

UNIVERSAL MFG. CO.

1128 Lincoln Mall, Suite 301
Lincoln, Nebraska 68508

Proxy Statement for the 2016 Annual Meeting of Shareholders of Universal Mfg. Co.

To Be Held December 6, 2016

INTERNET ACCESS

The Board of Directors of Universal Mfg. Co. (which we refer to in this Proxy Statement as the "Company", "we", or "us") has elected to provide access to its proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials, or the Notice, to our shareholders of record. All shareholders will have the ability to access the proxy materials on the website referred to in the Notice or to request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. You will not receive a printed copy of the proxy materials unless you request one in the manner set forth in the Notice. This permits the Company to conserve natural resources and reduces our printing costs, while giving shareholders a convenient and efficient way to access our proxy materials and vote their shares.

We intend to mail the Notice and, as required, any other printed proxy materials, on or about October 24, 2016 to all shareholders of record as of September 30, 2016, who are entitled to vote at the 2016 Annual Meeting of the Shareholders of the Company, or Annual Meeting.

SOLICITATION AND VOTING INFORMATION

Your proxy is solicited by the Company on behalf of the Board of Directors for use at the Annual Meeting to be held on December 6, 2016, and at any adjournment thereof. The Annual Meeting is to be held at 1128 Lincoln Mall, Suite 300, Lincoln, Nebraska 68508, and will commence at 10:00 a.m. local time. This solicitation is being made via the Internet and the Company may also use its officers, directors and regular employees to solicit proxies from shareholders in person or by telephone, telegraph, e-mail, or letter without extra compensation.

The entire cost of this solicitation, which represents the amount normally expended for a solicitation relating to an uncontested election of directors, will be borne by the Company. Such cost will include but is not limited to legal, copy, postage, and other costs of preparing and Internet posting of the solicitation material and annual report to be made available to shareholders, for beneficial owners of shares held of record by brokers, dealers, banks and voting trustees and their nominees and, upon request, the reasonable expenses of such record holders for completing the mailing of such material and report to such beneficial owners, and supplying and mailing originals and additional copies upon request.

Voting Rights and Outstanding Shares of Common Stock

Only shareholders of record of the Company's 866,067 shares of Common Stock outstanding as

of the close of business on September 30, 2016, will be entitled to vote. Each share of Common Stock is entitled to one vote on any matter which may properly come before the meeting. This Proxy Statement, the form of proxy, and the 2016 Annual Report of the Company are made available on the Internet on or about October 24, 2016. The 2016 Annual Report and this Proxy Statement were posted on the Company's website, www.universalmfgco.com, on the same day.

The presence of a majority of the outstanding shares of Common Stock of the Company entitled to vote, represented either in person or by proxy, will constitute a quorum at the Annual Meeting.

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate votes cast for directors or withheld, affirmative and negative votes and abstentions. Abstentions on any of the proposals or votes withheld for all director nominees will be treated as present at the meeting for purposes of determining a quorum, but will not be counted as votes cast on the proposals presented to the shareholders.

Voting

The procedures for voting are as follows:

Voting via the Internet

- You can vote your shares via the Internet by following the instructions in the Notice. The Internet voting procedures are designed to authenticate your identity and to allow you to vote your shares and confirm your voting instructions have been properly recorded. If you vote via the Internet, you do not need to mail a proxy card.

Voting via Mail

- You can vote your shares by mail by requesting that a printed copy of the proxy materials be sent to your address. When you receive the proxy materials, you may fill out the proxy card enclosed therein and return it per the instructions on the card.

If your shares are held by your broker, bank or another agent as a nominee or agent, you should follow the instructions provided by your broker, bank or other agent.

Voting at the Annual Meeting

Shares of Common Stock cannot be voted at the Annual Meeting unless the holder of record is present in person or by proxy. The proxy is a means by which a shareholder or his or her agent or attorney-in-fact may authorize the voting of the shareholder's shares at the Annual Meeting. The shares of Common Stock represented by each properly completed proxy will be voted at the Annual Meeting in accordance with the shareholder's directions. Shareholders should specify their choices by following the instructions on the website, or by marking the appropriate boxes on the proxy if you request that the proxy materials and proxy be mailed to you. If no choice has been specified and the proxy is properly completed and/or executed and returned, the shares will be voted FOR the persons nominated by the Board for election as directors. If any other matters are properly presented to the Annual Meeting for action, the proxy holders will vote the proxies (which confer discretionary authority to vote on such matters) in accordance with their best judgment.

Completion of a proxy will not affect a shareholder's right to attend the Annual Meeting and vote in person. Any proxy given pursuant to such solicitation may be revoked by the shareholder at any time

prior to the voting of the proxy. You may revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of four ways:

- You may submit another properly completed proxy card with a later date;
- You may grant a subsequent proxy through our Internet voting site;
- You may send a written notice that you are revoking your proxy delivered to the Company in advance; or
- You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

Please remember, as discussed in more detail below, if you are a beneficial owner of shares you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker, bank or other agent that holds your shares in street name. In that case, you should follow the instructions provided by your broker, bank or other agent.

Proxy Voting by Street Name Holders

If your shares are held in a brokerage account or by another nominee, you are considered the “beneficial owner” of shares held in “street name,” and these proxy materials are being forwarded to you by your broker or nominee (the “record holder”). As the beneficial owner, you have the right to direct your record holder how to vote your shares, and the record holder is required to vote your shares in accordance with your instructions. If you do not give instructions to your record holder by 4:30 p.m. on December 1, 2016, the record holder will be entitled to vote your shares in its discretion on the proposals that are presented and considered at the Annual Meeting.

As the beneficial owner of shares, you are invited to attend the Annual Meeting. Please note, however, that if you are a beneficial owner, you may not vote your shares in person at the Annual Meeting unless you obtain a “legal proxy” from the record holder holding your shares.

Attendance and Voting at the Annual Meeting

If you own shares of Common Stock of record, you may attend the Annual Meeting and vote in person, regardless of whether you have previously voted on a proxy. We encourage you to vote your shares in advance of the Annual Meeting date by voting on the Internet, or by returning a proxy, even if you plan on attending the Annual Meeting. You may change or revoke your proxy at the Annual Meeting as described above even if you have already voted by proxy.

**YOUR PROXY VOTE IS IMPORTANT. PLEASE VOTE ON-LINE OR COMPLETE,
SIGN AND RETURN THE PROXY WHETHER OR NOT YOU PLAN TO ATTEND
THE ANNUAL MEETING.**

THE PROXY IS SOLICITED BY THE COMPANY ON BEHALF OF ITS BOARD OF DIRECTORS. It delegates discretionary authority with respect to any additional matters which may properly come before the Annual Meeting. Although the Board is not currently aware of any matter other than those described in this Proxy Statement, if other matters do properly come before the Annual Meeting, proxies will vote thereon in accordance with their best judgment.

AUDITORS; ELECTION OF DIRECTORS AND VOTING

There are two items on the agenda for the Annual Meeting: (1) a proposal to appoint RSM US LLP (f/k/a McGladrey LLP), certified public accountants, as the independent auditors of the Company, and (2) the election of two directors to hold office for two years until the 2018 Annual Meeting of Shareholders or until a successor is duly elected and qualified.

Auditors

RSM US LLP (f/k/a McGladrey LLP) was appointed as the independent auditors of the Company's financial records effective April 11, 2013. As indicated in the proxy, where no direction is given, the proxies solicited by the Board of Directors will be voted in favor of the appointment of RSM US LLP. Votes withheld for this appointment will be treated as present at the meeting for purposes of determining a quorum, but will not be counted as votes for this proposal. Shareholders who neither vote by proxy nor attend the meeting, along with broker non-votes, will not be counted as either a vote for or against the appointment. Shareholders are entitled to one vote for each share of stock.

Your Board recommends a vote FOR the appointment of RSM US LLP as the independent auditors of the Company.

If a quorum is present, this proposal will be decided by a majority of the votes cast at the Annual Meeting either for or against the appointment.

Election of Directors

The Articles of Incorporation of the Company provide for classification of directors into two classes to be elected in alternate years for two-year terms. Based on the Company's Bylaws, as amended by the Board of Directors effective November 17, 2014, the Company has five (5) directors, two of whom are to be elected at the Annual Meeting in 2016.

The following persons have been nominated to be elected to the Board of Directors (the "Nominees"):

1. Jeff A. Einfalt
2. P. Kevin Pope

Detailed information on each Nominee is provided below in the section entitled "Information About Current Directors and Nominees." The Company did not receive any additional nominee submissions for the 2016 election.

As indicated in the proxy, where no direction is given, the proxies solicited by the Board of Directors will be voted in favor of the election of the Nominees listed in this Proxy Statement. Votes withheld for all director nominees will be treated as present at the meeting for purposes of determining a quorum, but will not be counted as votes in the director election. While all Nominees have consented to serve as a director, if any of the Nominees shall withdraw or otherwise become unavailable, which is not expected, the proxies will be voted for a substitute nominee who will be designated by the Board of Directors. Shareholders who neither submit a proxy nor attend the meeting, along with broker non-votes, will not be counted as either a vote for or against the election of directors.

Your Board recommends a vote FOR the election of its nominees for the Board of Directors.

Cumulative Voting Description

Shareholders have cumulative voting rights. Each shareholder of record is entitled to as many votes for directors as the total number of shares of Common Stock held of record by such shareholder at the close of business on September 30, 2016, multiplied by two (2), which is the number of directors to be elected by the shareholders. These votes may be divided among the total number of directors to be elected or distributed among any lesser number in such proportion as the shareholder may desire. Unless otherwise instructed, the proxy holders will vote the proxies received by them equally for each of the Board's Nominees shown in this Proxy Statement, reserving the right, however, to cumulate their votes and distribute them among the Nominees in their discretion. By making the appropriate entry on the proxy, a shareholder may withhold authority to vote for all of the Board's Nominees. A shareholder may also withhold authority to vote for any one or more of the Nominees by making the appropriate entry or striking through the name (or names) of such Nominees on the proxy. Neither shares nor proxies may be voted for a greater number of cumulative votes based on the number of nominees shown below.

If a quorum is present, the two nominees receiving the highest vote totals will be elected as directors of the Company at the Annual Meeting.

INFORMATION ABOUT CURRENT DIRECTORS AND NOMINEES

We believe that our Board should be composed of individuals with sophistication and experience in substantive areas that impact our manufacturing businesses. We believe that our current Board members and the Nominees possess the professional and personal experience, qualifications or skills necessary for board service, and have highlighted particularly noteworthy attributes for each Nominee in the individual biographies below.

Messrs. Einfalt and Pope are presently directors of the Company and have been previously elected by the shareholders. The principal occupation and business experience of the Nominees, for at least the past five years, is as follows:

CURRENT NOMINEES:

<u>Name</u>	<u>Age</u>	<u>Became Director</u>	<u>Year Current Term Expires</u>
JEFF A. EINFALT	54	2004	2016
P. KEVIN POPE	47	2010	2016

Jeff A. Einfalt has been a consultant to Kinder Porter Scott Foundation since 2011. Current director Robert E. Scott is a director of this Foundation.

P. Kevin Pope is the President of Pen-Link, Ltd. of Lincoln, Nebraska. He has held this position for more than the last 5 years. Pen-Link, Ltd. provides law enforcement and intelligence agencies with state-of-the-art software and systems for the collection, storage, and analysis of telephonic and intellectual property based communications.

OTHER DIRECTORS WITH CONTINUING TERMS:

<u>Name</u>	<u>Age</u>	<u>Became Director</u>	<u>Year Current Term Expires</u>
ROBERT E. SCOTT	44	2005	2017
DONALD L. DUNN	64	2003	2017
JAMES W. CLUCK, JR.	67	2015	2017

Robert E. Scott has served as the President of Kinport Corporation for more than the last 5 years. Kinport Corporation is a privately owned company that, through its subsidiaries and affiliates, is engaged primarily in investment management and real estate development in Lincoln, Nebraska.

Donald L. Dunn has been employed by the Company as its Chief Executive Officer and President since October 2010. Effective November 2010, he was appointed to be Chairman of the Board of Man Lift Mfg. Co., a wholly owned subsidiary of the Company. Effective February 2015, he was appointed to be Chairman of the Board of Metal Works Mfg. Co., also a wholly owned subsidiary of the Company. Since December 2007, Mr. Dunn has been affiliated on an of counsel basis with Rembolt Ludtke LLP, a law firm with its principal office in Lincoln, Nebraska. Rembolt Ludtke LLP is general legal counsel for the Company.

James W. Cluck, Jr. has over 41 years of combined military and civilian Federal service including over 29 years of experience in U.S. Department of Defense acquisition. From 2005 until 2013, he was a member of the Senior Executive Service and served as the Acquisition Executive and Chief Information Officer for the United States Special Operations Command, MacDill Air Force Base, Florida. He retired as the Acquisition Executive in May, 2013. He also served as a member of the Advisory Committee and as a consultant to Ultra International, LLC, which was affiliated with Ultra Machine and Fabrication, Inc. ("Ultra") from 2013 until Metal Works Mfg. Co. purchased the assets and business of Ultra in February 2015. He resides in Longwood, Florida.

Audit Committee

The Audit Committee reviews the services provided by the Company's independent auditors, consults with the independent auditors and reviews the need for internal procedures and the adequacy of internal controls. Currently, the members of the Audit Committee are Messrs. Einfalt (Chair), Pope and Scott. The Board of Directors believes that a majority of the members of the Audit Committee are independent within the meaning of the listing standards of the National Association of Securities Dealers, the operators of the Nasdaq Stock Market. The Board of Directors adopted the Audit Committee Charter in July 2011.

Other Committees

The Board of Directors established a Nominating Committee which currently consists of Messrs. Scott (Chair), Dunn and Cluck. Nominations for the 2016 election of directors had to be received no earlier than February 1, 2016 and no later than June 1, 2016. There are two nominee submissions for the 2016 election, both of whom were nominated by the Board of Directors. **Nomination for election to the Board of Directors to be considered at the 2017 Annual Meeting must be submitted in writing to the Nominating Committee no earlier than February 1, 2017 and no later than June 1, 2017.**

The Board of Directors established a Human Resources and Compensation Committee to evaluate the organizational structure and personnel needs of the Company's divisions and to recruit and hire qualified individuals to complete the Company's management team, and to review and recommend compensation levels. The Committee members currently consist of Messrs. Pope (Chair), Cluck and Einfalt. This Committee has not adopted a Charter.

The Board of Directors established an Acquisitions Committee to consider business expansion opportunities that are brought to the attention of the Company. The Committee members currently consist of Messrs. Dunn (Chair), Einfalt, Cluck and Scott.

The Board of Directors established an Investment Committee to assist and render advice regarding the investment of available cash to maximize return. The Committee members currently consist of Messrs. Scott (Chair), Einfalt and Dunn.

All committees are subject to change after the election of directors at the 2016 Annual Meeting.

Meetings and Attendance

During fiscal year 2015-2016 the full Board of Directors held four quarterly meetings, and it acted by unanimous written consent on 2 occasions. The Audit Committee conducted one meeting, the Nominating Committee conducted one meeting, the Human Resources and Compensation Committee met once, the Investment Committee did not meet, and the Acquisition Committee did not meet. All directors participated in the meetings of the committees on which they serve.

MANAGEMENT

The Company's day to day affairs are managed by its executive officers who are appointed for a one year term. Executive officers of the Company and its wholly owned subsidiary entities, and other significant employees of the Company, are listed below:

<u>Name and Age</u>	<u>Current Position and Business History</u>
Robert E. Scott (44)	Chairman of the Board since November 13, 2007.
Donald L. Dunn (64)	President and Chief Executive Officer since October 12, 2010; Chairman of the Board of Man Lift Mfg. Co. since November 2010; Chairman of the Board of Metal Works Mfg. Co. since February 2015.
Dawn M. Sutter (45)	Chief Financial Officer since December 3, 2013; Secretary and Treasurer since November 18, 2014. Prior to this employment with the Company, from 2011 to 2013, Ms. Sutter was a financial director at Infogroup, and from 2008 to 2010, she was the controller at Transgenomic, Inc.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth all compensation paid or payable by the Company during the past fiscal year to the Executive Officers and Directors of the Company:

SUMMARY COMPENSATION TABLE

Annual Compensation

<u>Name and Principal Position</u>	<u>Year (1)</u>	<u>Salary and Bonus (2)</u>	<u>Stock Option Awards (3)</u>	<u>All Other Compensation</u>
Donald L. Dunn Chief Executive Officer and President (5)	2016	\$188,991	\$0	\$21,577 (4)
Dawn M. Sutter Chief Financial Officer, Secretary and Treasurer (7)	2016	\$184,327	N/A	\$10,399 (6)
James W. Cluck, Jr. Director	2016	N/A	N/A	\$40,000 (8)

(1) - For fiscal year ended July 31, 2016.

- (2) - Mr. Dunn and Ms. Sutter were entitled to an annual salary and a bonus based on the Company's annual earnings before interest, taxes, depreciation and amortization (EBITDA) targets, operating profit and/or return on assets determined on a fiscal year basis. The amount listed in this column represents the sum of the annual salary and bonus compensation for the fiscal year ended July 31, 2016.
- (3) - Mr. Dunn was granted stock options in 2012, 2013, 2014 and 2015. The grants were subject to a vesting provision based on the performance of the Company. The performance criteria for 2015 were not met and the options lapsed. As a result, there is no compensation value for the options awarded in August 2015.
- (4) - The amount listed as "All Other Compensation" includes a value of \$6,000 paid to Mr. Dunn as an allowance for the use of his personal automobile, \$3,577 as a matching contribution to the Company's 401k Plan, and \$12,000 director fees. It does not include loan fees or interest paid to Mr. Dunn as described in the section below entitled "Certain Relationships and Related Transactions."
- (5) - Mr. Dunn became employed as the Chief Executive Officer and President of the Company on October 12, 2010, as Chairman of the Board of Man Lift Mfg. Co. in November 2010, and as Chairman of the Board of Metal Works Mfg. Co. in February 2015. He was not employed by the Company prior to October 12, 2010.
- (6) - The amount listed as "All Other Compensation" includes a value of \$6,000 paid to Ms. Sutter as an allowance for the use of her personal automobile and \$4,399 as a matching contribution to the Company's 401k Plan.
- (7) - Ms. Sutter became employed as the Chief Financial Officer of the Company effective December 3, 2013 and Secretary and Treasurer of the Company effective November 18, 2014. She was not employed by the Company prior to December 3, 2013.
- (8) - Mr. Cluck became a director on November 17, 2015. The amount of "All Other Compensation" for Mr. Cluck is a consulting fee paid pursuant to a Consulting Agreement entered into before he became a director. The fee was paid for his services rendered in connection with a material transaction involving Ultra Armoring.

Mr. Dunn is a party to an Employment Agreement with the Company dated October 12, 2010. He is entitled to a base annual salary of \$100,000, and to participate in a cash bonus incentive plan based on the Company's earnings each fiscal year before interest, taxes, depreciation and amortization

(EBITDA) beginning at 2.5% of annual EBITDA over \$500,000, to a maximum of 10% of annual EBITDA over \$2 million. Mr. Dunn was paid the following amounts as a cash bonus under this Plan for the fiscal years indicated:

<u>Fiscal Year</u>	<u>Amount of Cash Bonus</u>
2012-2013	\$50,168.15
2013-2014	\$159,588
2014-2015	\$ 0
2015-2016	\$88,991

There is no stated term of the Employment Agreement and it is terminable at-will by either party. Mr. Dunn participates in the 2012 Stock Option Plan as described below. Mr. Dunn has agreed to not compete with the business of the Company for 12 months following termination of employment.

The Board adopted the 2012 Stock Option Plan effective as of August 1, 2012. The Plan authorizes the Human Resources and Compensation Committee to grant options to eligible employees to acquire up to 86,000 shares of Common Stock of the Company at an option price not less than 100% of the fair market value of the stock on the date that the option is granted. If options for all such shares were granted, it would constitute approximately 9.033% of the total number of issued and outstanding shares. Pursuant to the 2012 Stock Option Plan, as of August 31, 2016:

- (a) Options to acquire 17,200 shares were granted to Mr. Dunn at an exercise price of \$6.625 per share for 8,600 shares and \$7.50 per share for an additional 8,600 shares. His rights to these shares vested based on the financial performance of the Company during the fiscal years ended July 31, 2013 and 2014. An option to acquire 8,600 shares for the fiscal year ended July 31, 2015, did not vest and the rights have lapsed. An option to acquire an additional 8,600 shares which was granted to Mr. Dunn for the fiscal year ended July 31, 2016, did not vest and the rights have lapsed. An option to acquire an additional 8,600 shares was granted to Mr. Dunn at an exercise price of \$7.60 per share subject to vesting based on the financial performance of the Company during the fiscal year ending July 31, 2017.
- (b) An option to acquire shares was granted to Mr. Philip Sprio, President of Man Lift Mfg. Co. and Metal Works Mfg. Co., and Manager of Ultra Armoring, LLC (all subsidiaries of the Company) at an exercise price determined under the Stock Bonus Plan. His rights are subject to a vesting schedule of 20% per year. The following table provides information about Mr. Sprio's option as of August 31, 2016:

<u>Date of Award</u>	<u>No. of Option Shares</u>	<u>Exercise Price</u>	<u>Vested Percentage</u>
August 28, 2014	4,300	\$9.80	40%

All inside and outside directors of the Company are paid \$1,000 per month as director fees. Mr. Cluck began receiving director fees in December 2015, and received \$8,000 total director fees in the 2015-2016 fiscal year. The Company adopted a 401(k) Plan for its supervisory, clerical, sales and production employees. Mssrs. Dunn and Sprio, and Ms. Sutter, all participate in the Plan.

**OWNERSHIP OF VOTING SECURITIES
BY DIRECTORS AND NOMINEES AND OFFICERS**

The following table sets forth the share ownership for each of the directors, nominees for director and officers as of September 16, 2016:

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Common Stock	Donald L. Dunn 1128 Lincoln Mall, Suite 301 Lincoln, NE 68508	82,347 (1)	9.361%
	Jeff A. Einfalt 1230 P Street, Apt. 2B Lincoln, NE 68508	0 (2)	0%
Common Stock	Robert E. Scott 440 N. 8 th Street, Suite 140 Lincoln, NE 68508	232,277 (3)	26.246%
	P. Kevin Pope 5936 VanDervoort Drive Lincoln, NE 68516	0	0%
	James W. Cluck, Jr. 974 Burlwood Court Longwood, FL 32750	0	0%
	Dawn M. Sutter 1128 Lincoln Mall, Suite 301 Lincoln, NE 68508	0	0%

- (1) - Includes 14,745 shares owned by Mr. Dunn's IRA, and 17,200 shares authorized and vested pursuant to the Company's 2012 Stock Option Plan. It does not include an option for 8,600 shares which was authorized but not vested for the 2017 fiscal year.
- (2) - Jeff A. Einfalt's total does not include 12,660 shares owned by Trusts and Individual Retirement Accounts for the benefit of Marilyn Einfalt, his mother. If he is deemed to have voting and dispositive power over such shares, then the total rises to 12,660 shares, which is 1.43%.
- (3) - Includes 228,277 shares owned by WRK, LLC, to which Mr. Scott has shared voting and dispositive power; and 1,000 owned by Mr. Scott's child; and 3,000 shares owned by Mr. Scott's SEP retirement account. It does not include 3,000 shares owned by Mr. Scott's brother William D. Scott and his children. (Note that if Mr. Scott is regarded as having shared voting and dispositive power for these shares, then his total rises to 235,277 shares, which is 26.585%).

In addition to the shared voting power and shared investment power indicated in the above footnotes, spouses of the persons listed may be regarded as having beneficial ownership and shared voting power and shared dispositive power with respect to the shares shown.

The following table sets forth certain cumulative information per the above as to the shares of Common Stock beneficially owned by all officers and directors of the Company as a group as of September 16, 2016 on a diluted basis:

<u>Title of Class</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percentage of Class</u>
Common Stock	314,624 (1)	35.551%
(1) -	Includes shares with respect to which members of the group may be regarded as having shared voting power and/or dispositive power as determined per the shares in columns above (and if the additional shares per footnotes 2 and 3 above is included the total rises to 330,284 shares, which is 37.321%).	

PRINCIPAL HOLDERS OF VOTING SECURITIES

The following table sets forth the names and certain information with respect to each person who was known by the Company to be the beneficial or record owner of more than five percent (5%) of the Company's Common Stock, except as otherwise noted, as of September 16, 2016.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class (1)</u>
Common Stock	Cede & Co. Box 20 Bowling Green Station New York, NY 10004	764,562 (2)	86.392%
Common Stock	Robert E. Scott 440 N. 8 th Street, Suite 140 Lincoln, NE 68508	232,277 (3) (4)	26.246%
Common Stock	WRK, LLC c/o Robert E. Scott 440 N. 8 th Street, Suite 140 Lincoln, NE 68508	228,277 (4)	25.794%
Common Stock	Donald L. Dunn 1128 Lincoln Mall, Suite 301 Lincoln, NE 68508	82,347 (5)	9.361%
Common Stock	Ultra Manufacturing & Fabrication, Inc. 5218 Woodland Bay Drive Belmont, North Carolina 28012	50,067	5.657%

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- (1) - Based on a total of 884,987 shares, consisting of 866,067 shares issued and outstanding, and 18,920 shares for which rights are vested and exercisable under the Company's 2012 Stock Option Plan which are deemed to be outstanding.
- (2) - The Company's stock transfer records reflect that these shares are held in nominee name. These

- shares are beneficially owned by more than one beneficial owner.
- (3) - Includes 228,277 shares owned by WRK, LLC, to which Mr. Scott has shared voting and dispositive power; and 1,000 owned by Mr. Scott's child; and 3,000 shares owned by Mr. Scott's SEP retirement account. It does not include 3,000 shares owned by Mr. Scott's brother William D. Scott and his children. (Note that if Mr. Scott is regarded as having shared voting and dispositive power for these shares, then his total rises to 235,277 shares, which is 26.585%).
- (4) - Director Robert E. Scott is the Co-Manager of this Nebraska limited liability company. See also Note 3.
- (5) - Includes 14,745 shares owned by Mr. Dunn's IRA. It also includes 17,200 shares authorized and vested pursuant to the Company's 2012 Stock Option Plan, but it does not include an option for 8,600 shares which is authorized but not vested for the 2017 fiscal year. The options for 8,600 shares for the 2015-2016 fiscal year and for 8,600 shares for the 2014-2015 fiscal year did not vest and have lapsed.
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In addition to the persons listed above, any spouses of the persons listed may be regarded as having beneficial ownership and shared voting and shared investment power with respect to the shares shown.

Metal Works Mfg. Co. was organized to acquire the assets and business of Ultra Machine & Fabrication, Inc. ("Ultra") in Shelby, North Carolina (the "Ultra Transaction") in February 2015. As part of the consideration for the Ultra Transaction, the Company granted to Ultra a right to receive common stock of the Company if the "Net Revenue" of Metal Works Mfg. Co and Ultra Armoring, LLC combined (referred to as the "Metal Works' Net Revenue") exceeded certain monetary thresholds. The Metal Works' Net Revenue achieved the maximum threshold of \$25,000,000 during the 2015-2016 fiscal year, and Ultra has been awarded 50,067 shares of Company common stock based on the book value on February 29, 2016, of \$14.98 per share, and a cash payment of \$3.75 million. These shares are subject to a put option to require the Company to redeem such shares for an amount equal to the undiluted per share net book value of the Company as of February 28, 2019. No amounts have been accrued on the Company financial statements related to this put option.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Board of Directors of the Company is responsible to review and oversight of all related party transactions.

Security First Bank, Lincoln, Nebraska. The Company and its wholly owned subsidiaries, Man Lift Mfg. Co. ("MLM Co."), Metal Works Mfg. Co. ("Metal Works"), and Ultra Armoring, LLC ("Ultra Armoring") have established a credit facility with Security First Bank of Lincoln, Nebraska ("Security First"). Donald L. Dunn is and has been a member of the Board of Directors of Security First. Mr. Dunn is the Chief Executive Officer and President of the Company, Chairman of the Board of MLM Co., and Chairman of the Board of Metal Works. All loans from Security First to the Company and its subsidiary corporations are cross collateralized and cross defaulted with essentially all of their non-real estate assets pledged to secure the loans. The credit facility provided by Security First consisted of the following term debt and lines of credit as of July 31, 2016:

- (a) Term Debt – Metal Works Transaction. The Company incurred term debt to finance a portion of the purchase price associated with the Ultra Transaction. On February 27, 2015, Security First provided a \$4 million term loan, annual interest rate of 4.25% fixed for 5 years and amortized over 10 years, with a balloon payment which is due on February 26, 2020. The outstanding balance as of July 31, 2016, was \$3,531,805.

(b) Term Debt – MLM Co. On July 24, 2014, the Company borrowed \$2,012,748 from Security First to refinance the debt associated with the acquisition of the assets and business of Man & Material Lift Engineering, LLC and HB Equipment, LLC (collectively the “Bailey Companies”) (herein referred to as the “Man Lift Transaction”). The Man Lift Transaction closed on December 1, 2010. The proceeds of this loan were also used to redeem 35,633 shares of common stock from the Bailey Companies for \$400,000 (\$11.23 per share) that had been issued as part of the Man Lift Transaction. This term loan amortizes over a period of 10 years, with the interest rate fixed at 4% for the entire term. As of July 31, 2016, the outstanding balance was \$1,672,371.

(c) Line of Credit – Universal Mfg. Co. Security First provides a \$7.5 million line of credit to the Company. This line of credit matures annually and accrues interest at the New York prime rate of interest plus 0.5%. The current rate is 4.0%. As of July 31, 2016, the outstanding balance of the line of credit loan was \$1,941,730. The maturity date is July 26, 2017.

(d) \$10 Million Line of Credit – Ultra Armoring. Security First provided a \$10 million line of credit to Ultra Armoring to finance the purchase of vehicles to fulfill the requirements of a U.S. government contract. The loan was paid in full during the fiscal year and was not renewed or extended.

(e) \$7.7 Million Line of Credit – Ultra Armoring. Security First provided an additional \$7.7 million line of credit to Ultra Armoring for the U.S. government contract mentioned above. The loan was paid in full during the fiscal year and was not renewed or extended.

(f) Loan Fees. Ultra Armoring paid \$282,000 as loan fees to Security First to obtain the two lines of credit described in paragraphs (d) and (e) above. The loan fees were based on 2% on \$14,100,000 of the loans and were paid in addition to interest on the loans.

Participation Loan. To complete the financing by Security First for the U.S. government contracts described in paragraphs (d) and (e) above, Security First participated a portion of the loans. Two companies owned in part by Robert E. Scott participated \$2.75 million, and Donald L. Dunn participated \$850,000. Messrs. Scott and Dunn are directors and officers of the Company. Messrs. Scott and Dunn earned an annual rate of 10% simple interest in the aggregate for their loan participations, that being 4.75% through and from Security First, and an additional 5.25% per annum directly from the Company. In addition, the Company paid a loan fee of 3% to the two entities partially owned by Mr. Scott, or \$82,500 (based on \$2.75 million participation), and paid a loan fee of 3% to Mr. Dunn, or \$25,500 (based on \$850,000 participation) to obtain the participation in the Security First lines of credit. The loan fees were paid in addition to \$12,359 of interest on the participation by Mr. Scott’s entities, and \$3,558 of interest on the participation by Mr. Dunn. The loan fee and interest to Mr. Dunn is in addition to his compensation on the Summary Compensation Table set forth above. The loans participated by Messrs. Scott and Dunn were paid in full during the fiscal year.

Inter-Company Loans. The Company extends credit to its subsidiaries from the Security First line of credit (paragraph (c) above). There is no security for the inter-company debt. The inter-company debt is consolidated on the balance sheet of the Company for financial statement reporting purposes. Advances on the inter-company line of credit are made from time to time on such terms, amounts and conditions as the officers deem to be fair and reasonable to the companies.

Rembolt Ludtke LLP. Mr. Dunn has an Of Counsel relationship with Rembolt Ludtke LLP of Lincoln, Nebraska, the principal law firm of the Company and its subsidiaries. Mr. Dunn has no ownership interest in Rembolt Ludtke LLP, and Mr. Dunn does not provide legal services to the

Company or its subsidiaries. The Company and its subsidiaries incurred legal fees to Rembolt Ludtke LLP of \$29,544 in fiscal 2015-2016, and legal fees of \$46,234.66 in fiscal 2014-2015.

Office Leases. Since September 1, 2015, the Company sub-leases office space in Lincoln, Nebraska, from Rembolt Ludtke LLP. The space is used for the Company's corporate offices. The Company pays \$2,500 per month for rent and common area expenses. The lease continues until December 31, 2016, and thereafter on an annual basis unless terminated by either party prior to October 1 of each year. For the 2015-2016 fiscal year, the Company paid an aggregate amount of \$29,915 to Rembolt Ludtke LLP as sub-lease rent and other occupancy costs.

ANNUAL REPORT AND FINANCIAL STATEMENTS

The Company's annual report for the fiscal year ended July 31, 2016, including financial statements, has accompanied or preceded the distribution of this Proxy Statement, but it is not deemed a part of the proxy soliciting material. Annual Reports and Financial Statements of the Company for prior years may be reviewed at the Company's website www.universalmfgco.com.

AUDIT MATTERS

The Audit Committee selected RSM US LLP (f/k/a McGladrey, LLP) ("RSM") to serve as independent auditors for the Company effective April 11, 2013. A representative of RSM is expected to be present at the Annual Meeting of Shareholders. The representative will have the opportunity to make a statement if the representative desires to do so and is expected to be available to respond to appropriate questions from shareholders. For several prior years, Kiesling Associates LLP served as the independent auditors for the Company. After a bid process, RSM was retained by the Company's Audit Committee to replace Kiesling Associates LLP, and this action was ratified by the Board of Directors. During the three most recent fiscal years and any subsequent interim period preceding such change, there were no reportable events or disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that would have caused the firm to make reference to the subject matter of the disagreement(s) in connection with its report.

SHAREHOLDERS' PROPOSALS FOR 2017 ANNUAL MEETING

In order for any proposal of shareholders to be presented as an item of business at the 2017 Annual Meeting of Shareholders of the Company, the proposal must be received at the Company's principal executive offices no later than May 25, 2017.

Any shareholder who desires to present a proposal for inclusion in the next year's proxy statement must deliver a written proposal to the Company's President at 1128 Lincoln Mall, Suite 301, Lincoln, NE 68508 no later than the close of business on May 25, 2017. The submission should include the proposal and a statement of the reasons for it, the name and address of the shareholder, the number of shares beneficially owned of record by the submitting shareholder, and a description of any material direct or indirect financial or other interest the shareholder (or any affiliate or associate) may have in the proposal.

SHAREHOLDER LIST AND TRANSFER AGENT

For at least ten days prior to the meeting, a list of the shareholders entitled to vote at the annual meeting will be available for examination, for purposes germane to the meeting, during ordinary business hours at the Company's offices. The list will also be available for examination at the meeting.

The Company's stock transfer agent is Securities Transfer Corp., 2591 Dallas Parkway, Suite 102, Frisco, TX 75034, phone (469) 633-0101.

OTHER MATTERS

The Board of Directors knows of no other matter to be acted upon at the meeting. However, if any other matter is lawfully brought before the meeting, the shares covered by an appropriate proxy will be voted on such matter in accordance with the best judgment of the persons acting under such proxy.

By Order of the Board of Directors
Donald L. Dunn, President

October 24, 2016

TO BE CERTAIN THAT YOUR SHARES WILL BE REPRESENTED AT THE 2016 ANNUAL MEETING OF SHAREHOLDERS WE URGE YOU TO COMPLETE AND SUBMIT YOUR PROXY PROMPTLY, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON.