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SCHEDULE 14A
 (RULE 14a-101)
 INFORMATION REQUIRED IN PROXY STATEMENT
 SCHEDULE 14A INFORMATION
 PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
 EXCHANGE ACT OF 1934
 (AMENDMENT NO.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement [] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to sec.240.14a-11(c) or sec.240.14a-12

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

(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
- [] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

[] Fee paid previously with preliminary materials.

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:
- =====

Universal Electronics Logo

April 21, 1998

Dear Stockholder:

You are cordially invited to attend the 1998 Annual Meeting of Stockholders of Universal Electronics Inc. to be held on Wednesday, May 27, 1998 at 9:00 a.m., Los Angeles, California, local time, at The Renaissance Los Angeles Hotel, 9620 Airport Boulevard, Los Angeles, California, 90045. We urge you to be present in person or represented by proxy at this Meeting of Stockholders.

You will be asked to consider and vote upon the election of the Company's Board of Directors, the ratification and approval of the Company's 1998 Stock Incentive Plan, and the ratification of the Board of Directors' engagement of the Company's independent auditors for the year ending December 31, 1998. Details of these proposals and a description of the general business, directors and management of Universal Electronics are set forth in the accompanying Proxy Statement. The Board of Directors unanimously recommends that stockholders vote to approve all of the proposals.

Whether or not you plan to attend the Annual Meeting in person, it is important that your shares are represented. Therefore, please promptly complete, sign, date, and return the enclosed proxy card in the accompanying envelope, which requires no postage if mailed in the United States. You are, of course, welcome to attend the Annual Meeting and vote in person even if you previously returned your proxy card.

On behalf of the Board of Directors and management of Universal Electronics Inc., we would like to thank you for all of your support.

Sincerely yours,

/s/ David M. Gabrielsen
David M. Gabrielsen
Chairman and Chief Executive Officer

UNIVERSAL ELECTRONICS INC.

Corporate Headquarters:
6101 Gateway Drive
Cypress, California 90630
(Effective after May 31, 1998)

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON WEDNESDAY, MAY 27, 1998

The 1998 Annual Meeting of Stockholders of Universal Electronics Inc., a Delaware corporation ("Universal" or the "Company"), will be held on Wednesday, May 27, 1998 at 9:00 a.m., Los Angeles, California, local time, at The Renaissance Los Angeles Hotel, 9620 Airport Boulevard, Los Angeles, California. Doors to the meeting will be open at 8:00 a.m.

The meeting will be conducted:

1. To consider and to vote upon the following proposals (collectively, the "Proposals"), each of which is described in more detail in the accompanying Proxy Statement:
 - (i) Proposal One: The election of Paul D. Arling, David M. Gabrielsen and Camille Jayne, each as a Class I Director as directors to serve on the Board of Directors until the next Annual Meeting of Stockholders to be held in 1999 or until election and qualification of their successors; and the election of Peter L. Gartman, Bruce A. Henderson, F. Rush McKnight, and William C. Mulligan each as a Class II Director to serve on the Board of Directors until the Annual Meeting of Stockholders to be held in 2000 or until election and qualification of their respective successors;
 - (ii) Proposal Two: Ratification and approval of the Universal Electronics Inc. 1998 Stock Incentive Plan; and
 - (iii) Proposal Three: Ratification of the appointment of Price Waterhouse LLP, a firm of independent accountants, as the Company's auditors for the year ending December 31, 1998.
2. To consider and act upon such other matters as may properly come before the meeting or any and all postponements or adjournments thereof.

Only stockholders of record at the close of business on March 31, 1998 will be entitled to notice of and to vote at the meeting or any adjournments or postponements thereof.

/s/ Richard A. Firehammer, Jr.
Richard A. Firehammer, Jr.
Vice President, General Counsel and
Secretary

April 21, 1998

EACH STOCKHOLDER IS REQUESTED TO EXECUTE AND PROMPTLY RETURN THE
ENCLOSED PROXY CARD IN THE ENCLOSED PREPAID ENVELOPE.

UNIVERSAL ELECTRONICS INC.

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To be held on Wednesday, May 27, 1998

Mailed on or About April 21, 1998

INTRODUCTION

This Proxy Statement (the "Proxy Statement") is being furnished to stockholders of Universal Electronics Inc., a Delaware corporation ("Universal" or the "Company"), in connection with the solicitation of proxies by the Board of Directors of the Company (the "Board" or the "Board of Directors") from holders of record of the Company's outstanding shares of common stock, par value \$.01 per share (the "Company Common Stock"), as of the close of business on March 31, 1998 (the "Annual Meeting Record Date") for use at the 1998 Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held on Wednesday, May 27, 1998, at 9:00 a.m. (Los Angeles, California local time) at The Renaissance Los Angeles Hotel, 9620 Airport Boulevard, Los Angeles, California 90045 and at any adjournments or postponements thereof. This Proxy Statement and the accompanying form of proxy are first being mailed to stockholders on or about April 21, 1998. The world headquarters and principal executive offices of the Company are presently located at 1864 Enterprise Parkway West, Twinsburg, Ohio 44087. Effective after May 31, 1998, the Company's world headquarters and principal executive offices will be located at 6101 Gateway Drive, Cypress, California 90630.

VOTING RIGHTS AND PROXY INFORMATION

Only holders of record of shares of Company Common Stock as of the close of business on the Annual Meeting Record Date will be entitled to notice of and to vote at the Annual Meeting or any adjournments or postponements thereof. Such holders of shares of Company Common Stock are entitled to one vote per share on any matter which may properly come before the Annual Meeting. The presence, either in person or by properly executed and delivered proxy, of the holders of a majority of the then outstanding shares of Company Common Stock is necessary to constitute a quorum at the Annual Meeting and to permit action to be taken by the stockholders at such meeting. Under Delaware law, shares of Company Common Stock represented by proxies that reflect abstentions or "broker non-votes" (i.e., shares held by a broker or nominee which are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

The affirmative vote of a plurality of shares of Company Common Stock present in person or represented by proxy at the Annual Meeting is required to elect the directors nominated pursuant to Proposal One. "Plurality" means that the individuals who receive the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. Consequently, any shares not voted (whether by abstention, broker non-vote, or otherwise) as to Proposal One will have no impact on the election of directors, except to the extent that the failure to vote for an individual results in another individual receiving a larger number of votes.

Unless otherwise provided by law or the Company's Certificate of Incorporation, as amended, the affirmative vote of the holders of at least a majority of the shares of Company Common Stock present in person or represented by proxy at the Annual Meeting is required to approve all other questions and matters properly brought before the Annual Meeting, including, without limitation, Proposals Two and Three. Abstentions as to all such questions and matters, including Proposals Two and Three, will have the same effect

as votes against such proposals. Broker non-votes, however, will be treated as not voted for purposes of determining approval of such questions and matters and will not be counted as votes for or against such questions and matters.

As of March 31, 1998, there were 6,365,862 shares of Company Common Stock outstanding and entitled to vote at the Annual Meeting. The directors and executive officers of the Company intend to vote the shares of Company Common Stock held by them in accordance with the recommendations of the Board with respect to the Proposals.

All shares of Company Common Stock that are represented at the Annual Meeting by properly executed and delivered proxies received prior to or at the Annual Meeting and not revoked will be voted at the Annual Meeting in accordance with the instructions indicated in such proxies. If no instructions are indicated for the Proposals, such proxies will be voted in accordance with the recommendations of the Board as set forth herein with respect to such Proposals.

In the event that a quorum is not present at the time the Annual Meeting is convened or if for any other reason, the Company believes that additional time should be allowed for the solicitation of proxies, the Company may adjourn the Annual Meeting with or without a vote of the stockholders. If the Company proposes to adjourn the Annual Meeting by a vote of the stockholders, the persons named in the enclosed form of proxy will vote all shares of Company Common Stock for which they have voting authority in favor of such adjournment.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with Star Bank, in its capacity as transfer agent for the Company (the "Transfer Agent"), at or before the Annual Meeting, a written notice of revocation bearing a later date than the proxy, (ii) duly executing a subsequent proxy relating to the same shares of Company Common Stock and delivering it to the Transfer Agent at or before the Annual Meeting, or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not, in and of itself, constitute a revocation of a proxy). Any written notice revoking a proxy should be sent to Star Bank, 425 Walnut Street, Mail Location #5155, 6th Floor, Cincinnati, Ohio 45202, Attention: Proxy Department.

OWNERSHIP OF COMPANY SECURITIES

The Company Common Stock is the only outstanding class of equity security of the Company.

Ownership as of March 31, 1998 of the Company Common Stock by directors, nominees, each executive officer named in the Executive Compensation tables below, as well as by all directors and executive officers of the Company as a group, and to the Company's knowledge, beneficial holders of more than five percent of the Company Common Stock, is as follows:

NAME -----	SHARES OF COMMON STOCK BENEFICIALLY OWNED AS OF MARCH 31, 1998 -----	% OF SHARES OUTSTANDING AS OF MARCH 31, 1998 -----
DIRECTORS AND NOMINEES		
Paul D. Arling.....	42,233(1)	*
David M. Gabrielsen.....	174,999(2)	2.68
Peter L. Gartman.....	5,413	*
Bruce A. Henderson.....	4,813	*
Camille Jayne(3).....	0	*
F. Rush McKnight.....	2,603	*
William C. Mulligan.....	8,063(4)	*
NON-DIRECTOR EXECUTIVE OFFICERS		
Joseph E. Miketo.....	30,417(5)	*
Richard A. Firehammer, Jr.....	36,375(6)	*
Dennis P. Mansour.....	14,667(7)	*
Mark S. Kopaskie(8).....	0	*
ALL DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP (11 persons).....	319,583(9)	4.81
OTHER BENEFICIAL OWNERS OF MORE THAN 5% OF THE OUTSTANDING COMPANY COMMON STOCK:		
Geoffrey Nixon and MCM Associates, Ltd.....	377,100(10)	5.92

* Less than one percent.

- (1) Includes 40,833 shares subject to currently exercisable options. Also includes 500 shares held by Mr. Arling's wife as to which Mr. Arling disclaims beneficial ownership. Does not include 39,167 shares of Company Common Stock subject to options held by Mr. Arling that will become vested upon his termination of employment during the second quarter of 1998 with the Company as a part of the discontinuation of the Company's North American retail line of business.
- (2) Includes 154,999 shares subject to currently exercisable options.
- (3) On March 11, 1998, Ms. Jayne was appointed to the Company's Board of Directors as a Class I Director, filling the vacancy created by the resignation of Mr. Mark S. Kopaskie as a member of the Company's Board of Directors.
- (4) Includes 5,000 shares subject to currently exercisable options.
- (5) Includes 30,417 shares subject to currently exercisable options. Does not include 14,583 shares of Company Common Stock subject to options held by Mr. Miketo that will become vested upon his termination of employment during the second quarter of 1998 with the Company as a part of the discontinuation of the Company's North American retail line of business.
- (6) Includes 29,375 shares subject to currently exercisable options. Does not include 12,625 shares of Company Common Stock subject to options held by Mr. Firehammer that will become vested upon his termination of employment during the second quarter of 1998 with the Company as a part of the discontinuation of the Company's North American retail line of business.

- (7) Includes 11,667 shares subject to currently exercisable options. Does not include 8,333 shares of Company Common Stock subject to options held by Mr. Mansour that will become vested upon his termination of employment during the second quarter of 1998 with the Company as a part of the discontinuation of Company's North American retail line of business.
- (8) Mr. Kopaskie resigned as the Company's Executive Vice President and Chief Operating Officer and as a member of the Board of Directors of the Company effective August 15, 1997 and is listed here pursuant to Rule S-K403(b).
- (9) Includes 272,291 shares subject to currently exercisable options. Does not include 74,708 shares of Company Common Stock subject to options held by Messrs. Arling, Miketo, Firehammer and Mansour that will become vested upon their termination of employment during the second quarter of 1998 with the Company as a part of the discontinuation of Company's North American retail line of business.
- (10) As reported on Schedule 13D as filed with the Securities and Exchange Commission by Geoffrey Nixon, whose principal business address is 11 West 42nd Street, 19th Floor, New York, New York 10036 ("Nixon"), Mission Partners, L.P., whose principal business address is 11 West 42nd Street, 19th Floor, New York, New York 10036 ("Mission"); Liberty Nominees Limited, whose principal business address is P.O. Box 10-246, Wellington, New Zealand ("Liberty"); Horizon Offshore, Ltd., whose principal business address is c/o International Management Services, Limited, Harbour Centre, North Church Street, P.O. Box 616, George Town, Grand Cayman, Cayman Islands, B.W.I. ("Horizon"); and M Partners L.P., whose principal business address is 42 Pleasant Street, Watertown, Massachusetts 02172 ("M Partners") reporting ownership as of February 6, 1998. Each of Nixon, Mission, Liberty, Horizon, and M Partners is the beneficial owner of approximately 0.20%, 4.21%, 0.60%, 0.52%, and 0.39%, respectively, of Company Common Stock. Nixon is the sole stockholder and director of MCM Associates, Ltd., whose principal business address is 11 West 42nd Street, 19th Floor, New York, New York 10036 ("MCM"). MCM (i) is the sole general partner of Mission, (ii) has sole investment discretion over the accounts established by each of Liberty and M Partners that purchased shares of the Company Common Stock, and (iii) is the sole investment manager with full voting and dispositive power with respect to all of the securities owned by Horizon, including the Company Common Stock beneficially owned by Horizon.

PROPOSAL ONE: ELECTION OF DIRECTORS

GENERAL

The number of directors of the Company's Board of Directors is presently set at nine and is divided into two classes. There are currently seven directors, three of whom are Class I Directors and four of whom are Class II Directors, and two vacancies. The Class I Directors are directors who are also employees of the Company and/or any subsidiary of the Company, and are elected each year at the Annual Meeting of Stockholders to serve a one-year term. The Class II Directors are directors of the Company who are not also employees of the Company and/or any subsidiary of the Company, and are elected every even-numbered year at the Annual Meeting of Stockholders to serve a two-year term.

Each of the Class I and Class II Directors' terms expires at this year's Annual Meeting.

On March 11, 1998, Ms. Camille Jayne, the Company's President and Chief Operating Officer, was appointed to the Company's Board of Directors as a Class I Director to fill the vacancy resulting from the resignation by Mr. Mark Kopaskie as an officer and director of the Company. The remaining two vacancies are a result of the resignations of Messrs. Thomas G. Murdough, Jr. and Brian J. Jackman, as Class II Directors.

The Board has nominated and recommends the reelection of each of Messrs. Gabrielsen and Arling and Ms. Jayne as a Class I Director for a one-year term expiring at the next Annual Meeting of Stockholders to be held in 1999. In addition, the Board has nominated and recommends the reelection of each of Peter L. Gartman, Bruce A. Henderson, F. Rush McKnight and William C. Mulligan as a Class II Director for a two-year term expiring at the Annual Meeting of Stockholders to be held in 2000.

Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR Ms. Jayne and Messrs. Gabrielsen, Arling, Gartman, Henderson, McKnight and Mulligan.

If elected, Messrs. Gabrielsen and Arling and Ms. Jayne have consented to serve as directors of the Company for a one-year term and until their respective successors are elected and qualified. If elected, Messrs. Gartman, Henderson, McKnight and Mulligan have consented to serve as directors of the Company for a two-year term and until their respective successors are elected and qualified. Although it is not contemplated that any nominee will be unable to serve as director, in such event, the proxies will be voted by the proxy holders for such other person or persons as may be designated by the present Board of Directors.

Information with respect to each nominee is set forth below.

NOMINEES FOR ELECTION AS CLASS I DIRECTORS

David M. Gabrielsen
Chairman and Chief Executive
Officer
Director since 1995
Member of the Nominating Committee
of the Board of Directors
Age: 41

Mr. Gabrielsen is Chairman and Chief Executive Officer of the Company. He has been Chairman of the Board of the Company since August 1996, has been the Company's Chief Executive Officer since January 1995 and a director since February 1995. He was the Company's President from January 1995 until February 1998. Prior to that, upon joining the Company in December 1994, he held the position of Chief Operating Officer. Prior to joining the Company, Mr. Gabrielsen served in various capacities at Mr. Coffee, inc. (a manufacturer of home coffee and tea makers and filters) with the most recent being Executive Vice President and Chief Operating Officer. At the 1997 Annual Meeting of Stockholders, Mr. Gabrielsen was reelected as a Class I Director of the Company to serve until the 1998 Annual Meeting of Stockholders.

Camille Jayne
President and Chief Operating
Officer
Director since March 1998
Age: 45

Ms. Jayne has been President and Chief Operating Officer of the Company since February 2, 1998 and 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 TeleCommunications, Inc. (TCI). Ms. Jayne became a Class I Director of the Company in March 1998 to fill the vacancy created by the resignation of Mr. Mark S. Kopaskie, the Company's past Executive Vice President and Chief Operating Officer, to serve for the remainder of his term which was until the 1998 Annual Meeting of Stockholders.

Paul D. Arling
Senior Vice President, Chief
Financial Officer and
Treasurer
Director since 1996
Age: 35

Mr. Arling is Senior Vice President and Chief Financial Officer of the Company, positions he has held since joining the Company in May 1996. He has been a Director since August 1996. Prior to joining the Company, 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. At the 1997 Annual Meeting of Stockholders, Mr. Arling was reelected as a Class I Director of the Company to serve until the 1998 Annual Meeting of Stockholders.

NOMINEES FOR ELECTION AS CLASS II DIRECTORS

Peter L. Gartman
 Director since 1996
 Member of the Audit Committee of
 the Board
 of Directors
 Age: 49

Mr. Gartman is President and Chief Operating Officer of IPS, Inc. (a division of The Limited, a publicly held apparel retailer), which position he has held since 1997. From 1992 to 1997, he served as Executive Vice President of Mast Industries (a procurement division of The Limited). From 1989 to 1992, he served as Vice Chairman of MNC Financial (a regional bank in Maryland). From 1986 to 1989, he served in various capacities with Spectrum Group (a direct investment group) including as its Chief Executive Officer and President. Prior to that, he served in various capacities with Emerson Electric Company from 1983 to 1986 and with Black & Decker Corporation from 1974 to 1983. At the 1996 Annual Meeting of Stockholders, Mr. Gartman was reelected as a Class II Director of the Company to serve until the 1998 Annual Meeting of Stockholders.

Bruce A. Henderson
 Director since 1996
 Member of the Compensation
 Committee of the Board
 of Directors
 Age: 48

Mr. Henderson is President of Siebe Appliance Controls (a manufacturer of electronic and electromechanical controls for the appliance industry) and President of Robertshaw Controls Company, both of which are divisions of Siebe, PLC (a manufacturer of electronics controls for the automotive industry), which positions he has held since 1995. From 1983 to 1995, he served in various capacities with TRW Inc. Prior to that, he held various positions with McKinsey & Company, a management consulting firm from 1977 to 1983 and with Raytheon Company from 1972 to 1977. At the 1996 Annual Meeting of Stockholders, Mr. Henderson was reelected as a Class II Director of the Company to serve until the 1998 Annual Meeting of Stockholders.

F. Rush McKnight
 Director since 1997
 Member of the Compensation
 and Nominating Committees
 of the Board of Directors
 Age: 68

Mr. McKnight is a retired partner of the law firm Calfee, Halter & Griswold LLP. He has been associated with the firm since 1961. From 1957 to 1961, he was with the law firm Falsgraf, Kundtz, Reidy & Shoup. Mr. McKnight is presently a member of the Board of Directors of Figgie International, Inc. (a diversified manufacturing company of various defense, commercial and fire support products), and United Tube Corporation (a manufacturer of small dimensional steel tubing). At the 1997 Annual Meeting of Stockholders, Mr. McKnight was elected as a Class II Director of the Company to fill a vacancy existing on the Board and to serve until the 1998 Annual Meeting of Stockholders.

William C. Mulligan
 Director since 1992
 Member of the Audit
 and Nominating Committees
 of the Board of Directors
 Age: 44

Mr. Mulligan is a general partner with Primus Venture Partners (a Cleveland-based venture capital partnership), which position he has held since 1987. At the 1996 Annual Meeting of Stockholders, Mr. Mulligan was reelected as a Class II Director of the Company to serve until the 1998 Annual Meeting of Shareholders.

VOTE REQUIRED

Approval of the election of the nominees is subject to the affirmative vote of a plurality of shares of Company Common Stock present in person or represented by proxy at the Annual Meeting.

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE FOREGOING NOMINEES AS DIRECTORS OF THE COMPANY.

THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

In 1997, the Board met three times and acted by unanimous written consent five times. No director attended less than 75% of the number of meetings of the Board of Directors and the committees on which he served during the period for which he was a member of the Board.

The Board has three standing committees: (i) Audit; (ii) Compensation; and (iii) Nominating. The members of each committee are appointed by the Board of Directors and serve at its discretion. A majority of each of the committees constitutes a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all of the members, are acts of any of the respective committees.

The members of the Audit Committee are Peter L. Gartman and William C. Mulligan, neither of whom is an officer or employee of the Company or any of its subsidiaries. Brian J. Jackman resigned as a member of the Audit Committee in January 1998. The Audit Committee's functions include meeting with the Company's independent auditors and management representatives, making recommendations to the Board regarding the appointment of the independent auditors, approving the scope of audits and other services to be performed by the independent auditors, considering whether the performance of any professional service by the auditors could impair their independence, and reviewing the results of external audits, the accounting principles applied in financial reporting, and financial and operational controls. The independent auditors have unrestricted access to the Audit Committee and vice versa. The Audit Committee met one time during 1997 and acted once by unanimous written consent.

The members of the Compensation Committee are Bruce A. Henderson and F. Rush McKnight, neither of whom is an officer or employee of the Company or any of its subsidiaries. Thomas G. Murdough, Jr. ceased as a member of the Compensation Committee in May 1997 when Mr. McKnight was named to the Committee. The Compensation Committee's functions include making recommendations to the Board on policies and procedures relating to executive officers' compensation and various employee stock plans and approving individual salary adjustments and stock awards in those areas. The Compensation Committee acted once by unanimous written consent in 1997.

The members of the Nominating Committee are David M. Gabrielsen, the Chairman and Chief Executive Officer of the Company, F. Rush McKnight and William C. Mulligan. Neither Mr. McKnight nor Mr. Mulligan is an officer or employee of the Company or any of its subsidiaries. This committee considers nominees for election as directors. The committee utilizes the same procedure to consider nominees recommended by stockholders made pursuant to procedures identified in the Company's Amended and Restated By-laws, which are described in this Proxy Statement in "STOCKHOLDER NOMINATIONS OF DIRECTORS", as is used to consider nominees recommended by any other source. In addition, the committee fulfills an advisory function with respect to a range of matters affecting the Board and its committees, including making recommendations with respect to qualifications of director candidates, compensation of directors, the selection of committee assignments and chairs, and related matters affecting the functioning of the Board. The Nominating Committee did not meet during 1997; instead, the full Board considered and made recommendations for nominees to the Company's Board of Directors.

COMPENSATION OF DIRECTORS

Directors who are not officers of the Company or any of its subsidiaries receive an annual fee of \$18,000, \$12,000 of which is paid in shares of Company Common Stock, with the balance being paid in cash. Directors who are also officers of the Company receive no additional compensation for their services as directors (see "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION"). All directors are also reimbursed for travel expense and other out-of-pocket costs incurred in attending meetings.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's directors and certain of its officers and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission. Such persons are further required to furnish the Company with copies of all such forms they file. Based solely on the Company's review of the copies of such forms it has received, the Company believes that all of the Section 16(a) filing requirements for 1997 were satisfied by the Company's directors and executive officers. To the Company's knowledge, no person owns more than ten percent of Company Common Stock.

EXECUTIVE OFFICER COMPENSATION

SUMMARY OF COMPENSATION

Table I below sets forth a summary of the compensation paid by the Company to its chief executive officer and the four additional most highly compensated executive officers of the Company.

TABLE I

SUMMARY COMPENSATION TABLE FOR THE YEAR ENDED DECEMBER 31, 1997

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION(1) (\$)		LONG TERM COMPENSATION AWARDS (#)	ALL OTHER COMPENSATION(4) (\$)
		SALARY	BONUS(2)	STOCK OPTIONS(3)	
David M. Gabrielsen.....	1997	289,696	124,000	0	6,525
Chairman and Chief Executive Officer	1996	250,000	0	200,000	5,979
	1995	240,000	55,000	60,000	1,502
Paul D. Arling.....	1997	156,867	49,500	0	4,410
Senior Vice President, Chief Financial Officer and Treasurer	1996	89,231	0	80,000	2,502
	1995	N/A	N/A	N/A	N/A
Joseph E. Miketo.....	1997	126,403	32,000	0	3,549
Vice President of Operations	1996	120,000	0	25,000	3,329
	1995	85,944	12,500	20,000	953
Richard A. Firehammer, Jr.....	1997	119,314	37,500	0	4,023
Vice President, General Counsel and Secretary	1996	110,000	0	15,000	3,777
	1995	100,000	7,500	7,000	3,012
Dennis P. Mansour.....	1997	107,414	22,400	0	4,673
Corporate Controller	1996	101,942	0	10,000	4,327
	1995	33,248	3,500	10,000	501
Mark S. Kopaskie(5).....	1997	119,139	0	0	7,906
Executive Vice President and Chief Operating Officer	1996	180,000	0	50,000	5,402
	1995	125,481	32,000	50,000	0

(1) Excludes certain perquisites and other amounts which for any executive officer did not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus for such executive officer.

(2) Bonus includes the amount of cash bonus earned and accrued during the relevant year and paid subsequent to the end of such year.

(3) Awards referenced above represent options to purchase shares of the Company Common Stock granted during the relevant year.

(4) The amounts shown reflect Company contributions to the executive officers' 401(k) plan accounts and supplemental life insurance premiums and moving allowances paid by the Company. For 1997 they are as set forth in the following table:

	DAVID M. GABRIELSEN	PAUL D. ARLING	JOSEPH E. MIKETO	RICHARD A. FIREHAMMER, JR.	DENNIS P. MANSOUR	MARK S. KOPASKIE
401(k) Company Contributions.....	\$2,375	\$1,662	\$2,375	\$2,375	\$2,375	\$1,661
Supplemental Life Insurance Premiums.....	4,150	2,748	1,174	1,648	2,298	0
Moving Allowance.....	0	0	0	0	0	6,245
	-----	-----	-----	-----	-----	-----
	\$6,525	\$4,410	\$3,549	\$4,023	\$4,673	\$7,906
	=====	=====	=====	=====	=====	=====

(5) Mr. Kopaskie resigned as the Company's Executive Vice President and Chief Operating Officer and as a member of the Board of Directors of the Company effective August 15, 1997 and is listed here pursuant to Rule S-K402(a)(3)(iii).

STOCK OPTIONS

Grant of Stock Options. Neither the Chief Executive Officer nor any of the four additional most highly compensated executive officers were granted options to acquire Company Common Stock in 1997.

Aggregated Stock Option Exercises and Year-End Value. Table II below sets forth, on an aggregated basis, information regarding the exercise during 1997 of options to purchase Company Common Stock by the Company's named executives and the value on December 31, 1997 of all unexercised stock options held by such individuals.

TABLE II

AGGREGATED STOCK OPTION EXERCISES DURING THE YEAR ENDED DECEMBER 31, 1997
AND YEAR-END STOCK OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED STOCK OPTIONS AT YEAR END (#)		VALUE OF UNEXERCISED IN-THE-MONEY STOCK OPTIONS AT YEAR END(1) (\$)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
David M. Gabrielsen.....	--	--	142,499	117,501	552,299	425,326
Paul D. Arling.....	--	--	40,833	39,167(2)	177,030	171,720
Joseph E. Miketo.....	--	--	26,667	18,333(2)	120,333	84,392
Richard A. Firehammer, Jr.....	--	--	28,500	13,500(2)	112,479	54,017
Dennis P. Mansour.....	--	--	11,667	8,333(2)	42,188	27,810
Mark S. Kopaskie(3).....	35,417	149,069	22,916	0	86,325	0

(1) Based on a per share price for Company Common Stock of \$10.00, which price reflects the closing price of the Company Common Stock as reported on The Nasdaq Stock Market on December 31, 1997, the last trading day of 1997.

(2) Stock options and their corresponding value listed as unexercisable in the above table will become fully vested and therefore exercisable upon the termination of employment of each of Messrs. Arling, Miketo, Firehammer and Mansour with the Company during the second quarter of 1998 as part of the Company's discontinuation of its North American retail line of business.

(3) Mr. Kopaskie resigned as the Company's Executive Vice President and Chief Operating Officer and as a member of the Board of Directors of the Company effective August 15, 1997 and is listed here pursuant to Rule S-K402(a)(3)(iii). In connection with his resignation, Mr. Kopaskie ceased vesting in his options after December 31, 1997, and all unvested options to which he had been granted terminated on January 1, 1998. In February 1998, Mr. Kopaskie exercised 22,916 shares and the value realized on such exercise was \$97,027.

EMPLOYMENT AGREEMENTS

In 1995 and 1996, the Company entered into salary continuation agreements with each of the named executives and certain other officers of the Company. The salary continuation agreements were amended in January 1997 (the salary continuation agreements, as amended, are hereinafter referred to as the "SCAs"). The SCAs take effect upon the occurrence of certain triggering events (as defined within the agreements (the discontinuation of the Company's North American retail line of business is a triggering event under certain of the SCAs)). When effective, the SCAs operate as employment agreements providing for terms of employment with the Company for periods ranging from twelve (12) to twenty-four (24) months. In addition, the SCAs provide for the executives and officers to receive increases in salary and bonuses during the term of the SCAs in accordance with the Company's standard policies and practices; however, in no event are such base salary and bonuses to be less than the base salary and bonuses such executives and officers received in the year immediately preceding the effective date of the SCAs. Further, the SCAs provide that each of the executives and officers would be entitled to receive stock option grants and to otherwise participate in the Company's

incentive compensation and benefits plans and other customary benefits programs in effect from time to time, but in no event is such participation to be less than that provided such executives and officers immediately prior to the effective date of the SCAs.

Under the SCAs, in the event the Company terminates the executives' and officers' employment for reasons other than the executives' or officers' death or disability or for "cause" (as such term is defined in the SCAs) or the executives or officers resign for "good reason" (as such term is defined in the SCAs, which definition includes resigning in connection with the occurrence of a change in control), the executives and officers will receive, in one lump sum, an amount equal to salary, bonus and other incentive compensation (including the cash value of all options held by such executives and officers, which options become immediately fully vested on the executives' or officers' termination or resignation date) and to continue all health, disability and life insurance benefits each for periods ranging from twelve (12) to twenty-four (24) months (thirty-six (36) months in the event of a hostile acquisition) following such termination or resignation.

Concurrent with the announcement of the discontinuation of the Company's North American retail line of business in December 1997, Messrs. Arling, Miketo, Firehammer, and Mansour and certain other officers of the Company were each notified that their respective employment with the Company would be terminated by the Company without "cause" during the second quarter of 1998, and each of them and certain other officers of the Company would be paid under the severance provisions of the SCAs. Each of Messrs. Arling, Miketo, Firehammer, and Mansour and the other applicable officers have agreed to accept the continuing right to exercise their respective options for the thirty month period following such termination in lieu of receiving the cash value of the options as provided in the SCAs.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As stated above, the Compensation Committee currently consists of Messrs. Henderson and McKnight, both of whom are non-employees. The Compensation Committee recommends compensation arrangements for the Company's executive officers and is also responsible for determining and otherwise administering the timing, amount, exercise price and other terms of options granted under the Company's various stock incentive plans. Under certain of those plans, options may be granted to non-employee directors of the Board of Directors. In all instances of stock option grants, the recommendations of the Compensation Committee are passed upon and approved by the full Board of Directors. There were no options granted to non-employee directors of the Board of Directors during 1997.

CERTAIN TRANSACTIONS

In May 1994, the Company entered into agreements with certain of its executive officers and other employees whereby the Company loaned \$484,989 to them to fund their purchase, on the open market, of shares of the Company Common Stock. These borrowings are evidenced by secured promissory notes, are due in five years from the date of the advance together with simple interest calculated at a local bank's prevailing interest rate for loans of this nature, and are secured by a pledge of the purchased stock. None of these loans exceeded \$60,000. With the exception of Mr. Firehammer, who received loans amounting to \$42,875, neither the Company's chief executive officer nor any of the other named officers received loans as declared herein. As a result of the Company's restructuring efforts and other termination of certain executive officers and other employees of the Company through March 31, 1998, \$331,817 of these loans were forgiven (with the purchased stock being retained by the borrowers) and \$69,782 of these loans were repaid, all in accordance with the terms of the loans. Mr. Firehammer's loan will be forgiven in its entirety during the second quarter of 1998 and he will retain the purchased stock due to the termination of his employment with the Company as part of the Company's discontinuation of its North American retail line of business.

F. Rush McKnight, a nominee for reelection to the Company's Board of Directors, is a retired partner of the law firm of Calfee, Halter & Griswold LLP, which has been retained by the Company in connection with certain legal matters.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors, first established after the Company's February 1993 initial public offering, met once during 1997. The members of the Committee are Bruce A. Henderson and F. Rush McKnight and the Committee recommends compensation arrangements for the Company's executive officers and administers its various stock incentive plans.

The Compensation Committee will review the compensation policies of the Company throughout the coming year. All compensation actions taken during 1997 were consistent with principles previously established by the Board of Directors. These principles include building a strong relationship between stockholder return and executive compensation, providing incentives to achieve both near and long-term goals, and providing an overall level of remuneration which is fair and reflective of performance. Further, consistent with past practice, the Board has decided that management of the Company should make decisions with respect to the compensation of all employees other than the chief executive officer and all other executive officers of the Company.

Compensation Philosophy and Program. In administering executive officer compensation, the Compensation Committee's objective is to establish a total pay program for the Company which appropriately balances compensation costs with salaries and incentives sufficient to retain and motivate key executives. The other executive officers, except for Mr. Gabrielsen, are not present at the discussions or deliberations of the Compensation Committee unless requested by the Compensation Committee, and were not present at the meeting in 1997. To establish compensation targets, the Compensation Committee uses data provided by the Company which reflects overall and individual executive officer compensation history, the Company's recent and planned performance and, to the extent available, data reflecting compensation practices of companies who are competitors of the Company (the "Compare Group"). The Compare Group includes members of the Company's Peer Group and private companies. However, because the Company has found that the companies comprising the Compare Group are substantially larger than the Company, the Compensation Committee discounts such comparison data and relies more on internal information and criteria in establishing its overall pay program for the executive officers.

Base Salary. Actual base salaries are based on an assessment of various factors including position, tenure, experience, salary history, and individual performance. This assessment is subjective, not subject to weightings or formulas and only considers Compare Group data to the extent available and believed by the Compensation Committee to be helpful. Individual base salary increases reflect what the Compensation Committee believes to be fair and appropriate after considering the subjective factors and an assessment of the Company's current and projected labor costs. Based upon the Company's financial performance for the year ended December 31, 1997, the Committee assessed the base salaries of Mr. Gabrielsen (whose base salary in 1997 was \$310,000) and the other executive officers and determined that no increases in base salary for the executives, including Mr. Gabrielsen, would occur in 1998.

Annual Bonus Incentives. The Company believes that incentives help motivate attainment of annual objectives, including the Company's performance relative to that year's plan and the individual performance of each executive officer. For 1997, individual payouts were based upon a percentage of the executive's base salary, provided that certain earnings per share targets were met. In certain circumstances, an additional bonus may be awarded if the Compensation Committee determines that an executive officer's individual performance warrants such award. Based on the earnings per share achieved by the Company during 1997, Mr. Gabrielsen received a bonus for 1997 equal to 40% of his base salary and the other named executive officers received bonuses in 1997 ranging from 20% to 30% of their respective base salaries. For 1998, the Compensation Committee determined that the method for determining bonuses should continue to be based upon a percentage of the executive's base salary, provided certain earnings per share targets have been met.

Common Stock Incentives. In addition to the Company's 401(k) and Profit Sharing Plan, the Company, through its various stock incentive plans, may grant options to purchase Company Common Stock, stock appreciation rights or phantom stock awards to executive officers and employees of the Company and its subsidiaries with a view toward providing the executive officers and employees a stake in the Company's future

and compensation directly aligned with the creation of stockholder value. The Compensation Committee may also issue stock options to attract new executive officers and other employees to the Company. The Compensation Committee generally establishes the terms and conditions of such grants. Individual awards are determined based on a subjective assessment of individual performance, contribution and potential. No stock options were granted to any of the named executives, including Mr. Gabrielsen, during 1997. On March 11, 1998, the Board of Directors of the Company authorized and approved the creation of the Universal Electronics Inc. 1998 Stock Incentive Plan (the "1998 Plan").

Perquisites. The Company offers very few perquisites or special benefits to executive officers. In general, the Compensation Committee believes that the benefits offered are less than that offered at typical companies of similar size, and are not material when considering total compensation.

The Compensation Committee does not believe that the provisions of the Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), will limit the deductibility of compensation expected to be paid by the Company during 1998. The Compensation Committee will continue, however, to evaluate the impact of Section 162(m) of the Code and any other such provisions and take such actions as is deemed appropriate.

Employment Agreements. In 1995 and 1996, the Company entered into salary continuation agreements with each of the named executives and certain other officers of the Company. The salary continuation agreements were amended in January 1997 (the salary continuation agreements, as amended, are hereinafter referred to as the "SCAs"). The SCAs take effect upon the occurrence of certain triggering events (as defined within the agreements (the discontinuation of the Company's North American retail line of business is a triggering event under certain of the SCAs)). When effective, the SCAs operate as employment agreements providing for terms of employment with the Company for periods ranging from twelve (12) to twenty-four (24) months. In addition, the SCAs provide for the executives and officers to receive increases in salary and bonuses during the term of the SCAs in accordance with the Company's standard policies and practices; however, in no event are such base salary and bonuses to be less than the base salary and bonuses such executives and officers received in the year immediately preceding the effective date of the SCAs. Further, the SCAs provide that each of the executives and officers would be entitled to receive stock option grants and to otherwise participate in the Company's incentive compensation and benefits plans and other customary benefits programs in effect from time to time, but in no event is such participation to be less than that provided such executives and officers immediately prior to the effective date of the SCAs.

Under the SCAs, in the event the Company terminates the executives' and officers' employment for reasons other than the executives' or officers' death or disability or for "cause" (as such term is defined in the SCAs) or the executives or officers resign for "good reason" (as such term is defined in the SCAs, which definition includes resigning in connection with the occurrence of a change in control), the executives and officers will receive, in one lump sum, an amount equal to salary, bonus and other incentive compensation (including the cash value of all options held by such executives and officers, which options become immediately fully vested on the executives' or officers' termination or resignation date) and to continue all health, disability and life insurance benefits each for periods ranging from twelve (12) to twenty-four (24) months (thirty-six (36) months in the event of a hostile acquisition) following such termination or resignation.

Concurrent with the announcement of the discontinuation of the Company's North American retail line of business in December 1997, Messrs. Arling, Miketo, Firehammer, and Mansour and certain other officers of the Company were each notified that their respective employment with the Company would be terminated by the Company without "cause" during the second quarter of 1998, and each of them and certain other officers of the Company would be paid under the severance provisions of the SCAs. Each of Messrs. Arling, Miketo, Firehammer, and Mansour and the other applicable officers have agreed to accept the continuing right to exercise their respective options for the thirty month period following such termination in lieu of receiving the cash value of the options as provided in the SCAs.

On February 2, 1998, the Company hired Camille Jayne as its President and Chief Operating Officer and entered into an employment agreement with her. In addition, on March 11, 1998, Ms. Jayne was appointed to the Company's Board of Directors to fill one of the vacancies existing at that time. Ms. Jayne's employment agreement has an initial term of two years, set to expire at the end of business on February 1, 2000 and, unless terminated by either party as provided in the agreement, such agreement shall renew for additional successive one year terms. The agreement also provides for an initial annual base salary of \$300,000 and a bonus payable at the end of the 1998 fiscal year in an amount equal to a percentage of her base salary, provided that certain earnings per share targets are met. The agreement also permits the Company to award Ms. Jayne a discretionary bonus determined by the Company and provides for the grant of an option to acquire up to 175,000 shares of Company Common Stock. The options have an exercise price of \$9.9688 per share, the fair market value of the Company Common Stock on her hire date, and vest in equal increments over four years. The agreement further entitles Ms. Jayne to a commuting allowance and corporate housing during the initial term of the agreement and for Ms. Jayne's participation in benefits plans of the Company in effect from time to time and for other customary benefits.

If during the term of the agreement, Ms. Jayne should resign for "good reason" (as such term is defined in the agreement), Ms. Jayne will receive salary, bonus, other incentive compensation and perquisites, and may continue to participate in Company benefits plans, for an 18-month period following such resignation. The agreement prohibits Ms. Jayne from disclosing and/or using any of the Company's trade secrets and proprietary information and from soliciting any of its customers or employees anytime after her employment with the Company.

It is the view of the Compensation Committee that the compensation programs of the Company are well structured to encourage attainment of objectives, offer opportunities for a total level of compensation which is consistent with other companies of similar size, and foster a stockholder perspective in management. The Compensation Committee believes that the overall levels of compensation provided by these programs are fair and appropriate for the year just ended, and that they serve stockholders' long-term interests.

Compensation Committee of the Board of
Directors

Bruce A. Henderson
F. Rush Mcknight

PERFORMANCE CHART

The following line graph compares the yearly percentage change in the cumulative total stockholder return with respect to the Company Common Stock versus the cumulative total return of the Company's Peer Group Index (the "Peer Group Index") and the Nasdaq Composite Index (the "Nasdaq Composite Index") for the period commencing February 12, 1993 (the initial trading date for the Company Common Stock) and ended December 31, 1997. The graph assumes an investment of \$100 on February 12, 1993, a reinvestment of dividends (no dividends were declared on the Company Common Stock during the period) and actual market value increases and decreases of the Company Common Stock relative to an initial investment of \$100.

The Company believes that the information provided within this performance chart has only limited relevance to an understanding of the Company's compensation policies during the indicated periods, does not reflect all matters appropriately considered by the Company in developing its compensation strategy, shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, and is not necessarily indicative of future price performance.

[GRAPH]

COMPARISON OF STOCKHOLDER RETURNS AMONG UNIVERSAL ELECTRONICS INC.,
THE PEER GROUP INDEX(1) AND THE NASDAQ COMPOSITE INDEX

	02/12/93	12/31/93	12/31/94	12/31/95	12/31/96	12/31/97
Universal Electronics Inc.	\$100	\$152	\$ 34	\$ 58	\$ 42	\$ 77
Peer Group Index	\$100	\$112	\$121	\$116	\$147	\$113
Nasdaq Composite Index	\$100	\$111	\$108	\$151	\$185	\$139

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(1) Companies in the Peer Group Index are as follows: Harman International Industries, Inc.; Recoton Corporation; Royal Appliance Manufacturing Co.; Voice Powered Technology, Inc.; and Zenith Electronics Corporation.

PROPOSAL TWO: RATIFICATION AND APPROVAL OF 1998 STOCK INCENTIVE PLAN

BACKGROUND

As of March 11, 1998, options to acquire 198,230, 394,750 and 385,000 available shares of Company Common Stock had been granted under the Company's existing 1993 Stock Incentive Plan (the "1993 Plan"), 1995 Stock Incentive Plan (the "1995 Plan") and 1996 Stock Incentive Plan, leaving 1,770,

5,250 and 15,000 available for future grants under the 1993 Plan, the 1995 Plan and 1996 Plan, respectively. As a result, the Board of Directors, believing that the remaining number of shares available for future grants under the 1993 Plan, 1995 Plan and 1996 Plan was insufficient to attract and retain key employees, authorized the adoption of a new Universal Electronics Inc. 1998 Stock Incentive Plan (the "1998 Plan") to make an additional 315,000 shares of Company Common Stock (approximately 4.95% of the outstanding shares of Company Common Stock (as of March 31, 1998)) available for distribution to the Company's key officers and employees.

Consequently, the stockholders will be asked at the Annual Meeting to vote on a proposal to ratify and approve the adoption of the 1998 Plan. The 1998 Plan was approved by the Board of Directors on March 11, 1998, subject to stockholder approval.

The Board of Directors believes that substantial benefits will accrue to the Company from the granting of stock awards under the 1998 Plan to its key officers and employees. Such awards encourage such persons to acquire a proprietary interest in the Company through stock ownership and thereby afford them a greater incentive to enhance the value of the Company Common Stock through their own efforts in improving the Company's business. The granting of awards under the 1998 Plan also assists in obtaining and attracting competent personnel who will contribute to the Company's success through their ability, ingenuity and industry and to provide incentive to the participating personnel which will inure to the benefit of all stockholders of the Company. For these reasons, the Board adopted the 1998 Plan. Accordingly, the Board of Directors and management believe that ratification and approval of the 1998 Plan is in the best interests of the Company and recommend that stockholders vote in favor of the proposal. IN THIS CONNECTION, UNLESS OTHERWISE INSTRUCTED, THE PROXYHOLDERS WILL VOTE THE PROXIES RECEIVED BY THEM FOR THE RATIFICATION AND APPROVAL OF THE 1998 PLAN.

The following is a summary of the material features of the 1998 Plan and is qualified in its entirety by reference to it. A copy of the 1998 Plan is attached hereto as Exhibit A.

GENERAL

The 1998 Plan provides for the issuance of stock options, stock appreciation rights, performance stock units, restricted stock units or any combination thereof (each an "Award"). Stock options may be granted to Eligible Employees (as such term is defined within the 1998 Plan). Eligible Employees may be granted "incentive stock options" within the meaning of Section 422A of the Code and non-qualified (for federal income tax purposes) stock options.

Stock appreciation rights, which may be granted to Eligible Employees, give the grantee of a stock option the right to elect an alternative payment equal to the appreciation of the stock value instead of exercising a stock option. Payment of the stock appreciation right may be made in cash, shares of Company Common Stock or a combination thereof.

Performance stock units and restricted stock units may be granted to Eligible Employees and represent the right to receive one share of Company Common Stock. In the case of performance stock units, Company Common Stock would be received upon the attainment of certain Company performance objectives. Such performance objectives would be set by the Committee. In the case of restricted stock units, Company Common Stock would be received upon completion of a restriction period, the duration of which would be determined by the Committee.

In all cases, Awards are subject to the terms and provisions of the 1998 Plan. The maximum number of shares of Company Common Stock reserved and available for issuance under the 1998 Plan is 315,000 shares, which constitutes approximately 4.95% of the outstanding shares of Company Common Stock (as of March 31, 1998).

DURATION AND ADMINISTRATION OF THE 1998 PLAN

The 1998 Plan will terminate on May 27, 2008, unless otherwise terminated by resolution of the Board of Directors. Initially, the 1998 Plan will be administered by the Company's Compensation Committee (the

"Committee"). The Committee is composed solely of two or more directors who are non-employee Directors. The current members of the Committee are Bruce A. Henderson and F. Rush McKnight (see "THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD"). Subject to the terms and conditions of the 1998 Plan, the Committee has full and final authority in its absolute discretion to, without limitation: (i) determine the terms and conditions of Awards; (ii) construe and interpret the 1998 Plan and any agreement or instrument entered into thereunder; (iii) adopt, amend, or rescind rules and regulations that may be advisable in the administration of the 1998 Plan; (iv) establish, amend or waive the rules and regulations and the instruments evidencing Awards granted under the 1998 Plan; and (v) make all other determinations deemed necessary or advisable for the administration of the 1998 Plan. Any decision made or action taken by the Committee in connection with the administration, interpretation and implementation of the 1998 Plan and of its rules and regulations will be, to the extent permitted by law, conclusive and binding upon all Eligible Employees and upon any person claiming under or through any of them. Neither the Committee nor any of its members is liable for any action taken by the Committee pursuant to the 1998 Plan. No member of the Committee is liable for the act of any other member.

SECURITIES SUBJECT TO THE 1998 PLAN

Not more than 315,000 shares of Company Common Stock may be issued pursuant to the 1998 Plan in the aggregate, subject to equitable adjustment by the Committee in the event of stock splits, stock dividends, combinations, exchanges of shares or similar capital adjustments. If any Award expires without having been fully exercised, the shares with respect to which such Award has not been exercised will be available for further Awards.

GRANT AND METHOD OF EXERCISE OF AWARDS

Subject to certain conditions, the duration of each Award granted under the 1998 Plan will be determined by the Committee, provided that no Award shall be granted after the tenth anniversary of the establishment of the 1998 Plan and no such Award shall be exercisable or vest, as applicable, later than the tenth anniversary of the date the Award was granted.

Each stock option granted under the 1998 Plan will have an exercise price of no less than the fair market value at the date of grant which will be determined by averaging the highest and lowest sales prices for the Company Common Stock on The Nasdaq Stock Market on the date of the grant. A stock option granted under the 1998 Plan will become exercisable in equal increments of 25% of the shares of the Company Common Stock which are covered by the stock option on each of the first four anniversary dates of the grant.

Shares of the Company Common Stock shall be deliverable upon the vesting of performance stock unit Awards or restricted stock units Awards for no consideration other than services rendered or, in the Committee's sole discretion, the minimum amount of consideration other than services, required to be received by the Company in order to assure compliance with applicable state law, which amount shall not, in any case, exceed 10% of the fair market value of such shares of Company Common Stock on that date of issuance.

Awards may be exercised by the giving of written notice to the Company of the exercise of the Award accompanied by full payment of the exercise price (if applicable) in cash or, in the Committee's discretion, its equivalent. The Committee also may allow cashless exercise as permitted under the Federal Reserve Board's Regulation T.

EXERCISE OF STOCK OPTIONS UPON TERMINATION OF EMPLOYMENT

Termination due to Death or Disability. If an Eligible Employee's employment with the Company and all subsidiaries ceases because of death or disability, the option may be exercised by the Eligible Employee (or, in the event of death, such person's estate or personal representative) until the earlier of either (i) the first anniversary of such termination of employment or (ii) the expiration of the option, but only to the extent the option was exercisable at the date of such termination of employment.

Termination without cause or due to Constructive Termination. If an Eligible Employee's employment with the Company and all subsidiaries is terminated by the Company without "cause" or in the event of "Constructive Termination" (including a "Change In Control") (as all such terms are defined within the 1998 Plan) the option may be exercised by the Eligible Employee (or, in the event of death, such person's estate or personal representative) until the expiration of the option, but only to the extent the option was exercisable at the date of such termination of employment.

Termination for any other reason. If an Eligible Employee's employment with the Company and all subsidiaries ceases for any reason other than death, disability, without cause or Constructive Termination, the option may be exercised by the Eligible Employee (or, in the event of the death of the Eligible Employee after such cessation of employment, such person's estate or personal representative) until the earlier of either (i) the 90th day following such termination of employment or (ii) the expiration of the option, but only to the extent the option was exercisable at the date of such termination of employment.

Subject to certain limitations set forth in the 1998 Plan, the Committee may waive any restrictions or conditions set forth in an option agreement concerning an Eligible Employee's right to exercise any stock option and/or the time and method of exercise.

CANCELLATION OF RESTRICTED STOCK UNITS AWARDS OR PERFORMANCE STOCK UNITS AWARDS

If an Eligible Employee's employment with the Company and all subsidiaries terminates for any reason, the unvested portion of any restricted stock units Award or performance stock unit Award will be canceled and the Eligible Employee shall not be entitled to receive any consideration in respect of such cancellation; provided, however, that the Committee, subject to certain limitations set forth in the 1998 Plan, may waive any restrictions or conditions relating to the vesting of restricted stock units Awards and performance stock units Awards.

INCOME TAX TREATMENT

The Company has been advised that under current law, certain of the income tax consequences under the laws of the United States to Eligible Employees and the Company of Awards granted under the 1998 Plan generally should be as set forth in the following summary. This summary only addresses federal income tax consequences for Eligible Employees and the Company.

An Eligible Employee who is granted an incentive stock option which qualifies under Section 422 of the Code will not recognize income at the time of grant or exercise of such Award. No federal income tax deduction will be allowable to the Company upon the grant or exercise of such Award. Upon the exercise of an incentive stock option, however, special alternative minimum tax rules apply for the Eligible Employee. When the Eligible Employee sells such shares more than one year after the date of exercise of the Award and more than two years after the date of grant of the incentive stock option, the employee will normally recognize a long-term capital gain or loss equal to the difference, if any, between the sales price of such shares and the option exercise price. If the Eligible Employee does not hold such shares for this period, when the employee sells such shares, the employee will recognize ordinary compensation income and possibly capital gain or loss in such amounts as are prescribed by the Code and the regulations thereunder. Subject to applicable provisions of the Code and regulations, the Company generally will be entitled to a federal income tax deduction in the amount of such ordinary compensation income.

An Eligible Employee to whom a non-qualified option (an option which is not an incentive stock option) is granted will not recognize income at the time of grant of such option. When the Eligible Employee exercises such non-qualified option, such person will recognize ordinary compensation income equal to the difference, if any, between the option exercise price and the fair market value, as of the date of the option exercise, of the shares such person receives. The tax basis of such shares to such person will be equal to the fair market value, as of the date of the option exercise, of the shares such person receives (or the exercise price, if greater) and the holding period for such shares will commence on the day on which such person recognized taxable income in respect to such shares. Subject to applicable provisions of the Code and regulations, the Company generally

will be entitled to a federal income tax deduction in respect of non-qualified options in the amount of such ordinary compensation income recognized by the Eligible Employee.

An Eligible Employee to whom a restricted stock units Award or a performance stock units Award is granted will not recognize income at the time of grant of such Award. When such Eligible Employee receives shares of Company Common Stock, the Eligible Employee will recognize ordinary compensation income equal to the fair market value of any shares received. Subject to applicable provisions of the Code and regulations thereunder, the Company generally will be entitled to a federal income tax deduction in respect of the Award of Company Common Stock in an amount equal to the ordinary compensation income recognized by the Eligible Employee.

The discussion set forth above does not purport to be a complete analysis of all potential tax consequences relevant to recipients of Awards of the Company or to describe tax consequences based on particular circumstances. It is based on the United States federal income tax law and interpretational authorities as of the date of this Proxy Statement, which are subject to change at any time. This discussion does not address state or local income tax consequences or income tax consequences for taxpayers who are not subject to taxation in the United States.

VOTE REQUIRED

The action of the Board of Directors in adopting the 1998 Plan requires the ratification and approval by an affirmative vote of the holders of a majority of shares of Company Common Stock present in person or represented by proxy at the Annual Meeting.

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION AND APPROVAL OF THE UNIVERSAL ELECTRONICS INC. 1998 STOCK INCENTIVE PLAN.

PROPOSAL THREE: APPOINTMENT OF AUDITORS

The Board of Directors, acting on the recommendation of its Audit Committee, has appointed Price Waterhouse LLP ("Price Waterhouse"), a firm of independent public accountants, as auditors, to examine and report to the Board and to the Company's stockholders on the consolidated financial statements of the Company and its subsidiaries for 1998. The Board of Directors is requesting stockholder ratification of such appointment. Representatives of Price Waterhouse will be present at the Annual Meeting and will be given an opportunity to make a statement. They will be available to respond to appropriate questions.

Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the ratification of the appointment of Price Waterhouse as the Company's independent auditors. If the stockholders of the Company reject the nomination, the Board of Directors will reconsider its selection.

VOTE REQUIRED

The ratification of the Board of Directors' appointment of Price Waterhouse as the Company's independent auditors for 1998 requires an affirmative vote of the holders of a majority of shares of Company Common Stock present in person or represented by proxy at the Annual Meeting.

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF SUCH APPOINTMENT.

STOCKHOLDER PROPOSAL FOR 1999 ANNUAL MEETING

Any stockholder who meets the requirements of the proxy rules under the Exchange Act may submit to the Board of Directors proposals to be considered for submission to the Annual Meeting of Stockholders to be held in 1999. Any such proposal should be submitted in writing by notice delivered or mailed by first-class United States mail, postage prepaid, to the Secretary, Universal Electronics Inc., 6101 Gateway Drive, Cypress, California 90630 and must be received no later than December 30, 1998. Any such notice shall set forth: (a) the name and address of the stockholder and the text of the proposal to be introduced; (b) the number of shares of stock held of record, owned beneficially and represented by proxy by such stockholder as of the date of such notice; and (c) a representation that the stockholder intends to appear in person or by proxy at the meeting to introduce the proposal specified in the notice. The chairman of the meeting may refuse to acknowledge the introduction of any stockholder proposal not made in compliance with the foregoing procedures.

STOCKHOLDER NOMINATIONS OF DIRECTORS

The Nominating Committee of the Company's Board of Directors will consider nominees to the Company's Board of Directors to the extent permitted under, and made pursuant to the procedures established by, Article IV of the Company's Amended and Restated By-laws.

SOLICITATION OF PROXIES

Proxies will be solicited by mail, telephone, or other means of communication. Solicitation may be made by directors, officers and other employees of the Company not specifically employed for this purpose. The Company will reimburse brokerage firms, custodians, nominees and fiduciaries in accordance with the rules of the National Association of Securities Dealers, Inc., for reasonable expenses incurred by them in forwarding materials to the beneficial owners of shares. The entire cost of solicitation will be borne by the Company.

FORM 10-K ANNUAL REPORT

Any stockholder who desires a copy of the Company's 1997 Annual Report on Form 10-K filed with the Securities and Exchange Commission may obtain a copy (excluding exhibits) without charge by addressing a request to Investor Relations, Universal Electronics Inc., 6101 Gateway Drive, Cypress, California 90630. A charge equal to the reproduction cost will be made if the exhibits are requested.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Richard A. Firehammer, Jr.
Richard A. Firehammer, Jr.
Vice President, General Counsel and
Secretary

April 21, 1998

UNIVERSAL ELECTRONICS INC.
1998 STOCK INCENTIVE PLAN

TO BE EFFECTIVE MAY 27, 1998

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UNIVERSAL ELECTRONICS INC.
1998 STOCK INCENTIVE PLAN

SECTION 1. GENERAL PURPOSE OF PLAN; DEFINITIONS.

The name of the plan is the Universal Electronics Inc. 1998 Stock Incentive Plan (the "Plan"). The purpose of the Plan is to enable the Corporation (as hereinafter defined) and its Subsidiaries (as hereinafter defined) to obtain and retain competent personnel who will contribute to the Corporation's success through their ability, ingenuity and industry and to provide incentives to the participating officers, key employees and Non-affiliated Directors (as hereinafter defined) which are related to increases in stockholder value and will therefore inure to the benefit of all stockholders of the Corporation.

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

(a) "Award" means any grant under the Plan in the form of Stock Options, Stock Appreciation Rights, Performance Stock Units, Restricted Stock Units or any combination of the foregoing.

(b) "Board" means the Board of Directors of the Corporation.

(c) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

(d) "Committee" means the Compensation Committee or any other committee the Board may subsequently appoint to administer the Plan. The Committee shall be composed entirely of directors who meet the qualifications referred to in Section 2 of the Plan.

(e) "Corporation" means Universal Electronics Inc., a corporation incorporated under the laws of the State of Delaware (or any successor corporation).

(f) "Disability" means an event of illness or other incapacity of Optionee resulting in Optionee's failure or inability to discharge Optionee's duties as an employee or Non-affiliated Director of the Corporation, any Subsidiary or any Related Entity for ninety (90) or more days during any period of 120 consecutive days.

(g) "Disinterested Person" shall have the meaning set forth in Rule 16b-3 ("Rule 16b-3"), as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"), or any successor definition adopted by the Securities and Exchange Commission.

(h) "Eligible Employee" means an employee of the Corporation, any Subsidiary or any Related Entity as described in Section 4 of the Plan.

(i) "Fair Market Value" means, as of any given date, with respect to any Awards granted hereunder, the mean of the high and low trading price of the Stock on such date as reported on The Nasdaq Stock Market or if the Stock is not then traded on The Nasdaq Stock Market, on such other national securities exchange on which the Stock is admitted to trade or, if none, on the National Association of Securities Dealers Automated Quotation System if the Stock is admitted for quotation thereon; provided, however, that if any such system, exchange or quotation system is closed on any day on which Fair Market Value is to be determined, Fair Market Value shall be determined as of the first day immediately proceeding such day on which such system, exchange or quotation system was open for trading; provided, further, that in all other circumstances, "Fair Market Value" means the value determined by the Committee after obtaining an appraisal by one or more independent appraisers meeting the requirements of regulations issued under Section 170(a)(1) of the Code.

(j) "Incentive Stock Option" means any Stock Option intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.

(k) "Nonqualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

(l) "Optionee" means a Participant granted a Stock Option pursuant to Section 5 of the Plan which remains outstanding.

(m) "Participant" means any Eligible Employee selected by the Committee, pursuant to the Committee's authority in Section 2 of the Plan, to receive Awards and, solely to the extent provided by Section 8 of the Plan, Non-affiliated Directors of the Corporation.

(n) "Performance Stock Unit" means the right to receive one share of Stock as set forth in an Award granted pursuant to Section 7 of the Plan.

(o) "Related Entity" means any corporation, joint venture or other entity, domestic or foreign, other than a Subsidiary, in which the Corporation owns, directly or indirectly, a substantial equity interest.

(p) "Restricted Stock Unit" means the right to receive one share of Stock as set forth in an Award granted pursuant to Section 7 of the Plan.

(q) "Retirement" means (i) retirement from active employment under a retirement plan of the Corporation, any Subsidiary or Related Entity or under an employment contract with any of them or (ii) termination of employment at or after age 55 under circumstances which the Committee, in its sole discretion, deems equivalent to retirement.

(r) "Stock" means the common stock of the Corporation.

(s) "Stock Appreciation Right" means the right pursuant to an Award granted under Section 6 of the Plan, (i) in the case of a Related Stock Appreciation Right (as defined in Section 6 of the Plan), to surrender to the Corporation all or a portion of the related Stock Option and receive an amount equal to the excess of the Fair Market Value of one share of Stock as of the date such Stock Option or portion thereof is surrendered over the option price per share specified in such Stock Option, multiplied by the number of shares of Stock in respect of which such Stock Option is being surrendered and (ii) in the case of a Freestanding Stock Appreciation Right (as defined in Section 6 of the Plan) and receive an amount equal to the excess of the Fair Market Value of one share of Stock as of the date of exercise over the price per share specified in such Freestanding Stock Appreciation Right, multiplied by the number of shares of Stock in respect of which such Freestanding Stock Appreciation Right is being exercised.

(t) "Stock Option" means any option to purchase shares of Stock granted pursuant to Section 5 of the Plan.

(u) "Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Corporation, if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

SECTION 2. ADMINISTRATION.

The Plan shall be administered by the Committee, composed of not less than two directors who are Disinterested Persons, who shall be appointed by the Board and who shall serve at the pleasure of the Board. In the event that a Committee has not been appointed, then the Plan shall be administered by the Board which shall have all of the power and authority of the Committee set forth below until such time as a Committee is appointed. The Committee shall have the power and authority in its sole discretion to grant Awards pursuant to the terms and provisions of the Plan.

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

(a) to select Participants;

(b) to determine whether and to what extent Awards are to be granted to Participants hereunder;

(c) to determine the number of shares of Stock to be covered by each such Award granted hereunder, but in no case shall such number be in the aggregate greater than that allowed under the Plan;

(d) to determine the terms and conditions of any Award granted hereunder (including, without limitation, (i) the restrictive periods applicable to Restricted Stock Unit Awards and (ii) the performance objectives and periods applicable to Performance Stock Unit Awards);

(e) to waive compliance by a Participant with any obligation to be performed by such Participant under any Award and to waive any term or condition of any such Award (provided, however, that no such waiver shall detrimentally affect the rights of the Participant without such Participant's consent); and

(f) to determine the term and conditions which shall govern all written agreements evidencing the Awards.

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

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

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

The total number of shares of Stock reserved and available for issuance under the Plan shall be three hundred fifteen thousand (315,000). Such shares of Stock may consist, in whole or in part, of authorized and unissued shares of Stock or issued shares of Stock reacquired by the Corporation at any time, as the Board may determine.

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

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

SECTION 4. ELIGIBILITY.

Officers and other key employees of the Corporation, its Subsidiaries and its Related Entities who are responsible for or contribute to the management, growth or profitability of the business of the Corporation, its Subsidiaries or its Related Entities shall be eligible to be granted Awards; provided however, with respect to an employee of a Related Entity, that such person was an employee of the Corporation, a Subsidiary or, if originally an employee of the Corporation or a Subsidiary, or another Related Entity immediately prior to becoming employed by such Related Entity and accepted employment with such Related Entity at the request of the Corporation or a Subsidiary. The Participants under the Plan shall be selected, from time to time, by the Committee, in its sole discretion, from among those Eligible Employees or, as set forth in Section 8 of the Plan, Non-affiliated Directors.

SECTION 5. STOCK OPTIONS.

(a) Grant and Exercise. Stock Options may be granted either alone or in addition to other Awards granted under the Plan. Any Stock Option granted under the Plan shall be in such form as the Committee may, from time to time, approve, and the terms and conditions of Stock Option Awards need not be the same with respect to each Optionee. Each Optionee shall enter into a Stock Option agreement ("Stock Option Agreement") with the Corporation, in such form as the Corporation shall determine, which agreement shall set forth, among other things, the option price of the option, the term of the option and conditions regarding exercisability of the option granted thereunder.

(i) Nature of Options. The Committee shall have the authority to grant any Participant either Incentive Stock Options, Nonqualified Stock Options or both types of Stock Options (in each case with or without Stock Appreciation Rights), except that the Committee shall not grant any Incentive Stock Options to an employee of a Related Entity. Any Stock Option which does not qualify as an Incentive Stock Option, or the terms of which at the time of its grant provide that it shall not be treated as an Incentive Stock Option, shall constitute a Nonqualified Stock Option.

(ii) Exercisability. Subject to such terms and conditions as shall be determined by the Committee in its sole discretion at or after the time of grant, Stock Options shall be exercisable from time to time to the extent of 25% of the number of shares of Stock covered by the Stock Option on and after the first anniversary and before the second anniversary of the date of grant of the Stock Option, to the extent of 50% of the number of shares of Stock covered by the Stock Option, on and after the second anniversary and before the third anniversary of the date of grant of the Stock Option to the extent of 75% of the number of shares of Stock covered by the Stock Option on and after the third anniversary and before the fourth anniversary of the date of grant of the Stock Option, and to the extent of 100% on and after the fourth anniversary of the date of grant of the Stock Option and before the expiration of the stated term of the Stock Option (or to such lesser extent as the Committee in its sole discretion shall determine at the time of grant or to such greater extent as the Committee in its sole discretion shall determine at or after the time of grant).

(iii) Method of Exercise. Stock Options may be exercised by giving written notice of exercise delivered in person or by mail as required by the terms of any Stock Option Agreement at the Corporation's principal executive office, specifying the number of shares of Stock with respect to which the Stock Option is being exercised, accompanied by payment in full of the option price in cash or its equivalent as determined by the Committee in its sole discretion. If requested by the Committee, the Optionee shall deliver to the Corporation the Stock Option Agreement evidencing the Stock Option being exercised for notation thereon of such exercise and return thereafter of such agreement to the Optionee. As determined by the Committee in its sole discretion at or after the time of grant, payment of the option price in full or in part may also be made in the form of shares of unrestricted Stock already owned by the Optionee (based on the Fair Market Value of the Stock on the date the Stock Option is exercised); provided, however, that in the case of an Incentive Stock Option, the right to make payment of the option price in the form of already owned shares of Stock may be authorized only at the time of grant. The Committee also may allow cashless exercise as permitted under the Federal Reserve Board's

Regulation T, subject to applicable securities law restrictions, or by any other means which the Committee determines to be consistent with the Plan's purpose and applicable law. An Optionee shall generally have the rights to dividends or other rights of a stockholder with respect to shares of Stock subject to the Stock Option when the Optionee has given written notice of exercise, has paid in full for such shares of Stock, and, if requested, has made representations described in Section 11(a) of the Plan.

(b) Terms and Conditions. Stock Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

(i) Option Price. The option price per share of Stock purchasable under a Stock Option shall be determined by the Committee at the time of grant, but shall be not less than 100% of the Fair Market Value of the Stock on the date of the grant; provided, however, that if any Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Corporation or any Subsidiary when an Incentive Stock Option is granted to such Participant, the option price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be not less than 110% of the Fair Market Value of the Stock on the date such Incentive Stock Option is granted.

(ii) Option Term. The term of each Stock Option shall be fixed by the Committee at the time of grant, but no Stock Option shall be exercisable more than ten years after the date such Stock Option is granted; provided, however, that if any Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Corporation or any Subsidiary when an Incentive Stock Option is granted to such Participant, such Stock Option (to the extent required by the Code at time of grant) shall not be exercisable more than five years from the date such Incentive Stock Option is granted.

(iii) Transferability of Options. Except as otherwise determined by the Committee, no Stock Options shall be transferable by the Optionee otherwise than by will or by the laws of descent and distribution and all Stock Options shall be exercisable, during the Optionee's lifetime, only by the Optionee.

(iv) Option Exercise After Termination by Reason of Death or Disability. If an Optionee's employment with the Corporation, any Subsidiary or any Related Entity terminates by reason of death or Disability, and Stock Option held by such Optionee may thereafter be exercised for a period of one year (or such shorter period as the Committee in its sole discretion shall specify at or after the time of grant) from the date of such termination or until the expiration of the stated term if such Stock Option, whichever period is shorter, to the extent to which the Optionee would on the date of termination have been entitled to exercise the Stock Option (or to such greater or lesser extent as the Committee in its sole discretion shall determine at or after the time of grant). In the event of a termination of employment by reason of death or Disability, if an Incentive Stock Option is exercised after the expiration of the exercise period that applies for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Nonqualified Stock Option.

(v) Option Exercise After Termination Without Cause or Due to Constructive Termination. If an Optionee's employment with the Corporation or any Subsidiary is terminated, by the Corporation or such Subsidiary, without "Cause" (as such term is defined within the Stock Option Agreement) or in the event of "Constructive Termination" (as such term is defined within the Stock Option Agreement) of the Optionee's employment with the Corporation or such Subsidiary or if an Optionee's employment with a Related Entity is so terminated, the Committee, in its sole discretion, may permit the Optionee to exercise any Stock Option held by such Optionee, to the extent not theretofore exercised, in whole or in part with respect to all remaining shares covered by the Stock Option at any time prior to the expiration of the Stock Option (or such shorter period as the Committee in its sole discretion shall specify at or after the time of grant), to the extent to which the Optionee would on the date of termination have been entitled to exercise the Stock Option (or to such greater or lesser extent as the Committee in its sole

discretion shall determine at or after the time of grant). An Optionee's acceptance of employment, at the request of the Corporation or a Subsidiary, with a Related Entity (or acceptance of employment, at the request of the Corporation or a Subsidiary, with any other Related Entity), shall not be deemed a termination of employment hereunder and any Stock Option held by Optionee may be exercised thereafter to the extent that the Optionee would on the date of exercise have been entitled to exercise such Stock Option if such Optionee had continued to be employed by the Corporation or such Subsidiary (or such initial Related Entity), provided that the Optionee has been in continuous employ with the Related Entity to which such Optionee has moved from the date of acceptance of employment therewith until the date of exercise. In the event of termination of employment by the Corporation, any Subsidiary or any Related Entity without "Cause" or in the event of "Constructive Termination" of the Optionee's employment or the acceptance of employment with a Related Entity, if an Incentive Stock Option is exercised after the expiration of the exercise period that applies for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Nonqualified Stock Option.

(vi) Option Exercise After Termination to Resignation. If an Optionee's employment with the Corporation, any Subsidiary, or any Related Entity terminates for any reason not set forth in Sections 5(iv) or (v) above, the Committee, in its sole discretion, may permit the Optionee to exercise any Stock Option held by such Optionee to the extent such Option was exercisable on the date of such termination (or to such greater or lesser extent as the Committee in its sole discretion shall determine at or after the time of grant) for a period of ninety (90) days from the date of such termination (or such shorter period as the Committee in its sole discretion shall specify at or after the time of grant).

(vii) Other Termination. Except as otherwise provided in this Section 5 of the Plan, or as determined by the Committee in its sole discretion, if an Optionee's employment with the Corporation, any Subsidiary or any Related Entity terminates, all Stock Options held by the Optionee will terminate.

(viii) Annual Limit on Incentive Stock Options. To the extent required for incentive stock option treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the date of Incentive Stock Option is granted) of the shares of Stock with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Corporation or any Subsidiary become exercisable for the first time by an Optionee during any calendar year shall not exceed \$100,000; provided, however, that if the aggregate Fair Market Value (so determined) of the shares of Stock covered by such options exceeds \$100,000 during any year in which they become exercisable, such options with a Fair Market Value in excess of \$100,000 will be Nonqualified Stock Options.

SECTION 6. STOCK APPRECIATION RIGHTS.

(a) Grant and Exercise. Stock Appreciation Rights may be granted either in conjunction with all or part of any Stock Option granted under the Plan ("Related Stock Appreciation Rights") or alone ("Freestanding Stock Appreciation Rights") and, in either case, in addition to other Awards granted under the Plan. Participants shall enter into a Stock Appreciation Rights Agreement with the Corporation if requested by the Committee, in such form as the Committee shall determine.

(i) Time of Grant. Related Stock Appreciation Rights related to a Nonqualified Stock Option may be granted either at or after the time of the grant of such Nonqualified Stock Option. Related Stock Appreciation Rights related to such an Incentive Stock Option may be granted only at the time of the grant of such Incentive Stock Option. Freestanding Stock Appreciation Rights may be granted at any time.

(ii) Exercisability. Related Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate shall be exercisable in accordance with the provisions of Section 5(a)(ii) of the Plan and Freestanding Stock Appreciation Rights shall be exercisable, subject to such terms and conditions as shall be determined by the Committee in its sole discretion at or after the time of grant, from time to time, to the extent that Stock Options are exercisable in accordance with the provisions of Section 5(a)(ii) of the Plan; provided, however, that any Stock Appreciation Right granted to a director or officer of the Corporation shall not be exercisable during the

first six months from the date of grant of such Stock Appreciation Rights, except that this additional limitation shall not apply in the event of death or Disability of the director or officer prior to the expiration of the six-month period. A Related Stock Appreciation Right granted in connection with an Incentive Stock Option may be exercised only if and when the Fair Market Value of the Stock subject to the Incentive Stock Option exceeds the option price of such Stock Option.

(iii) Method of Exercise. Stock Appreciation Rights shall be exercised by a Participant by giving written notice of exercise delivered in person or by mail as required by the terms of any agreement evidencing the Stock Appreciation Right at the Corporation's principal executive office, specifying the number of shares of Stock in respect of which the Stock Appreciation Right is being exercised. If requested by the Committee, the Participant shall deliver to the Corporation the agreement evidencing the Stock Appreciation Right being exercised and, in the case of a Related Stock Appreciation Right, the Stock Option Agreement evidencing any related Stock Option, for notation thereon of such exercise and return thereafter of such agreements to the Participant.

(iv) Amount Payable. Upon the exercise of a Related Stock Appreciation Right, an Optionee shall be entitled to receive an amount in cash or shares of Stock equal in value to the excess of the Fair Market Value of one share of Stock on the date of exercise over the option price per share specified in the related Stock Option, multiplied by the number of shares of Stock in respect of which the Related Stock Appreciation Rights shall have been exercised, with the Committee having in its sole discretion the right to determine the form of payment. Upon the exercise of a Freestanding Stock Appreciation Right, a Participant shall be entitled to receive an amount in cash or shares of Stock equal in value to the excess of the Fair Market Value of one share of Stock on the date of exercise over the price per share specified in the Freestanding Stock Appreciation Right, which shall be not less than 100% of the Fair Market Value of the Stock on the date of Grant, multiplied by the number of shares of Stock in respect of which the Freestanding Stock Appreciation Rights shall have been exercised, with the Committee having in its sole discretion the right to determine the form of payment.

(b) Terms and Conditions. Stock Appreciation Rights under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

(i) Terms of Stock Appreciation Rights. The term of a Related Stock Appreciation Right shall be the same as the term of the related Stock Option. A Related Stock Appreciation Right or applicable portion thereof shall terminate and no longer be exercisable upon the exercise, termination, cancellation or surrender of the related Stock Option, except that, unless otherwise provided by the Committee in its sole discretion at or after the time of grant, a Related Stock Appreciation Right granted with respect to less than the full number of shares of Stock covered by a related Stock Option shall terminate and no longer be exercisable if and to the extent that the number of shares of Stock covered by the exercise, termination, cancellation or surrender of the related Stock Option exceeds the number of shares of Stock not covered by the Related Stock Appreciation Right.

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

(ii) Transferability of Stock Appreciation Rights. Stock Appreciation Rights shall be transferable only when and to the extent that a Stock Option would be transferable under Section 5(b)(iii) of the Plan.

(iii) Termination of Employment. In the event of the termination of employment of an Optionee holding a Related Stock Appreciation Right, such right shall be exercisable to the same extent that the related Stock Option is exercisable after such termination. In the event of the termination of employment of the holder of a Freestanding Stock Appreciation Right, such right shall be exercisable to the same extent that a Stock Option with the same or substantially similar terms and conditions as such

Freestanding Stock Appreciation Right would have been exercisable in the event of the termination of employment of the holder of such Stock Option.

SECTION 7. RESTRICTED STOCK UNITS AND PERFORMANCE STOCK UNITS.

(a) Grant. Awards of Restricted Stock Units or Performance Stock Units may be granted either alone or in addition to other Awards granted under the Plan. Each Restricted Stock Unit or Performance Stock Unit represents the right to receive, subject to the terms and provisions of the Plan and any agreements evidencing such Awards, one share of Stock. If the Committee in its sole discretion so determines at the time of grant, a Participant to whom a Restricted Stock Unit Award or Performance Stock Unit Award has been granted may be credited with an amount equivalent to all cash dividends ("Dividend Equivalents") that would have been paid to the holder of such Restricted Stock Unit Award or Performance Stock Unit Award if one share of Stock for every Restricted Stock Unit or Performance Stock Unit awarded had been issued to the holder on the date of grant of such Restricted Stock Unit Award or Performance Stock Unit Award. The Committee shall determine the terms and conditions of each Restricted Stock Unit Award and Performance Stock Unit, including without limitation, the number of Restricted Stock Units or Performance Stock Units to be covered by such Awards, the restricted period applicable to Restricted Stock Unit Awards and the performance objectives applicable to Performance Stock Unit Awards. The Committee in its sole discretion may prescribe terms and conditions applicable to the vesting of such Restricted Stock Unit Awards or Performance Stock Unit Awards in addition to those provided in the Plan. The Committee shall establish such rules and guidelines governing the crediting of Dividend Equivalents, including the timing, form of payment and payment contingencies of Dividend Equivalents, as it may deem desirable. The Committee in its sole discretion may at any time accelerate the time at which the restrictions on all or any part of a Restricted Stock Unit Award lapse or deem the performance objectives with respect to all or any part of a Performance Stock Unit Award to have been attained. Restricted Stock Unit Awards and Performance Stock Unit Awards shall not be transferable otherwise than by will or by the laws of descent and distribution. Shares of Stock shall be deliverable upon the vesting of Restricted Stock Unit Awards and Performance Stock Unit Awards for no consideration other than services rendered or, in the Committee's sole discretion, the minimum amount of consideration other than services or, in the Committee's sole discretion, the minimum amount of consideration other than services (such as the par value of Stock) required to be received by the Corporation in order to assure compliance with applicable state law, which amount shall not exceed 10% of the Fair Market Value of such shares of Stock on the date of issuance. Each such Award shall be evidenced by a Restricted Stock Unit agreement ("Restricted Stock Unit Award Agreement") or Performance Stock Unit Award agreement ("Performance Stock Unit Award Agreement").

(b) Terms and Conditions. Unless otherwise determined by the Committee in its sole discretion:

(i) a breach of any term or condition provided in the Plan, the Restricted Stock Unit Award Agreement or the Performance Stock Unit Award Agreement or established by the Committee with respect to such Restricted Stock Unit Award or Performance Stock Unit Award will cause a cancellation of the unvested portion of such Restricted Stock Unit Award or Performance Stock Unit Award (including any Dividend Equivalents credited in respect thereof) and the Participant shall not be entitled to receive any consideration in respect of such cancellation; and

(ii) termination of such holder's employment with the Corporation, any Subsidiary or any Related Entity prior to the lapsing of the applicable restriction period or attainment of applicable performance objectives will cause a cancellation of the unvested portion of such Restricted Stock Unit Award or Performance Stock Unit Award (including any Dividend Equivalents credited in respect thereof) and the Participant shall not be entitled to receive any consideration in respect of such cancellation.

(c) Completion of Restriction Period and Attainment of Performance Objectives. To the extent that restrictions with respect to any Restricted Stock Unit Award lapse or performance objectives with respect to

any Performance Stock Unit Award are attained and provided that other applicable terms and conditions have been satisfied:

(i) such of the Restricted Stock Units or Performance Stock Units as to which restrictions have lapsed or performance objectives have been attained shall become vested and the Committee shall cause to be issued and delivered to the Participant a stock certificate representing a number of shares of Stock equal to such number of Restricted Stock Units or Performance Stock Units, and, subject to Section 11(a) hereof, free of all restrictions; and

(ii) any Dividend Equivalents credited in respect of such Restricted Stock Units or Performance Stock Units shall become vested to the extent that such Restricted Stock Units or Performance Stock Units shall have become vested and the Committee shall cause such Dividend Equivalents to be delivered to the Participant.

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

SECTION 8. GRANT OF STOCK OPTIONS TO NON-AFFILIATED DIRECTORS.

Each person who is not an employee of the Corporation, any Subsidiary or any Related Entity, who is elected as a director and who is not prior to such election affiliated with the Corporation or otherwise has a similar relationship to the Corporation (a "Non-affiliated Director"), may as of the date of each such election and any subsequent reelection or such other dates as shall be determined by the Committee in its sole discretion, be granted an Award consisting of a Stock Option to purchase shares of Stock for an option price equal to 100% of the Fair Market Value of the Stock on the date of such election or reelection. All such Stock Options shall be designated as Nonqualified Stock Options. A Non-affiliated Director must serve continuously as a Non-affiliated Director of the Corporation for a period of twelve (12) consecutive months from the date such Award is granted before such Non-affiliated Director can exercise any part of such Award. Thereafter, on and after the first anniversary of the date of granting the Award and before the second anniversary, the Non-affiliated Director may exercise the Award with respect to not more than one-third (1/3rd) of the number of shares of Stock covered thereby; on and after the second anniversary and before the third anniversary, the Non-affiliated Director may exercise the Award with respect to not more than two-thirds (2/3rds) of the number of shares of Stock covered thereby; and on and after the third anniversary and before the expiration of the stated term of the Award, which shall be no more than ten years from the date of its granting, the Non-affiliated Director may at any time or from time to time exercise the Award with respect to all or any portion of the shares of Stock covered thereby. If a Non-affiliated Director's service with the Corporation terminates by reason of death or Disability or retirement from active service as a director of the Corporation or if such Non-affiliated Director ceases being a Non-affiliated Director, any Award held by such Non-affiliated Director may be exercised for a period of three years from the date of such termination or until the expiration of the Award, whichever is shorter, to the extent to which the individual would on the date of exercise have been entitled to exercise the Award if such individual had continued to serve as a Non-affiliated Director. All applicable provisions of the Plan not inconsistent with this Section 8 shall apply to Awards granted to Non-affiliated Directors; provided, however, the Committee may not exercise discretion under any provisions of the Plan with respect to Awards granted under this Section 8 to the extent that such discretion is inconsistent with Rule 16b-3 under the Exchange Act.

SECTION 9. AMENDMENT AND TERMINATION.

The Board may amend, alter, or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made which would impair the rights of a Participant under any Award theretofore granted without such Participant's consent, or which, without the approval of the stockholders of the Corporation (where such

approval is necessary to satisfy then applicable requirements of Rule 16b-3 under the Exchange Act, any federal tax law relating to Incentive Stock Options, or applicable state law), would:

(a) except as provided in Section 3 of the Plan, increase the total number of shares of Stock which may be issued under the Plan;

(b) except as provided in Section 3 of the Plan, decrease the option price of any Stock Option to less than 100% of the Fair Market Value on the date of the grant of the Option;

(c) change the class of employees eligible to participate in the Plan;
or

(d) extend (i) the period during which Stock Options may be granted or (ii) the maximum period of any Award under Sections 5(b)(ii) or 6(b)(i) of the Plan.

Except as restricted herein with respect to Incentive Stock Options, the Committee may amend or alter the terms and conditions of any Award theretofore granted, and of any agreement evidencing such Award, prospectively or retroactively, but no such amendment or alteration shall impair the rights of any Optionee under such Award or agreement without such Optionee's consent.

SECTION 10. UNFUNDED STATUS OF PLAN.

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

SECTION 11. GENERAL PROVISIONS.

(a) The Committee may require each Optionee purchasing shares of Stock pursuant to a Stock Option to represent to and agree with the Corporation in writing that such Optionee is acquiring the shares of Stock without a view to distribution thereof.

All certificates for shares of Stock delivered under the Plan and, to the extent applicable, all evidences of ownership with respect to Dividend Equivalents delivered under the Plan, shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed or quotation system on which the Stock is admitted for trading and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of the Plan shall not confer upon any employee of the Corporation, any Subsidiary or any Related Entity any right to continued employment with the Corporation, any Subsidiary or any Related Entity as the case may be, nor shall it interfere in any way with the right of the Corporation, any Subsidiary or any Related Entity to terminate the employment of any of its employees at any time.

(c) Each Participant shall be deemed to have been granted an Award on the date the Committee took action to grant such Award under the Plan or such later date as the Committee in its sole discretion shall determine at the time such grant is authorized.

(d) Unless the Committee otherwise determines, each Participant shall, no later than the date as of which the value of an Award first becomes includable in the gross income of the Participant for federal income tax purposes, pay to the Corporation, or make arrangements satisfactory to the Committee regarding payment of, any federal, state or local taxes of any kind required by law to be withheld with respect to the Award. The obligations of the Corporation under the Plan shall be conditional on such payment or arrangements and the Corporation (and, where applicable, its Subsidiaries and its Related Entities) shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the

Participant. A Participant (other than a Non-affiliated Director) may elect to have such tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Corporation to withhold from shares of Stock to be issued upon the exercise of a Stock Option or upon the vesting of any Restricted Stock Unit Award or the Performance Stock Unit Award a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due, or (ii) transferring to the Corporation shares of Stock owned by the Participant with an aggregate Fair Market Value that would satisfy the withholding amount due. With respect to any Participant who is a director or officer, the following additional restrictions shall apply:

(i) the election to satisfy the tax withholding obligations relating to the exercise of a Stock Option or to the vesting of a Restricted Stock Unit Award or Performance Stock Unit Award in the manner permitted by this subsection (d) shall be made either (x) during the "window period" as described within the Corporation Insider Trading Policy, or (y) at least six months prior to the date on which the amount of tax to be withheld upon the exercise of such Stock Option or the vesting of such Restricted Stock Unit Award or Performance Stock Unit Award is determinable;

(ii) such election shall be irrevocable;

(iii) such election shall be subject to the consent or disapproval of the Committee; and

(iv) such election shall not be made within six months of the date of the grant of such Award.

(e) No member of the Board or the Committee, nor any officer or employee of the Corporation acting on behalf of the Board or the Committee, shall be personally liable for any action, failure to act, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Corporation acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Corporation in respect of any such action, failure to act, determination or interpretation.

(f) The Plan is intended to satisfy the conditions of Rule 16b-3 under the Exchange Act, and all interpretations of the Plan shall, to the extent permitted by law, regulations and rulings, be made in a manner consistent with and so as to satisfy the conditions of Rule 16b-3 under the Exchange Act. The phrase "director or officer" as used in the Plan means any director or officer who is subject to the provisions of Section 16(b) of the Exchange Act. Any provisions of the Plan or the application of any provision of the Plan inconsistent with Rule 16b-3 under the Exchange Act shall be inoperative and shall not affect the validity of the Plan.

(g) In interpreting and applying the provisions of the Plan, any Stock Option granted as an Incentive Stock Option pursuant to the Plan shall, to the extent permitted by law, regulations and rulings be construed as, and any ambiguity shall be resolved in favor of preserving its status as, an "incentive stock option" within the meaning of Section 422 of the Code. Once an Incentive Stock Option has been granted, no action by the Committee that would cause such Stock Option to lose its status under the Code as an "incentive stock option" shall be effective as to such Incentive Stock Option unless taken at the request of or with the consent of the Participant. Notwithstanding any provision to the contrary in the Plan or in any Incentive Stock Option granted pursuant to the Plan, if any change in law or any regulation or ruling of the Internal Revenue Service shall have the effect of disqualifying any Stock Option granted under the Plan which is intended to be an "incentive stock option" within the meaning of Section 422 of the Code, the Stock Option granted shall nevertheless continue to be outstanding as and shall be deemed to be a Nonqualified Stock Option under the Plan.

SECTION 12. EFFECTIVE DATE OF PLAN.

The Plan shall be effective May 27, 1998, the date it is approved by the affirmative vote of the holders of a majority of the shares of Stock of the Corporation present in person or by proxy at the meeting of stockholders on that date.

SECTION 13. TERM OF PLAN.

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

THIS PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR THE ANNUAL MEETING OF STOCKHOLDERS ON MAY 27, 1998, 9:00 A.M., LOS ANGELES, CALIFORNIA TIME

The undersigned appoints Camille Jayne and Paul D. Arling as proxy holders. Each shall have the power to appoint a substitute and is authorized to represent and vote, as designated hereon, all shares of Universal Electronics Inc. held of record by the undersigned as of March 31, 1998 at the Annual Meeting of Stockholders to be held on May 27, 1998, 9:00 a.m., Los Angeles, California time, or any adjournments or postponements thereof. The Board of Directors recommends a vote FOR the election of all persons nominated as Directors by the Board of Directors and FOR proposals 2 and 3.

(continued on reverse side)

- 1. Election of Directors []FOR all nominees listed below [] WITHHOLD (except as marked to the contrary) AUTHORITY to vote for all nominees listed below

Class I Nominees: Paul D. Arling Class II Nominees: Peter L. Gartman
David M. Gabrielsen Bruce A. Henderson
Camille Jayne F. Rush McKnight
William C. Mulligan

(INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, WRITE THAT NOMINEE'S NAME IN THE SPACE PROVIDED BELOW.)

- 2. Proposal to ratify and approve Universal Electronics Inc. 1998 Stock Incentive Plan.

[] FOR [] AGAINST [] ABSTAIN

- 3. Proposal to ratify appointment of Price Waterhouse LLP as independent auditors.

[] FOR [] AGAINST [] ABSTAIN

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED SHAREHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL PERSONS NOMINATED AS DIRECTORS BY THE BOARD OF DIRECTORS AND FOR PROPOSALS 2 AND 3 AND, AS TO ANY OTHER MATTERS PROPERLY BROUGHT BEFORE THE MEETING, AS THE PROXIES MAY DIRECT.

Please sign name exactly as name appears on the other side. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Signature Date Signature Date