

UNIVERSAL ELECTRONICS INC
Form DEF 14A
April 26, 2013

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

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Additional Materials
- Soliciting Material Pursuant to §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):

- Fee not required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

Title of each class of securities to which transaction applies:

(1)

Aggregate number of securities to which transaction applies:

(2)

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):

(3)

Proposed maximum aggregate value of transaction:

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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.

Amount Previously Paid:

(1)

Form, Schedule or Registration Statement No.:

(2)

Filing Party:

(3)

Date Filed:

(4)

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April 26, 2013

Dear Stockholder:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of Universal Electronics Inc., to be held on Thursday, June 13, 2013 at 4:00 p.m., Pacific Daylight Time, at our corporate office, 201 E. Sandpointe Avenue, 8th Floor, Santa Ana, California 92707. 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 a member of our Board of Directors, to hold an advisory vote on executive compensation, and to vote for the ratification of the Board of Directors' engagement of our independent registered public accountants for the year ending December 31, 2013. Details of these proposals and a description of our general business, directors and management are set forth in the accompanying Proxy Statement. The Board of Directors unanimously recommends that stockholders vote to approve Proposals 1, 2, and 3.

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 within 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 thank you for all of your support.

Sincerely yours,

Paul D. Arling
Chairman and Chief Executive Officer

UNIVERSAL ELECTRONICS INC.
201 E. Sandpointe Avenue, 8th Floor
Santa Ana, California 92707
714-918-9500
www.uei.com

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UNIVERSAL ELECTRONICS INC.

Corporate Headquarters:

201 E. Sandpointe Avenue, 8th Floor
Santa Ana, California 92707

Notice of Annual Meeting of Stockholders
to be Held on Thursday, June 13, 2013

The 2013 Annual Meeting of Stockholders of Universal Electronics Inc., a Delaware corporation ("Universal," "UEI," the "Company," "we," "us" or "our"), will be held on Thursday, June 13, 2013 at 4:00 p.m., Pacific Daylight Time, at our corporate office, 201 E. Sandpointe Avenue, 8th Floor, Santa Ana, California 92707.

The meeting will be conducted for the following purposes:

Proposal One: The election of Paul D. Arling as a Class I director to serve on the Board of Directors until the next Annual Meeting of Stockholders to be held in 2014 or until the election and qualification of his successor;

Proposal Two: To hold an advisory vote on executive compensation;

Proposal Three: To ratify the appointment of Grant Thornton LLP, an independent registered public accounting firm, as our auditors for the year ended December 31, 2013; and

To consider and act upon such other matters as may properly come before this Annual Meeting or any and all postponements or adjournments thereof.

All holders of record of shares of our common stock (NASDAQ: UEIC) at the close of business on Monday, April 15, 2013 are entitled to vote at the meeting and at any postponements or adjournments of the meeting. To ensure that your vote is recorded promptly, please vote as soon as possible, even if you plan to attend the meeting in person. If you have Internet access, we encourage you to record your vote via the Internet at www.envisionreports.com/ueic. It is convenient, and saves us postage and processing costs. In addition, when you vote via the Internet, your vote is recorded immediately, and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted. If you do not vote via the Internet, please vote by telephone or by completing, signing, dating and returning the accompanying proxy card in the enclosed return envelope. Voting early will help avoid additional solicitation costs and will not prevent you from voting in person if you decide to attend the Annual Meeting.

IF YOU PLAN TO ATTEND THE MEETING:

Registration and seating will begin at 3:30 p.m. (Pacific Daylight Time) on the day of the meeting. Each stockholder will need to bring valid picture identification, such as a driver's license or passport, for admission to the meeting. Stockholders holding stock in brokerage accounts ("street name" holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the meeting, and all cellular phones must be silenced during the meeting. We realize that many cellular phones have built-in digital cameras or other recording capabilities, and while these phones may be brought into the meeting, no recording functions may be used at any time.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS' MEETING TO BE HELD ON THURSDAY, JUNE 13, 2013.

UEI's Proxy Statement, our 2012 Annual Report to Stockholders, and our 2012 Annual Report on Form 10-K are available online at www.envisionreports.com/ueic and on our website at www.uei.com under the heading "About Us," then "Investor" and then "SEC Filings."

By Order of the Board of Directors,

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

April 26, 2013
Santa Ana, California

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UNIVERSAL ELECTRONICS INC.

201 E. Sandpointe Avenue, 8th Floor
Santa Ana, California 92707

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on Thursday, June 13, 2013, at 4:00 p.m. (Pacific Daylight Time): The Proxy Statement, our 2012 Annual Report to Stockholders, and our 2012 Annual Report on Form 10-K are available online at www/envisionreports.com/ueic and on our website at www.uei.com under the heading "About Us," then "Investor" and then "SEC Filings."

This proxy statement contains information concerning our Annual Meeting of Stockholders to be held on Thursday, June 13, 2013, beginning at 4:00 p.m. (Pacific Daylight Time) at our corporate office, 201 E. Sandpointe Avenue, 8th Floor, Santa Ana, California 92707 and at any adjournments or postponements of the meeting. Your proxy for the meeting is being solicited by our Board of Directors. This proxy statement and our annual report are being mailed to stockholders beginning on or about Friday, April 26, 2013.

ABOUT THE MEETING AND VOTING

What is the purpose of the Annual Meeting?

At our annual meeting, stockholders will act upon the matters outlined in the notice of meeting provided with this proxy statement, including the following:

Proposal	Board Recommendation
Proposal 1 Election of Director	FOR
Proposal 2 Advisory vote on executive compensation	FOR
Proposal 3 To ratify the appointment of Grant Thornton LLP, an independent registered public accounting firm, as our auditors for the year ending December 31, 2013	FOR

In addition, management will respond to questions from stockholders, if any. We are not aware of any other matters that will be brought before our Annual Meeting for action.

Who is entitled to vote at the Annual Meeting?

You are entitled to vote at our Annual Meeting only if you were a record holder of our common stock at the close of business on Monday, April 15, 2013 the record date for our Annual Meeting. At the close of business on the record date, 14,989,766 shares of common stock were outstanding. Each share owned on the record date is entitled to one vote.

What is the difference between a stockholder of record and a beneficial owner of shares held in street name?

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those shares.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a broker, bank or other similar organization, you are the beneficial owner of shares held in "street name." The organization holding your account is considered the stockholder of record for purposes of voting at our Annual Meeting. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account.

How do I vote?

Most stockholders have a choice of voting by mail, on the Internet, by telephone or in person at our Annual Meeting.

Voting by Mail. If you are a stockholder of record, you may vote by signing, dating and returning your proxy card in the enclosed prepaid envelope. The proxy holders will vote your shares in accordance with your directions. If you sign and return your proxy card, but do not properly direct how your shares should be voted on a proposal, the proxy holders will vote your shares "FOR" Proposals 1, 2, and 3. In addition, the proxy holders will vote your shares according to their discretion on any other proposals and other matters that may be brought before our Annual Meeting. If you hold shares in street name, you should complete, sign and date the voting instruction card provided to you by your broker or nominee. See also "What happens if I hold shares in street name and I do not give voting instructions?".

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Voting on the Internet or by Telephone. If you are a stockholder of record, detailed instructions for Internet and telephone voting are attached to your proxy card. Your Internet or telephone vote authorizes the proxy holders to vote your shares in the same manner as if you signed and returned your proxy card by mail. If you are a stockholder of record and you vote on the Internet or by telephone, your vote must be received by 1:00 a.m. Central Time on June 13, 2013; you should not return your proxy card.

If you hold shares in street name, you may be able to vote on the Internet or by telephone as permitted by your broker or nominee.

Voting in Person. All stockholders may vote in person at our Annual Meeting. Stockholders of record may also be represented by another person present at our Annual Meeting by signing a proxy designating such person to act on your behalf. If you hold shares in street name, you may vote in person at our Annual Meeting only if you have obtained a signed proxy from your broker or nominee giving you the right to vote your shares.

What happens if I hold shares in street name and I do not give voting instructions?

If you hold shares in street name and do not provide your broker with specific voting instructions, under the rules of the NASDAQ, your broker may generally vote on routine matters but cannot vote on non-routine matters. Proposals 1 and 2 are considered non-routine matters. Therefore, if you do not instruct your broker how to vote on Proposals 1 and 2, your broker does not have the authority to vote on those proposals. This is generally referred to as a "broker non-vote." Proposal 3 is considered a routine matter and, therefore, broker non-votes are not expected to exist on that proposal.

Who tabulates the vote?

Representatives of Computershare Trust Company, N.A. will tabulate the votes and act as inspector of election at our Annual Meeting.

What constitutes a quorum for the Annual Meeting?

A "quorum" of stockholders is necessary for us to hold a valid Annual Meeting. For a quorum, there must be present, in person or by proxy, or by use of communications equipment, stockholders of record entitled to exercise not less than fifty percent of the voting power of UEI. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

What vote is required to approve each proposal?

Election of Director (Proposal 1). To be elected as a director, a nominee must receive the affirmative vote of a plurality of the votes cast. Under the plurality voting standard, the nominee receiving the most "for" votes will be elected. Any broker non-votes with respect to the election of a director will not be counted as a vote cast and, therefore, will have no effect on the vote.

Advisory Vote on Executive Compensation (Proposal 2). The approval, on an advisory basis, of the compensation of our Named Executive Officers requires the affirmative vote of the majority of the votes cast. Abstentions and broker non-votes with respect to this proposal will not be counted as a vote cast and, therefore, will have no effect on the vote.

Ratification of Independent Registered Public Accounting Firm (Proposal 3). The ratification of the appointment of Grant Thornton LLP, an independent registered public accounting firm, as our auditors for the year ending December 31, 2013 requires the affirmative vote of a majority of the votes cast. Abstentions and broker non-votes (if any) with respect to this proposal will not be counted as a vote cast and, therefore, will have no effect on the vote.

Other Items. All other proposals and other business as may properly come before our Annual Meeting require the affirmative vote of a majority of the votes cast, except as otherwise required by statute or our Restated Certificate of Incorporation, as amended and our Amended and Restated By-Laws.

Can I revoke or change my vote after I submit my proxy?

If you are a registered stockholder, you may revoke or change your vote at any time before the proxy card is voted, by filing with our transfer agent, Computershare Trust Company, N.A. either a written notice of revocation or a duly executed proxy bearing a later date. If you attend the meeting in person, you may ask the inspector of elections to suspend your proxy holder's power to vote, and you may submit another proxy or vote by ballot. Your attendance at the meeting will not by itself revoke a previously granted proxy. Any written notice revoking a proxy should be sent

to Computershare Trust Company, N.A., P.O. Box 43126, Providence, Rhode Island 02940.

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If your shares are held in "street name" or you are a member of a retirement or savings plan or other similar plan, please check your voting instruction card or contact your broker, nominee, trustee or administrator to determine whether you will be able to revoke or change your vote.

How can I attend the Annual Meeting?

You are entitled to attend the Annual Meeting only if you were a stockholder at the close of business on Monday, April 15, 2013, the record date. If you are a stockholder of record, we will ask you to present evidence of stock ownership and valid photo identification, such as a valid drivers' license or passport, to enter our Annual Meeting. If you hold your stock in street name, we will ask you to provide proof of beneficial ownership as of the record date, such as a bank or brokerage account statement showing ownership on Monday, April 15, 2013, a copy of the voting instruction card provided by your broker or nominee, or similar evidence of ownership.

Where will I be able to find voting results of the Annual Meeting?

We intend to announce preliminary voting results at our Annual Meeting and publish final voting results in a Current Report on Form 8-K to be filed with the SEC within four business days of our Annual Meeting.

Who pays the costs of this proxy solicitation?

We will bear the entire cost of proxy solicitation, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional materials furnished to stockholders. We have retained Georgeson Inc. to aid in the solicitation of proxies for which it will receive a fee estimated at \$9,500 plus reasonable expenses.

Copies of proxy solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others to forward to such beneficial owners. In addition, we may reimburse such persons for their cost of forwarding the solicitation materials to such beneficial owners. Our officers and other employees may also solicit the return of proxies. Proxies will be solicited by personal contact, mail, telephone and electronic means.

What is "householding" of proxy materials, and can it save the Company money?

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy materials with respect to two or more stockholders sharing the same address by delivering a single annual report and proxy statement to those stockholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for stockholders and cost savings for companies. Although we do not household for registered stockholders, a number of brokerage firms have instituted householding for shares held in "street name," delivering a single set of proxy materials to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, now or in the future, you no longer wish to participate in householding and would prefer to receive a separate annual report and proxy statement, please notify us by calling Investor Relations at 714-918-9500 or by sending a written request to Investor Relations at Universal Electronics Inc., 201 E. Sandpointe Avenue, 8th Floor, Santa Ana, California 92707, and we will promptly deliver a separate copy of our annual report and proxy statement. If you are receiving multiple copies of the annual report and proxy statement and wish to receive only one, please notify your broker.

Are the Proxy Statement and the 2012 Annual Report to Stockholders available on the Internet?

Yes. This Proxy Statement, our 2012 Annual Report to Stockholders and our 2012 Annual Report on Form 10-K are available online at www.envisionreports.com/ueic and on our website at www.uei.com under the heading "About Us," then "Investor" and then "SEC Filings."

Will my vote be confidential?

It is our policy to maintain the confidentiality of proxy cards, ballots and voting tabulations that identify individual stockholders except as might be necessary to meet any applicable legal requirements and, in the case of any contested proxy solicitation, as might be necessary to allow proper parties to verify proxies presented by any person and the results of the voting.

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CORPORATE GOVERNANCE

We have a long history of good corporate governance practices that have greatly aided our long-term success. The Board of Directors and management have recognized for many years the need for sound corporate governance practices in fulfilling their duties and responsibilities to our stockholders. We describe below our key corporate governance policies that enable us to manage our business in accordance with high ethical standards and in the best interests of our stockholders.

Business Ethics — Code of Conduct

Our Code of Conduct applies to each member of our Board of Directors and to all officers and employees of UEI and our subsidiaries wherever located. Our Code contains the general guidelines and principles for conducting UEI's business consistent with the highest standards of business ethics. Under our Code of Conduct, our chief executive officer, chief financial officer and principal accounting officer are responsible for creating and maintaining a culture of high ethical standards and of commitment to compliance throughout our Company to ensure the fair and timely reporting of UEI's financial results and condition.

We encourage our employees to report all violations of Company policies and the law, including incidents of harassment, discrimination or foreign Corrupt practices. To assist our employees in complying with their ethical and legal obligations and in reporting suspected violations of laws, policies and procedures, management, at the direction of the Board of Directors, has established an "Ethics Line". The Ethics Line is operated by Ethicspoint, an independent third party. Information about our Ethics Line may be found on the Corporate Governance page of our website at www.uei.com. We will take appropriate steps to investigate all such reports and will take appropriate action. Under no circumstances will employees be subject to any disciplinary or retaliatory action for reporting, in good faith, a possible violation of our Code or applicable law or for cooperating in any investigation of a possible violation.

Our Code of Conduct is posted on the Corporate Governance page of our website at www.uei.com. Any amendment to the Code of Conduct or waiver of its provisions with respect to our principal executive officer, principal financial officer or principal accounting officer or any member of our Board of Directors will be promptly posted on our website www.uei.com.

Director Independence

The Board has adopted Director Independence Standards to assist in determining the independence of each director. In order for a director to be considered independent, the Board must affirmatively determine that the director has no material relationship with UEI. In each case, the Board broadly considers all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable and family relationships and such other criteria as the Board may determine from time to time. These Director Independence Standards are published on our Corporate Governance page at www.uei.com. The Board has determined that each of the six current Class II Directors, namely, Messrs. Chahil, Mulligan, Sparkman, Stapleton, Vogel and Zinser meets these standards and thus is independent and, in addition, satisfies the independence requirements of the NASDAQ Stock Market. To our knowledge, none of the independent directors has any direct or indirect relationships with our Company or its subsidiaries and affiliates, other than serving as a director.

All members of the Audit, Compensation and Corporate Governance and Nominating Committees must be independent as defined by the Board's Director Independence Standards. Members of the Audit Committee must also satisfy additional Securities and Exchange Commission ("SEC") independence requirements, which provide that they may not accept, directly or indirectly, any consulting, advisory or other compensatory fees from UEI or any of its subsidiaries other than their director compensation.

Leadership Structure

Combined Chairman and Chief Executive Officer. The Board's current leadership structure is characterized by:

- a combined Chairman of the Board and CEO;
- a robust Committee structure with oversight of various types of risks; and
- engaged independent Board members.

Mr. Arling has served as our Chairman and Chief Executive Officer since July 2001. The Board believes that combining the roles of CEO and Chairman contributes to an efficient and effective Board. The CEO, with his in-depth

knowledge and understanding of the Company, is best able to chair regular Board meetings by bringing key business issues and stockholder interests to the Board's attention. In addition, the Board believes that combining these roles maximizes our CEO's effectiveness. Within the Company, the CEO is primarily responsible for effectively leading significant change, improving operational efficiency, driving growth, managing the Company's day-to-day business, managing the various risks facing the Company, and reinforcing the

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expectation for all employees of uncompromising honesty and integrity. Our Board believes that combining the roles of CEO and Chairman gives management clarity of leadership. Because of this, management knows that when the CEO is speaking, it is with the voice of the Board and not merely that of an executive officer. Coupled with our independent directors, this combined structure provides independent oversight while avoiding unnecessary confusion regarding the Board's oversight responsibilities and the day-to-day management of business operations.

Other Leadership Components. Another key component of our leadership structure is our strong governance practices to ensure that the Board effectively carries out its responsibility for the oversight of management. All directors, with the exception of our Chairman, are independent, and all committees are made up entirely of independent directors. We do not have a lead independent director. Non-management directors meet in regularly scheduled executive sessions at the end of every regularly scheduled board meeting. The non-management directors may schedule additional executive sessions as appropriate. Members of management do not attend these executive sessions. The Board has full access to our management team at all times. In addition, the Board or any committee may retain, at such times and on such terms as determined by the Board or committee in its sole discretion, independent legal, financial and other consultants and advisors to advise and assist the Board or committee in discharging its oversight responsibilities.

Risk Management

Management is responsible for assessing and managing UEI's exposure to various risks while the Board of Directors has responsibility for the oversight of risk management. Management has an enterprise risk management process to identify, assess and manage the most significant risks facing UEI, including financial, strategic, operational, litigation, compliance and reputational risks.

The Audit Committee has oversight responsibility to review management's risk management process, including the policies and guidelines used by management to identify, assess and manage UEI's exposure to risk. The Audit Committee also has oversight responsibility for financial risks. The Board has oversight responsibility for all other risks. Management reviews financial risks with the Audit Committee at least quarterly and reviews its risk management process with the Audit Committee on an ongoing basis. Management reviews various significant risks with the Board throughout the year, as necessary and/or appropriate, and conducts a formal review of its assessment and management of the most significant risks with the Board on an annual basis.

Our Internal Auditor ("Auditor"), whose appointment and performance is reviewed and evaluated by the Audit Committee and who has direct access to the Committee, is responsible for leading the formal risk assessment and management process within the Company. The Auditor, through consultation with the Company's senior management, periodically assesses the major risks facing the Company and works with those executives responsible for managing each specific risk. The Auditor periodically reviews with the Audit Committee the major risks facing the Company and the steps management has taken to monitor and mitigate those risks. The Auditor's risk management report, which is provided in advance of the meetings, is reviewed by the entire Audit Committee. The executive responsible for managing a particular risk may also report to the Audit Committee or full Board on how the risk is being managed and mitigated.

Management's role to identify, assess and manage risk, and the Board's role in risk oversight, have been well defined for many years. The Board's role in risk oversight has had no significant effect on the Board's leadership structure. However, we believe that the Board's leadership structure, with Mr. Arling serving as Chairman and Chief Executive Officer, enhances the Board's effectiveness in risk oversight due to Mr. Arling's extensive knowledge of the Company's operations and the industries in which we conduct business.

In addition, the Board has delegated to other committees the oversight of risks within their areas of responsibility and expertise. For example, the Compensation Committee oversees the risks associated with the Company's compensation practices, including a periodic review of the Company's compensation policies and practices for its employees. The Corporate Governance and Nominating Committee oversees the risks associated with the Company's overall governance and its succession planning process to understand that the Company has a slate of future, qualified candidates for key management positions.

Communications with Directors

The Board has adopted a process by which stockholders and other interested parties may communicate with the Board, certain committee chairs or the non-management directors as a group by e-mail or regular mail. That process is

described on the Corporate Governance page of our website at www.uei.com. Any communication by regular mail should be sent to Universal Electronics Inc., 201 E. Sandpointe Avenue, 8th Floor, Santa Ana, California 92707, to the attention, as applicable, of the (i) Chair, Board of Directors; (ii) Chair, Audit Committee; (iii) Chair, Compensation Committee; (iv) Chair, Corporate Governance and Nominating Committee; or (v) the Non-Management Directors.

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Concerns relating to accounting, internal control or auditing matters may be submitted by writing to Chair, Audit Committee, Universal Electronics Inc., 201 E. Sandpointe Avenue, 8th Floor, Santa Ana, California 92707. All correspondence will be handled in accordance with procedures established by the Audit Committee with respect to these matters.

Additionally, at the direction of the Board of Directors, management has established an "Ethics Line" to assist our employees in complying with their ethical and legal obligations and reporting suspected violations of applicable laws, policies or procedures. The Ethics Line is operated by Ethicspoint, an independent third party. Information about our Ethics Line may be found on the Corporate Governance page of our website at www.uei.com.

Complaint Procedures for Accounting, Auditing and Financial Related Matters

The Audit Committee has established procedures for receiving, retaining and treating complaints from any source regarding accounting, internal accounting controls and auditing matters. The Audit Committee has also established procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Interested parties may communicate such complaints by following the procedures described under the heading "Communications with Directors," above. Employees may report such complaints by following the procedures outlined in our Code of Conduct. We do not permit any retaliation of any kind against any person who, in good faith, submits a complaint or concern under these procedures.

Executive Sessions of Non-Management Directors

The non-management members of the Board of Directors meet in regularly scheduled executive sessions at the end of every regularly scheduled board of directors meetings. Additional executive sessions may be scheduled by the non-management directors. Members of management do not attend these executive sessions. The Board has full access to our management team at all times. In addition, the Board or any committee may retain, at such times and on such terms as determined by the Board or committee in its sole discretion, independent legal, financial and other consultants and advisors to advise and assist the Board or committee in discharging its oversight responsibilities.

Annual Board Self-Assessments

The Board of Directors has instituted self-assessments of the Board, as well as of the Audit, Compensation, and Corporate Governance and Nominating Committees, to assist in determining whether the Board and its committees are functioning effectively. During 2012, the Board and each of its committees informally completed self-evaluations and reviewed and discussed the results. The Corporate Governance and Nominating Committee oversees this evaluation process.

Board Committee Charters

The Board of Directors has adopted written charters for the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. Each committee reviews and evaluates the adequacy of its charter at least annually and recommends any proposed changes to the Board for approval. Copies of these written charters are available on our website at www.uei.com under the the heading "About Us," then "Investor" and then "Corporate Governance."

Stock Ownership Guidelines

The Board of Directors believes strongly that its directors and executive officers should have meaningful share ownership in UEI. Accordingly, in March 2011, the Board established minimum share ownership requirements. Each Board of Director member is expected to own, at a minimum, that number of shares of common stock equal in value to their annual compensation, and each executive officer is expected to own, at a minimum, that number of shares of common stock equal in value to a multiple of his or her base salary ranging from a low of one times for certain executive officers to a high of two times for our Chairman and Chief Executive Officer. Each director and executive officer will have until March 2016 to meet these minimum share ownership requirements, although any new director or executive officer will have five years from his or her start date. For purposes of meeting this minimum share ownership requirement, each equivalent share of common stock held under our benefits plans and each share of time-based restricted stock is considered as a share of common stock. Stock options and unissued shares of performance-based restricted stock are not considered towards meeting this requirement. More information pertaining to Executive Officer stock ownership guidelines is set forth under the heading "Executive Officer Stock Ownership Guidelines" in the "Compensation Discussion and Analysis" section. In addition, more information pertaining to

Board of Director stock ownership guidelines is set forth under the heading "Director Stock Ownership Guidelines" in the "Director Compensation and Stock Ownership Guidelines" section.

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Availability of Corporate Governance Materials

You may access all committee charters, our Code of Conduct, Corporate Governance Guidelines, our Director Independence Standards, and other corporate governance materials in the "Corporate Governance" section on the "Investor" page of our website at www.uei.com.

Board Structure and Committee Membership

How is the Board made up?

Our Board presently has set the maximum number of directors at nine, divided into two classes; a Class I Director is a director who is also an employee of UEI and is elected each year at the Annual Meeting of Stockholders to serve a one-year term and a Class II Director is a director who is not an employee and is elected every even-numbered year at the Annual Meeting of Stockholders to serve a two-year term.

We currently have seven directors; one is a Class I Director and six are Class II Directors. After this Annual Meeting, assuming the nominated director is elected, there will be seven members of the Board, one Class I director and six Class II directors. There will be two vacancies. We retain vacancies to accommodate additional qualified directors who come to the attention of the Board.

How often did the Board meet during 2012?

During 2012, the Board formally met nine times and acted once by unanimous written consent. Each director is expected to attend each meeting of the Board and those Committees on which he serves. During 2012, no director attended less than 75% of the aggregate of all Board meetings and meetings of Committees on which the director served. We encourage each director to attend every Annual Meeting of Stockholders; however, since attendance by our stockholders at these meetings has historically been via proxy and not in person, our outside directors have not regularly attended these meetings. At the 2012 Annual Meeting of Stockholders, one director, Mr. Arling, was present.

What is the role of the primary board committees?

The board has three standing committees — Audit, Compensation, and Corporate Governance and Nominating. Each committee is composed entirely of independent directors, as determined by the Board in accordance with applicable NASDAQ listing standards and the Board's Director Independence Standards. In addition, Audit Committee members meet additional heightened independence criteria applicable to audit committee members under applicable SEC independence requirements. Each of the Committees operates under a written charter that has been approved by the Board. The table below provides information about the current membership of the Committees and the number of meetings held in 2012.

Name/Item	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
Satjiv S. Chahil		X	X
William C. Mulligan	X		Chair
J.C. Sparkman		Chair	X
Gregory P. Stapleton		X	
Carl E. Vogel	X		
Edward K. Zinser	Chair		
Number of Meetings	4	3	—
Action by Unanimous Written Consent	—	1	1

The Audit Committee is primarily concerned with the integrity of our financial statements, our compliance with legal and regulatory requirements, the independence and qualifications of the independent auditor and the performance of our internal audit function and independent auditor. The Audit Committee's functions include:

- monitoring the Company's major risk exposures, including financial risk, and the steps management has taken to control such exposures;

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- meeting with our independent registered public accounting firm and management representatives;
- making recommendations to the Board regarding the appointment of the independent registered public accounting firm;
- approving the scope of audits and other services to be performed by the independent registered public accounting firm;
- establishing pre-approval policies and procedures for all audit, audit-related, tax and other fees to be paid to the independent registered public accounting firm;
- considering whether the performance of any professional service by the registered public accountants may impair their independence; and
- reviewing the results of external audits, the accounting principles applied in financial reporting, and financial and operational controls.

The independent registered public accountants have unrestricted access to the Audit Committee, and the members of the Audit Committee have unrestricted access to the independent registered public accountants.

All of the Audit Committee members are financially literate. The Board has determined that Mr. Zinser is qualified as an audit committee financial expert within the meaning of applicable SEC regulations and that Mr. Zinser acquired his expertise primarily through his experience as a Chief Financial Officer.

Audit Committee Report

The Audit Committee reviews our financial reporting process on behalf of the Board of Directors and while management has the primary responsibility for the financial statements and the reporting process, our independent registered public accountants are responsible for expressing an opinion on the conformity of our audited financial statements to generally accepted accounting principles, in all material respects.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed our audited financial statements for the year ended December 31, 2012 with management and the independent registered public accountants.
2. The Audit Committee has discussed the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (Codification of Statements on Auditing Standards, AU 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T with the independent registered public accounting firm.
3. The Audit Committee has received the written disclosures regarding the independent registered public accounting firm's independence required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, and has discussed with the independent registered public accounting firm its independence from the independent registered public accounting firm.
4. The Audit Committee has considered whether the independent registered public accountants' provision of non-audit services provided to us, if any, is compatible with the registered public accountants' independence.

Relying on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that our financial statements for the year ended December 31, 2012, as presented to the Audit Committee, be included in our Annual Report on Form 10-K for the year ended December 31, 2012 to be filed with the Securities and Exchange Commission in accordance with the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

Audit Committee of the Board of Directors

Edward K. Zinser — Chairman

William C. Mulligan

Carl E. Vogel

Compensation Committee

The Compensation Committee assists the Board in discharging its responsibilities relating to the compensation of the chief executive officer and other executive officers (including "Named Executive Officers" as such term is defined below in the "Compensation Discussion and Analysis"). Among other things, the Committee:

- Reviews the corporate goals and objectives approved by the Board relevant to the compensation of our chief executive officer and other executive officers, evaluates their performance in light of such goals and objectives and, based on its

evaluations and appropriate recommendations, reviews and approves the compensation of our chief executive officer and other executive officers, each on an annual basis;

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- Monitors potential risks relating to the Company's compensation policies and practices;
- Reviews and discusses with management the Compensation Discussion and Analysis required by SEC rules, recommends to the Board whether the Compensation Discussion and Analysis should be included in the Company's Annual Report and Proxy Statement and prepares the Compensation Committee Report required by SEC rules for inclusion in the Company's Annual Report and Proxy Statement;
- Reviews periodically compensation for non-management directors of the Company and recommends changes to the Board as appropriate;
- Reviews and approves compensation packages for new executive officers and severance packages for executive officers whose employment terminates with the Company;
- Reviews and makes recommendations to the Board with respect to the adoption or amendment of incentive and other stock-based compensation plans;
- Administers the Company's stock incentive plans; and
- Assesses the independence of any outside compensation consultant of the Company.

Compensation Committee Interlocks and Insider Participation

During 2012, none of the members of the Compensation Committee had any business or financial relationship with UEI requiring disclosure in this Proxy Statement.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee assists the Board in identifying qualified individuals to become board and committee members, considers matters of corporate governance and assists the board in evaluating the Board's effectiveness. Among other things, the committee:

- Develops and recommends to the Board criteria for board membership;
- Identifies, reviews the qualifications of and recruits candidates for election to the Board and to fill vacancies or new positions on the Board as directed by the Board;
- Reviews candidates recommended by the Company's stockholders, if any, for election to the Board;
- Reviews annually our corporate governance principles and recommends changes to the Board as appropriate;
- Recommends to the Board changes to our Code of Conduct;
- Reviews and makes recommendations to the Board with respect to the Board's and each committee's size, structure, composition and functions;
- Assists the Board in developing and evaluating potential candidates for executive positions and in overseeing the development of executive succession plans; and
- Oversees the process for evaluating the Board and its Committees.

The Committee will consider director candidates recommended by our stockholders. Stockholders recommending candidates for consideration by the corporate governance and nominating committee should send their recommendations to our Secretary at Universal Electronics Inc., 201 Sandpointe Avenue, 8th Floor, Santa Ana, California 92707. The recommendation must include the candidate's name, biographical data and qualifications.

Any such recommendation should be accompanied by:

- a written statement from the candidate of his or her consent to be named as a candidate and, if nominated and elected, to serve as a director;
- a completed written questionnaire in form and substance to be provided by the Secretary of UEI, covering matters including the background and qualifications of the candidate to serve on the Board; and
- a written representation and agreement in form and substance to be provided by the Secretary of UEI, regarding any agreement, arrangement or understanding to which the candidate is a party relating to any voting commitment or assurance made by the candidate, and certain other matters as more particularly described in our bylaws.

The Board endeavors to have members representing diverse experience at policymaking levels in business, finance and technology and other areas that are relevant to our global activities. The selection criteria for director candidates include the following:

- an individual of the highest personal and professional ethics, character, integrity and values;
- possess the appropriate characteristics, skills, and experience to make a significant contribution to the Board;

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- inquisitive and objective perspective, practical wisdom and mature judgment; and
- committed to representing the interests of our stockholders and demonstrate a commitment to long-term service on the Board.

The committee evaluates director candidates recommended by stockholders based on the same criteria used to evaluate candidates from other sources. The Corporate Governance and Nominating Committee may employ professional search firms (for which we would pay a fee) to assist in identifying potential Board members with the desired skills and disciplines.

Diversity

The Board of Directors values diversity as a factor in selecting nominees to serve on the Board, and believes that diversity in its composition may provide significant benefit to the Board and the Company. Although there is no specific policy on diversity on our Board, the Corporate Governance and Nominating Committee, when considering a particular nominee for selection as a director, will include such factors as diverse experience, gender, race, national origin, functional background, executive or professional experience, and international experience.

Additional Information About Our Directors

Experiences, Qualifications, Skills and Attributes of Directors and Nominee

In considering each director nominee and the composition of the Board of Directors as a whole, the Corporate Governance and Nominating Committee utilizes a diverse group of experiences, qualifications, skills and attributes, including diversity in gender, ethnicity and race, that the Corporate Governance and Nominating Committee believes enables a director nominee to make a significant contribution to the Board, UEI and our stockholders. These experiences, qualifications, skills and attributes, which are more fully described in the following table, are set forth in a director matrix and include management experience, independence, financial expertise, experience in manufacturing/distribution, technical/research and development, international operations, marketing and sales, retail operations and minority/diversity status.

These experiences, qualifications, skills and attributes relate directly to the management and operations of UEI. Success in each of these categories is a key factor in UEI's overall operational success and creating stockholder value. The Corporate Governance and Nominating Committee believes that directors who possess these experiences, qualifications, skills and attributes are better able to provide oversight of UEI's management and our long-term and strategic objectives.

Biographies of our Class II Directors

<p>Satjiv S. Chahil Director since 2002 Compensation Committee Corporate Governance and Nominating Committee Age: 62</p>	<p>Since January 2010, Mr. Chahil has been an Executive Adviser to Hewlett-Packard Company. From September 2005 through January 2010, Mr. Chahil was the Senior Vice President-Marketing of Hewlett Packard's Personal Systems Group. Prior to that, from June 2002 to August 2005, he was advisor to the Chairman of Palm, Inc. (a manufacturer and marketer of handheld computing and mobile and wireless Internet solutions). Mr. Chahil was also a director at PalmSource, Inc. from June 2002 to August 2004. From March 2001 to June 2002, he was Interim Chief Operating Officer of Palm Solutions (a division of Palm, Inc.). From March 2000 to June 2002, he was Chief Marketing Officer of Palm, Inc. From March 1999 to March 2000, he was Chief Marketing Officer of Newbridge Networks, Inc. (an ATM technology networks company). From May 1997 to March 2000, Mr. Chahil served as a consultant to Sony Corporation. From 1988 to 1997, he was with Apple Computer holding various positions, his last being Senior Vice President Worldwide Marketing. Mr. Chahil earned a bachelor's degree in commerce from Punjab University in Chandigarh, India and a master's degree from the American (Thunderbird) Graduate School of International Management in Arizona. Mr. Chahil was a Class II director of the Company from 2002 until June 2006 when he did not stand for re-election due to a change in his employment which precluded him from serving as a director of the Company. In August 2006, Mr. Chahil rejoined the Board because his employment no longer precluded him from serving as one of our directors. He also serves</p>
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as a member of our Compensation and Corporate Governance and Nominating Committees. At the 2012 Annual Meeting of Stockholders, Mr. Cahil was reelected as a Class II Director of the Company to serve until the 2014 Annual Meeting of Stockholders.

Mr. Cahil provides our Board with proven leadership and business experience in the areas of digital convergence, new media and global marketing gained from serving in various executive management positions with multinational information technology, computing and wireless control companies and the extensive management and corporate governance experience gained from those roles.

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<p>William C. Mulligan Director since 1992 Audit Committee Corporate Governance and Nominating Committee (Chairman) Age: 57</p>	<p>Mr. Mulligan has over 25 years of experience in private equity, having joined Primus Capital Funds in 1985 from McKinsey & Company, Inc. Mr. Mulligan has served as a Managing Director of Primus since 1987. His previous experience includes positions at Deere and Company and First Chicago Corporation. Mr. Mulligan serves as director of several private portfolio companies and TFS Financial Corporation (Nasdaq:TFSL). Mr. Mulligan serves on the audit (chairman), compensation and executive committees of TFS. Mr. Mulligan is also a trustee of The Cleveland Clinic Foundation, Denison University, and the Western Reserve Land Conservancy. Mr. Mulligan earned a Bachelor of Arts in economics from Denison University and an MBA from the University of Chicago. Mr. Mulligan has served as a member of our Board of Directors since 1992. He also serves as Chairman of our Corporate Governance and Nominating Committee and as a member of our Audit Committee. At the 2012 Annual Meeting of Stockholders, Mr. Mulligan was reelected as a Class II Director of the Company to serve until the 2014 Annual Meeting of Stockholders.</p> <p>Mr. Mulligan provides our Board and our Corporate Governance and Nominating Committee, of which he is Chairman, with extensive knowledge in the fields of financial services, investment banking, and accounting, and his experience in legal and corporate governance areas and audit oversight gained from his membership on the boards and audit committees of other public companies.</p>
<p>J.C. Sparkman Director since 1998 Compensation Committee (Chairman) Corporate Governance and Nominating Committee Age: 80</p>	<p>Mr. Sparkman is a co-founder and served as the Chairman of the Board of Broadband Services, Inc., a provider of telecommunications equipment services, including procurement, forecasting, warehousing, installation and repair, to domestic and institutional customers, from September 1999 through December 2003. Prior to that, Mr. Sparkman served as Executive Vice President and Chief Operating Officer of Tele-Communications, Inc. from 1987 until his retirement in 1995. He is a director of Shaw Communications, Inc., where he also serves on Shaw's Executive Committee and Human Resources and Compensation Committee. Mr. Sparkman is also a director of Liberty Global, Inc., where he also serves on Liberty Global's Compensation Committee as its chairman and on its Nominating and Corporate Governance Committee. Mr. Sparkman has served as a member of our Board of Directors since 1998. He also serves as Chairman of our Compensation Committee and as a member of our Corporate Governance and Nominating Committee. At the 2012 Annual Meeting of Stockholders, Mr. Sparkman was reelected as a Class II Director of the Company to serve until the 2014 Annual Meeting of Stockholders.</p> <p>Mr. Sparkman brings to the Board and our Compensation Committee, of which he is Chairman, operating, business and management experience gained from serving in various executive management positions for companies within the subscription broadcasting industry, extensive management and corporate governance experience gained from those roles and membership on the boards of those and other public companies.</p>
<p>Gregory P. Stapleton Director since 2008 Compensation Committee Age: 66</p>	<p>Mr. Stapleton is the founder and owner of Falcon One Enterprises LLC, a private equity firm that invests in early stage technology companies, since 2005. From 2000 to 2004, Mr. Stapleton was the President of Harman International and from 1998 to 2004, he was also the Chief Operating Officer. He was a director of Harmon International from 1997 until his retirement in 2004. He served as President of Harman's OEM Group from 1987</p>

to 1998. From 1968 to 1987, Mr. Stapleton served at General Electric in various leadership positions including Senior Vice President Venture Capital. At the 2012 Annual Meeting of Stockholders, Mr. Stapleton was reelected as a Class II Director of the Company to serve until the 2014 Annual Meeting of Stockholders.

Mr. Stapleton provides the Board with extensive management experience, which includes his former role as President and COO of a multinational provider of premium audio and infotainment solutions, and his extensive management, finance and corporate governance experience gained from that role.

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Carl E. Vogel
 Director since 2009
 Audit Committee
 Age: 55

Since November 2011, Mr. Vogel has served as a senior advisor to the Gores Group, a private-equity firm based in Los Angeles, California. In addition, since March 2009, Mr. Vogel has been a senior advisor to the Chairman, CEO and President of Dish Network Corporation. From February 2008 until March 2009, Mr. Vogel served as Vice Chairman of DISH Network Corporation (formerly Echostar Communications Corporation, a satellite-delivered digital television services provider) and Echostar Corp. (a developer of set-top boxes and other electronic technology). From May 2005 until February 2008, he was at Echostar Communication Corporation first joining as a director and later serving as its President and Vice Chairman. From 2001 until 2005, Mr. Vogel served as President and CEO and a director of Charter Communications Inc. (a publicly-traded, broadband services company). Prior to joining Charter, from 1998 to 2001 Mr. Vogel worked as an executive officer in various capacities for the companies affiliated with Liberty Media Corporation. From 1994 until 1997, Mr. Vogel joined the Board of Directors of SiriusXM Radio, Inc., and serves as its Chairman of the Compensation Committee. He is also currently serving on the Board of Directors and Audit Committee of Shaw Communications, Inc. Mr. Vogel is also a director, Chairman of the Executive Committee and member of the Audit and Nominating & Governance Committees of Ascent Media Corporation. Mr. Vogel received his Bachelor of Science from St. Norbert College, located in DePere, WI with an emphasis in finance and accounting, and was a former active Certified Public Accountant. Mr. Vogel joined the UEI Board in October 2009 to fill a director vacancy. He also serves on the UEI's Audit Committee. At the 2012 Annual Meeting of Stockholders, Mr. Vogel was reelected as a Class II Director of the Company to serve until the 2014 Annual Meeting of Stockholders.

As a result of his background as former Vice Chairman of DISH Network Corporation, Mr. Vogel brings to the Board demonstrated leadership capability and extensive knowledge of complex financial and operational issues facing large subscription broadcasting companies, as well as extensive management and corporate governance experience gained from that role and from membership on the boards of that company and other public and privately-held companies.

Edward K. Zinser
 Director since 2006
 Audit Committee
 (Chairman)
 Age: 55

From January 2008 until November 2012, Mr. Zinser served as Chief Financial Officer of Boingo Wireless, the Wi-Fi industry's leading provider of software and services worldwide. From April 2004 to November 2007, Mr. Zinser served as Executive Vice President and Chief Financial Officer of THQ, Inc., a developer, publisher and distributor of interactive software products. Prior to joining THQ, from May 2001 to February 2004, Mr. Zinser served as Executive Vice President and Chief Financial Officer of Vivendi Universal Games, a developer, publisher and distributor of software products. From June 1999 to March 2001, he was at USA Networks where he was initially Senior Vice President and Chief Financial Officer of Internet Shopping Network, the e-commerce division. In June 2000, he became President and Chief Operating Officer of Styleclick, Inc. From June 1993 to May 1998, Mr. Zinser served as Vice President and Chief Financial Officer/Chief Operating Officer of Disney Publishing, a division of The Walt Disney Company. Mr. Zinser's experience also includes positions at leading consumer products companies such as Pepsi-Cola and Campbell Soup. Mr. Zinser was appointed to the Company's Board of Directors in October 2006, to fill a vacancy. At the 2012 Annual Meeting of Stockholders, Mr. Zinser was reelected as a Class II Director of the Company to serve until the 2014 Annual Meeting of Stockholders.

Mr. Zinser provides our Board and our Audit Committee, of which he is Chairman, with extensive knowledge in the fields of finance and accounting, his knowledge of investment banking, and his legal, corporate governance, and audit oversight experience gained from his positions on the boards and audit committees of other public companies.

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The following table sets forth the experiences, qualifications, skills and attributes of each director nominee that led the Board to conclude that such persons should serve as directors. The Board also considered the specific experiences, qualifications, skills and attributes described in each Director's biographical information, as disclosed above.

	Directors with Attribute
Management Experience Experience as a CEO, COO, President or Senior Vice President of a company or a significant subsidiary, operating division or business unit.	Paul D. Arling Satjiv S. Chahil William C. Mulligan J.C. Sparkman Gregory P. Stapleton Carl E. Vogel Edward K. Zinser
Independence Satisfy the independence requirements of the NASDAQ and the SEC.	Satjiv S. Chahil William C. Mulligan J.C. Sparkman Gregory P. Stapleton Carl E. Vogel Edward K. Zinser
Financial Expertise Possess the knowledge and experience to be qualified as an "audit committee financial expert."	William C. Mulligan J.C. Sparkman Gregory P. Stapleton Carl E. Vogel Edward K. Zinser
Manufacturing; Distribution Experience in, or experience in a senior management position responsible for, managing significant manufacturing and distribution operations.	Paul D. Arling J.C. Sparkman Gregory P. Stapleton Carl E. Vogel Edward K. Zinser
Technical; Research and Development Experience in, or experience in a senior management position responsible for, managing a significant technical or research and development function.	Paul D. Arling Satjiv S. Chahil J.C. Sparkman Gregory P. Stapleton Carl E. Vogel Edward K. Zinser
International Operations Experience working in a major organization with global operations with a thorough understanding of different cultural, political and regulatory requirements.	Paul D. Arling Satjiv S. Chahil William C. Mulligan J.C. Sparkman Gregory P. Stapleton Edward K. Zinser
Marketing; Sales Experience in, or experience in a senior management position responsible for, managing the marketing and/or sales function.	Paul D. Arling Satjiv S. Chahil J.C. Sparkman Gregory P. Stapleton

Carl E. Vogel

Retail Operations

Experience in, or experience in a senior management position responsible for, managing retail operations.

Paul D. Arling
J.C. Sparkman
Gregory P. Stapleton
Carl E. Vogel
Edward K. Zinser

Minority; Diversity

Adds perspective through diversity in gender, ethnic background, race, etc.

Satjiv S. Chahil

Independence of Directors

The Board of Directors has adopted categorical Director Independence Standards to assist the Board in determining the independence of each director. To be considered independent, the Board must affirmatively determine that the director has no material relationship with UEI. In each case, the Board broadly considers all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may determine from time to time. A complete copy of our Director Independence Standards is attached as Appendix A.

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During the Board's annual review of director independence, the Board considers transactions, relationships and arrangements between each director or an immediate family member of the director and UEI. The Board also considers transactions, relationships and arrangements between each director or an immediate family member of the director and UEI's senior management. Under our Director Independence Standards, the following relationships are not considered to be material relationships that would impair a director's independence:

- if the director is a current employee, or an immediate family member of the director is a current executive officer, of another company that has made payments to, or received payments from, UEI for property or services in an amount which, in any of the last three fiscal years, is less than \$200,000 or five percent, whichever is greater, of such other company's annual gross revenues;
- if the director, or an immediate family member of the director, received payments from UEI that is less than \$120,000 in any twelve month period (not including compensation for Board and/or Board committee services);
- if the director is a member of, or associated with, the same professional association, or social, educational, civic, charitable, fraternal or religious organization or club as another UEI director or executive officer; or
- if the director is a current employee, or an immediate family member of the director is a current executive officer, of another company at which any UEI executive officer also serves on the board of directors of such other company (except for compensation committee interlocks).

Periodically, the Board performs an independence review. As a result of this review, the Board determined that for 2012, six of our seven current directors are independent. In addition, all members of the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee are independent. The Board determined that Messrs. Chahil, Mulligan, Sparkman, Stapleton, Vogel, and Zinser meet these standards and are independent and, in addition, satisfy the independence requirements of the NASDAQ Stock Exchange. Mr. Arling is not considered to be independent because of his position as our Chief Executive Officer.

DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES

How are non-management directors compensated?

In June 2004, our stockholders adopted the 2004 Directors' Compensation Plan, pursuant to which each Class II Director is to receive an annual cash retainer equal to \$25,000 (or \$6,250 quarterly), a fee of \$1,500 for each board meeting attended in excess of four each fiscal year, a fee of \$1,000 for each committee meeting attended, an annual fee of \$10,000 for each committee chaired, and an annual award of 5,000 shares of our Common Stock, which vest ratably each quarter during the year awarded.

There were no modifications to the Board's compensation in 2012.

At the end of 2012, the Compensation Committee, in consultation with an independent compensation consultant (Pay Governance LLC), reviewed the compensation payable to Directors pursuant to the 2004 Directors' Compensation Plan. As part of this review, the Committee compared the 2004 Directors' Plan to the director compensation plans at the Company's compensation Peer Group (see page 31) and determined that aspects of compensation payable under the 2004 Directors' Plan were significantly below the level payable to directors at the Company's compensation comparator group. The Committee also took into account that the Company has not made any changes in director compensation since 2004 and the Company's strong performance during this period. After considering these factors, the Committee recommended that the Board of Directors approve amendments to the 2004 Directors' Plan to increase annual compensation to Class II Directors. Effective February 14, 2013, the annual cash retainer will be increased to \$35,000, the board meeting fee will be increased to \$1,875, and the committee meeting fee will be increased to \$1,500.

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Non-Management Director Compensation Table

Name of Director	Year	Fees Earned or Paid in Cash ⁽¹⁾ (\$)	Stock Awards ⁽²⁾ (\$)	Option Awards ⁽³⁾ (\$)	Total Compensation(\$)
Mr. Chahil	2012	30,000	63,650	—	93,650
Mr. Mulligan	2012	43,500	63,650	—	107,150
Mr. Sparkman	2012	42,500	63,650	—	106,150
Mr. Stapleton	2012	32,500	63,650	—	96,150
Mr. Vogel	2012	29,500	63,650	—	93,150
Mr. Zinser	2012	43,500	63,650	—	107,150

(1) This column represents the cash compensation earned in 2012 for Board and committee service. See the "Additional Information about Fees Earned or Paid in Cash During 2012" table below.

(2) This column represents the grant date fair value of stock awards granted to Class II Directors as part of their compensation. The fair value of the stock awards is calculated using the high and low trades of our stock on the grant date. See the "Additional Information about Non-Management Director Equity Awards" for further information related to stock awards granted in 2012.

(3) This column represents the grant date fair value of stock options granted during 2012. Please see the "Additional Information about Non-Management Director Equity Awards" for further information related to option awards granted in 2012.

Mr. Arling, who is an officer and the Company's only Class I Director, received no additional compensation for his service as a director during 2012. However, all directors are reimbursed for travel expenses and other out-of-pocket costs incurred to attend meetings.

Additional Information about Fees Earned or Paid in Cash During 2012

The following table provides additional information about fees earned or paid in cash to non-management directors during 2012:

Name of Director	Year	Annual Retainers (\$) ⁽¹⁾	Committee Chair Fees ⁽²⁾ (\$)	Committee Meeting Attendance Fees ⁽³⁾ (\$)	Additional BOD Meeting Attendance Fees ⁽⁴⁾ (\$)	Total (\$)
Mr. Chahil	2012	25,000	—	2,000	3,000	30,000
Mr. Mulligan	2012	25,000	10,000	4,000	4,500	43,500
Mr. Sparkman	2012	25,000	10,000	3,000	4,500	42,500
Mr. Stapleton	2012	25,000	—	3,000	4,500	32,500
Mr. Vogel	2012	25,000	—	3,000	1,500	29,500
Mr. Zinser	2012	25,000	10,000	4,000	4,500	43,500

(1) Effective February 14, 2013, the Annual Retainer was increased to \$35,000.

(2) Mr. Mulligan, Mr. Sparkman, and Mr. Zinser are the chairmen of the Corporate Governance and Nominating Committee, Compensation Committee, and Audit Committee, respectively.

(3) Each committee member is paid \$1,000 for the attendance of a committee meeting. Effective February 14, 2013, this fee was increased to \$1,500.

(4) Each board member is paid \$1,500 for each board of directors' meeting attended in excess of four. Effective February 14, 2013, this fee was increased to \$1,875.

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Additional Information about Non-Management Director Equity Awards

The following table provides additional information about equity awards made to non-management directors during 2012:

Name of Director	Stock Awards	Option Awards	Grant Date	Stock Awards	Option Awards
	Granted During 2012	Granted During 2012	Fair Value of Stock and Option Awards Granted During 2012	Outstanding at Year End	Outstanding at Year End
	(#)	(#)	(⁽¹⁾) (\$)	(#)	(#)
Mr. Cahil	5,000	—	63,650	2,500	20,000
Mr. Mulligan	5,000	—	63,650	2,500	25,357
Mr. Sparkman	5,000	—	63,650	2,500	20,000
Mr. Stapleton	5,000	—	63,650	2,500	20,000
Mr. Vogel	5,000	—	63,650	2,500	20,000
Mr. Zinser	5,000	—	63,650	2,500	20,000

Represents the grant date fair value of stock option and stock awards granted during 2012. For stock awards, that number is calculated by multiplying the fair market value of our common stock on the date of grant by the number of shares awarded. For option awards, that number is calculated by multiplying the Black-Scholes value

⁽¹⁾ determined as of the date of grant by the number of options awarded. For additional information regarding the assumptions used in calculating the grant date fair value, please refer to Note 16 of our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the SEC.

Director Stock Ownership Guidelines

The Company maintains stock ownership guidelines for our independent Directors. These guidelines are designed to align the Directors' long-term financial interests with those of stockholders. The ownership guidelines are one times their total annual compensation for the previous year:

For the purposes of meeting this minimum stock ownership requirement, each equivalent share of common stock held under our benefit plans and each share of time-based restricted stock is considered as a share of common stock. Stock options and shares of unissued performance-based restricted stock are not considered towards meeting this requirement.

The Compensation Committee reviews ownership levels of our Directors annually. The requirements for our independent Directors, as well as their actual ownership levels at December 31, 2012, are set forth in the table below. All of our independent Directors have met, or are expected to meet, the required guidelines.

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PROPOSALS TO BE VOTED ON

Proposal 1 - Election of Director

Which director is nominated for election?

Paul D. Arling is nominated for election as a Class I Director to serve a one-year term expiring at our 2014 Annual Meeting of Stockholders.

What is the background of the nominee for the director position?

Paul D. Arling
Chairman and Chief
Executive Officer
Director since 1996
Age: 50

Paul D. Arling is our Chairman and Chief Executive Officer. He joined us in May 1996 as Chief Financial Officer and was named to our Board of Directors in August 1996. He was appointed President and COO in September 1998, was promoted to Chief Executive Officer in October 2000 and appointed as Chairman in July 2001. From 1993 through May 1996, he served in various capacities at LESCO, Inc. (a manufacturer and distributor of professional turf care products). Prior to LESCO, he worked for Imperial Wall coverings (a manufacturer and distributor of wall covering products) as Director of Planning, and The Michael Allen Company (a strategic management consulting company) where he was employed as a management consultant. Mr. Arling earned a Bachelor of Science degree from the University of Pennsylvania and an MBA from the Wharton School of the University of Pennsylvania. At the 2012 Annual Meeting of Stockholders, Mr. Arling was reelected as Chairman of the Company to serve until the 2013 Annual Meeting of Stockholders.

Mr. Arling, who has spent over 15 years with UEI and who currently serves as Chairman and Chief Executive Officer, has an extensive, in-depth knowledge of the Company's business, operations, opportunities and strategies. His wide-ranging roles throughout his career at UEI also provide him with significant leadership, corporate strategy, manufacturing, retail, marketing and international experience in the wireless controls industry.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE NOMINEE.

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Proposal 2 - Advisory Vote on Executive Compensation

The Company seeks a non-binding advisory vote from its stockholders to approve the compensation of its Named Executive Officers as described in the Compensation Discussion and Analysis section beginning on page 21 and the Summary Compensation Table and supporting tables and information beginning on page 37. The Company designed our compensation programs to help recruit, retain and motivate key executives to deliver the successful operating, financial, and stockholder value performance expected by our investors. The Compensation Committee strongly believes that executive compensation - both pay opportunities and pay actually realized - should be tied to Company performance. As illustrated in the accompanying chart, in 2012, 67% of the reported Named Executive Officers' target total direct compensation consisted of annual and long-term incentives and 48% was in the form of long-term equity compensation.

In deciding how to vote on this proposal, the Board encourages you to read the Compensation Discussion and Analysis section beginning on page 21 for a detailed description of our executive compensation philosophy and programs, the compensation decisions the Compensation Committee has made under those programs and the factors considered in making those decisions. In particular, you should consider the following factors, which are more fully discussed in the Compensation Discussion and Analysis:

In a year marked by continued uncertainty in our markets and the global economy, as well as highly competitive pricing in our markets leading to pressures on margins, we consolidated our market position and achieved relatively strong results in key financial metrics that correlate with long-term stockholder value. Since 2008, net sales have grown at a rate of 12.7% and cash flow from operations at a rate of 9.6%. Our share price increased 14.7% in 2012. The great majority of executive pay is not guaranteed. The Company sets clear financial goals for corporate and business unit performance and differentiates based on individual achievement. Pay for performance is evident in the chart on page 24 in the Compensation Discussion and Analysis section of this proxy.

Accordingly, we are asking our stockholders to vote "FOR" the following resolution:

"RESOLVED, that Universal Electronics Inc.'s stockholders hereby approve, on an advisory basis, the compensation of the Named Executive Officers as disclosed pursuant to the compensation disclosure rules of the SEC, including the "Compensation Discussion and Analysis," the compensation tables and any related material disclosed in this proxy statement."

This advisory vote on executive compensation is not binding on us. However, the Board and the Compensation Committee highly value the opinion of our stockholders. To the extent there is a significant vote against this proposal, we will seek to determine the reasons for our stockholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns when making future executive compensation decisions. **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" PROPOSAL 2 RELATING TO THE ADVISORY VOTE ON EXECUTIVE COMPENSATION.**

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Proposal 3 - Ratification of Appointment of Independent Registered Public Accounting Firm

The Board of Directors, acting on the recommendation of its Audit Committee, has appointed Grant Thornton LLP ("GT"), a firm of independent registered public accountants, as auditors, to examine and report to the Board and to our stockholders on the Company's and its subsidiaries 2013 consolidated financial statements. GT has served as our independent registered public accounting firm since 2005.

Although ratification of the appointment of GT is not legally required, the Board is submitting it to the stockholders as a matter of good corporate governance. If the stockholders do not ratify the appointment, the audit committee will consider the selection of another independent registered public accounting firm in future years.

Representatives of GT will be present at the Annual Meeting to make a statement, if they so desire, and will be available to respond to appropriate questions.

We engaged GT as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

The decision to engage GT was approved by the Board of Directors, upon the recommendation of the Audit Committee and ratified by our stockholders at our 2012 Annual Meeting of Stockholders.

Fees Paid to Independent Registered Public Auditing Firm

The aggregate fees we paid to GT for professional services delivered by them for the years ended December 31, 2012 and 2011 were as follows:

(In thousands)	For the Year Ended	
Type of Fees	12/31/2012 ⁽¹⁾	12/31/2011 ⁽¹⁾
Audit Fees ⁽²⁾	\$1,189	\$1,203
Audit-Related Fees ⁽³⁾	28	—
Tax Fees ⁽⁴⁾	46	198
All Other Fees	—	2
Total Fees	\$1,263	\$1,403

⁽¹⁾ Fees billed in foreign currencies are converted using the average exchange rate over the period.

Audit Fees consist of fees for professional services provided in connection with the integrated audit of our financial statements, review of our quarterly financial statements and audit services related to other statutory and regulatory filings. The audit fees for services provided related to our other statutory and regulatory filings were \$137,000 and \$139,000 for the years ended 2012 and 2011, respectively.

⁽³⁾ Audit-Related Fees consist of the aggregate fees billed by GT for due diligence projects.

⁽⁴⁾ Tax Fees consist of the aggregate fees billed by GT related to tax planning projects.

Audit Committee Pre-Approval Policy for Audit and Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee's policy requires that it pre-approve all audit and non-audit (greater than \$20,000) services to be performed by the Company's independent registered public accounting firm. Unless a service falls within a category of services that the Audit Committee has pre-approved, an engagement to provide the service requires pre-approval.

Also, proposed services exceeding pre-approved cost levels require additional pre-approval.

Consistent with the rules established by the SEC, proposed services to be provided by the Company's independent registered public accounting firm are evaluated by grouping the service fees under one of the following four categories: Audit Services, Audit-Related Services, Tax Services and All Other Services. All proposed services are discussed and approved by the Audit Committee. In order to render approval, the Audit Committee has available a schedule of services and fees approved by category for the current year for reference, and specific details are provided. The Audit Committee has delegated pre-approval authority to its chairman for cases where services must be expedited. The Company's management provides the Audit Committee with reports of all pre-approved services and related fees by category incurred during the current fiscal year, with forecasts of additional services anticipated during the year.

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All of the services related to fees disclosed above were pre-approved by the Audit Committee.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" PROPOSAL 3 RELATING TO THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDED DECEMBER 31, 2013.

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COMPENSATION DISCUSSION AND ANALYSIS

This section provides a description of our executive compensation philosophy, programs and practices, the compensation decisions the Compensation Committee made under those programs and the factors considered in making those decisions. This Compensation Discussion and Analysis focuses on the following executives who were our Named Executive Officers ("NEOs") in 2012:

Name	Title
Paul D. Arling	Chairman and Chief Executive Officer
Bryan M. Hackworth	Chief Financial Officer and Senior Vice President
Paul J.M. Bennett	Executive Vice President and Managing Director, Europe
Mark S. Kopaskie	Executive Vice President and General Manager, U.S.
Richard A. Firehammer Jr.	Senior Vice President and General Counsel

Pay for Performance

Our compensation programs and practices are designed to help recruit, retain and motivate key executives to deliver the successful operating, financial, and stockholder value performance expected by our investors.

Performance-Based Compensation

The Compensation Committee believes that our compensation program and practices have been instrumental in supporting achievement of our operating success and performance for stockholders. The program emphasizes annual and long-term performance-based incentives so that the vast majority of our Named Executive Officers' total compensation is tied to the Company's financial and long-term stock price performance.

Mr. Arling received 74% of his total compensation opportunity in the form of annual and long-term incentives that are tied to the Company's operating results and stock price. The other Named Executive Officers as a group received 63% of their total compensation opportunity in the same annual and long-term incentives.

The Compensation Committee strongly believes that executive compensation - both pay opportunities and pay actually realized - should be tied to Company performance in two primary ways:

- the Company's operating and financial performance; and
- the return to stockholders over time, both on an absolute basis and relative to similar technology companies.

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Operating Performance

In a year marked by continued uncertainty in our markets and the global economy, as well as highly competitive pricing of our products in our markets leading to pressures on margins, we consolidated our market position and achieved relatively strong results in key financial metrics that correlate with long-term stockholder value, as reflected in the growth and absolute levels of key results since 2008:

(in millions, except per share amounts and percentages)	2008	2009	2010	2011	2012	
Net Sales	\$287.1	\$317.5	\$331.8	\$468.6	\$463.1	
Net Income	\$15.8	\$14.7	\$15.1	\$19.9	\$16.6	
Diluted EPS	\$1.09	\$1.05	\$1.07	\$1.31	\$1.10	
Cash Flow from Operations	\$30.2	\$24.0	\$38.1	\$14.8	\$43.5	
Gross Margin %	33.5	% 32.0	% 31.3	% 27.8	% 28.8	%
Operating Margin %	7.2	% 6.9	% 6.4	% 5.7	%	%