



Dear Partners/Shareholders,

We are pleased to announce that, despite very challenging economic times, your Company was profitable for our fiscal year ending March 31, 2009. The struggling economy and the decline of new housing starts continued to present challenges, especially for our sales to the new home construction and electrical distribution trades. However, we have seen significant success from the strategy we implemented in fiscal 2008 to increase our market share in the retail and home center channels, thereby lessening our dependence on the new construction market.

For the 12 months ended March 31, 2009, your Company reported sales of \$26,097,596 and net earnings of \$4,865,357 or \$1.97 per basic share (\$1.96 per diluted share) compared to sales of \$33,871,362 and a net loss of \$5,568,914 or (\$2.24) per share (\$2.23 per diluted share) for the same period last year. Included in the March 31, 2009 results was a gain of \$3,423,021 from discontinued operations versus a loss of \$8,393,663 last year.

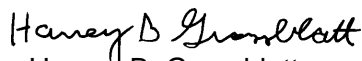
Although we have seen some recent indications that the new construction market is improving, it is difficult to forecast when housing starts will reach the levels we experienced a few years ago. In the meantime, we continue to pursue our strategy of increasing our market share in the retail and home center markets.


We have made a significant investment for the future of your Company. We have developed a new product line of smoke alarms and carbon monoxide alarms which will contain features that our competitors do not currently offer to further help differentiate our products from those of our competitors. We have developed a new smoke alarm sensing technology as well as a carbon monoxide sensor which will also detect methane (an explosive gas). Through the introduction of this new line of smoke alarms and carbon monoxide alarms, we anticipate further increases in our share of the retail and home center markets due to large demand from end-user customers for these new features and from retailers wanting to promote products that their competitors do not offer. We anticipate that these new features will be in demand from electrical contractors, as well.

We are also pleased to report that our previously announced program to repurchase 100,000 shares of the Company's stock has been successful. Your Board considered USI's common stock to be undervalued at its current level, and we were successful in repurchasing 99,980 shares at an average cost of \$3.71 per share while book value increased to \$9.95 per share versus \$7.81 a year ago.

We are excited by the future growth opportunities that Universal faces and look forward to delivering continued favorable results to you, our partners. We thank you for your continued support and invite you to contact us any time. We look forward to sharing more positive news in the coming year.

Respectfully,

  
Harvey B. Grossblatt  
President and CEO

  
Ron Lazarus  
President, USI ELECTRIC

August 21, 2009