CLEARONE INC
Form 10-K
March 15, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
(Mark One)

[x]	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2015
[ ]	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _________ to ___________

Commission file number 001-33660
CLEARONE, INC.
(Exact name of registrant as specified in its charter)

Utah	87-0398877
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
5225 Wiley Post Way, Suite 500, Salt Lake City, Utah	84116
(Address of principal executive offices)	(Zip Code)
(Registrant’s telephone number, including area code)	801-975-7200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name on each exchange on which registered
Common Stock, $0.001 par value	The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨Yes ýNo
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨Yes ýNo
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ýYes ¨No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ýYes ¨No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “larger accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Larger Accelerated Filer ¨	Accelerated Filer x	Non-Accelerated Filer ¨ (Do not check if a smaller reporting company)	Smaller Reporting Company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ¨ Yes ý No

The aggregate market value of the shares of voting common stock held by non-affiliates was approximately $79.3 million at June 30, 2015, (the Company's most recently completed second fiscal quarter), based on the $12.91 closing price for the Company’s common stock on the NASDAQ Capital Market on such date. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors, or 10% beneficial owners are, in fact, affiliates of the registrant.

The number of shares of ClearOne common stock outstanding as of March 14, 2016 was 9,185,039.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Part III is incorporated by reference from registrant's proxy statement for the 2016 annual meeting of shareholders or an amendment to this Annual Report on Form 10-K, which will be filed with the Securities and Exchange Commission within 120 days after the end of its fiscal year ended December 31, 2015.

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CLEARONE, INC.

ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2015

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements reflect our views with respect to future events based upon information available to us at this time. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from these statements. Forward-looking statements are typically identified by the use of the words "believe," "may," "could," "will," "should," "expect," "anticipate," "estimate," "project," "propose," "plan," "intend," and similar words expressions. Examples of forward-looking statements are statements that describe the proposed development, manufacturing, and sale of our products; statements that describe expectations regarding pricing trends, the markets for our products, our anticipated capital expenditures, our cost reduction and operational restructuring initiatives, and future impact of regulatory developments; statements with regard to the nature and extent of competition we may face in the future; statements with respect to the anticipated sources of and need for future financing; and statements with respect to future strategic plans, goals, and objectives and forecasts of future growth and value. Forward-looking statements are contained in this report under "Business" included in Item 1 of Part I, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of Part II of this Annual Report on Form 10-K. The forward-looking statements are based on present circumstances and on our predictions respecting events that have not occurred, that may not occur, or that may occur with different consequences and timing than those now assumed or anticipated. Actual events or results may differ materially from those discussed in the forward-looking statements as a result of various factors, including the risk factors discussed in this report under the caption "Item 1A Risk Factors." These cautionary statements are intended to be applicable to all related forward-looking statements wherever they appear in this report. The cautionary statements contained or referred to in this report should also be considered in connection with any subsequent written or oral forward-looking statements that may be issued by us or persons acting on our behalf. Any forward-looking statements are made only as of the date of this report and we assume no obligation to update forward-looking statements to reflect subsequent events or circumstances.

PART I

References in this Annual Report on Form 10-K to "ClearOne," "we," "us," "CLRO" or "the Company" refer to ClearOne, Inc a Utah corporation, and, unless the context otherwise requires or is otherwise expressly stated, its subsidiaries.

ITEM 1. BUSINESS

GENERAL

ClearOne was formed as a Utah corporation in 1983 organized under the laws of the State of Utah. The company is headquartered in Salt Lake City, Utah, with locations in Alachua, Florida; Austin, Texas; Corvallis, Oregon; Hong Kong; Israel, Spain and United Arab Emirates.

We are a global company that designs, develops and sells conferencing, collaboration, streaming and digital signage solutions for audio/voice and visual communications. The performance and simplicity of our advanced comprehensive solutions enhance the quality of life and offer unprecedented levels of functionality, reliability and scalability.

We design, develop, market, and service a comprehensive line of high-quality conferencing products for personal use, as well as traditional tabletop, mid-tier premium and higher-end professional products for large, medium and small businesses. We occupy the number one global market share position, with more than 50% market share in the professional audio conferencing market for our products used by large businesses and organizations such as enterprise, healthcare, education and distance learning, government, legal and finance. Our solutions save organizations time and money by creating a natural environment for collaboration and communication.

We have an established history of product innovation and plan to continue to apply our expertise in audio, video and network engineering to develop and introduce innovative new products and enhance our existing products. Our end-users range from some of the world's largest and most prestigious companies and institutions to small and medium-sized businesses, higher education and government organizations, as well as individual consumers. We sell our commercial products to these end-users primarily through a global network of independent distributors who, in turn, sell our products to dealers, systems integrators and other value-added resellers.

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Acquisitions

On April 1, 2014, we completed the acquisition of Spontania from Spain-based Dialcom Networks, S.L. in an all-cash deal for €3.66 million (approximately US$5.1 million). Spontania, a software-based cloud collaboration solution, combines the benefits of video conferencing and web conferencing into an enterprise solution that can scale to tens of thousands of users. The addition of Spontania was made with the intent to make us the only company offering an entirely software-based video conferencing product line and to provide on-premise cloud-based Software-as-a-Service (SaaS) and Platform-as-a-Service (PaaS) solutions complementing our existing premise-based, enterprise video conferencing offering, COLLABORATE ®.

On March 7, 2014, we completed the acquisition of Sabine, Inc. ("Sabine") through a stock purchase agreement ("SPA"). Sabine manufactured, designed and sold Sacom professional wireless microphone systems for live and installed audio. It also manufactured the FBX Feedback Exterminator for reliable automatic feedback control. With the addition of Sabine, we have reliable and exclusive access to the wireless microphones that are a critical component of our complete microphone portfolio. Pursuant to the SPA, we (i) paid initial consideration of $6.89 million in cash and approximately $1.68 million in ClearOne shares. In addition, we paid off Sabine debt of $1.25 million and may be required to make earn-out payments over a three year period from the acquisition date based on achievement of certain performance criteria. We continue to maintain operations at the former Sabine location in Alachua, Florida.

Company Information

Our website address is www.clearone.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to such reports are available, free of charge, on our website in the "Investor Relations" section under "Company." These reports are made available as soon as reasonably practicable after we file such material with, or furnish it to, the SEC.

For a discussion of certain risks applicable to our business, results of operations, financial position, and liquidity, see the risk factors described in “Item 1A, Risk Factors” below.

Our Business Strategy

We currently participate in the following markets:

- Professional audio visual, including audio conferencing and video conferencing and collaboration;
- Professional microphones;
- Unified communications, including telephony;
- Network streaming and control; and
- Digital signage.

Our business goals are to:

- Maintain our leading global market share in professional audio conferencing products for large businesses and organizations;
- Leverage the video conferencing & collaboration, streaming and digital signage technologies to enter new growth markets;
- Focus on the small and medium business (SMB) market with scaled, lower cost and less complex products and solutions;
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- Capitalize on the growing adoption of unified communications and introduce new products through emerging information technology channels;
- Capitalize on emerging market opportunities as audio visual, information technology, unified communications and traditional digital signage converge to meet enterprise and commercial multimedia needs; and
- Expand and strengthen our sales channels.

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We will continue to focus on our core strengths, which include the following:
- Providing a superior conferencing and collaboration experience;
- Significantly impacting network media distribution and control;
- Offering greater value to our customers and partners;
- Leveraging and extending ClearOne technology, leadership and innovation;
- Leveraging our strong domestic and international channels to distribute new products; and
- Strengthening existing customer and partner relationships through dedicated support.

PRODUCTS

Our products can be broadly categorized into the following:

- Professional audio communication products;
- Unified communications audio end points; and
- Visual communication products.

PROFESSIONAL AUDIO COMMUNICATION PRODUCTS
Our full range of professional audio communication products includes (i) professional conferencing and sound-reinforcement products used in enterprise, healthcare, education and distance learning, government, legal and finance organizations, (ii) mid-tier premium conferencing products for smaller rooms and small and medium businesses which interface with video and web conferencing systems, and (iii) professional microphones used in various applications.

Our professional audio communication products including premium conferencing and professional microphones contributed 80% and 77% of our consolidated revenue in 2015 and 2014, respectively.

Our professional audio communication products and unified communications audio end points feature our proprietary HDConference®, Distributed Echo Cancellation® and noise cancellation technologies to enhance communication during a conference call by eliminating echo and background noise. Most of our products also feature some of our other HDConference proprietary audio processing technologies such as adaptive modeling and first-microphone priority, which combine to deliver clear, crisp and full-duplex audio. These technologies enable natural and fatigue-free communication between distant conferencing participants.

Professional Conferencing, Sound Reinforcement
We occupy the number one position in the global professional audio conferencing market with more than 50% of the total global market share. We have been developing high-end, professional conferencing products since 1991 and believe we have established strong brand recognition for these products worldwide. Our professional conferencing products include the CONVERGE® Pro and Converge SR product lines.

Our flagship Converge Pro product line leads our professionally installed audio products line. The Converge Pro product line includes the Converge Pro 880, Converge Pro 880T, Converge Pro 880TA, Converge Pro 840T, Converge Pro 8i, Converge Pro TH20 and Converge Pro VH20, and Converge SR product line including Converge SR1212 and SR1212A which together offer various levels of integration and features to allow a commercial system integrator to optimize a system to fit diverse conferencing applications and environments. CONVERGE USB, an USB peripheral provides plug-and-play USB audio connectivity between CONVERGE products and popular desktop/laptop UC applications for rich and professional sound.

At the end of the second quarter of 2014. we began shipping our new CONNECT™ Dante™ product; a network interface bridge provides Dante digital audio interface to Converge products for transmitting digital audio over Ethernet.

Mid-Tier Premium Conferencing

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Our INTERACT® product line is a mid-tier, lower cost, conferencing product line designed to meet the needs of our larger customers with smaller conferencing rooms as well as small and medium businesses. The INTERACT product series is comprised of the INTERACT AT and the INTERACT Pro. Both systems can be easily connected to enterprise telephones, analog POTS lines, existing HD video codecs and soft video clients. These INTERACT systems also include a USB audio interface to connect to PCs, laptops and tablets, as well as to rich multimedia devices, such as video or web conferencing systems and emerging unified communication systems for enhanced collaboration.

Professional Microphones

The ClearOne Beamforming Microphone Array is the Pro-Audio industry’s first professional-grade microphone array with Beamforming and adaptive steering technology and ClearOne’s next-generation Acoustic Echo Cancellation. The ultra-sleek design fits into any conferencing environment and delivers the clearest audio pickup available. The 24 microphone element industry-leading Beamforming Microphone Array has focused acoustic beams, digital signal processing, adaptive steering, and acoustic echo canceling to produce the clearest and most intelligible conferencing sound possible. ClearOne began shipping the Beamforming Microphone Array in March 2013. During the first quarter of 2014, we began shipping the Beamforming Microphone Array, including table, wall and ceiling applications, in black to increase market compatibility.

ClearOne also introduced WS800 Wireless Microphone Systems, including four new models of wireless microphones/transmitters (Tabletop/boundary, Gooseneck, Handheld, Bodypack) and a base-station receiver with either 4 or 8 channels, which connect to professional audio mixers. The wireless system combines ease-of-use with the most reliable security and power. ClearOne began shipping the WS800 Wireless Microphone Systems in January 2013. Through the Sabine acquisition, we also began shipping Sacom branded Wireless Microphone Systems in 2014. During 2015 portfolio of wireless microphone systems was enhanced by the introduction of digital compressed versions, Dante standard compatible versions and more frequency ranges catering to various international markets.

The ClearOne Ceiling Microphone Array enhances almost any professional conferencing application which demands high-quality audio. The Ceiling Microphone Array is easily installed and combines affordability with exceptional audio quality. With three wide-range microphones mounted together into a single unit array, the Ceiling Microphone Array provides the rich sound of three individual unidirectional microphones while maintaining full 360-degree coverage.

UNIFIED COMMUNICATIONS AUDIO END POINTS
Our unified communications audio end points include (i) traditional tabletop conferencing phones used in conference rooms and offices and (ii) affordable personal conferencing products that can be used with PCs, laptops, tablets, smartphones, and other portable devices. Our unified communications audio end points contributed approximately 13% and 17% of our consolidated revenue in 2015 and 2014, respectively.

Traditional Tabletop Conferencing
Our MAX® product line is comprised of the following product families: MAX EX and MAXAttach® wired phones; MAX Wireless and MAXAttach Wireless; and MAX IP and MAXAttach IP VoIP tabletop conferencing phones. Designed for use in executive offices or small conference rooms with multiple participants, MAX Wireless can be moved from room to room within 150 feet of its base station. MAXAttach Wireless was the industry's first and remains the only dual-phone, completely wireless solution. This system gives customers tremendous flexibility in covering larger conference room areas. MAX EX and MAXAttach wired phones can be daisy chained together, up to a total of four phones. This provides even distribution of microphones, loudspeakers, and controls for better sound quality and improved user access in medium to large conference rooms. In addition, all MAXAttach wired phones can

be used separately when they are not needed in a daisy-chain configuration. MAX IP and MAXAttach IP are VoIP tabletop conference phones which are based on the industry-standard SIP signaling protocol. These phones can also be daisy-chained together, up to a total of four phones.

Personal Conferencing Products

Our CHAT® product line includes affordable and stylish personal speakerphones and USB headsets. CHAT speaker phones provide full-duplex and rich full bandwidth frequency response for superior audio clarity. CHAT products are designed for a wide variety of applications and devices (fixed or portable) for greatly enhanced collaboration wherever and whenever needed. CHAT speaker phones are offered as personal speakerphones and group speakerphones.

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CHAT personal speakerphones are approximately the size of a deck of cards, and connect to PCs and MACs, laptops, tablets, enterprise handsets, smartphones, cell phones, and MP3 players for rich, clear, hands-free audio and playback. CHAT group speakerphones are designed for small group use. These can also connect many of the same devices and applications as the CHAT personal speakerphones, but feature three microphones in larger design for use by a larger number of participants. CHAT group speakerphones have the ability to add high-quality, full-duplex speakerphones to user enterprise telephone handsets such as Avaya and Cisco. CHAT group speakerphones make it possible to introduce rich, crystal clear conferencing capability without the need for introducing a separate traditional conference phone. CHATAttach® is comprised of two CHAT group speakerphones which can be daisy-chained together to function as a single conferencing system.

CHAT USB headsets for unified communications combine the comfort, durability and legacy audio quality for which ClearOne is renowned. These affordable USB headsets incorporate advanced microphone noise-canceling technology and acoustic shock protection technologies.

VISUAL COMMUNICATION PRODUCTS

Our visual communication products are sold under following three broad categories: (i) video conferencing, (ii) streaming and (iii) digital signage. Our visual communication products contributed 7% and 6% of our consolidated revenue in 2015 and 2014, respectively.

Media Collaboration Products:

Our comprehensive portfolio of industry-leading COLLABORATE® branded HD videoconferencing solutions bring cutting-edge software-based full HD (1080p) video conferencing technology with H.264 High Profile encoding that reduces bandwidth utilization up to 50 percent. COLLABORATE is comprised of feature-rich room systems and desktop video applications, as well as enhanced network management, infrastructure solutions and software development kits.

COLLABORATE Infrastructure is for customers who desire an on-premise infrastructure solution. ClearOne offers a single-unit infrastructure server that will serve the needs of both the small to mid-sized businesses and enterprise customers hoping to expand locations. The heavy burden of adding video collaboration pervasively has always been the cost of expensive infrastructure solutions. ClearOne’s single-unit solution provides the infrastructure component at a low price, including directory services, firewall traversal, MCU, H.323 gatekeeper, SIP registrar, license server, call control, and a full management system.

COLLABORATE Desktop is a versatile application for any PC or laptop user in organizations of any size. Available with up to 1080p resolution, the COLLABORATE Desktop offers multiple media transmitting capabilities for video, audio and data. Using ClearOne's DualStream™ technology, the application has the ability to send and receive video and data streams simultaneously with its additional streaming capability, ClearOne's Simulcast™ allows COLLABORATE Desktop users to chair or participate in corporate broadcasts.

COLLABORATE Room is a best-in-class video conferencing and collaboration solution offering a price-point and feature set vastly superior to that of competing room conferencing solutions. Designed for small and medium businesses and corporate meeting rooms, the COLLABORATE Room features software-based and server-less embedded multipoint (up to 9-way) video conferencing, SIP/H.323 bridging interoperability, built-in recording and streaming, built-in remote content and data sharing, and interactive multicast.

The new COLLABORATE® Room Pro all-in-one appliance combines high-definition 1080p60 video with ClearOne's wildly popular Beamforming Microphone Array for the best audio available on any self-contained video conferencing solution, without using an external DSP unit for audio processing. This new system, available with a

9-party MCU, also includes many media collaboration tools that usually purchased separately, such as: streaming, recording and content creation, presentation.

UNITE™ PTZ Camera complements COLLABORATE product line, comes with DVI-I (for digital and analog output) and USB 3.0 connectivity that enables users to easily add Full-HD video to UC or video applications running on desktop/laptop. With powerful optical zoom and wide field of view make this camera more suitable for medium to large meeting spaces. Full high definition video in up to 1080p60 resolution helps the remote sites in video conferencing see every detail, even when displayed on a large screen.

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Through the Spontania acquisition in 2014, ClearOne started offering Spontania cloud-based Media Collaboration solutions. Spontania empowers customers to deploy video collaboration without the heavy burden of expensive infrastructure. It also allows service providers and partners to expand their offerings by deploying the technology within their own networks. Spontania complements ClearOne's premise-based COLLABORATE enterprise video collaboration portfolio. The complete ClearOne video portfolio now can serve a full range of video collaboration needs for enterprise, SMB, healthcare, education, and other customers, whether they are seeking those solutions deployed in their private data centers or in the ClearOne Spontania cloud. ClearOne now offers its partners and end users a clear choice between public cloud, private cloud, and on-premise solutions.

Streaming Products:

Our Streaming products sold under VIEW™ and VIEW Pro brands deliver the ultimate IP A/V experience by streaming time sensitive high definition audio and video and control over TCP/IP networks. By combining audio and/or video content, meta-data and control signals into one digital stream in harmony with industry standards, its distributed, edge of the network architecture allows the hardware and the processing power to be distributed across any existing TCP/IP network. This leverages many of the advantages of using TCP/IP over traditional analog systems and other centrally controlled IP-based systems. The ClearOne VIEW and VIEW Pro products are powered by ClearOne's patented StreamNet® technology. A user can activate and control a single audio source or combination of audio sources, video sources, security systems, HVAC systems, lighting, and other room or facility monitoring functions such as paging or security access by just a single touch to its attractive touch screens. Alternatively, any PC, laptop, tablet, iPod, or other device with a built-in web browser with Flash can control the equipment connected to the system. The VIEW and VIEW Pro systems have no limits on the numbers of sources, displays, or amplifiers in a project and can be used in venues from high-end residential homes to large-scale commercial projects.

Converting an audio or video signal to TCP/IP preserves the digital quality of the signal across the network. Unlike analog systems, which lose quality over long distances, TCP/IP packets are decoded to retain the same digital quality as contained when they were encoded. The addition of Digital Encoder and Digital Decoder products with DVI/HDMI input and output enhances the flexibility of complete AV distribution system and makes it as easy to use as analog devices.

VIEW Pro is our next generation Streaming solution that provides 1080p60, H.264 high definition HDMI video-audio, 4:4:4 true-color, 24 bit per pixel video output. It comes with dual inputs encoder and single output decoder with balanced audio, general purpose control ports and clock synchronized video output. VIEW Pro system also provides multi-view video composition and video-wall features using its built-in video processing engine, without using an external, expensive hardware video processors. This continues to be truly differentiated in the professional market by offering complete AV streaming and distribution systems that can scale to fulfill projects of any size and complexity, from light commercial to the very largest environments.

MagicBox Digital Signage Products
We make digital signage and video messaging systems with an emphasis on ease of use and flexibility with hardware and software applications. Our Aavelin-branded media players come with different hardware configurations for Digital Signage applications. By using the Composer Desktop software application or WebSuite application through Software as a Service (SaaS) or Entry Level Server (ELS) with Aavelin media players, the contents can be managed, scheduled and published to one or many media players to display on screens. Our RoomRoster-branded room information solution is a combination of display and data wrapped in one design. It consists of the room sign and database integration used to display room schedules and other information in real-time.

MARKETING AND SALES

We primarily use a two-tier channel model through which we sell our commercial products to a worldwide network of independent audiovisual, information technology and telecommunications distributors, who then sell our products to independent systems integrators, dealers, and value-added resellers, who in turn work directly with the end-users of our products for product fulfillment and installation, if needed. Our products are also specified and recommended by professional audio-video consultants. We also sell our commercial products directly to certain dealers, systems integrators, value-added resellers, and end-users. We sell our residential products through a global network of residential electronics dealers, system integrators, and other value-added resellers.

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During the year ended December 31, 2015, approximately $39.6 million, or 68% of our total product sales, were generated in the United States and product sales of approximately $18.2 million, or 32% of our total product sales, were generated outside the United States. Revenue from product sales to customers in the United States was approximately $39.8 million, or 69% of total product sales and revenue from products outside of the United States was approximately $18.1 million and accounted for approximately 31% of our total product sales for the year ended December 31, 2014. We sell directly to our distributors, resellers and end-users in approximately 70 countries worldwide. We anticipate that the portion of our total product revenue from international sales will continue to be a significant portion of our total revenue as we further enhance our focus on developing new products, establishing new channel partners, strengthening our presence in key growth areas, complying with regional environmental regulatory standards, and improving product localization with country-specific product documentation and marketing materials.

Distributors, Resellers and Independent Integrators
We sold our products directly to approximately 461 distributors and direct resellers throughout the world during 2015. Distributors and resellers purchase our products at a discount from list price and resell them worldwide to hundreds of independent system integrators, telephony value-added resellers, IT value-added resellers, and PC dealers on a non-exclusive basis. Our distributors maintain their own inventory and accounts receivable and are required to provide technical and non-technical support for our products to the next level of distribution participants. We work with our distributors and resellers to establish appropriate inventory stocking levels. We also work with our distributors and resellers to maintain relationships with our existing systems integrators, dealers, and other value-added resellers.

While dealers, resellers, and system integrators all sell our products directly to the end-users, system integrators typically add significant value to each sale by combining our products with products from other manufacturers as part of an integrated system solution. Commercial dealers and value-added resellers usually purchase our products from distributors and may bundle our products with products from other manufacturers for resale to the end-user. We maintain close working relationships with all our reseller partners and offer them education and training on all of our products.

Marketing
Much of our marketing effort is conducted in conjunction with our channel partners who provide leverage for us in reaching existing and prospective customers worldwide. We also regularly attend industry forums and exhibit our products at multiple regional and international trade shows, often with our channel partners. These trade shows provide exposure for our brand and products to a wide audience. We market our ClearOne-branded commercial products on our website www.clearone.com and our MagicBox branded digital signage products on our website www.magicboxinc.com. We also conduct public relations initiatives to get press coverage and product reviews in industry and non-industry publications alike.

Customers

We do not get comprehensive reports from our distributors and resellers that identify our end-users. As a result, we do not know whether any end-user accounted for more than 10 percent of our total revenue during any of the periods reported in this Annual Report. However, revenues included sales to Starin Marketing, which represented approximately 14.2% of consolidated revenue during the year ended December 31, 2015 and VSO Marketing, which represented 10.4%. During the year ended December 31, 2014, revenues included sales to Starin Marketing, which represented 16% of our consolidated revenue during that period with no other end-user accounting for more that 10 percent. As discussed above, distributors facilitate product sales to a large number of independent systems integrators, dealers, and value-added resellers, and subsequently to their end-users. The loss of one or more distributors could reduce revenue and have a material adverse effect on our business and results of operations. Our shipped orders on which we had not recognized revenue were $4.5 million and $5.0 million as of December 31, 2015 and 2014, respectively. As of December 31, 2015, we had a backlog of un-shipped orders of approximately $0.2 million.

Competition

The audio visual product markets are characterized by intense competition, rapidly evolving technology, and increased business consolidation. We compete with businesses having substantially greater financial, research and product development, manufacturing, marketing, and other resources. If we are not able to continually design, manufacture, and successfully market new or enhanced products or services that are comparable or superior to those provided by our competitors and at comparable or better prices, we could experience pricing pressures and reduced sales, gross profit margins, profits, and market share, each of which could have a materially adverse effect on our business. Our competitors vary within each product category. We believe we are able to differentiate ourselves and therefore successfully compete as a result of the high audio quality of our products resulting from a combination of proprietary and highly advanced audio signal processing technologies and networking technology in the form of trade secrets and patented intellectual property, technical and channel support services, and the strength of our channels and brands.

We believe the principal factors driving sales are the following:

- Quality, features and functionality, and ease of use of the products;
- Broad and deep global channel partnerships;
- Significant established history of successful worldwide installations for diverse vertical markets;
- Brand name recognition and acceptance;
- Quality of customer and partner sales and technical support services; and
- Effective sales and marketing.

In the professional audio conferencing system and sound reinforcement markets our main competitors include AcousticMagic, Biamp, Crestron, Extron, Harman, Peavey, Phoenix Audio, Polycom, QSC, Sennheiser, Symetrix, Vaddio and Yamaha and their original equipment manufacturing (OEM) partners, along with several other companies potentially poised to enter the market. We occupy the number one position in the global professional audio conferencing market with more than 50% of the global market share. In the professional microphones market, our primary competitors include AKG, Avlex, Beyerdynamic, Lectrosonics, Media Vision, Sennheiser, Shure, TeachLogic, TOA and Yamaha and their OEM partners. In the traditional tabletop conferencing market, we face significant competition from Avaya, Phoenix Audio, Polycom and Yamaha, and especially from their OEM partnerships. A significant portion of the tabletop market is covered by sales through OEM partnerships. While we believe MAX products have unique features and superior quality, our limited OEM partnerships and pricing pressures from higher volume competitors limit our ability to expand our existing share of this market. Our primary competitors in the personal conferencing market are GN Netcom (Jabra), Logitech, Phoenix Audio, Plantronics, Polycom and Yamaha and their OEM partners. Our video conferencing products face tremendous competition from well established players, including Avaya, CISCO, Logitech, Polycom and Vidyo and other emerging players like Acano, Blue Jeans, Pexip, and Zoom . We believe the migration of video conferencing from hardware-based codecs to software-based codecs provides an opportunity for us to differentiate our products and gain market share. Our commercial streaming products face intense competition from a few well-established corporations of diversified capabilities and strengths, including Harman, BiAmp, Crestron, Extron, and Haivision. We believe that our pioneering and patented StreamNet technology delivers superior audio and video streaming performance and flexibility and provides us with a competitive edge over other industry players. In digital signage, our primary competitors include Scala, Tightrope and Visix.

Regulatory Environment

Regulations regarding product safety, product operational agency compliance, the materials used in manufacturing, the process of disposing of electronic equipment and the efficient use of energy may require extensive lead-time to obtain regulatory approvals of new products in both domestic and international markets. Such regulations may impact our ability to expand our sales in a timely and cost-effective manner and, as a result, our business could be harmed.

Sources and Availability of Raw Materials

We manufacture our products through electronics manufacturing services ("EMS") providers, who are generally responsible for sourcing and procuring required raw materials and components. Most of the components that our EMS providers require for manufacturing our products are readily available from a number of sources.

We continually work with our EMS providers to seek alternative sources for all our components and raw material requirements to ensure higher quality and better pricing. Most of our EMS providers and their vendors are duly qualified by our corporate quality assurance process. We work with our EMS providers to ensure that raw materials and components conform to our specifications.

ITEM 1 - BUSINESS

			7.07%
1 - 5 Years	2,847	2,921	4.99%
5 - 10 Years	9,287	9,421	5.84%
Over 10 Years	12,704	12,782	5.97%
Total	25,008	25,295	5.81%
Equity securities			
Equity securities	4	13	0.00%
Total securities available for sale	$96,025	$96,155	3.06%
Held to Maturity			
State and municipal subdivisions			
Under 1 Year	$710	$715	7.38%
1 - 5 Years	2,374	2,479	5.89%
5 - 10 Years	3,247	3,316	6.22%
Over 10 Years	—	—	0.00%
Total securities held to maturity	$6,331	$6,510	6.10%

C Excluding holdings of U.S. Government agency obligations, there were no investments in securities of any one issuer exceeding 10% of the Company's consolidated shareholders' equity at December 31, 2010.

III Loan Portfolio

A Types of Loans

The amounts of gross loans outstanding at December 31, 2010, 2009, 2008, 2007 and 2006 are shown in the following table according to types of loans:

	2010	2009	December 31, 2008 (In thousands)	2007	2006
Commercial loans	$32,153	$20,966	$19,493	$18,701	$18,557
Commercial real estate loans	136,369	129,757	120,648	115,744	114,850
Residential real estate loans	63,378	62,128	59,807	58,524	56,167
Installment loans	46,877	44,875	38,270	41,675	41,943
Total loans	$278,777	$257,726	$238,218	$234,644	$231,517

Construction loans were not significant at any date indicated above.

B Maturities and Sensitivities of Loans to Changes in Interest Rates

The following is a schedule of commercial and commercial real estate loans at December 31, 2010 maturing within the various time frames indicated:

	One Year or Less	One Through Five Years (In thousands)	After Five Years	Total
Commercial loans	$ 8,914	$ 16,016	$ 7,223	$ 32,153
Commercial real estate loans	3,462	23,255	109,652	136,369
Total	$ 12,376	$ 39,271	$ 116,875	$ 168,522

The following is a schedule of fixed-rate and variable-rate commercial and commercial real estate loans at December 31, 2010 due to mature after one year:

	Fixed Rate	Variable Rate (In thousands)	Total > One Year
Commercial loans	$ 12,704	$ 10,535	$ 23,239
Commercial real estate loans	10,654	122,253	132,907
Total	$ 23,358	$ 132,788	$ 156,146

Variable rate loans are those loans with floating or adjustable interest rates.

C Risk Elements

1. Nonaccrual, Past Due, Restructured and Impaired Loans

The following schedule summarizes nonaccrual loans, accruing loans which are contractually 90 days or more past due, and impaired loans at December 31, 2010, 2009, 2008, 2007 and 2006:

			December 31,		
	2010	2009	2008	2007	2006

	(In thousands)				
Nonaccrual basis	$4,526	$5,426	$5,398	$1,822	$3,396
Accruing loans 90 days or greater past due	25	971	1,573	2,585	55
Impaired loans	7,274	4,728	7,523	3,399	3,122
Impaired loan with related allowance for unconfirmed losses	5,493	3,265	5,571	2,347	1,012
Impaired loan without related allowance for unconfirmed losses	1,781	1,463	1,952	1,052	2,110

The additional amount of interest income that would have been recorded on nonaccrual loans, had they been current, totaled approximately $577,000 and $318,000 for the years ended December 31, 2010 and 2009, respectively. At those dates, all impaired loans were commercial or commercial real estate loans.

The Company's policy is to generally not allow loans greater than 90 days past due to accrue interest unless the loan is both well secured and in the process of collection. Interest income is not reported when full loan repayment is doubtful, typically when the loan is impaired. Payments received on such loans are reported as principal reductions.

2. Potential Problem Loans

The Company had no potential problem loans as of December 31, 2010 which have not been disclosed in Table C 1., but where known information about possible credit problems of borrowers causes management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms and which may result in disclosure of such loans into one of the problem loan categories.

IV Summary of Loan Loss Experience

The allowance for loan losses is a valuation allowance for probable incurred credit losses, increased by the provision for loan losses and decreased by charge-offs less recoveries. Management estimates the allowance balance required based on past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. The Company accounts for impaired loans in accordance with ASC 310-10-35-16, "Accounting for Creditors for Impairment of a Loan." ASC 310-10-35-16 requires that impaired loans be measured based upon the present value of expected future cash flows discounted at the loan's effective interest rate or, as an alternative, at the loan's observable market price or fair value of the collateral. A loan is defined under ASC 310-10-35-16 as impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. In applying the provisions of ASC 310-10-35-16, the Company considers its investment in one-to-four family residential loans and consumer installment loans to be homogenous and therefore excluded from separate identification for evaluation of impairment. With respect to the Company's investment in nonresidential and multi-family residential real estate loans, and its evaluation of impairment thereof, such loans are generally collateral dependent and, as a result, are carried as a practical expedient at the fair value of the collateral.

Collateral dependent loans which are more than ninety days delinquent are considered to constitute more than a minimum delay in repayment and are evaluated for impairment under ASC 310-10-35-16 at that time.
For additional explanation of factors which influence management's judgment in determining amounts charged to expense, refer to page 16 of the "Management's Discussion and Analysis" and Notes to Consolidated Financial Statements set forth in our 2010 Annual Report, which is incorporated herein by reference.

A Analysis of the Allowance for Loan Losses

The following schedule presents an analysis of the allowance for loan losses, average loan data and related ratios for the years ended December 31, 2010, 2009, 2008, 2007 and 2006:

	2010	2009	2008	2007	2006
			(In thousands)		
Loans					
Gross loans outstanding	$278,777	$257,726	$238,218	$234,644	$231,517
Average loans outstanding	$263,480	$243,599	$235,670	$228,673	$234,436
Allowance for Loan Losses					
Balance at beginning of year	$2,390	$2,770	$2,447	$2,345	$2,904
Loan charge-offs:					
Commercial	256	125	92	206	1,420
Commercial real estate	775	1,038	94	145	—
Residential real estate	160	295	320	204	350
Installment	579	472	560	583	370
Total loan charge-offs	1,770	1,930	1,066	1,138	2,140
Loan recoveries					
Commercial	37	18	12	9	22
Commercial real estate	3	8	—	7	—
Residential real estate	3	56	23	45	34
Installment	261	143	166	186	148
Total loan recoveries	304	225	201	247	204
Net loan charge-offs	1,466	1,705	865	891	1,936
Provision for loan losses	1,816	1,325	1,188	993	1,377
Balance at end of year	$2,740	$2,390	$2,770	$2,447	$2,345
Ratio of net charge-offs to average loans outstanding for the year	0.55 %	0.70 %	0.37 %	0.39 %	0.83 %

B Allocation of the Allowance for Loan Losses

The following table allocates the allowance for loan losses at December 31, 2010, 2009, 2008, 2007 and 2006. Management adjusts the allowance periodically to account for changes in national trends and economic conditions in the Bank's service areas. The allowance has been allocated according to the amount deemed to be reasonably necessary to provide for the probability of losses being incurred within the following categories of loans at the dates indicated:

	2010		2009		2008		2007		2006	
	Allowance Amount	% of Loans to Total Loans	Allowance Amount	% of Loans to Total Loans	Allowance Amount	% of Loans to Total Loans	Allowance Amount	% of Loans to Total Loans	Allowance Amount	% of Loans to Total Loans
					(In thousands)					

Loan type										
Commercial	$561	11.53 %	$263	8.13 %	$331	8.18 %	$242	7.97 %	$197	8.02 %
Commercial real estate	1,566	48.92 %	1626	50.35 %	2,046	50.65 %	1,497	49.33 %	1,216	49.61 %
Residential real estate	140	22.73 %	100	24.11 %	153	25.11 %	117	24.94 %	138	24.26 %
Installment	229	16.82 %	251	17.41 %	176	16.07 %	243	17.76 %	442	18.12 %
General	244	N/A	150	N/A	64	N/A	348	N/A	352	N/A
Total	$2,740	100.00 %	$2,390	100.00 %	$2,770	100.00 %	$2,447	100.00 %	$2,345	100.00 %

V Deposits

A Schedule of Average Deposit Amounts and Rates

Refer to Management's Discussion and Analysis and Results of Operations "Average Balances, Net Interest Income and Yields Earned and Rates Paid" set forth in our 2010 Annual Report and incorporated herein by reference.

B Maturity analysis of time deposits greater than $100,000.

The time to remaining maturity for time deposits in excess of $100,000 are:

	2010 (In thousands)
Three months or less	$ 3,637
Over three through six months	6,225
Over six through twelve months	5,495
Over twelve months	25,507
Total	$ 40,864

VI Return on Equity and Assets

Our dividend payout ratio and equity to assets ratio were as follows:

	December 31, 2010	2009
Dividend Payout Ratio	107.69 %	90.32 %
Equity to Assets	8.40 %	7.90 %

For other ratios refer to the inside front cover of our 2010 Annual Report to Shareholders, incorporated herein by reference.

VII Short-Term Borrowings

Information concerning securities sold under agreements to repurchase is summarized as follows:

	2010	2009
	(Dollars in thousands)	
Balance at December 31,	$ 11,321	$ 10,012
Weighted average interest rate at December 31	0.21 %	0.39 %
Average daily balance during the year	$ 12,734	$ 10,999
Average interest rate during the year	0.21 %	0.39 %
Maximum month-end balance during the year	$ 14,931	$ 13,329

Securities sold under agreements to repurchase are financing arrangements whereby the Company sells securities and agrees to repurchase the identical securities at the maturities of the agreements at specified prices.

No other individual component of borrowed funds comprised more than 30% of shareholders' equity and accordingly is not disclosed in detail.

Supplemental Item - Executive Officers of the Registrant

Pursuant to General Instruction G(3) of Form 10-K, the following information on the executive officers of the Company is included as an additional item in Part I:

Name	Age	Executive Officers Positions held with Company; Business Experience
James W. Everson	72	Chairman, President and Chief Executive Officer
Scott Everson	43	Senior Vice President and Chief Operating Officer
Randall M. Greenwood	47	Senior Vice President, Chief Financial Officer, Secretary /Treasurer
Matthew F. Branstetter	43	Vice President – Chief Lending Officer
Elmer K. Leeper	44	Vice President – Chief Retail Banking Offier
Michael A. Lloyd	42	Vice President – Chief Information Officer

Each individual has held the position noted during the past five years, except for the following:

Matthew F. Branstetter	43	Vice President Chief Lending Officer

Each of these Executive Officers are serving at-will in their current positions. The Officers have held the positions for the following time periods: James W. Everson, 28 years, Scott A. Everson , 9 years, Michael Lloyd, 8 years, Randall M. Greenwood, 13 years and Elmer K. Leeper, 5 years.

Item 1A. Risk Factors

Smaller Reporting Companies are not required to provide this disclosure.

Item 1B. Unresolved Staff Comments

None.

Item 2 Properties

The Company owns and operates its Main Office and stand alone operations center in Martins Ferry, Ohio and the following offices:

Location	Owned or Leased	Location	Owned or Leased
Bridgeport, Ohio	Owned	Sherrodsville, Ohio	Owned
Colerain, Ohio	Owned	Glouster, Ohio	Owned
Jewett, Ohio	Owned	Glouster, Ohio	Owned
St. Clairsville, Ohio	Leased	Amesville, Ohio	Owned
Dover, Ohio	Owned	Nelsonville, Ohio	Owned
Dellroy, Ohio	Owned	Lancaster, Ohio	Owned
New Philadelphia, Ohio	Owned	Lancaster, Ohio	Owned
Strasburg, Ohio	Owned	Lancaster, Ohio	Owned
Tiltonsville, Ohio	Owned		
Dillonvale, Ohio	Leased		
St. Clairsville, Ohio	Owned		

Management believes the properties described above to be in good operating condition for the purpose for which they are used. The properties are unencumbered by any mortgage or security interest and are, in management’s opinion, adequately insured.

Item 3 Legal Proceedings

There are no material legal proceedings, other than ordinary routine litigation incidental to its business, to which the Company or its subsidiary is a party or to which any of its property is subject.

Item 4 [Removed and Reserved]

PART II

Item 5 Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Refer to Page 7, “Shareholder Information” of the 2010 Annual Report To Shareholders and refer to Page 38, Note 1 of the Notes to the Consolidated Financial Statements of the Company in the 2010 Annual Report To Shareholders for common stock trading ranges, cash dividends declared and information relating to dividend restrictions, which are incorporated herein by reference.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #l 10/1/2010 to 10/31/2010	-	-	-	$ 1,733,302
Month #2 11/1/2010 to 11/30/2010	-	-	-	-
Month #3 12/1/2010 to 12/31/2010	-	-	-	-
Total	-	-	-	-

United Bancorp publicly announced a stock purchase program publicly by a press release issued on November 18, 2008. Pursuant to the stock purchase program, the Board of Directors authorized management to cause the Company to purchase up to $2 million of its common shares over a two-year period. Such authorization expired on November 18, 2010.

Item 6 Selected Consolidated Financial Data

Refer to inside front cover, “Decade of Progress” of the 2010 Annual Report To Shareholders, which is incorporated herein by reference.

Item 7 Management’s Discussion and Analysis of Financial Condition and Results of Operations

Refer to Pages 12-25, “Management’s Discussion and Analysis” of the 2010 Annual Report To Shareholders.

Critical Accounting Policy

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and follow general practices within the financial services industry. The application of these principles requires management to make certain estimates, assumptions and judgements that affect the amounts reported in the financial statements and footnotes. These estimates, assumptions and judgements are based on information available as of the date of the financial statements, and as this information changes, the financial statements could reflect different estimates, assumptions, and judgements.

The procedures for assessing the adequacy of the allowance for loan losses reflect our evaluations of credit risk after careful consideration of all information available to management. In developing this assessment, management must rely on estimates and exercise judgement regarding matters where the ultimate outcome is unknown such as economic factors, development affecting companies in specific industries and issues with respect to single borrowers. Depending on changes in circumstances, future assessments of credit risk may yield materially different results, which may require an increase or a decrease in the allowance for loan losses.

The allowance is regularly reviewed by management to determine whether the amount is considered adequate to absorb probable losses. This evaluation includes specific loss estimates on certain individually reviewed loans, statistical losses, estimates for loan pools that are based on historical loss experience, and general loss estimates that are based on the size, quality and concentration characteristics of the various loan portfolios, adverse situations that may affect a borrower's ability to repay, and current economic and industry conditions. Also considered as part of that judgement is a review of the Bank's trends in delinquencies and loan losses, and economic factors.

The allowance for loan losses is maintained at a level believed adequate by management to absorb probable losses inherent in the loan portfolio. Management's evaluation of the adequacy of the allowance is an estimate based on management's current judgement about the credit quality of the loan portfolio. While the Company strives to reflect all known risk factors in its evaluation, judgement errors may occur.

Item 7A Quantitative and Qualitative Disclosures About Market Risk

Refer to Page 18-20 "Asset/Liability Management and Sensitivity to Market Risks" of the 2010 Annual Report to Shareholders, which is incorporated herein by reference.

Item 8 Financial Statements and Supplementary Data

Refer to the 2010 Annual Report To Shareholders, which is incorporated herein by reference.

Item 9 Changes In and Disagreements With Accountants

Not applicable.

Item 9A Controls and Procedures

The Company, under the supervision, and with the participation, of its management, including the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2010, pursuant to the requirements of Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2010, in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Under the supervision and with the participation of management, including our principal executive and principal financial officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, as required by paragraph (c) of § 240.13a-15 of this chapter. Based on the evaluation under Internal Control – Integrated Framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2010.
There was no change in the Company's internal control over financial reporting that occurred during the Company's fiscal quarter ended December 31, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B Other Information

None.

PART III

Item 10 Directors and Executive Officers of the Registrant

Information concerning executive officers of the Company is set forth in Part I, “Supplemental Item – Executive Officers of Registrant.” Other information responding to this Item 10 is included in the Registrant’s Proxy Statement for the 2011 Annual Meeting of Shareholders and is incorporated by reference under the captions “Proposal 1 – Election of Directors” and “Section 16(a) Beneficial Ownership Reporting Compliance”. Information concerning the designation of the Audit Committee and the Audit Committee Financial Expert is included in the Registrant’s Proxy Statement for the 2011 Annual Meeting of Shareholders under the caption “Committees of the Board – Audit Committee”, and is incorporated herein by reference.

The Company's Board of Directors has adopted a Code of Ethics that applies to its Principal Executive, Principal Financial, and Principal Accounting Officers. A copy of the Company's Code of Ethics is posted and can be viewed on the Company's internet web site at http://www.unitedbancorp.com. In the event the Company amends or waives any provision of its Code of Ethics which applies to its Principal Executive, Principal Financial, or Principal Accounting Officers, and which relates to any element of the code of ethics definition set forth in Item 406(b) of Regulation S-K, the Company shall post a description of the nature of such amendment or waiver on its internet web site. With respect to a waiver of any relevant provision of the code of ethics, the Company shall also post the name of the person to whom the waiver was granted and the date of the waiver grant.

Item 11 Executive Compensation

The information required by this item is incorporated by reference from the section of the Registrant’s Proxy Statement for the 2011 Annual Meeting of Shareholders captioned “Executive Compensation and Other Information”.

Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stock Holder Matters

The information contained in the Registrant’s Proxy Statement for the 2011 Annual Meeting of Shareholders under the caption “Ownership of Voting Shares” is incorporated herein by reference.

The following table is a disclosure of securities authorized for issuance under equity compensation plans:

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	53,714	$ 10.34	320,000
Equity compensation plans not approved by security holders			
Total	53,714	$ 10.34	320,000

Item 13 Certain Relationships and Related Transactions

The information required by this item is incorporated herein by reference to the sections in the Registrant's Proxy Statement for the 2011 Annual Meeting of Shareholders captioned "Director Independence and Related Party Transactions."

Item 14 Principal Accountant Fees and Services

The information required by this item is incorporated by reference from the section under the caption "Principal Accounting Firm Fees" of the Registrant's Proxy Statement for the 2011 Annual Meeting of Shareholders.

PART IV

Item 15 Exhibits and Financial Statement/Schedules

Financial Statements

(a) The following Consolidated Financial Statements and related Notes to Consolidated Financial Statements, together with the report of the Independent Registered Public Accounting Firm, appear on pages 26 through 80 of the United Bancorp, Inc. 2010 Annual Report and are incorporated herein by reference.

Consolidated Balance Sheets December 31, 2010 and 2009

Consolidated Statements of Income Years Ended December 31, 2010 and 2009

Consolidated Statements of Stockholders' Equity Years Ended December 31, 2010 and 2009

Consolidated Statements of Cash Flows Years Ended December 31, 2010 and 2009

Notes to Consolidated Financial Statements December 31, 2010 and 2009

Report of Independent Registered Public Accounting Firm

EXHIBITS

Exhibit Number	Exhibit Description
3.1	Amended Articles of Incorporation (1)
3.2	Amended Code of Regulations (2)
4.0	Instruments Defining the Rights of Security Holders (See Exhibits 3.1 and 3.2)
10.1	James W. Everson Change in Control Agreement (3)
10.2	Randall M. Greenwood Change in Control agreement (3)
10.3	Scott A. Everson Change in Control Agreement (3)
10.5	Not used
10.6	Michael A. Lloyd Change in Control Agreement (3)
10.7	United Bancorp, Inc. Stock Option Plan (4)
10.8	United Bancorp, Inc. and Subsidiaries Director Supplemental Life Insurance Plan, covering Messrs. Hoopingarner, McGehee, Riesbeck and Thomas. (5)
10.9	

	United Bancorp, Inc. and Subsidiaries Senior Executive Supplemental Life Insurance Plan, covering James W. Everson, Scott A. Everson, Randall M. Greenwood, Michael A. Lloyd and James A. Lodes. (5)
10.10	United Bancorp, Inc. and United Bancorp, Inc. Affiliate Banks Directors Deferred Compensation Plan. (5)
10.11	Amended and Restated Trust Agreement among United Bancorp, Inc. as Depository, Wilmington Trust Company, as Property Trustee, Wilmington Trust Company, as Delaware Trustee, and Administrative Trustees, dated as of November 17, 2005. (6)

10.12	Junior Subordinated Indenture between United Bancorp, Inc. and Wilmington Trust Company, as Trustee, dated as of November 17, 2005. (6)
10.13	Guaranty Agreement between United Bancorp, Inc., as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, dated as of November 17, 2005. (6)
10.14	United Bancorp, Inc. 2008 Stock Incentive Plan (7)
13	2010 Annual Report
21	Subsidiaries of the Registrant (5)
23.1	Consent of BKD, LLP
31.1	Rule 13a-14(a) Certification – CEO
31.2	Rule 13a-14(a) Certification – CFO
32.1	Section 1350 Certification – CEO
32.2	Section 1350 Certification – CFO

(1) Incorporated by reference to Appendix B to the registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission on March 14, 2001.

(2) Incorporated by reference to Appendix C to the registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission on March 14, 2001.

(3) Incorporated by reference to the registrant's 10-K filed with the Securities and Exchange Commission on March 27, 2003.

(4) Incorporated by reference to Exhibit A to the registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission on March 11, 1996.

(5) Incorporated by reference to the registrant's 10-K filed with the Securities and Exchange Commission on March 29, 2004.

(6) Incorporated by reference to the registrant's 10-K filed with the Securities and Exchanges Commission on March 30, 2006.

(7) Incorporated by reference to the registrant's 8-K filed with the Securities and Exchange Commission on April 22, 2008.

United Bancorp Inc.
Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) United Bancorp, Inc.

By:	/s/James W. Everson James W. Everson, Chairman, President & CEO	March 25, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By:	/s/James W. Everson James W. Everson, Chairman, President & CEO	March 25, 2011
By:	/s/Scott A. Everson Scott A. Everson, Senior Vice President & Chief Operating Officer	March 25, 2011
By:	/s/Randall M. Greenwood Randall M. Greenwood, Senior Vice President & CFO	March 25, 2011
By:	/s/Terry A. McGhee Terry A. McGhee, Director	March 25, 2011
By:	/s/John M. Hoopingarner John M. Hoopingarner, Director	March 25, 2011
By:	/s/Richard L. Riesbeck Richard L. Riesbeck, Director	March 25, 2011
By:	/s/Samual J. Jones Samual J. Jones , Director	March 25, 2011
By:	/s/Matthew C. Thomas Matthew C. Thomas, Director	March 25, 2011

United Bancorp Inc.
Exhibit Index

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31.2	Rule 13a-14(a) Certification – CFO
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32.2	Section 1350 Certification – CFO

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