000 (the "Agreement"). Under the 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, 2000 and 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 7.81% and 7.08%, respectively. 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, 2000 and 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 which 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.

The Company had no amounts outstanding under the revolving credit facility and no import letters of credit outstanding at December 31, 2000 and 1999. Total interest paid was $0, $28,422 and $488,144 for the years ended December 31, 2000, 1999 and 1998, 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 or loss is recognized. The Company had a number of forward exchange contracts outstanding at December 31, 2000 with an aggregate notional value of approximately $5.1 million.

NOTE 8 - STOCKHOLDERS' EQUITY

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

During 2000 and 1999, no treasury stock was purchased by the Company. During 1998, 583,600 shares of common stock were purchased by the Company on the open market at an aggregate cost of approximately $3.5 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 2000, 1999, and 1998, 4,492, 6,826, and 8,812 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. In 1999, 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. During 2000, the value of the warrant was adjusted by approximately $805,000. 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. In 2000 and 1999, the customer failed to purchase the minimum requirement for these years and thus, has forfeited its right to acquire up to 400,000 shares of Company common stock and may not recoup such forfeited shares through the purchase of products in a subsequent year.

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 stockholders of record on January 10, 2000. Stockholders' 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 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 the award date. These awards have been recorded as a separate component of stockholders' equity. The carrying value of the restricted stock grants is being amortized over the two year vesting period. Amortization expense amounted to $53,857 and $24,596 in 2000 and 1999, respectively.

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 Standards 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 2000 net income and basic and diluted earnings per share would have been $9,818,172, $0.71 and $0.66, respectively. The Company's 1999 net income and basic and diluted earnings per share would have been $6,627,088, $0.50 and $0.47, respectively. The Company's 1998 net income and basic and diluted earnings per share would have been $5,080,578, $0.40 and $0.38, 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 2000, 1999, and 1998, respectively: risk-free interest rate of approximately 6.18%, 5.56%, and 5.28%; expected volatility of approximately 62.61%, 51.75%, and 45.26%; expected life of five years for 2000, 1999, and 1998; and the common stock will pay no dividends. The per share weighted average grant date fair values of the options granted in 2000, 1999, and 1998 was $11.35, $9.95, and $4.97.

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

	2000		1999		1998	
	Shares (000)	Weighted-Average Exercise Price	Shares (000)	Weighted-Average Exercise Price	Shares (000)	Weighted-Average Exercise Price
Outstanding at beginning of year	2,142	$7.89	1,688	$4.29	1,452	$3.18
Granted	484	19.93	1,352	9.58	804	5.22
Exercised	(98)	6.05	(836)	3.63	(560)	2.74
Expired and/or forfeited	(73)	9.41	(62)	4.31	(8)	3.47
Outstanding at end of year	2,455	$10.29	2,142	$7.89	1,688	$4.29
Options exercisable at year-end	749		181		788	

Significant option groups outstanding at December 31, 2000 and related weighted average price and life information follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding At 12/31/00	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable At 12/31/00	Weighted-Average Exercise Price
$2.09 to $3.84	87,500	5.88	$2.85	77,875	$2.84
4.97 to 5.94	588,250	7.37	5.17	294,750	5.17
6.19 to 12.00	1,293,968	8.48	9.58	376,535	9.32
13.00 to 22.78	485,000	9.57	19.92	250	13.00
$2.09 to $22.78	2,454,718	8.34	$10.33	749,410	$7.02

NOTE 10 - SIGNIFICANT CUSTOMERS AND SUPPLIERS

The Company had annual sales to two customers that individually exceeded 10% of total Company sales in each of the years ended December 31, 2000, 1999, and 1998. The sales to these customers amounted to $15.9 million and $13.6 million in 2000, $12.2 million and $10.8 million in 1999, and $11.8 million and $10.6 million in 1998. Trade receivables with the previously mentioned customers amounted to $7.0 million, $2.1 million, and $5.3 million at December 31, 2000, 1999, and 1998, 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 three, two, and three for 2000, 1999, and 1998, respectively. Additionally, the Company currently purchases a significant portion of its integrated circuit chips from two vendors.

NOTE 11 - LEASES

The Company leases office and warehouse space and certain office equipment under operating leases. Rental expense under operating leases was $900,849, $953,475, and $837,976, for the years ended December 31, 2000, 1999, and 1998, respectively.

The following summarizes future minimum non-cancelable operating lease payments at December 31, 2000:

Year ending December 31:	AMOUNT
2001	$747,766
2002	572,703
2003	119,316
2004	16,669
2005 and beyond	7,297
Total lease commitments	$1,463,751

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 year ended December 31, 1998 and the expense for the year amounted to $123,332. The Company's match was increased from 25% to 50% of participants' contributions effective April 22, 1999 and the expense recorded for the years ended December 31, 2000 and 1999 amounted to $292,388 and $200,236, respectively. The Company's match in 2000, 1999, and 1998 was in the form of newly issued shares of common stock of the Company.

NOTE 13 - INCOME TAXES

In 2000, 1999, and 1998, pretax income was attributed to the following jurisdictions:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Domestic operations	$19,393,318	$13,032,767	$ 8,210,501
Foreign operations	268,770	86,016	738,252
Total	$19,662,088	$13,118,783	$ 8,948,753

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

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Current tax expense:			
U.S. federal	$4,060,306	$3,458,002	$ --
State and local	1,687,181	685,003	114,999
Foreign	94,073	29,245	251,156
Total current	5,841,560	4,172,250	366,155
Deferred tax expense:			
U.S. federal	2,205,254	1,004,848	2,521,779
State and local	14,642	201,603	423,169
Foreign	--	--	--
Total deferred	2,219,896	1,206,451	2,944,948
Total provision	$8,061,456	$5,378,701	$3,311,103

The Company made income tax payments of $2,578,766, $726,857 and $75,414 in 2000, 1999 and 1998, respectively.

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

	2000	1999	1998
Capitalized packaging costs	$ 18,446	$ 37,188	$ 72,365
Advertising allowance	12,033	38,935	41,570
Inventory reserves	1,043,041	660,310	256,441
Allowance for doubtful accounts	609,913	738,390	256,440
Sales return reserve	60,742	64,882	57,885
Capitalized inventory costs	310,507	218,855	259,983
NOL and credit carry forwards	--	2,983,469	6,278,675
Amortization of intangibles	537,593	421,701	183,825
State Taxes	321,133	78,106	--
Other	433,131	471,457	50,768
Gross deferred tax assets	3,346,539	5,713,293	7,457,952
Depreciation	(38,538)	(185,396)	(723,604)
Gross deferred tax liabilities	(38,538)	(185,396)	(723,604)
Less valuation allowance	--	--	--
	$ 3,308,001	$ 5,527,897	$ 6,734,348

In management's opinion, future taxable income will be sufficient to utilize the tax benefit recognized as deferred tax assets.

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,		
	2000	1999	1998
Tax provision at statutory U.S. rate	$ 6,882,000	$ 4,460,386	$ 3,042,704
Increase (decrease) in tax provision resulting from:			
State and local taxes, net	1,150,860	782,280	423,169
Nondeductible items	22,777	28,763	28,763
Reduction in valuation allowance	--	--	(174,199)
Other	5,819	107,272	(9,334)
Tax provision as above	$ 8,061,456	$ 5,378,701	$ 3,311,103

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 - EARNINGS PER SHARE

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

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	Year Ended		
	December 31, 2000	December 31, 1999	December 31, 1998
BASIC			
Net Income	$11,601	$ 7,740	$ 5,638
Weighted-average common shares outstanding	13,743	13,312	12,773
Basic earnings per share	$ 0.84	$ 0.58	$ 0.44
DILUTED			
Net Income	$11,601	$ 7,740	$ 5,638
Weighted-average common shares outstanding for basic	13,743	13,312	12,773
Dilutive effect of stock options and restricted stock	1,198	814	427
Weighted-average common shares outstanding on a diluted basis	14,941	14,126	13,200
Diluted earnings per share	$ 0.78	$ 0.55	$ 0.43

NOTE 15 - BUSINESS SEGMENTS AND FOREIGN OPERATIONS

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

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

	2000	1999	1998
Net Sales			
United States	$ 82,292,109	$ 70,067,412	$ 70,667,968
Netherlands	19,013,186	10,118,979	3,822,568
United Kingdom	7,511,173	8,889,076	8,807,684
Germany	5,227,083	6,467,420	5,865,240
All Other	10,696,326	9,548,296	6,959,159
Total Net Sales	$124,739,877	$105,091,183	$ 96,122,619
Identifiable Assets			
United States	$ 6,590,934	$ 7,617,945	$ 8,344,489
All Other Countries	4,959,963	4,005,430	3,801,234
Total Identifiable Assets	$ 11,550,897	$ 11,623,375	$ 12,145,723

Specific identification was the basis used for attributing revenues from external customers to individual countries. Foreign currency exchange gains (losses) of $512,623, $30,344, and $(97,066) were included in the determination of net income for the years ended December 31, 2000, 1999, and 1998, respectively.

NOTE 16 - 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 17 - 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 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). The restructuring was completed during 1998.

NOTE 18 - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for the years ended December 31, 2000, 1999, and 1998.

	2000			
	MARCH 31,	JUNE 30,	SEPTEMBER 30,	DECEMBER 31,
Net Sales	$22,664,092	$28,291,338	$34,979,256	$38,805,191
Gross profit	9,678,066	11,454,242	14,277,627	16,161,971
Operating income	1,536,816	3,290,726	5,638,890	7,775,427
Net income	$ 1,034,435	$ 2,144,411	$ 3,638,428	$ 4,783,358
Net income per share:				
Basic	$ 0.08	$ 0.16	$ 0.26	$ 0.35
Diluted	$ 0.07	$ 0.14	$ 0.24	$ 0.33
Weighted average common stock outstanding:				
Basic	13,695,000	13,743,000	13,759,000	13,776,000
Diluted	15,063,000	15,066,000	15,112,000	14,526,000

	1999			
	MARCH 31,	JUNE 30,	SEPTEMBER 30,	DECEMBER 31,
Net sales	$20,941,528	$22,756,972	$28,115,949	$33,276,734
Gross profit	8,282,374	9,167,183	11,787,577	14,139,324
Operating income	831,221	2,021,426	3,852,979	6,262,512
Net income	$ 448,763	$ 1,199,413	$ 2,338,057	$ 3,753,849
Net income per share:				
Basic	$ 0.03	$ 0.09	$ 0.17	$ 0.28
Diluted	$ 0.03	$ 0.08	$ 0.16	$ 0.26
Weighted average common stock outstanding:				
Basic	12,997,000	13,262,000	13,446,000	13,537,000
Diluted	13,402,000	14,112,000	14,299,000	14,667,000

	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	--
Gross profit (loss)	22,932,318	24,718,920	24,016,035	24,455,346
On-going business	7,249,639	9,073,208	9,567,461	10,428,222
Discontinued North American Retail business	--	--	(75,000)	--
	7,249,639	9,073,208	9,492,461	10,428,222
Operating income	646,875	2,116,671	2,655,658	4,085,481
Net income	$ 343,903	$ 1,313,777	$ 1,609,322	$ 2,370,648
Net income per share:				
Basic	$ 0.03	$ 0.10	$ 0.12	$ 0.18
Diluted	$ 0.03	$ 0.10	$ 0.12	$ 0.18
Weighted average common stock outstanding:				
Basic	12,676,000	12,732,000	12,876,000	12,836,000
Diluted	13,300,000	13,446,000	13,384,000	13,162,000

There were no sales or cost of sales associated with the discontinued North American Retail business in the years ended December 31, 2000 and 1999.

UNIVERSAL ELECTRONICS INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999, AND 1998

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, 2000	$1,879,931	$ (91,493)	$ 108,338	$1,680,100
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

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 2001 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 2001 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 2001 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 2001 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 46 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, 2000.

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 28th day of March, 2001.

UNIVERSAL ELECTRONICS INC.

By:/s/Paul D. Arling

Paul D. Arling
President 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 28th day of March, 2001, by the following persons in the capacities indicated.

NAME & TITLE	SIGNATURE
Paul D. Arling President, Chief Executive Officer and Director (Principal Executive Officer)	/s/Paul D. Arling
Camille Jayne Executive Chairman and Director	/s/Camille Jayne
Mark Belzowski Vice President, Chief Financial Officer and Treasurer (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 (Incorporated by reference to Exhibit 2.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 filed on March 30,2000 (File No. 0-21044)
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	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))
10.3	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))
10.4	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))
10.5	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))

EXHIBIT NUMBER	DOCUMENT DESCRIPTION
10.6	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 filed on April 1, 1996 (File No. 0-21044))
10.7	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))
10.8	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))
*10.9	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))
*10.10	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))
*10.11	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))
10.12	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))
*10.13	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))
*10.14	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))
*10.15	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))
*10.16	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
10.17	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))
10.18	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))
10.19	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))
*10.20	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))
*10.21	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))
10.22	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))
10.23	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))
10.24	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))
10.25	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))
10.26	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))
10.27	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 ended December 31, 1998 filed on March 31, 1999 (File No. 0-21044))

EXHIBIT NUMBER	DOCUMENT DESCRIPTION
10.28	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))
10.29	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))
10.30	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))
10.31	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))
10.32	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))
10.33	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))
*10.34	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))
*10.35	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))
*10.36	Form of Salary Continuation Agreement by and between Universal Electronics Inc. and certain employees (Incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 filed on March 30, 2000 (File No. 0-21044))
*10.37	Form of Universal Electronics Inc. 1999A Nonqualified Stock Plan effective October 7, 1999 and subsequently amended February 1, 2000 (Incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 filed on March 30,2000 (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. 1999A Nonqualified Stock Plan (Incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 filed on March 30, 2000 (File No. 0-21044))

EXHIBIT NUMBER	DOCUMENT DESCRIPTION
10.39	First Amendment to Revolving Loan and Security Agreement dated September 19, 2000 by and between Universal Electronics Inc. and Bank of America, N.A. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 filed on November 14, 2000 (File No. 0-21044))
*10.40	Executive Officer Employment Agreement dated October 27, 2000 by and between Universal Electronics Inc. and Camille Jayne (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 filed on November 14, 2000 (File No. 0-21044))
*10.41	Nonqualified Stock Option Agreement dated August 24, 2000 by and between Universal Electronics Inc. and Camille K. Jayne (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 filed on November 14, 2000 (File No. 0-21044))
*10.42	Form of First Amendment to Stock Option Agreement dated October 27, 2000 by and between Universal Electronics Inc. and Camille K. Jayne (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 filed on November 14, 2000 (File No. 0-21044))
*10.43	Executive Officer Employment Agreement dated October 27, 2000 by and between Universal Electronics Inc. and Paul D. Arling (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 filed on November 14, 2000 (File No. 0-21044))
10.44	Purchase Agreement dated August 25, 2000 by and between Universal Electronics BV, a wholly owned subsidiary of Universal Electronics Inc. and DAM Company (filed herewith)
21.1	List of Subsidiaries of the Registrant (filed herewith)
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith)
24.1	Power of Attorney (filed as part of the signature page hereto)

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

Exhibit 21.1

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)

One For All Argentina S.R.L. (organized under the laws of Argentina)

One For All France S.A.S. (organized under the laws of France)

Exhibit 23.1

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, No. 333-95715 filed on January 31, 2000, and No. 333-47378 filed on October 5, 2000 of Universal Electronics Inc. of our report dated January 22, 2001, relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

Orange County, California
March 28, 2001

Exhibit 10.44

PURCHASE AGREEMENT

ARTICLE 1 - DEFINITIONS

In the framework of this agreement, the terms used hereinafter shall have the following meanings:

ACTIVITY means the activity of distributing "One For All" products manufactured by the Universal Electronics Inc. company, conducted by the Transferor. From time to time, the activity as is stipulated herein shall mean exclusively of _____________ also conducted by the Transferor.

BUSINESS means the business involving the distribution of One For All products manufactured by Universal Electronics Inc., as run by the Transferor, including intangible and tangible assets as defined in ARTICLE 2 hereinbelow.

COMPLETION DATE means the date when the transfer, assignment of property and rights of the Business is final. The Completion Date is set at the date of execution of this business transfer agreement.

ESCROW means the Bank NSM located ______________ avenue Hoche in Paris (75008), which will fulfil the role of escrow as defined in ARTICLE 6 of this business transfer agreement.

PREMISES means those premises in which the business is run, located __________ in Fontainebleau (77300), ______________ (to be stipulated), representing a surface area of ______________ square meters.

ARTICLE 2 - BUSINESS TRANSFER - DESIGNATION

DAM hereby transfers the Business, with all the assets and property defined herein, to Universal Electronics France which accepts, under the conditions set forth herein. ______________ moreover, undertakes to fulfill all the de facto and de jure guarantees. The transfer of ownership and use of the Business shall take ipso jure effect this day.

The Business hereby transferred includes the following tangible and intangible assets:

- the clientele and related goodwill;

- the benefits of any contracts and agreements related to contracts concluded with the Business running as defined in SCHEDULE 7;

- the merchandise on stock in the Business, as inventoried by both the Transferor and the Transferee on 24/8/00 defined in SCHEDULE 2;

- [the machinery and office equipment necessary to the running of the Business including the tools of the Firstline products and the tools for the Remote Control Protectors at bookvalue, as inventoried by both the Transferor and the Transferee on 24/8/00 defined in Schedule 1];

- -- the employment contracts concerning the personnel connected to the Business, as listed in Schedule 4, for which the Transferee shall be subrogated to all rights and obligations of Transferor as from the date of registration of the company One For All with the Trade and Companies Register. However, for practical purposes, the transferred employees shall be paid by the Transferee as of September 1 2000.

The Business as it presently stands, with all tangible and intangible assets defined hereabove, is an on-going concern and all the authorisations necessary for its continued activity have been obtained and are valid without any exceptions or reservations.

ARTICLE 3 - CONDITIONS

This Business transfer is consented and accepted under the usual de jure terms and conditions, namely as follows:

3.1 TRANSFEROR COMMITMENTS

- -- sign any additional clauses and assignments of agreements (and policies) presently in effect and connected to the running of the Business by the Transferee as from the Completion Date,

- -- cease any activity connected with the running of the Business at the Completion Date,

- -- expressly agree not to exercise the option of taking an interest in, operating, managing or participating in anyway whatsoever (whether as a representative, consultant, employee, corporate officer, or otherwise) directly or indirectly, on its own behalf or on behalf of any third party, company, grouping, association or any entity, in any activity which is directly or indirectly in competition with the running of the Business and/or with products related to the product range offered by Universal Electronics Inc. at Completion Date or known by the Transferor at Completion Date or during the period the Transferor acts as a free business consultant except for the products listed in Schedule 9, in France for a period of two (2) years as from the day of Completion Date, subject to damages which would be paid to Transferee or business successors and to the closing of the Business run in violation of this clause. As consideration for the non competition undertaking provided above, the Transferee will pay to the Transferor by way of a bank wire to the nominated account of the Transferor at completion Date a total amount of fifty thousand (50,000) Euros, i.e three hundred and twenty seven thousand nine hundred and seventy eight point give (327,978.5) Francs

- -- keep the corporate accounts available to Transferee for a period of three (3) years as from the Completion Date,

- -- bear any fees and expenses owing to the Escrow holding the price amount, possible duties for cancellation of pledges, or releases of mortgages or liens of any type, striking off of any registers, consignments and price allocation,

- -- bear prorata temporis the fraction of vacation pay due, end of the year bonuses, incentives, salaries, and more generally any amounts outstanding to be paid to employees in connection with the Business concerning the period prior to the

Completion Date, as well as payment of amounts which might be owing to employees after the Completion Date, as well as the related social security contributions, with said Transferee being authorised to offset these amounts concerned against the price for the transfer of the Business at the time of settlement of said price to Transferor.

3.2 FOR THE TRANSFEREE

- - [take at the Completion Date any furnishings or movable property, equipment and installations that make up the business as listed in SCHEDULE 1, in the state in which they are at the Completion Date,]

- - [take at the Completion Date, any merchandise making up the Business, a list of which is given in SCHEDULE 2, in the state in which it is found at Completion Date,]

- - continue and take in charge as from Completion Date, those contracts which have been transferred in connection with the running of the Business, (as well as any insurance policies which may have been taken out for the purposes of said Business); notwithstanding, however, provisions to the contrary, the Transferee in compliance with the July 12, 1930 law article 19 paragraph 2, retains the option of having the right to cancel the insurance policy or policies in progress providing it immediately subscribes to a new insurance policy with insurance companies of a financially sound reputation,

- - bear, as from Completion Date, all of the city and public order taxes to which the Business is subject, as well as pay any contributions of any kind incumbent upon that Business, and to be personally responsible for any gas, electric, water and telephone utilities contracts.

ARTICLE 4 - PRICE

4.1 TERMS AND CONDITIONS DEFINING THE BUSINESS TRANSFER PRICE

The Business transfer price, not including the merchandise related thereto represents a total amount of (one million eleven thousand two hundred and sixty five (1,011,265) Euros, i.e six million six hundred and thirty three thousand four hundred and sixty three point six (6,633,463.6) French francs, allocated as follows:

- - nine hundred and forty nine thousand four hundred and twenty one (949,421) Euros, i.e, six million two hundred and twenty seven thousand seven hundred and ninety three point fifty five (6,227,793.55) Francs for the intangible assets referred to in ARTICLE 2 hereinabove

- - sixty one thousand eight hundred and forty four (61,844) Euros, i.e four hundred and five thousand six hundred and seventy point zero five (405,670.05) francs for the tangible assets referred to in ARTICLE 2 hereinabove

[The transfer price of the merchandise that belongs to the Business represents a French Franc amount, taxes not included of FF 6.224.232,60].

The above mentioned price allocation is solely for the purpose of compliance with the provisions of article 1 of March 17, 1909 law and the Transferor and the Transferee covenant by mutual agreement that this price allocation shall under no circumstances give right to any consequence or claim regarding the valuation of the assets taken separately.

4.2 TERMS AND CONDITIONS FOR PAYMENT OF THE BUSINESS TRANSFER PRICE

(i) The transfer price of the intangible and tangible assets of the Business referred to in ARTICLE 2 hereinabove paid today by the Transferee to:

- the Escrow by way of bank wire, for an amount of five hundred thousand (500,000) Euros, i.e. three million two hundred and seventy nine thousand seven hundred and eighty five (3,279,785) French Francs, (hereinafter referred to as the "Portion of transfer price payable on account to the escrow")

- the Transferor's nominated account by way of a bank wire for an amount of one hundred and sixty one thousand two hundred and sixty five (161,265) Euros, i.e. one million fifty seven thousand eight hundred and twenty nine point one (1,057,829.1) French Francs,

The balance of the transfer price corresponding to the intangible assets [and tangible assets] of the Business, i.e. three hundred fifty thousand (350,000) Euros or two million two hundred and ninety five thousand eight hundred and forty nine point fifty (2,295,849.50) French Francs, will be paid by the Transferee to the Transferor according to the following terms and conditions:

- thirty seven thousand five hundred (37,500) Euros (i.e. two hundred and forty five thousand nine hundred and eighty four (245,984) French Francs) as at December 1, 2000, March 1, 2001, June 1, 2001 and September 1, 2001

- fifty thousand (50,000) Euros (i.e. three hundred twenty seven thousand nine hundred and seventy eight point fifty (327,978.50) French Francs) as at December 1, 2001, March 1, 2002, June 1, 2002 and September 1, 2002.

(ii) [The transfer price for the merchandise belonging to the Business referred to in ARTICLE 2 will be paid by the Transferee to the Transferor at Completion Date, after deduction of the amounts referred to in paragraph 3.1 [and, after off-setting of the amounts due by Transferor to Transferee by virtue of the "Receivables on Contracts in Progress].

ARTICLE 5 - REPRESENTATIONS AND WARRANTIES

5.1 THE TRANSFEROR REPRESENTS AND WARRANTS THAT:

Transferor represent and warrants to Transferee the following, with it being stipulated that the representations and warranties are an essential factor in the consent of the Transferee to the acquisition of the Business as defined in ARTICLE 2 herein above.

5.1.1 TRANSFEROR FINANCIAL POSITION

The corporate accounts of the DAM Company regarding the most recent financial year ended June 30, 1999, a copy of which is given in Schedule 6 have been established in conformity with the generally accepted accounting principles of France. These principles have been applied in an on-going manner. These accounts are an exact reflection of the actual financial position of the DAM Company at the closing of the most recent financial year.

The corporate accounts have been kept in compliance with standard practices and give an accurate account of the business financial standing; all of the financial information regarding the Business has been communicated to Transferee; this information has been prepared in compliance with the standard and acceptable trade and accounting practices and are neither incorrect nor likely to be misleading in any way.

At this time, the Transferor is not likely to be nor has said Transferor ever been in a state of default on payments, court ordered financial recovery or bankruptcy proceedings. Transferor has never been in a position of insolvency or inability to pay its debts and no court ordered receiver or negotiater has ever been appointed to manage the DAM company. There has been no "bankruptcy alert procedure", whether in application of the March 1, 1984 law or any other texts applicable intended to prevent financial difficulties for the DAM company, and the latter has never entered into nor is it about to enter into any such procedure.

5.1.2 BUSINESS OWNERSHIP

Transferor is the lawful owner, without contest, restriction, reservation or any obstacle whatsoever of the Business which it has created; Transferor represents and warrants that the Business has never been entrusted into a management lease situation and more generally that no third party has ever held any right whatsoever on the Business likely to enable such a third party to claim all or part of the ownership or the right to run the Business.

The Business has not been subject to any registration of pledge whatsoever as certified by the statement of preferential rank or any other type of lien obtained as of today from the clerk of the Montereau commercial court.

The transfer of the Business is not in contradiction with any of the obligations of the DAM company.

There is no prohibition of an administrative court or any other type to the running of the Business or its transfer.

More generally, there is nothing which is in opposition to the Transferee having unencumbered enjoyment of ownership of the Business as from Completion Date.

5.1.3 ASSETS MAKING UP THE BUSINESS

(i) EQUIPMENT AND FURNITURE

The equipment and furniture transferred under the terms of this agreement are free of any pledge, surety or restriction of use or of any other charge whatsoever.

(ii) [MERCHANDISE

The Business consists of merchandise in sufficient quantity and of good and marketable quality; this merchandise is not subject to any lien, pledge, preferential, rank and more generally to any surety; this merchandise may be used in the standard normal Business activities].

(iii) EMPLOYMENT CONTRACTS

There are no other employees contributing to the running of the Business other than those whose names and employment contracts are listed in SCHEDULE 4. In this respect, the Transferor shall expressly indemnify the Transferee for full damages which could be incurred in case of inaccuracy of this representation.

The employees connected to the Business are subject to the following collective bargaining agreement: Whole sale ("Commerce de gros").

With the exception of the application of the above mentioned collective bargaining agreement, the employees are not entitled to any specific benefits, whether in kind or on an exceptional basis, nor are they entitled to payment of any pensions or any other severance pay for departures due to any reasons whatsoever.

None of the employees connected to the Business have served notice of resignation nor have they received notice of dismissal, nor are there any dismissal proceedings being notified. There is no amount due to any of these employees by virtue of a dismissal or a resignation. Social security contributions owed by virtue of salaries paid to these employees have been duly paid in a timely manner.

(iv) CONTINUITY OF CONTRACTUAL RELATIONS

The transfer of the Business will have no impact on on-going contractual relations of the Business for which the Transferor guarantees namely to Transferee the free transfer thereof, to the latter's benefit.

Any trade transactions have been made by the Transferor under normal operating conditions of the Business at ARM'S LENGTH, without any illicit discrimination.

No contracts have been entered into in connection with the running of the Business other than those listed in SCHEDULE 7.

(v) INSURANCE POLICIES

The running of the Business is sufficiently and appropriately insured with an insurance company having a reputation of solvency covering the property making up the Business and the risks to which the Business may be exposed as well as the employees related thereto namely as regards civil liability. A list of the insurance policies is given in SCHEDULE 8.

Transferor is up to date in payment of all premiums and has complied with all formalities required for these insurance policies. These policies are in conformity with the provisions of the lease indicated in SCHEDULE 8.

The running of the Business has not been subject to any loss of a nature such that it would entail a slowing down of the normal continuance of business activity, or entail a material increase of premiums or excess deductible amounts.

(vi) DISPUTES

Running of the Business has not given rise to any court cases, litigation, disputes or arbitration, whether as plaintiff or defendant [with the exception of a case with (i) the AUCHAN company described in SCHEDULE ___ for which Transferor undertakes to be fully responsible regarding all costs in connection with the follow-up of this case as well as make payment for any amounts which would be owed by the Transferee as a result of this dispute] and (ii) M6/Australian for which the outcome will be respected by both parties except for the part of the court decision for expenses allowance which will be 100% for the benefit of the Transferee since he has paid all the expenses for legal advise.

There is no procedure, action, or any claim of any nature whatsoever, nor is there about to be any such event by virtue of the running of the Business by the Transferor, action against the Transferor, or against any party whose action would be likely to involve the liability of the Transferor. There is no likelihood of any such action, procedure or claim taking place.

(vii) LEASE

The lease indicated in SCHEDULE 3, which namely concerns the Premises has been amended by a rider dated 18/8/00, which is indicated in SCHEDULE 3 to this Business Transfer Agreement, in order to exclude said Premises from the lease as from the Completion Date. Therefore, at this time, the Transferor is no longer bound by any lease whatsoever with regard to the Premises.

(viii) TAX REGULATIONS

All taxes, contributions, duties and other legal charges or contractual charges regarding the running of the Business by the Transferor have been fully paid by said Transferor.

5.2 TRANSFEREE REPRESENTATIONS AND WARRANTIES

The Transferee represents and warrants the following:

(i) The Transferee represents that all of the conditions for qualified running of the business have been fulfilled.

(ii) The Transferee has never been subject to any court sentence or civil suit sanctions of a nature that would prohibit the running of the Business.

(iii) The Transferee shall be solely responsible all for contracts and insurance policies related to the Business as from the Completion Date such that the Transferor shall be held harmless.

(iv) The Transferee will pay all the direct and indirect charges of its running of the Business as from the Completion Date. In particular, said Transferee will pay as from said date the taxes, duties, contributions, business licence fees and other charges of any nature whatsoever related to the running of the Business which could arise as from the Completion Date.

5.3 REPRESENTATIONS ACCORDING TO THE JUNE 29, 1935 LAW (ARTICLE 12)

The Transferor represents as follows in compliance with the June 29, 1935 law:

(i) ORIGIN OF TITLE

The Transferor represents that it is the owner of the Business and had created it as of October 19, 1992, date when it entered into an agreement with Universal Electronics Inc. concerning exclusive distribution of products for the French territory.

(ii) LEASE

It is pointed out that the Premises are no longer the subject of any lease granted to Transferor.

The Premises where necessary will be the subject of the new lease to be granted by DAM SA company to the benefit of the Transferee.

(iii) TURNOVER AND TRADING PROFITS

The Transferor represents that as regards turnover and trading profits, and according to tax returns and accounting documents submitted, the turnover for the running of the Business has been for the preceding three financial years:

- - Financial year ended on June 30, 1998: 23,991,337 FRF
- - Financial year ended on June 30, 1999: 19,106,177 FRF
- - Financial year ended on June 30, 2000: 21,400,000 FRF

From July 1, 2000 to the Completion Date: 2,768,000 FRF

Trading profits realised during the same period represent:

- - Financial year ended on June 30, 1998: 2,445,423 FRF
- - Financial year ended on June 30, 1999: 2,344,801 FRF
- - Financial year ended on June 30, 2000: 2,380,000 FRF

From July 1, 2000 to the Completion Date: 304,480 FRF

The parties hereby review and approve all of the accounting documents for the preceding three financial years as well as the inventory which has been drawn up and for which each of the parties represents having a copy.

ARTICLE 6 - ESCROW

The Portion of the Price Payable on Account to the Escrow has been paid today by the Transferee to the Escrow by bank wire for an amount of five hundred thousand (500,000)

Euros, i.e. three million two hundred and seventy nine thousand seven hundred and eighty five (3,279,785) French Francs to the order of the Escrow.

The Parties acknowledge that the total amount of interests generated by the Portion of the Price Payable on Account to the Escrow will be paid by the Escrow to the Transferor at the end of the period for any creditor opposition to the transfer.

The Portion of the Price Payable on Account to the Escrow cannot be paid by the Escrow to the Transferor without the presence and cooperation of the Transferee and this cannot take place until the end of the period for any creditor opposition to the transfer and upon substantiating documents submitted by the Transferor regarding:

1. the striking off from of any records of encumbrances on the Business,

2. the withdrawal of any oppositions which may have been made,

3. the payment of any direct and indirect taxes which could be owing by the Transferor prior to or because of the transfer of the Business,

4. the settlement of any amounts which could be owing to the URSSAF, the ASSEDIC by the Transferor and, more generally, to any agencies responsible for the collection of taxes and other specific taxes,

   all in such a way that the Transferee is held harmless at all times from any court action taken by possible creditors of Transferor and is not subject in any way to any prejudice in the running of the Business.

The Transferor and the Transferee entrust the Escrow with the irrevocable assignment of settling any outstanding payments owed to creditors of the Transferor, after the end of the period for opposition and according to the rank conferred upon them by law, except for unsettled claims with Universal Electronics Inc. company or any related companies in connection with the previous distribution agreement.

In case of insufficient amount to pay creditors of a preferential rank who may have opposed the transfer and after failure to reach an out of court settlement regarding the price allocation, failing the parties being able to do so, at the end of a period of 3 months as provided by article 19 of the June 29, 1935 law, the Escrow will be able to petition the presiding judge of the court of commerce for an interim decision under a summary proceeding, to be released from the assignment of Escrow into the hands of whomsoever it shall concern.

ARTICLE 7 -- PRICE ALLOCATION

The Escrow will be released from its assignment:

(i) if there are no creditors:

   by making payment of the price to the Transferor, at the end of the legal period for creditor oppositions and after submission by said Transferor of substantiating documents proving payments of the taxes owed by the latter as indicated herein above.

(ii) if there are creditors:

- -   either by settlement of their respective debts, in conformity with the law, and payment to Transferor of the available balance,

- -   or by the payment of the amount, held in escrow, into the hands of the party appointed by the presiding judge ruling under the summary proceeding, accounting to the conditions stipulated herein above.

The fees for the Escrow and possibly for the price allocation shall be at the charge of the Transferor and calculated according to the method which follows:

- -   escrow fees:

- -   allocation fees:

ARTICLE - FORMALITIES

The Transferee shall ensure that the legal announcement and registration formalities resulting from the establishment of this agreement are carried out within the legal time period set forth, under the March 17, 1909 law.

If the carrying out of the legal announcement formalities reveals any restrictions and/or oppositions on the Business or regarding the price of this transfer made by claimants, then the Transferor shall undertake to bear all the charges necessary to withdraw said oppositions within a thirty (30) day period following receipt of such oppositions served to its elected domiciliation as indicated herein below.

ARTICLE 9 - WAIVER WITH REGARD TO THE PARTY DRAFTING THIS DOCUMENT

The parties acknowledge that they have not asked the party drafting this Business Transfer Agreement to verify the accuracy of the representations made by the Transferor according to the terms of this agreement and in this respect, they release the party drafting this agreement from any liability by virtue of other facts which may arise subsequent to this agreement regardless of their nature and their scope.

ARTICLE 10 -- DECLARATION OF SINCERITY

The Parties have been informed by the party drafting this agreement and acknowledge that they are aware of sanctions applicable in case of inaccurate on intentionally misleading information regarding transfer prices, or regarding wrongful representation of sincerity or of the State's preemptive right on Business assets sold.

The Transferor and Transferee represent and warrant, under penalties provided by article 1938 of the French tax code and by article 8 of the law of April 8,1915 that this transfer agreement stipulates the total amount of the agreed price at the Date of Completion.

ARTICLE 11 -- VAT REGISTRATION

The parties require registration of this Business Transfer Agreement.

For the purposes of registration, it is stipulated that to the knowledge of the Transferor, there is no liability in connection with the financing of the assets transferred.

The Transferee undertakes to subject all future transfers of assets to VAT tax and to perform, as necessary all formalities provided under articles 210 and 215 of Annex II of the French Tax Code as would have been required if the Transferor had continued to use such assets.

ARTICLE 12 -- ONE FOR ALL MERCHANDISE NOT TRANSFERRED TO THE TRANSFEREE

The parties acknowledge that the One For All merchandise, listed hereafter, which were not transferred by the Transferor in the framework of this business transfer agreement and thereby remaining the property of the Transferor, may only be transferred to the current clients of the Business after notification to the Transferee in case this could affect the relationship between clients and the Transferee and under the further condition that such products are only sold on behalf of DAM and this without warranty being given by the Transferee or related company. The Transferor will be held solely liable for any defects in such products and other obligations related thereto. It is agreed that the products not transferred shall henceforth be deemed to be manufactured by the Transferor.

ARTICLE 13 -- ELECTION OF DOMICILE

For the performance of this agreement and its subsequent terms, the Parties elect domicile at their respective registered offices as indicated herein above.

For receipt, notification and payment of claims made by creditors on transfer price, correspondence and return of documents, the parties elect domiciles at Fontainebleau.

ARTICLE 14 -- JURISDICTION

The parties covenant that for any dispute arising over this agreement the Montereau Commercial Court shall be the competent jurisdiction.

ARTICLE 15 -- COSTS AND POWERS OF ATTORNEY

Duties, expenses and fees incurred in the setting up and performance of this agreement, including registration fees, shall be borne by the Transferee who undertakes to ensure their payment.

ARTICLE 16 -- SCHEDULES

Schedule 1: list of equipment and furniture
Schedule 2: list of merchandise
Schedule 3: lease and rider to this lease agreement
Schedule 4: list of employees connected with the Business
Schedule 5: list of agreements in the process of being transferred
Schedule 6: Transferor's corporate accounts
Schedule 7: contracts and agreements connected with the running of the Business for which the term extends beyond December 31, 2000.
Schedule 8: list of insurance policies.
Schedule 9: list of products not purchased by the Transferee

Established in 25/8/00.

On FONTAINEBLEAU.

In 2 originals

For the DAM Company	/s/ LOUIS RADEMAKERS
Mr. Didier Briad	--
/s/ DIDIER BRIAD	Mr. Louis Rademakers acting for and on behalf of the company One For All in the process of being incorporated.