CUI Global, Inc.
Form 10-K
March 31, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

x ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010.

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES AND EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

Commission File Number 0-29923

CUI Global, Inc.
(Exact name of registrant as specified in its charter)

Colorado	(3670)	84-1463284
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

20050 SW 112th Avenue
Tualatin, Oregon 97062
(503) 612-2300
(Address and Telephone Number of Principal Executive Offices and Principal Place of Business)

William J. Clough, CEO/President
CUI Global, Inc.
20050 SW 112th Avenue
Tualatin, Oregon 97062
(503) 612-2300
(Name, Address and Telephone Number of Agent for Service)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No

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 x No

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. x Yes ¨ 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. ¨

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 "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨ 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 x No

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 30, 2010, computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, was $16,552,759.

As of March 30, 2011, the registrant had 214,282,472 shares of common stock outstanding and 50,543 shares of Series A Convertible Preferred Stock outstanding and no shares of Series B Convertible Preferred or Series C Convertible Preferred outstanding.

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

None.

This Annual Report on Form 10-K and the documents incorporated herein by reference contain forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about our industry, management's beliefs and assumptions made by management. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results and outcomes may differ materially from what is expressed or forecasted in any such forward-looking statements.

PART I

Item 1. Business

Corporate Overview

CUI Global, Inc., formerly known as Waytronx, Inc., is a Colorado corporation organized on April 21, 1998. The Company’s principal place of business is located at 20050 SW 112th Avenue, Tualatin, Oregon 97062, phone (503) 612-2300. CUI Global is a platform company dedicated to maximizing shareholder value through the acquisition, development and commercialization of new, innovative technologies. Through its subsidiaries, CUI Global has built a diversified portfolio of industry leading technologies that touch many markets.

CUI, Inc. - Subsidiary

Effective May 16, 2008, CUI Global, Inc. formed a wholly owned subsidiary, Waytronx Holdings, Inc., to acquire the assets of CUI, Inc., a Tualatin, Oregon based provider of electronic components including power supplies, transformers, converters, connectors and industrial controls for Original Equipment Manufacturers (OEMs). Through the acquisition of CUI, Inc., the Company obtained 352,589 common shares (representing a 11.544% and 10.47% interest at December 31, 2010 and 2009, respectively) in Test Products International, Inc., a provider of handheld test and measurement equipment. Since its inception in 1989, CUI has been delivering quality products, extensive application solutions and superior personal service. CUI's solid customer commitment and honest corporate message are a hallmark in the industry. The Company does not expect any organizational changes to CUI’s operations.

The consideration for the CUI, Inc. asset purchase transaction included two promissory notes in the aggregate principal amount of thirty one million five hundred thousand dollars ($31,500,000). In May 2009, CUI Global and the holder of the $17,500,000 convertible promissory note, IED, Inc., agreed to amend the convertible promissory note by reducing the conversion rate from $0.25 to $0.07 per share to reflect the stock price for the ten day trailing average preceding April 24, 2009, the date of the agreement. The agreement specifically retains the total maximum convertible shares at 70,000,000 as stated in the original Note. This amendment effectively reduced the Note principal from $17,500,000 to $4,900,000. On April 1, 2010, the Company settled the $4,900,000 convertible promissory note and $850,500 in accrued interest on this note related to the acquisition of CUI Inc. for a one-time payment of $50,000 and the conversion of $70,000 of the principal into 1,000,000 shares of the company’s common stock at the stated conversion rate of $0.07 per share. Effective September 1, 2010, the Company and the holder of the $14,000,000 promissory note, IED, Inc., agreed to reduce the note principal by $1,588,063 and to restructure the interest rate and payment terms. With this amendment, the Company agreed to pay $1,200,000 of the principal balance during the fourth quarter of 2010 and an additional $487,208 of the principal balance during the first quarter of 2011. The new terms set the interest rate at 6% per annum with monthly interest payments of $51,545 and a May 15, 2018 balloon payment.

Through CUI’s capabilities and extensive contacts throughout Asia, this acquisition allows CUI Global to continue to identify, acquire and commercialize new proprietary technologies. CUI Global will use CUI’s market partners and global distribution capabilities to bring other products to market, including the Digital Power Modules, GASPT2 and other proprietary devices, described below. CUI's testing and R&D capabilities allow CUI Global to commercialize and prototype its products more efficiently and economically.

CUI defines its product into three categories: components including connectors, speakers and buzzers; control solutions including encoders and sensors; and power solutions known as V-Infinity. These offerings provide a technology architecture that addresses power and related accessories to industries ranging from consumer electronics to defense and alternative energy.

Digital POL Modules

CUI's power division, V-Infinity, has developed a line of digital point-of-load (POL) modules that will utilize digital power-conversion ICs. The new Novum series is focused on providing complete, easy-to-use solutions to make digital power accessible to a wide array of users. The modules will combine high power density in a compact footprint and offer a wide array of digital control and power management functions. Initially, it will utilize Powervation's patented Auto-control™ technology which will allow the new modules to work in real time ensuring stability and improved transient response. A wide array of digital power control functions will be supported including current monitoring, temp sensing, margining and voltage sequencing. The primary market is in the networking and communication space with customers that deploy an intermediate bus architecture. These companies have large scale power platform needs that the digital modules address. Though the design cycles are long, ranging anywhere from 18-48 months, the business once designed in, is stable and long-term.

Digital Power Patent License Agreement with Power-One, Inc.

CUI entered into a non-exclusive Field of Use Agreement with Power-One, Inc. (NASDAQ: PWER) to license Power-One's Digital Power Technology patents. The license provides access to Power-One's portfolio of Digital Power Technology patents for incorporation into CUI's new line of digital point of load power modules. CUI, through its power division, manufactures a range of embedded and external power electronics devices for OEM manufacturers.

BPS-5 Topology License with California Power Research

CUI entered into an exclusive Field of Use Agreement with California Power Research to license their BPS-5 topology. It is now being marketed as the Solus Topology. This topology provides industry leading efficiencies and densities in power design. The topology is broadly applicable to both DC-DC and AC-DC products. This will allow for CUI to have a long roadmap of industry leading products to service its broad customer base. In addition, its first target is the Intermediate Bus Architecture (IBA) where the Digital POL modules are used.

GASPT2 Product

Through an exclusive licensing contract with GL Industrial Services UK, Ltd. (GL), formerly British-based Advantica, Ltd., CUI Global owns exclusive rights to manufacture, sell, and distribute a Gas Quality Inferential Measurement Device (GASPT2) designed by GL on a worldwide basis.

The GASPT2, designed by GL, is a low cost solution to measuring gas quality. It can be connected to a natural gas system to provide a fast, accurate, close to real time measurement of the gas physical properties, such as thermal conductivity, speed of sound and carbon dioxide content. From these measurements it infers an effective gas mixture comprising four components: methane, propane, nitrogen, and measured carbon dioxide and then uses ISO6976 to calculate the gas quality characteristics of calorific value (CV), Wobbe index (WI), relative density (RD), and compression factor (Z). Through Bluetooth Technology, this information can be provided to a remote, centralized monitoring facility. This licensing contract anticipates between $35,000,000 and $40,000,000 in sales during the first four years of the agreement. According to our review, the market studies commissioned by GL and GL's experience in the natural gas industry all demonstrate that these contract numbers are conservative and achievable.

The Company has reached agreements with several European and US companies to place Beta Test Units for both laboratory and in-field testing. Those test programs should begin in Third Quarter 2011 and will last between 90 and 180 days.

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ISO 9001:2008 Certification
CUI, Inc. is certified to the ISO 9001:2008 Quality Management Systems standards and guidelines. CUI is registered as conforming to the requirements of standard: ISO 9001:2008, The Quality Management System is applicable to Design, Development and Distribution of electro-mechanical components for OEM manufacturing. ISO 9001 is accepted worldwide as the inclusive international standard that defines quality.

The certification of compliance with ISO 9001:2008 recognizes that our policies, practices and procedures ensure consistent quality in the design services, technology and products we provide our customers.

Comex Electronics and CUI Japan - Subsidiaries
Effective July 1, 2009, CUI Global acquired CUI Japan (formerly Comex Instruments, Ltd.) and 49% of Comex Electronics Ltd. that includes an associated distribution network. Both companies are Japanese based DSP providers of digital to analog and analog to digital test and measurement systems and electronic components for OEM research and development. These acquisitions provide a manufacturing component which allows CUI Global to manufacture some of its own products, such as the AMT encoder in Japan.

ISO 9001:2008 Certification
Comex Electronics is certified to the ISO 9001:2008 Quality Management Systems standards and guidelines. Comex Electronics is registered as conforming to the requirements of standard: ISO 9001:2008, The Quality Management System is applicable to Design, Development and Distribution of electrical machinery apparatus. ISO 9001 is accepted worldwide as the inclusive international standard that defines quality.

The certification of compliance with ISO 9001:2008 recognizes that our policies, practices and procedures ensure consistent quality in the design services, technology and products we provide our customers.

ISO 14001:2004 Accreditation
Comex Electronics (Nagano factory) is certified to the ISO 14001:2004 Environmental Management Systems standards and guidelines. Comex Electronics (Nagano factory) is registered as conforming to the requirements of standard: ISO 14001:2004, The Environmental Management Systems are applicable to Design, manufacture, and wholesale of electrical machinery apparatus.

The certification of compliance with ISO 14001:2004 recognizes that our policies, practices and procedures ensure consistent quality in the design services, technology and products we provide our customers.

Impact of Japan Earthquake and Tsunami of 2011
CUI Global, Inc. has no reports of injured or missing employees and its Japanese facilities remain intact and undamaged. CUI Global is analyzing the broader effects on its industries and its business. While Comex and its Japanese operations are a relatively small component of CUI Global, Inc.'s total revenue, Japan is a large supplier to the global market for semiconductors and other components. The electronics industry, as well as many other industries, source components from Japan. It is most likely that the events in Japan will affect the supply of components, but it is too early to say to what extent. Business continuity plans and work to assess the impact, if any, on CUI Global, Inc. and mitigation activities has been ongoing since the event took place. We will continue to closely monitor the situation in Japan to take further action where necessary. It is, however, too early to draw any further conclusions as the situation is still developing.

WayCool/WayFast

While we continue to believe in the value and viability of the WayCool/WayFast technology and related patent portfolio, we have yet to hear back from our submission to DARPA. Moreover, a thorough analysis of the WayCool/WayFast Technology reveals that development will consume significant additional monies and as much as two to three years of development. Taking those facts into account, the Company has made the decision to postpone any further development of the technology while it continues to seek other options for commercializing this technology, including continuing its relationship with Innovaro. The Company recorded impairment charges of $3,105,956 on the technology rights and $418,185 on patents associated with the WayCool/WayFast technology.

Research and Development Activities

Research and development costs for CUI Global were $740,396 for the year ended December 31, 2010 and $56,042 for the same period during 2009. Research and development costs are related to the various technologies for which CUI Global has acquired licensing rights or is developing internally. The increase is primarily the result of an increase in expenditures towards the development of the GasPT2, Novum Advanced Power technologies, AMT Capacitive Encoders and DSP technologies. The Company expects that research and development expenses will increase during 2011 as the Company continues to expand its product offering and technologies due to market acceptance and customer integration.

Employees

As of December 31, 2010, the Company, together with its consolidating subsidiaries, had eighty-three full-time and three part-time employees. None of its employees is represented by a labor union. The Company considers its relations with its employees to be good. The Company plans to add additional staff as needed to handle all phases of its business.

Intellectual Property

The following describes the evolution of the license and ownership of our thermal management technology patents:

- On January 10, 2005 and February 16, 2005, the inventor/owner of the WayCool and WayFast technology patents conveyed ownership of the patents to CH Capital, a California general partnership controlled by Bradley J. Hallock, currently a shareholder, Corporate Secretary and William Clough, currently a shareholder, President/CEO and director.
- On March 24, 2006, CH Capital assigned to the Company all right, title and interest to the WayCool patent and on May 2, 2008 CH Capital assigned to the Company all right, title and interest in the WayFast patent. WayFast is a next generation developmental application of WayCool. These assignments have been recorded and are a matter of record with the United States Patent and Trademark Office. The Company owns all right, title and interest of the WayCool and WayFast patents.

The following describes the evolution of the license relating to the AMT encoder technology:

- Upon the acquisition of CUI, Inc., the Company obtained the relationship with the holder of the AMT encoder technology. Through an exclusive licensing contract with Andermotion Technologies LLC, signed on or about April 20, 2009, CUI acquired exclusive rights to manufacture, sell and distribute motion control devices utilizing the AMT encoder technology.

The following describes the evolution of the license relating to the Digital POL technology:

- Through a non-exclusive licensing agreement with Power-One, Inc., signed on or about September 18, 2009, CUI has access to Power-One’s portfolio of Digital Power Technology patents for incorporation into CUI’s new line of digital point of load (POL) power modules.

The following describes the evolution of the license relating to the BPS-5 advanced power topology technology:

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Through an exclusive licensing contract with California Power Research, Inc., signed on or about March 4, 2010, CUI acquired the exclusive rights to manufacture, market, sell, lease, maintain, give over, and dispose of licensed product using the BPS-5 advanced power topology technology.

The following describes the evolution of the license relating to the GasPT2 technology:

- Through an exclusive licensing contract with GL Industrial Services UK, Ltd. (GL), formerly British-based Advantica, Ltd., signed on or about January 4, 2010, CUI Global acquired exclusive rights to manufacture, sell and distribute a Gas Quality Inferential Measurement Device (GASPT2) designed by GL on a worldwide basis.

Intellectual Property Protection

The Company relies on various intellectual property laws and contractual restrictions to protect its proprietary rights in products and services. These include confidentiality, invention assignment and nondisclosure agreements with its employees, contractors, suppliers and strategic partners. The confidentiality and nondisclosure agreements with employees, contractors and suppliers are in perpetuity or for a sufficient length of time so as to not threaten exposure of proprietary information. The Company retained Banner & Witcoff, Ltd. and Law Offices of William W. Haefliger to manage its current interests relative to the prosecution of the national and international patents. The Company intends to pursue the registration of our trademarks and service marks in the United States and internationally.

- September 12, 2006, December 5, 2006 and August 25, 2009 the United States Patent and Trademark Office issued patents to the Company relating to the basic mesh design and methods that underlie the cooling and the LED technologies.
- May 22, 2007, October 6, 2009 and April 13, 2010 the United States Patent and Trademark Office issued patents to the Company relating to the WayCool heat transfer meshes and the communication systems incorporating the control meshes, WayFast.
- February 10, 2006 and October 4, 2006 the United States Patent and Trademark Office issued patents to the Company relating to the aerodynamic lighted display panel airfoil design and the LED assembly with vented circuit board.
- The Company has pending various United States and Patent Cooperation Treaty (PCT) applications pertaining to cooling systems relating to heat transfer meshes, method and apparatus for leak-proof mounting of a liquid cooling device on an integrated circuit, carbon-based waterblock with attached heat-exchanger, method and apparatus for cooling of solar power cells, sealed self-contained fluid cooling device and other relating to the product lines of the Company.

Under the Trademark Act of 1946, as amended, the United States Patent and Trademark Office permitted our registration of the following trademarks: RediAlert, Rapid Dispatch Emergency Signs, RediAd, Living Window, OnScreen Technology, CUI INC, CUI Europe, V-Infinity, AMT, Novum and Simple Digital. The following trademark applications filed with the United States Patent and Trademark Office are pending: WayCool, WayCoolant, WayFast, Waytronx and CUI Global.

The Company continuously reviews and updates the existing patent and trademark filings and files new documentation both nationally and internationally (Patent Cooperation Treaty) in a continuing effort to maintain up to date patent and trademark protection of its intellectual property.

For those applications pending, there is no assurance that the patents and trademark registrations will be granted. Furthermore, the Company is exposed to the risk that other parties may claim the Company infringes their existing patent and trademark rights, which could result in the Company's inability to develop and market its products unless the Company enters into licensing agreements with the technology owner or could force the Company to engage in costly and potentially protracted litigation.

Competitive Business Conditions

The industries in which the company competes are very broad. We operate a commoditized electromechanical parts distribution business that is focused on efficiency of delivery and competitiveness of pricing to differentiate our products from competitors. The market is subject to some volatility due to production requirements of large global firms.

Our electromechanical parts distribution business is diverse and broad. We have a very strong retail distribution partner that maximizes our product exposure to new designs and small to medium sized customers. We focus on the OEM market and supply higher levels of support, customer service, and a constantly expanding product line, in order to further differentiate with our competitors. This product line ranges from a $.02 connector to a $700 encoder – all different products for different customers. Additionally, we utilize third party external sales representative organizations to penetrate new and better customers otherwise not readily available to the company.

CUI is becoming more recognized in the power supply market and have differentiated ourselves through technology with a foundation of legacy and product quality. Currently, our internal and external power supply sales and component sales account for in excess of 75% of our gross sales notwithstanding our current power supply product line sales in a market that values a competitive price over the most current technology. We have added new products and technologies that will allow us to compete outside of price and more on innovative technology and strategic partnerships.

From the first full featured digital point-of-load dc-dc converter, to the highly dense intermediate bus converters that CUI is releasing, we believe that we are ahead of the market leaders in our market space and that the market is ready for new technologies and new ideas. We feel that there is a market shift to a digitally-based controller for power supply switching. It is our strategy that this will be a complete transformation for the industry as it will become a major part of the value sell to the end customer as well as a data collection point for energy consumption, two important elements for the industry.

Dependence on Few Major Customers
During 2010, 50% of revenues were derived from five customers: 40%, 3%, 3%, 2% and 2%. During 2009, 42% of revenues were derived from five customers at 31%, 4%, 3%, 2% and 2%.

The Company’s major product lines in 2010 and 2009 were external power, internal power, electro-mechanical and DSP based digital to analog and analog to digital test & measurement systems.

At December 31, 2010, of the gross trade accounts receivable totaling $4,851,200, 48% was due from eight customers: 23%, 8%, 3%, 3%, 3%, 3%, 3%, and 2%. At December 31, 2009, of the gross trade accounts receivable totaling $4,808,382, 14% was due from one customer.

Philanthropic Philosophy
In an industry first, CUI has chosen that, in addition to sales commission, sales representative firms will also receive a charity commission to be donated to charities of their choice. One of CUI’s core values is generosity which includes philanthropic giving. We give in our local community and we want to also give in the communities in which we do business. This program will allow us to give more than $50,000 in 2011 to communities outside of our own.

Item 1A. Risk Factors

Smaller reporting companies are not required to provide information required by this item.

Item 1B. Unresolved Staff Comments

Smaller reporting companies are not required to provide information required by this item.

Item 2. Properties

As an integrated part of the CUI asset acquisition, the CUI Global, Inc. corporate offices were relocated to the CUI location at 20050 SW 112th Avenue, Tualatin, Oregon 97062. CUI and CUI Global occupy the 61,380 square feet of offices and warehouse premises under a ten year non-cancelable lease agreement beginning September 1, 2006 with Barakel, LLC, a related party, at a base monthly rent subject to periodic base payment increases plus real property taxes, utilities, insurance and common area maintenance charges. During the period January 1 through December 31, 2010, the monthly base rent was $40,000.

The Company also leased office space in Malmo, Sweden pursuant to a renewable lease which terminated January 31, 2011. In addition to the base rent of (subject to periodic base lease payment increases), the Company was responsible for property taxes, maintenance and related VAT taxes. During the year ended December 31, 2010 and 2009, the monthly base rent was approximately $3,413 and $1,825, respectively.

Additionally, subsequent to the acquisition of CUI Japan and Comex Electronics, the Company now has leased spaces in Tokyo, Japan, and owns a small manufacturing facility on leased land in Nagano, Japan. One of the leased spaces in Tokyo, Japan expires August 31, 2011. The monthly base rent for this space during the year ending December 31, 2010 was $3,590. The other leased space in Tokyo, Japan expires in stages from May 7, 2011 to September 9, 2011. During the year ending December 31, 2010, the monthly base rent for this space $6,840. In conjunction with this lease, the Company also leased parking spaces. The parking spaces lease expired December 31, 2010 and the base monthly rent during the year ended December 31, 2010 was $507. The parking spaces lease is now under a month to month agreement. During the year ending December 31, 2010, the annual base rent for the land lease in Nagano, Japan was $2,897. This lease expires August 11, 2019.

Item 3. Legal Proceedings

The Company and its subsidiaries are not a party in any legal proceedings. No director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent of any class of voting securities of the Company or any associate of any such director, officer, affiliate of the Company or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

Item 4. Submission of Matters to a Vote of Security Holders

December 2, 2010 the Company held its 2010 Annual Meeting of Shareholders. The shareholders elected Colton R. Melby, William J. Clough and Matthew M. McKenzie to two year terms on the Board of Directors. The shareholders also approved the corporate name change from Waytronx, Inc. to CUI Global, Inc. The name change became effective January 4, 2011.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Value
The Company's Common Stock is traded on the OTC Bulletin Board (OTC:BB) under the trading symbol "CUGI". The following table sets forth, the high and low bid prices of its Common Stock for the four quarters of 2009 and 2010 as reported by the National Quotation Bureau. The bid prices quoted on the OTC:BB reflect inter-dealer prices without retail mark-up, markdown or commission and may not represent actual transactions.

Year	Quarter	High Bid	Low Bid
2009	First Quarter	.340	.160
	Second Quarter	.380	.160
	Third Quarter	.250	.160
	Fourth Quarter	.250	.070
2010	First Quarter	.140	.070
	Second Quarter	.150	.060
	Third Quarter	.250	.120
	Fourth Quarter	.360	.130

Description of Securities
The Company currently has authorized 325,000,000 common shares $0.001 par value and 10,000,000 preferred shares $0.001 par value. Of the 10,000,000 authorized preferred shares, 5,000,000 shares have been designated as Series A Convertible Preferred, 30,000 shares have been designated as Series B Convertible Preferred and 10,000 shares have been designated as Series C Convertible Preferred. As of December 31, 2010, the Company's outstanding shares consisted of 214,045,673 issued and outstanding and 50,000 issuable shares of common stock, 50,543 shares of Series A Convertible Preferred Stock and no shares of Series B and Series C Convertible Preferred Stock. As of December 31, 2010, the Company had in excess of 3,000 shareholders of record.

The holders of Common Stock and Series A and Series C Convertible Preferred are entitled to one vote per share and holders of Series B Convertible Preferred shares are entitled to one thousand votes per share for all purposes and do not have cumulative voting rights. There is a restriction on the payment of any common stock dividends because any cumulative preferred stock dividends are required to be paid prior to the payment of any common stock dividends. Also, the retained earnings of the Company would be restricted upon an involuntary liquidation by the cumulative unpaid preferred dividends to the preferred stockholders and for the $1.00 per share Series A and $240 per share Series B liquidation preferences. Holders of the Company’s Common Stock do not have any pre-emptive or other rights to subscribe for or purchase additional shares of capital stock, no conversion rights, redemption or sinking-fund provisions.

The Company has not paid any dividends on its common stock since inception and expects to continue to retain all earnings generated by its operations for the development and growth of its business and does not anticipate paying any cash dividends to its common shareholders in the foreseeable future. The payment of future dividends on the common stock and the rate of such dividends, if any, will be determined by the Company's Board of Directors in light of its earnings, financial condition, capital requirements and other factors.

Set forth below is a summary of the current outstanding securities, transactions and agreements, which relate to 23,233,790 shares of common stock the Company is required to reserve for potential future issuances.

277,986 shares of our common stock may be issued in connection with the conversion of our Series A convertible preferred stock
As of December 31, 2010, the Company had 50,543 shares of Series A Convertible Preferred stock outstanding and no shares of Series B and Series C Convertible Preferred Stock outstanding. The Series A preferred shares convert to common shares at a ratio of four common shares plus one common bonus share for each share of Series A Preferred. As of December 31, 2010, there is $5,054 in accrued Series A Preferred dividends that convert into 25,271 shares of the Company's common stock at a per share price of $0.20 for certain shareholders who elected to convert accrued dividends to common shares.

12,499,028 shares of our common stock reserved for warrant exercise
The following describes common shares underlying warrants:

- 6,040,485 to our CEO and Senior Vice President as partial consideration for conveyance in 2006 of the WayCool technology to the company. These warrants may be exercised any time before July 5, 2011 at a price of $0.20 per share.
- 1,458,543 to three investors as bonus shares in consideration for promissory notes made in 2006. Two of these warrants representing 1,156,408 shares may be exercised at any time before June 9, 2011 at a price of $0.20 per share and the third warrant representing 302,135 shares to an investor as bonus shares in consideration for two promissory notes. These warrants may be exercised at any time before August 14, 2012 at a price of $0.01 per share.
- 5,000,000 shares of our common stock underlie warrants issued as consideration for letter of credit guarantees. The fully vested warrants may be exercised at any time before May 15, 2011 at a price of $0.01 per share.

10,456,776 shares of our common stock reserved for future issuance under our Equity Compensation Plans
Equity Compensation Plan Approved by Security Holders
On May 15, 2008 the Company's Board of Directors adopted the 2008 Equity Incentive Plan and authorized 1,500,000 shares of Common Stock to fund the Plan. The Company shareholders approved the Plan at the 2008 Annual Meeting of Shareholders. At the 2009 Annual Meeting of Shareholders, the shareholders approved an amendment to the 2008 Equity Incentive Plan to increase the number of common shares authorized under the plan from 1,500,000 to 3,000,000. All of these shares have been registered with the SEC under Form S-8.

The 2008 Equity Incentive Plan is intended to: (a) provide incentive to employees of the Company and its affiliates to stimulate their efforts toward the continued success of the Company and to operate and manage the business in a manner that will provide for the long-term growth and profitability of the Company; (b) encourage stock ownership by employees, directors and independent contractors by providing them with a means to acquire a proprietary interest in the Company by acquiring shares of Stock or to receive compensation which is based upon appreciation in the value of Stock; and (c) provide a means of obtaining and rewarding employees, directors, independent contractors and advisors.

The Equity Incentive Plan provides for the issuance of incentive stock options (ISOs) and Non Statutory Options (NSOs) to employees, directors and independent contractors of the Company. The Board shall determine the exercise price per share in the case of an ISO at the time an option is granted and such price shall be not less than the fair market value or 110% of fair market value in the case of a ten percent or greater stockholder. In the case of an NSO, the exercise price shall not be less than the fair market value of one share of stock on the date the option is granted. Unless otherwise determined by the Board, ISOs and NSOs granted under the plan have a maximum duration of 10 years.

CUI Global has granted 1,660,000 fully vested stock options to employees under the 2008 Equity Incentive Plan with an exercise price of $0.19 per share. In relation to these options, the Company recorded expenses of $138,298. 223,190 of these stock options have been forfeited and 54,310 have been exercised, leaving 1,382,500 stock options outstanding. Additionally, 99,296 shares of common stock were issued as a bonus to an employee. There are 1,463,894 shares remaining available under the 2008 Equity Incentive Plan.

Equity Compensation Plan Not Approved by Security Holders
During 2006, the Company issued to a former employee a five year option for the purchase of 350,000 common shares at an exercise price of $0.01 per share as a bonus. The option is fully vested and expires during 2011.

On January 5, 2009 the Company Board of Directors received and approved a written report and recommendations of the Compensation Committee which included a detailed executive equity compensation report and market analysis and the recommendations of Compensia, Inc., a management consulting firm that provides executive compensation advisory services to compensation committees and senior management of knowledge-based companies. The Compensation Committee used the report and analysis as a basis for its formal written recommendation to the board. Pursuant to a January 8, 2009 board resolution the 2009 Equity Incentive Plan (Executive), a Non-Qualified Stock Option Plan, was created and funded with 4,200,000 shares of $0.001 par value common stock. The Compensation Committee was appointed as the Plan Administrator to manage the plan.

The 2009 Equity Incentive Plan (Executive) provides for the issuance of Incentive Non Statutory Options to attract, retain and motivate executive and management employees and directors and to encourage these individuals to acquire an equity interest in the Company, to make monetary payments to certain management employees and directors based upon the value of the Company's stock and to provide these individuals with an incentive to maximize the success of the Company and further the interest of the shareholders. The Administrator of the plan is authorized to determine the exercise price per share at the time the option is granted, but the exercise price shall not be less than the fair market value on the date the option is granted. Stock options granted under the 2009 Plan have a maximum duration of 10 years.

During 2009, CUI Global granted 1,458,000 stock options to directors of the Company under the 2009 Equity Incentive Plan (Executive) with an exercise price of $0.25 per share. Included in the options to directors are two employees, William Clough and Matt McKenzie, who each received 243,000 options as directors. 864,000 of the options vest over four years, 25% at year one and thereafter in equal monthly installments, while 594,000 of the options fully vest one year after issuance. These shares were valued at $44,310 using the Black Scholes Options Pricing Model. Additionally, 2,550,273 of fully vested stock options were granted to officers under the 2009 Equity Incentive Plan (Executive) with an exercise price of $0.25 per share. These stock options were valued at $77,508 using the Black Scholes Options Pricing Model.

On October 11, 2010, CUI Global authorized an additional 3,060,382 options under the 2009 Equity Incentive Plan (Executive) which were granted. 99,000 options to each director of the Company with an exercise price of $0.30 per share and vest one year after the October 11, 2010 date of grant. Two employees who also serve as directors, William Clough and Matt McKenzie, received 1,568,312 bonus options as employees. Additionally, 898,070 stock options were granted to corporate officers and employees. The employee bonus options have an exercise price of $0.30 per share and vest over four years, 25% at year one and thereafter in equal monthly installments. These stock options were valued at $460,463 using the Black Scholes Options Pricing Model.

Other than as described herein, as of the date of this Form 10-K, there are currently no plans, arrangements, commitments or understandings for the issuance of additional shares of Common Stock.

The description of the Company's capital stock does not purport to be complete and is subject to and qualified by its Articles of Incorporation and Bylaws, amendments thereto, including the Certificates of Designation for its Series A, Series B and Series C Convertible Preferred Stock and by the provisions of applicable Colorado law. The Company's transfer agent is Computershare Trust Company, Inc., 350 Indiana Street, Suite 800, Golden, Colorado 80401.

RECENT SALES OF UNREGISTERED SECURITIES

Following is a list of all securities we sold within the past three years which were not registered under the Securities Act. The Company relied on Section 4(2) of the Securities Act of 1933 as the basis for an exemption from registration for the following issuances.

2008 Sales of Unregistered Securities
Common Stock Issued During 2008
95,238 shares of common stock were issued to an employee in accordance with his employment agreement. These shares were valued at $25,000 using a thirty-day average price at December 31, 2007, in accordance with the agreement.

207,237 shares of common stock were issued to an employee in accordance with his employment agreement. These shares were valued at $39,375 as of the date of issuance, in accordance with the agreement.

362,173 shares of common stock were issued to an employee/officer in accordance with his employment agreement. These shares were valued at $65,500 as of the date of issuance, in accordance with the agreement.

2,390,000 shares of common stock were issued in relation to the exercise of warrants with proceeds of $98,000.

116,000 shares of common stock were issued in relation to the exercise of options with proceeds of $1,160.

1,250,000 shares of common stock were issued for services performed by consultants. $302,500 of consulting expense was recorded in relation to these transactions based on the fair market value of the stock on the date of grant.

1,300,000 shares of common stock were sold pursuant to a stock purchase agreement with proceeds of $300,000. A former officer of CUI Global agreed to transfer 1,000,000 registered shares to one of the purchasing parties and accept 1,000,000 restricted shares as reimbursement. Because of the difference in value between the registered versus restricted sales, CUI Global agreed to issue an additional 100,000 shares to the former officer.

The Company entered into unsecured convertible promissory notes totaling $700,000, with 700,000 related bonus shares of common stock. Interest accrues at 12% per annum, payable monthly, until a financing event takes place, at which time the principal is due. The note holders have the right to convert the note to the Company's common stock at $0.25 per share. During the year ended December 31, 2008, $52,033 of a promissory note principal and related interest was converted to 208,132 shares of common stock.

The Company extended 2,000,000 existing warrants an additional two years in exchange for the rights to certain patents. The company valued the transaction at $91,190 using the Black Scholes Pricing Model with the following assumptions on the date of extension; $0.20 exercise price, volatility of 75%, risk free interest rate of 2.01% and a term of 2.833 years.

140,000 shares of common stock were issued resulting from the exercise of warrants with proceeds of $1,400.

A convertible note holder exercised the right to convert $500,000 of debt to common stock at a per share price of $0.20 for 2,500,000 shares of common stock.

39,000 shares were issued to a consultant for services provided to the company. The Company entered into an agreement with a consultant to provide strategic marketing services. For these services, the Company paid a fee of $3,900. In addition, the consultant was awarded 39,000 restricted shares of the Company's common stock and a stock purchase warrant entitling the consultant the right to purchase, at any time within three years, 390,000 restricted shares of the Company's common stock. $6,630 was recorded in relation to this transaction based on the fair value of the stock on the date of grant.

100,000 shares of common stock were issued relating to the conversion of preferred A stock.

Warrants and Options Issued During 2008
To purchase of 6,000,000 common shares within three years at a per share price of $0.01 to six individuals who provided Letters of Credit relating to the CUI, Inc. asset purchase. The warrants vest 50% at issuance, 25% at first anniversary and 25% at the second anniversary.

To purchase of 390,000 common shares within three years at a per share price of $0.01 pursuant to a consulting agreement.

Fully vested options for the purchase of 1,020,000 shares of its 2008 Equity Incentive Plan common stock at $0.19 per share to forty three CUI employees with an expiration of September 17, 2018. If all options are exercised the Company could receive $193,800.

Series A and Series B Convertible Preferred Stock Issued
There were no shares of Series A or Series B Convertible Preferred Stock issued during 2008. All other unregistered issuances of Series A or Series B Convertible Preferred Stock are described in the 10-K filing for yearend 2008.

Series C Convertible Preferred Stock Issued
There were no shares of Series C Convertible Preferred Stock issued. The ten thousand (10,000) authorized shares remain available to Central Finance, LLC pursuant to the terms of the financing agreement as discussed in the section above, Market for Common Equity and Related Stockholder Matters.

2009 Sales of Unregistered Securities
Common Stock Issued During 2009
48,451 shares of common stock were issued to an employee in accordance with his employment agreement. These shares were valued based on the fair value of $4,537.

100,000 shares of common stock were issued to an employee as a bonus. These shares were valued at $15,000 as of the date of issuance,

980,769 shares of common stock were issued resulting from the exercise of warrants with proceeds of $9,808.

2,500,000 shares of common stock were issued for services performed by consultants. $535,000 of consulting expense was recorded in relation to these transactions based on the fair value of the stock on the dates of grant.

Warrants and Options Issued During 2009
Fully vested options for the purchase of 15,000 shares of its 2008 Equity Incentive Plan common stock at $0.19 per share to an employee with an expiration of January 15, 2019. These options were forfeited in 2009 and will not be exercised.

Fully vested options for the purchase of 350,000 shares of its 2008 Equity Incentive Plan common stock at $0.19 per share to eight employees with an expiration of May 18, 2019. If all options are exercised the Company could receive $66,500.

Under the 2009 Equity Incentive Plan (Executive) there were issued to officers and directors options to purchase restricted common stock at $0.25 per share as follows: 2,550,273 fully vested options; 864,000 shares that vest over four years, 25% at year one and thereafter in equal monthly installments; 594,000 shares that fully vest after one year.

Series A and Series B Convertible Preferred Stock Issued
There were no shares of Series A or Series B Convertible Preferred Stock issued during 2009. All other unregistered issuances of Series A or Series B Convertible Preferred Stock are described in the 10-K filing for yearend 2008.

Series C Convertible Preferred Stock Issued
There were no shares of Series C Convertible Preferred Stock issued. The ten thousand (10,000) authorized shares remain available to Central Finance, LLC pursuant to the terms of the financing agreement as discussed in the section above, Market for Common Equity and Related Stockholder Matters.

2010 Sales of Unregistered Securities
Common Stock Issued During 2010
14,134,085 shares of common stock were issued to two investors who converted their promissory notes totaling $1,250,000 and related accrued interest of $242,560 to common equity at $0.1056 per share.

1,000,000 shares of common stock were issued as part of the settlement of the $4,900,000 convertible promissory note and $850,500 in accrued interest on this note related to the acquisition of CUI, Inc. The shares were valued at $70,000 in accordance with the convertible promissory note stated conversion rate of $0.07 per share. Two corporate officers, one of whom is also a director are principals in the corporate note holder and each received shares from this transaction.

18,939,394 shares of common stock were issued to four standby letter of credit guarantors who converted $2,000,000 of their letters of credit to common equity at $0.1056 per share. Two directors, one former corporate officer and a shareholder with more than 5% beneficial ownership in the Company participated in this transaction.

1,000,000 shares of common stock were issued to three investors who exercised warrants at $0.01 per share. The company received proceeds of $10,000. One director, one former director and one former corporate officer participated in this transaction. These warrants were granted to the Standby Letter of Credit guarantors as a bonus inducement to participate in the Letter of Credit guarantee that was used to secure the term loan necessary for the acquisition of CUI, Inc.

53,592 shares of common stock were issued to an investor in consideration for a warrant exercise at $0.20 per share. The company received proceeds of $10,718.

666,666 shares of common stock were issued to a limited liability company investor that converted $100,000 of its promissory note to common equity at $0.15 per share in accordance with the convertible note terms. A former officer of CUI Global is a principal in the limited liability company.

210,000 shares of common stock were issued for services performed by a consultant. $42,000 of consulting expense was recorded in relation to this transaction based on the fair market value of the stock on the date of grant.

54,310 shares of common stock were issued in relation to the exercise of 2008 Equity Incentive Plan options at $0.19 per share with proceeds of $9,500. The company received no cash payment for 4,310 of these shares because the options were exercised through a cashless exercise election.

100,000 shares of common stock were issued to an employee as a bonus. These shares were valued at $28,000 as of the date of issuance.

7,100,000 shares of common stock were sold at $0.20 per share pursuant to stock purchase agreements with proceeds of $1,420,000. 50,000 of these shares were issuable at December 31, 2010. One director and a former corporate officer participated in this transaction.

1,000,000 shares of common stock were issued as settlement of $200,000 of principal on a promissory note related to the acquisition of CUI, Inc. The conversion rate was $0.20 per share. Two corporate officers, one of whom is also a director are principals in the corporate note holder and each received shares from this transaction.

Warrants and Options Issued During 2010
Fully vested options for the purchase of 275,000 shares of its 2008 Equity Incentive Plan common stock at $0.19 per share to nine employees with an expiration of June 15, 2020. If all options are exercised the Company could receive $52,250.

Under the 2009 Equity Incentive Plan (Executive) 594,000 options that vest October 11, 2011 were issued to directors to purchase restricted common stock at $0.30 per share and 2,466,382 options were issued to officers and employees that vest over four years, 25% at year one and thereafter in equal monthly installments. The employees include two directors who are also employees and officers and one officer. The options expire October 11, 2020.

Series A and Series B Convertible Preferred Stock Issued
There were no shares of Series A or Series B Convertible Preferred Stock issued during 2010. All other unregistered issuances of Series A or Series B Convertible Preferred Stock are described in the 10-K filing for yearend 2008.

Series C Convertible Preferred Stock Issued
There were no shares of Series C Convertible Preferred Stock issued. The ten thousand (10,000) authorized shares remain available to Central Finance, LLC pursuant to the terms of the financing agreement as discussed in the section above, Market for Common Equity and Related Stockholder Matters.

Shares Eligible for Future Sale
As of December 31, 2010, we had outstanding 214,045,673 shares of Common Stock and 50,000 issuable shares of Common Stock. Of these shares, 121,125,726 shares are freely tradable without restriction or limitation under the Securities Act.

The 92,919,947 shares of Common Stock held by existing shareholders as of December 31, 2010 that are "restricted" within the meaning of Rule 144 adopted under the Securities Act (the "Restricted Shares"), may not be sold unless they are registered under the Securities Act or sold pursuant to an exemption from registration, such as the exemption provided by Rule 144 promulgated under the Securities Act. The Restricted Shares were issued and sold by us in private transactions in reliance upon exemptions from registration under the Securities Act and may only be sold in accordance with the provisions of Rule 144 of the Securities Act, unless otherwise registered under the Securities Act.

As of December 31, 2010, we had issued and outstanding 50,543 shares of Series A Convertible Preferred Stock, all of which are "restricted" within the meaning of Rule 144 as noted above. No shares of Series B or Series C Convertible Preferred Stock were issued and outstanding as of that date.

On January 23, 2007, the Company filed with the Securities and Exchange Commission a registration statement on Form SB-2 pursuant to the Securities Act of 1933, as amended, with respect to the offer, issuance and sale of an aggregate of 100,646,995 shares of our Common Stock being registered therein to certain of our stockholders named in the Prospectus and their transferees. An amendment to the Form SB-2 was filed October 9, 2007, offering an aggregate of 78,108,174 Common Shares which was made effective October 26, 2007. On August 17, 2009 the Company filed a Pre-Effective Post-Effective Amendment No. 1 to registration statement S-3 which was made effective August 17, 2009 registering 9,674,886 common shares underlying warrants included in the original SB-2 that became effective October 26, 2007. The Company will not receive any proceeds from the sale of the shares, but the Company may receive proceeds from the Selling Stockholders if they exercise their warrants. Of the remaining outstanding warrants, upon exercise by the Selling Stockholders, the Company may, however, receive up to $1,492,400.

Item 6. Selected Financial Data

Not applicable due to status as a small reporting company.

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

Important Note about Forward-Looking Statements
The following discussion and analysis should be read in conjunction with our audited financial statements as of December 31, 2010 and un-audited 10-Q filings for the first three quarters of 2010 and the notes thereto, all of which are included elsewhere in this Form 10-K. In addition to historical information, the following discussion and other parts of this Form 10-K contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to factors discussed elsewhere in this Form 10-K.

The statements that are not historical constitute "forward-looking statements". Said forward-looking statements involve risks and uncertainties that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements, express or implied by such forward-looking statements. These forward-looking statements are identified by their use of such terms and phrases as "expects", "intends", "goals", "estimates", "projects", "plans", "anticipates", "should", "future", "believes", and "scheduled".

The variables which may cause differences include, but are not limited to, the following: general economic and business conditions; competition; success of operating initiatives; operating costs; advertising and promotional efforts; the existence or absence of adverse publicity; changes in business strategy or development plans; the ability to retain management; availability, terms and deployment of capital; business abilities and judgment of personnel; availability of qualified personnel; labor and employment benefit costs; availability and costs of raw materials and supplies; and changes in, or failure to comply with various government regulations. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate; therefore, there can be no assurance that the forward-looking statements included in this Form 10-K will prove to be accurate.

In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any person that the objectives and expectations of the Company will be achieved.

Losses from Operations; Accumulated Deficit; Negative Net worth and Going Concern.
Historically, the Company has not generated sufficient revenues from operations to self-fund its capital and operating requirements. These factors raise substantial doubt concerning its ability to continue as a going concern. However, following the acquisition of CUI, Inc. and subsequent reductions of debt, the company is generating significant revenues that it expects will provide the Company with the ability to self-fund its capital and operating requirements. If that is not possible, the Company will seek additional working capital from funding that will primarily include equity and debt placements.

Restatement of Prior Periods Financial Statements
The Company previously recorded extinguishments of debt as settlement gains subsequent to performing a thorough analysis of the relevant guidance. Upon review by the SEC, it was determined that the Company should reclassify these extinguishments of debt as additional paid in capital and not as settlement gains as a result of the determination that a related party was involved. For further details regarding the restatement, see Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Restatement of Prior Periods Financial Statements.

Overview

CUI Global, Inc. is dedicated to maximizing shareholder value through the acquisition, development and commercialization of innovative companies and technologies. From its GasPT2 platform targeting the energy sector, to its subsidiary CUI, Inc.'s industry leading digital power platform targeting the networking and telecom industries, CUI Global has built a diversified portfolio of industry leading technologies that touch many markets.

In May 2008, CUI Global formed a wholly owned subsidiary that acquired the assets of CUI, Inc., a technology company dedicated to the development, commercialization, and distribution of new, innovative electro-mechanical products. Over the past 20 years, CUI has become a recognized name in electronic components worldwide in the areas of power, interconnect, motion control, and sound. In that time, the company has been able to leverage many long-standing relationships in Asia to create a flexible, responsive business model that ultimately benefits CUI customers. Today, its industry leading technology platforms which include Novum Advanced Power and AMT Capacitive Encoders are quickly positioning CUI, Inc. as a global leader in the fields of power electronics and motion control. Through the acquisition of CUI, Inc. the Company obtained 352,589 common shares representing an 11.544% interest in Test Products International, Inc., a provider of handheld test and measurement equipment.

Effective July 1, 2009, CUI Global acquired CUI Japan (formerly Comex Instruments Ltd.) and 49% of Comex Electronics Ltd. Both CUI Japan and Comex are Japanese based providers of DSP-based hardware and software that specializes in digital to analog and analog to digital test and measurement equipment. CUI Japan and Comex focus on applications that demand high speed multiple channel measurement. The product line ranges from 8 channel to 1032 channel systems. Comex works primarily with research labs, universities, and large companies in Japan to create its custom solutions. Additionally, the Comex acquisition provides a manufacturing component which allows CUI Global to manufacture some of its own products, such as the AMT encoder, in Japan.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that have a significant impact on the results the Company will report in the Company's financial statements. Some of the Company's accounting policies require the Company to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Actual results may differ from these estimates under different assumptions or conditions.

Asset Impairment

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable. In performing the review for recoverability, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized as the excess of the carrying amount over the fair value. Otherwise, an impairment loss is not recognized. Management estimates the fair value and the estimated future cash flows expected. Any changes in these estimates could impact whether there was impairment and the amount of the impairment.

Valuation of Non-Cash Capital Stock Issuances

The Company values its stock transactions based upon the fair value of the equity instruments. Various methods can be used to determine the fair value of the equity instrument. The Company may use the fair value of the consideration received, the quoted market price of the stock or a contemporaneous cash sale of the common or preferred stock. Each of these methods may produce a different result. Management uses the method it determines most appropriately reflects the stock transaction. If a different method was used it could impact the expense and equity stock accounts.

Patent Costs

The Company estimates the patent applications it has filed will have a future beneficial value to the Company; thus, it capitalizes the costs associated with filing for its patents. At the time the patent is issued, the patent costs associated with the patent are amortized over the useful life of the patent. If the patent is not issued, at that time the costs will be expensed. A change in the estimate of the patent having a future beneficial value to the Company will impact the other assets and expense accounts of the Company.

Revenue Recognition

The recognition of the Company’s revenues requires judgment, including whether a sale includes multiple elements and, if so, whether vendor-specific objective evidence (VSOE) of fair value exists for those elements. Customers may receive certain elements of our products over a period of time. These elements could include licensing rights to manufacture and sell our proprietary patent protected products. The ability to identify VSOE for those elements and the fair value of the respective elements could materially impact the amount of earned and unearned revenue. The Company does not have any history as to the costs expected to be incurred in granting licensing rights relating to its products. Therefore, revenues may be recorded that are not in proportion to the costs expected to be incurred in performing these services.

Liquidity and Capital Resources

General

The Company's cash and cash equivalents balance at December 31, 2010 are $612,275 and a net working capital deficit at December 31, 2010 of $675,936. During the year ended December 31, 2010, operations and investment activities have been funded through cash from operations, proceeds from equity financings and borrowings from financial institutions.

Cash used in operations

The Company's operating requirements generated a positive cash flow from operations of $628,847 during 2010.

During 2010 and 2009, the Company has used stock and warrants as a form of payment to certain vendors, consultants and employees. For 2010 and 2009, respectively, the Company recorded a total of $144,912 and $686,237 for compensation and services expense including amortization of deferred compensation related to equity given or to be given to employees and consultants for services provided.

During 2010, the Company recorded three significant non-cash entries - $3,859,342 of non-cash interest expense, including amortization of the beneficial conversion value, amortization of debt offering costs, warrant related debt discounts and intrinsic value of convertible debt and amortization of debt discount, $3,105,956 for the impairment of technology rights and $418,185 of non-cash loss for the impairment of patents. During 2009, the Company recorded five additional significant non-cash entries - $3,096,641 of non-cash interest expense, including amortization of the beneficial conversion value, amortization of debt offering costs, warrant related debt discounts and intrinsic value of convertible debt and amortization of debt discount, $210,403 of non-cash loss for the impairment of intangible, patent pending technology, $246,237 of non-cash loss for the impairment of intangible, customer list, $10,241,529 of non-cash loss for the impairment of goodwill, and $136,811 of non-cash loss for the impairment of patents.

As the Company focuses on the technology development and product line additions during 2011, it will continue to fund research and development together with related sales and marketing efforts for its technology platforms including the GasPT2, Novum Advanced Power, AMT Capacitive Encoders, DSP and its other electromechanical products.

Capital Expenditures and Investments

During the years ended 2010 and 2009, the Company invested $361,990 and $265,858, respectively, in fixed assets. The Company anticipates further investment in fixed assets during 2011 in support of its on-going business and continued development of product lines and technologies.

The Company invested $7,230 and $25,355, respectively, in patent costs during 2010 and 2009. The Company expects its investment in patent costs will continue throughout 2011 as it invests in patents to protect the rights to use its product and technology developments.

The Company invested $87,448 and $182,955, respectively in technology rights and development during 2010 and 2009. The Company expects its investment in technology rights and development will continue throughout 2011 as it works to bring new technology and products to the market.

The Company invested $9,003 and $0, respectively in other intangible assets during 2010 and 2009. The Company expects its investment in other intangible assets may continue throughout 2011.

Effective July 1, 2009, CUI Global acquired CUI Japan (formerly Comex Instruments Ltd.) and 49% of Comex Electronics Ltd. The Purchase Price reflects the acquisition of 100% of CUI Japan (formerly Comex Instruments Ltd.) and 49% of Comex Electronics Ltd. The total purchase price is approximately $260,000. Terms of the acquisition called for three equal annual payments over three years to acquire the remaining 51% of Comex

Electronics. The terms of acquisition have been amended to allow CUI Global to acquire the remaining 51% at anytime during the five years following the initial acquisition. In accordance with the Company's charter, CUI Global maintains two of the three Comex Electronics board positions and therefore has effective control. The following details the initial acquisition of CUI Japan and 49% of Comex Electronics Ltd.:

Purchase price	$ 103,589
Cash	116,152
Accounts receivable, trade	1,154,278
Other receivables	203,604
Inventory	1,043,688
Other current assets	17,450
Property & equipment, net	302,518
Deposits and other assets	78,102
Technology rights	34,278
Investments - long term	102,541
Goodwill, Comex Electronics and CUI Japan	473,692
Liabilities assumed	(3,380,314)
Noncontrolling interest	(42,400)
	$ 103,589

Financing activities
During 2010, $3,450,218 of proceeds were received from sales of common stock and the exercise of warrants and options, $66,667 of proceeds were received from the conversion of debt to non-controlling interest. Included in these transactions were the following items, discussed in greater detail at Note 9. STOCKHOLDERS' EQUITY:

In May 2010 an owner of 10% of the voting rights attached to outstanding shares received 11,220,947 shares of common stock at a per share price of $0.1056 through conversion of a $1,000,000 promissory note plus accrued interest of $184,932.

In August 2010, the Company received $2,000,000 in equity investment for which the Company issued 18,939,394 shares of common stock at $0.1056 per share. The $2,000,000 received was used to pay down the $6,000,000 bank loan with Commerce Bank, bringing the net loan balance to $4,000,000. The 18,939,394 shares of common stock were issued as follows: 8,522,727 to an investor, 3,787,879 to a director, 3,787,879 to a director and 2,840,909 to a former officer.

A former officer of the Company received a 300,000 share warrant which was exercised August 17, 2010, a former director, received a 300,000 share warrant which was exercised December 16, 2010, and a director received a 400,000 share warrant which was exercised August 18, 2010.

In October 2010, a limited liability company promissory note owner converted $100,000 of the note to 666,666 shares of common stock at $0.15 per share. A former company officer received 111,111 shares in this transaction.

In October 2010, 1,000,000 shares of common stock were issued to a director at $0.20 per share in consideration for a cash payment of $200,000.

In December 2010, 425,000 shares of common stock were issued to a limited liability company at $0.20 per share in consideration for a cash payment of $85,000. A former officer of the Company is a part owner in the limited liability company.

During 2009, $284,373 of proceeds were received from bank loans, and $9,808 of proceeds were received from the exercise of warrants. The Company also utilized $777,772 from bank operating lines of credit to fund daily operations during 2009. Included in these transactions was the following item:

During 2009, 416,667 shares of common stock were sold pursuant to a stock purchase agreement with proceeds of $4,167 by an entity controlled by Colton Melby who is Chairman of the Board of Directors.

CUI Global may raise the capital needed to fund the further development and marketing of its products as well as payment of its debt obligations.

Financing activities – related party activity

Effective September 1, 2010, the Company and the related party holder, IED, Inc., of the $14,000,000 promissory note utilized in the acquisition of CUI, Inc., agreed to reduce the note principal by $1,588,063 and accrued interest by $724,729 and to restructure the interest rate and payment terms. The forgiveness of debt and accrued interest of $2,312,792 as recognized as a contribution of additional paid in capital. With this amendment, the Company agreed to pay $1,200,000 of the principal balance during the fourth quarter of 2010 and an additional $487,208 of the principal balance during the first quarter of 2011. The new terms set the interest rate at 6% per annum with monthly interest payments of $51,545 payment and a May 15, 2018 balloon payment. Please see Note 10. RELATED PARTY TRANSACTIONS and Note 6. NOTES PAYABLE, CONVERTIBLE NOTES PAYABLE AND CONVERTIBLE NOTES PAYABLE, RELATED PARTIES for further discussion of this transaction.

In May 2009, CUI Global and the related party debt holder of the $17,500,000 convertible promissory note, IED, Inc., agreed to amend the convertible promissory note related to the acquisition of CUI, Inc. by reducing the conversion rate from $0.25 to $0.07 per share to reflect the stock price for the ten day trailing average preceding April 24, 2009, the date of the agreement. The agreement specifically retained the total maximum convertible shares at 70,000,000 as stated in the original Note. This amendment effectively reduced the Note principal from $17,500,000 to $4,900,000. The Company recognized additional paid in capital contribution related to this 2009 extinguishment of debt of $11,808,513. On April 1, 2010, the Company settled the $4,900,000 convertible promissory note and $850,500 in accrued interest on this note for a one-time payment of $50,000 and the conversion of $70,000 of the principal into 1,000,000 shares of the company's common stock at the stated conversion rate of $0.07 per share. The Company recognized additional paid in capital contribution from the 2010 extinguishment of debt of $5,630,500. Please see Note 10. RELATED PARTY TRANSACTIONS and Note 6. NOTES PAYABLE, CONVERTIBLE NOTES PAYABLE AND CONVERTIBLE NOTES PAYABLE, RELATED PARTIES for further discussion of this transaction.

During 2010 and 2009, $1,616,180 and $450,000, respectively, in principal and interest payments were made in relation to the promissory notes issued to related party, IED, Inc. Also during 2010, $70,000 of principal was converted to 1,000,000 shares of CUI Global common stock at $0.07 per share in accordance with the convertible note terms and $200,000 of principal was converted to 1,000,000 shares of CUI Global common stock at $0.20 per share in accordance with a settlement agreement. Please see Note 10. RELATED PARTY TRANSACTIONS and Note 6. NOTES PAYABLE, CONVERTIBLE NOTES PAYABLE AND CONVERTIBLE NOTES PAYABLE, RELATED PARTIES for further discussion of these transactions.

During 2009, the Company and a related party holder of a $125,000 promissory note agreed to settle the note in exchange for a payment of $100,000. The forgiveness of the remaining principal of $25,000 and $542 of accrued interest was recorded as additional paid in capital contribution. Please see Note 10. RELATED PARTY TRANSACTIONS and Note 6. NOTES PAYABLE, CONVERTIBLE NOTES PAYABLE AND CONVERTIBLE NOTES PAYABLE, RELATED PARTIES for further discussion of this transaction.

Recap of liquidity and capital resources

The report of our independent registered public accounting firm on our financial statements as of December 31, 2010 contains an explanatory paragraph expressing uncertainty with respect to our ability to continue as a going concern. Prior to the acquisition of CUI, Inc. and the settlements of debt in 2009 and 2010, the Company was not generating significant revenues to fund operations. Management believes the Company to be generating sufficient revenues to fund operations. As of December 31, 2010 the Company had an accumulated deficit of $73,596,738.

The Company may seek to raise additional capital for the continued development and commercialization of its various technology product lines. The Company believes its operations and existing financing structure will provide sufficient cash to meet its short term working capital requirements for the next twelve months. As the Company continues to expand and develop its technology and product lines as well as retire debt, additional funding sources may be required. The Company will attempt to raise these funds through borrowing instruments or issuing additional equity.

As of December 31, 2010 CUI, Inc. maintained a revolving working capital line of credit with the Business Credit division of Wells Fargo Capital Finance, part of Wells Fargo Bank, National Association (NYSE: WFC), granting borrowings of up to $4,000,000 with interest payable monthly at the Daily Three Month LIBOR plus 3.75% (4.05% at December 31, 2010). At December 31, 2010, the Company is in compliance with all covenants related to this loan.

The Company expects revenues to help cover the operating and other expenses. If revenues are not sufficient to cover all operating and other expenses, additional funding will be required. There is no assurance the Company will be able to raise such additional capital. The failure to raise additional capital or generate product sales in the expected time frame will have a material adverse effect on the Company.

Off-Balance Sheet Arrangements
As of December 31, 2010 we have no off-balance sheet arrangements.

Results of Operations
The accompanying financial statements reflect the operations of the Company for the fiscal years ended December 31, 2010 and 2009.

Revenue
During the year ended 2010, revenue was $40,932,888 and $28,851,750 for the same period during 2009. The revenue for the year ended December 31, 2010 is comprised of $37,309,998 from CUI products, $3,549,742 from CUI Japan and Comex Electronics products, $72,378 for freight and $770 from RediAlert™ products. For the year ended December 31, 2009, revenue was comprised of $26,145,223 from CUI products, $2,575,902 from CUI Japan and Comex Electronics products, $103,733 from freight, and $26,892 from RediAlert™ products.

During 2010, 50% of revenues were derived from five customers: 40%, 3%, 3%, 2% and 2%. During 2009, 42% of revenues were derived from five customers at 31%, 4%, 3%, 2% and 2%.

Cost of revenue
The cost of revenue for the year ended December 31, 2010 and 2009 was $25,699,712 and $18,191,840, respectively. The significant increase during 2010 compared to the prior year is primarily the result of the overall growth in sales which includes full year results from CUI Japan and Comex Electronics. The year ended December 31, 2009 included a partial year of CUI Japan and Comex Electronics and their related operations as those acquisitions were completed July 1, 2009. As a percentage of sales, the cost of revenue remained consistent at 63% for both the year ended December 31, 2010 and 2009.

Selling, General and Administrative Expenses
Selling, General and Administrative (SG&A) expenses includes such items as wages, consulting, general office expenses, business promotion expenses and costs of being a public company including legal and accounting fees, insurance and investor relations.

SG&A expenses increased to $13,269,741 for the year ended December 31, 2010 from $10,839,425 for the same period during 2009. This increase of $2,430,316 is primarily the result of the full year of operations from CUI Japan and Comex Electronics since acquisition in July 2009 and the overall growth of the business in relation to revenues. While the total dollar amount of SG&A expenses increased, as a percentage of sales the SG&A decreased to 32% in 2010 from 38% in 2009.

The Company anticipates its sales and marketing expenditures and general and administrative expenses will further increase in 2011 as the Company continues to grow its revenues and technology offerings.

Research and Development
The research and development costs are related to the various technologies for which CUI Global has acquired licensing rights or is developing internally. Research and development costs were $740,396 for the year ended December 31, 2010 and $56,042 for the same period during 2009. The increase is primarily the result of an increase in expenditures towards the development of the GasPT2, Novum Advanced Power, AMT Capacitive Encoders and DSP technologies. The Company expects that research and development expenses will increase during 2011 as the Company continues to expand its product offering and technologies.

Impairment Loss
The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable. In performing the review for recoverability, the future cash flows expected to result from the use of the asset and its eventual disposition are estimated. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the

carrying amount of the asset, an impairment loss is recognized as the excess of the carrying amount over the fair value. Otherwise, an impairment loss is not recognized. Management estimates the fair value and the estimated future cash flows expected. Any changes in these estimates could impact whether there was impairment and the amount of the impairment. During the year ended December 31, 2010 the Company recorded impairment charges of $3,105,956 related to technology rights and $418,185 related to patents. During the year ended December 31, 2009 the Company recorded impairment charges of $210,403 related to intangible, patent pending technology, $246,237 related to intangible, customer list, $10,241,529 related to goodwill and $136,811 related to patents.

Bad Debt
Bad debt expense decreased to $72,689 for the year ended December 31, 2010 from $144,834 for the same period ended 2009. The bad debt expense relates to miscellaneous customers.

Other Income
Other income for the year ended December 31, 2010, consisted of $95,771 from a cancelled insurance policy at Comex Electronics, $31,496 for foreign exchange gain, $24,630 for interest income, $20,090 of rental income, and $14,219 in other income. Other income for the year ended December 31, 2009, consisted of $103,500 for services billed to a related party, $54,543 for foreign exchange gain, $18,012 for interest income, $14,340 of rental income, and $3,670 in other income.

Investment Income
The Company recognized investment income on equity investment in an affiliate of $78,074 for the year ended December 31, 2010 as compared with a loss of $41,424 for the same period ended 2009.

Financing Fees
During 2010, the Company paid financing fees totaling $78,658 related to equity financing, the operating line of credit and term notes. During 2009, the Company paid financing fees of $21,000 related to the extension received on a note payable.

Change in value of warrant liability
During 2010 and 2009, there was no change in the value of warrant liability.

Non-cash interest expense, amortization of beneficial conversion value, amortization of debt offering costs, warrant related debt discounts, intrinsic value of convertible debt and amortization of warrant related debt discount
The Company recorded an expense of $3,859,342 during 2010 and $3,096,641 during 2009, for non-cash interest expenses, including amortization of beneficial conversion value, amortization of debt offering costs, warrant related debt discounts and intrinsic value of convertible debt and amortization of debt discount. The increase in this expense is primarily associated with the expensing of the remaining balance of the discount on convertible note payable for the $4,900,000 note that was settled in full during 2010.

Interest Expense
The Company incurred $1,215,530 and $1,552,419 of interest expense during 2010 and 2009, respectively. Interest expense is for interest on the secured convertible notes, secured and unsecured promissory notes, and bank working capital loans and term loans.

Consolidated Net Loss
The Company had a net loss of $7,460,516 for the year ended December 31, 2010 as compared to a net loss of $16,043,547 for the prior year ended 2009. The decrease in the net loss as compared to the prior year is primarily the result of the following items: an increase in total revenues of $12,081,138 and related gross profits of $4,573,266, an increase in selling, general and administrative expenses of $2,430,316, an increase in research and development expenses of $684,354, a decrease in impairment charges total from $10,834,980 in 2009 to $3,524,141 in 2010, an increase in interest expense – intrinsic value of convertible debt, amortization of debt offering costs and amortization of debt discount of $762,701, a decrease in interest expense of $336,889.

Preferred Stock Dividends
During the year ended December 31, 2010 and 2009, the Company recorded Series A, B, and C Convertible Preferred Stock dividends of $0 and $0, respectively.

Recent Accounting Pronouncements

In October 2009, the FASB issued an Accounting Standard Update ("ASU") No. 2009-13, which addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services separately rather than as a combined unit and modifies the manner in which the transaction consideration is allocated across the separately identified deliverables. The ASU significantly expands the disclosure requirements for multiple-deliverable revenue arrangements. The ASU will be effective for the first annual reporting period beginning on or after June 15, 2010, and may be applied retrospectively for all periods presented or prospectively to arrangements entered into or materially modified after the adoption date. Early adoption is permitted, provided that the guidance is retroactively applied to the beginning of the year of adoption. The Company does not expect the adoption of ASU No. 2009-13 to have any effect on its financial statements upon its required adoption on January 1, 2011. In January 2010, the FASB issued guidance to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires new disclosures on the transfers of assets and liabilities between Level 1 (quoted prices in active market for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires a roll forward of activities on purchases, sales, issuance, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The guidance became effective for the Company with the reporting period beginning January 1, 2010, except for the disclosure on the roll forward activities for Level 3 fair value measurements, which will become effective for the Company with the reporting period beginning July 1, 2011. Other than requiring additional disclosures, adoption of this new guidance did not have a material impact on the Company's financial statements.

In February 2010, the FASB issued ASU No. 2010-9, which amends the Subsequent Events Topic of the Accounting Standards Codification to eliminate the requirement for public companies to disclose the date through which subsequent events have been evaluated. The Company will continue to evaluate subsequent events through the date of the issuance of the financial statements; however, consistent with the guidance, this date will no longer be disclosed. ASU 2010-09 does not have any impact on the Company's results of operations, financial condition or liquidity.

In April 2010, the FASB issued ASU No. 2010-13—Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades as codified in ASC 718—Compensation—Stock Compensation ("ASC 718"). This update addresses the classification of a share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. ASC 718 is amended to clarify that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades shall not be considered to contain a market, performance, or service condition. Therefore, such an award is not to be classified as a liability if it otherwise qualifies as equity classification. This ASU is effective for fiscal years beginning on or after December 15, 2010, and the Company is currently assessing the potential impact, if any, the adoption of this update may have on its Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

Not applicable

Item 8. Financial Statements and Supplementary Data

The Financial Statements and the report of Webb & Company, P.A. dated March 30, 2011 are attached hereto and incorporated herein by reference.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has had no disagreements with Webb & Company, P. A. as the Company's Independent Registered Public Accounting Firm on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Item 9A. Controls and Procedures

Not applicable.

Item 9A(T) Controls and Procedures

Evaluation of Disclosure Controls and Procedures.
The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as required by Exchange Act Rule 13a-15. Based on that evaluation and review of the material weakness in our controls over financial reporting identified below, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were not effective to ensure that
information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms and such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosures.

Management's Report on Internal Control over Financial Reporting.
The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of its Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting in accordance with accounting principles generally accepted in the United States of America. Management evaluates the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control –
Integrated Framework." Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the design and operation of the Company's internal control over financial reporting as of December 31, 2010 and identified the following material weakness in internal control over financial reporting.

The material weakness pertains to controls relating to the valuation of inventory and capitalization of costs for our developed technology at our 49% owned subsidiary Comex Electronics, Ltd.

Management has concluded that the above control deficiency represents a material weakness in internal control over financial reporting. A material weakness is a control deficiency, or combination of control deficiencies, that results in a more than remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. As a result of the material weakness described above, management believes that, as of December 31, 2010, the Company's internal control over financial reporting was not effective based on the criteria in Internal Control—Integrated Framework.

Changes in Internal Control over Financial Reporting.
There were no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth quarter of our fiscal year ended December 31, 2010, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management has identified additional steps necessary to address the material weakness described above. These measures include the implementation of an enhanced financial software system for tracking inventory and capitalized costs as well as education of personnel regarding appropriate procedures and controls at our 49% owned subsidiary, Comex Electronics, Ltd. Management has begun implementation of these additional procedures and expects these material weaknesses to be resolved in 2011.

Limitations on the Effectiveness of Controls.
The Company believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute

assurance that all controls issues and instances of fraud, if any, within a company have been detected. The Company's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. A copy of our Audit Committee Charter can be viewed on our website: www.cuiglobal.com.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Item 9B. Other Information

There are no matters to be reported under this Item.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Our Bylaws permit the number of directors to be fixed by resolution of the Board of Directors, but to be no less than one. The Board of Directors has set the maximum number of members to no more than eight members. Directors are elected by a plurality of the votes cast by the holders of Common and Preferred Stock and serve two year terms or until their successors have been elected and qualified or until their earlier resignation or removal. Currently, there are six (6) directors, four of whom are "independent" in accordance with applicable rules promulgated by the Securities and Exchange Commission and within the meaning of Rule 4200(a) (15) of the Nasdaq Stock Market. The standards relied upon by the Board of Directors in determining whether a director is "independent" are posted on our website at www.cuiglobal.com.

By April 24, 2007 Board of Directors resolution, the owners of Series C preferred stock have the exclusive right to appoint three board members. See above, Section Convertible Preferred Shares in Item 5, Market for Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities.

The Board of Directors has three standing committees: Audit Committee, Compensation Committee and Nomination Committee. No incumbent director attended fewer than 100% of the total number of meetings held by all committees on which such director served. Our board currently appoints the members of the committees. Our Audit Committee, Compensation Committee and Nomination Committee each have a written charter approved by our board. Copies of the current committee charters are posted on our website at www.cuiglobal.com.

The following are officers and directors of the Company as of December 31, 2009.

Name	Age	Position
Colton Melby*	51	Director, Chairman
William J. Clough, Esq.	57	President/Chief Executive Officer, Director and General Counsel
Thomas A. Price*	66	Director
Matthew M. McKenzie	30	Director, Chief Operating Officer
Sean P. Rooney*	47	Director
Corey Lambrecht*	40	Director
Daniel N. Ford	31	Chief Financial Officer

Audit Committee:
Sean P. Rooney*, Chairman, and Thomas A. Price*, Deputy Chairman.

Compensation Committee
Cory Lambrecht*, Chairman, Colton Melby*, committee member.

Nominating Committee
The Nominating Committee consists of the Board of Directors.

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*Independent in accordance with applicable rules promulgated by the Securities and Exchange Commission and within the meaning of Rule 4200(a) (15) of the Nasdaq Stock Market.

Because CUI Global is a small entity, the Company is dependent on the efforts of a limited number of management personnel. The Company believes that because of the large amount of responsibility being placed on each member of its management team, the loss of services of any member of this team at the present time would harm its business. Each member of its management team supervises the operation and growth of one or more integral parts of its business.

Business Experience of Directors and Executive Officers

Colton Melby, Chairman of the Board of Directors

Effective June 11, 2008, Colton Melby was appointed to the Board of Directors and was elected by the Board of Directors to serve as Chairmen of the Board of Directors. Mr. Melby continues to serve as Chairman of the Board of Directors and at the 2010 Annual Meeting of Shareholders, Mr. Melby was reelected to a two year term on the Board of Directors.

Mr. Melby has a 20 year background in aerospace manufacturing. He spent 15 years as owner and chief executive officer of Metal Form, Inc., serving worldwide customers, including: Boeing, Bombardier; Rockwell; Grumman; Lockheed Martin; and others. Under his stewardship, Metal Form was the recipient of numerous awards of excellence including Boeing's President Award and three consecutive "Supplier of the Year" awards.

Mr. Melby is a founding member of Melby Brothers Performance Investments, a firm with a strong history of financing successful start-up and turnaround organizations. One of Mr. Melby's more notable investments in that capacity was the financing and purchase of firearms-maker Smith & Wesson from London-based Tomkins PLC in 2001. Mr. Melby continues to invest both his time and resources in successful business ventures. This includes investments in Earth 911, a recycling company dedicated to green initiatives and green recycling.

Mr. Melby is an active philanthropist. He and his family are members of the Harvesters, an Orange County food bank dedicated to providing healthy meals to under privileged kids in Southern California. He is a member of the Cattle Baron's, a Texas charity providing support to the American Cancer Society.

William J. Clough, Esq., President/Chief Executive Officer, Director and General Counsel of CUI Global, Inc. and Chief Executive Officer of CUI, Inc.

Mr. Clough was elected at the 2006 Annual Meeting of Shareholders to serve a two year term on the Board of Directors. Mr. Clough continues to serve on the Board of Directors and was reelected at the 2010 Annual Meeting of Shareholders to serve a third two year term.

Mr. Clough was appointed President and Chief Executive Officer of CUI Global, Inc. September 13, 2007 at which time Mr. Clough stepped down as Executive Vice President of Corporate Development. Effective May 16, 2008, CUI Global, Inc. formed a wholly owned subsidiary, Waytronx Holdings, Inc., to acquire the assets of CUI, Inc. along with this acquisition; Mr. Clough was appointed Chief Executive Officer of Waytronx Holdings, Inc. (now renamed to CUI, Inc.). Mr. Clough was a police officer for 16 years, working at the local, state and federal levels. After working as a Federal Air Marshall in Southern Europe and the Middle East, in 1987 Mr. Clough attended law school; he received his Juris Doctorate, cum laude, from the University of California, Hastings College of the Law in 1990. He was in the private practice of law with his law firm for 12 years with offices in Los Angeles, San Francisco and Honolulu. Mr. Clough obtained the largest ever non-wrongful death jury verdict in Los Angeles County Superior Court in 2000 and successfully represented parties in multi-million dollar cases throughout the United States. He is certified to practice law in state and federal courts in California, Illinois, Hawaii, and before the United States Supreme Court. Mr. Clough has represented large manufacturing and entertainment entities, including work with

MGM Studios, 20th Century Fox, News Corp., Lions Gate Films, Artisan Pictures, Sony and Mediacopy.

Thomas A. Price, Director
Mr. Price was elected at the 2008 Annual Meeting of Shareholders to serve a one year term on the Board of Directors and was reelected at the 2009 Annual Meeting of Shareholders to serve a two year term.

Mr. Price is a business veteran with more than 30 years of business and operational management experience. He is the founder of Tom Price Dealership Group, a leading auto dealership that he grew to 11 franchises at six locations across California. Throughout the course of his career, Mr. Price has been involved in investor and manufacturer relations, and orchestrated the successful acquisition of his company, FirstAmerica Automotive by Sonic Automotive, one of the nation's largest automotive retailers. Mr. Price has been credited for the successful completion of Serramonte Auto Plaza, an advanced, large-scale campus with innovative, industry-leading design features. Mr. Price also developed the multi-brand San Francisco Auto Repair Center and a conference facility in Larkspur, California.

Currently, Mr. Price is the owner of nine car dealerships in Northern California. He has received numerous awards for dealership excellence from manufacturers and has served on the National Dealer Advisory Boards of several major automobile manufacturers. He was Chairman of the Lexus National Dealer Advisory Board and charter member of the J.D. Power Dealer Roundtable. Mr. Price is also an active philanthropist. The Price Family Dealerships are major sponsors of Special Olympics of Marin, Dedication to Special Education, CASA/Advocates for Children, Marin Breast Cancer Council and the Golden Gate Shootout. In 2005, the Price Family Dealership raised substantial funds for Katrina relief.

The Price Family Dealerships are very active in the community and are major sponsors of Special Olympics of Marin, A Dedication to Special Education, CASA/Advocates for Children, Marin Breast Cancer Council and the Golden Gate Shootout and raised over $75,000 for Katrina relief in 2005.

Matthew M. McKenzie, President and Chief Operational Officer of CUI, Inc. and Chief Operational Officer of CUI Global, Inc., Director
Matt McKenzie was elected to the Board of Directors at the 2008 Annual Meeting of Shareholders to serve a two year term and was reelected to a two year term on the Board of Directors.

Matt McKenzie has been working in various functions for CUI for over 10 years, gaining him intimate knowledge of the business, its operations and its opportunities for growth. He established, in conjunction with CUI's senior engineer, one of CUI's most successful and profitable business divisions and brands: V-Infinity. As an internal power product division, V-Infinity offers significant opportunities in the future in partnering with WayCool technology to offer an even more extensive solution set to the market. Over the past several years, Mr. McKenzie has worked tirelessly to position CUI for growth. Among many other things he has initiated ISO 9000, a quality management system; provided structure to global logistics, including CUI's Chinese partners; and implemented CUI's ERP system, which allows for more visibility and analysis opportunities than ever in CUI's history.

Mr. McKenzie brings a background in leadership from a variety of fields, giving him valuable insight into leadership in 21st century. He also brings an MBA from George Fox University, a program that is diverse and well-connected to the community.

Sean P. Rooney, Director
Mr. Rooney was elected at the 2008 Annual Meeting of Shareholders to serve a one year term on the Board of Directors and was reelected at the 2009 Annual Meeting of Shareholders to serve a two year term.

Mr. Rooney brings to the CUI Global Board nearly 15 years of financial management experience. Mr. Rooney currently serves as Senior Vice President of Investments for Maxim Group LLC, a leading full service investment banking, securities and wealth management firm. Prior to joining Maxim Group, he served in a similar capacity at

Investec Ernst & Company, an international specialist bank headquartered in South Africa and the U.K. Through his many years of experience, Mr. Rooney has built a vast network of industry resources and contacts.

Mr. Rooney graduated from C. W. Post University in 1993 with a Bachelors of Arts degree in Business Administration. In addition to his Series 7 (General Securities Representative), Series 63 (Uniform Securities Law) and Series 24 (General Securities Principal) licenses, Sean has also been designated as Senior Vice President-Investments for Oppenheimer & Co, Inc.

Mr. Rooney currently manages a clientele of high net worth investors, institutions and foundations. His command of the ever-expanding universe of financial instruments enhances his ability to provide unbiased advice in each of his three core disciplines, money management, financial planning and estate planning.

Corey Lambrecht, Director
Mr. Lambrecht was elected at the 2008 Annual Meeting of Shareholders to serve a one year term on the Board of Directors and was reelected at the 2009 Annual Meeting of Shareholders to serve a two year term.

Corey Lambrecht is a 10+ year public company executive with broad experience in strategic acquisitions, new business development, pioneering consumer products, corporate licensing and interactive technology services. Mr. Lambrecht most recently served as Director of Sales for Leveraged Marketing Associates, the worldwide leader in licensed brand extension strategies. While Executive Vice President for Smith & Wesson Holding Corporation he was responsible for Smith & Wesson Licensing, Advanced Technologies and Interactive Marketing divisions. He was the former President of A For Effort, an interactive database marketing company specializing in online content (advergaming) for clients such as the National Hockey League. Mr. Lambrecht's prior experience also includes Pre-IPO founder for Premium Cigars International and VP Sales/Marketing for ProductExpress.com. Mr. Lambrecht also has prior operational experience for a Scottsdale, Arizona residential and commercial development company.

Daniel N. Ford, Chief Financial Officer of CUI Global and CUI, Inc.
Daniel N. Ford has a background in the big accounting firms, including KPMG. Mr. Ford brings a large company perspective to a small company with big potential. As CFO of CUI for in excess of five years, Mr. Ford has consistently moved CUI into a position of profitability, efficiency and forward thinking, transforming many of CUI's accounting, inventory management and vendor relations processes. Over the past five years, Mr. Ford has implemented advanced internal fixed asset tracking, implemented a "real time" inventory system and participated in implementing CUI's ERP system. His skills as a financier have allowed CUI to move to its current, 61,380 square foot building, to transition its banking relationships to Wells Fargo National Association, as well as provided leadership in CUI Global's acquisition of CUI, CUI Japan and Comex Electronics.

Mr. Ford holds an MBA from George Fox University.

Shareholder Communications
Company shareholders who wish to communicate with the Board of Directors or an individual director may write to CUI Global, Inc., 20050 SW 112th Avenue, Tualatin, Oregon 97062, phone (503) 612-2300 or to the attention of an individual director. Your letter should indicate that you are a shareholder and whether you own your shares in street name. Letters received will be retained until the next Board meeting when they will be available to the addressed director. Such communications may receive an initial evaluation to determine, based on the substance and nature of the communication, a suitable process for internal distribution, review and response or other appropriate treatment. There is no assurance that all communications will receive a response.

Certain Provisions of the Articles of Incorporation and Colorado Business Corporation Act Relating to Indemnification of Directors and Officers
The Colorado General Corporation Act, as revised, provides that If so provided in the articles of incorporation, the corporation shall eliminate or limit the personal liability of a director to the corporation or to its shareholders for monetary damages for breach of fiduciary duty as a director; except that any such provision shall not eliminate or limit the liability of a director to the corporation or to its shareholders for monetary damages for any breach of the director's duty of loyalty to the corporation or to its shareholders, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, unlawful distributions, or any transaction from which the director directly or indirectly derived an improper personal benefit.

Our Articles of Incorporation and By-Laws provide that a person who is performing his or her duties shall not have any liability by reason of being or having been a director of the corporation and that the Company shall indemnify and advance expenses to a director or officer in connection with a proceeding to the fullest extent permitted or required by and in accordance with the indemnification sections of Colorado statutes.

Insofar as indemnification for liabilities may be invoked to disclaim liability for damages arising under the Securities Act of 1933, as amended, or the Securities Act of 1934 (collectively, the "Acts"), as amended, it is the position of the Securities and Exchange Commission that such indemnification is against public policy as expressed in the Acts and are therefore, unenforceable.

Reports to Shareholders

We intend to voluntarily send annual reports to our shareholders, which will include audited financial statements. We are a reporting company and file reports with the Securities and Exchange Commission (SEC), including this Form 10-K as well as quarterly reports under Form 10-Q. The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The company files its reports electronically and the SEC maintains an Internet site that contains reports, proxy and information statements and other information filed by the company with the SEC electronically. The address of that site is http://www.sec.gov.

The company also maintains an Internet site, which contains information about the company, news releases, governance documents and summary financial data. The address of that site is http://www.cuiglobal.com.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers, directors and persons owning more than 10% of our common stock to file reports of ownership and reports of changes of ownership with the Securities and Exchange Commission. These reporting persons are required to furnish us with copies of all Section 16(a) forms that they file. Based solely upon a review of copies of these filings received, we believe that all filing requirements were complied with during the fiscal year ended December 31, 2010 with the exceptions noted below:

- Late Form 4 reports were filed by William Clough, Colton Melby, Matthew McKenzie, Corey Lambrecht, Thomas Price and Sean Rooney to report their receipt of annual stock purchase bonus options authorized October 11, 2010.
- Late Form 4 reports were filed on January 7, 2011 by William Clough, Daniel Ford and Matthew McKenzie to report stock option bonuses authorized October 11, 2010. The filings for Daniel Ford and Matthew McKenzie also included May 11, 2010 reports of common stock acquisition and disposal of derivative securities.
- Late Form 4 report was filed on May 11, 2010 by Colton Melby to report a February 12, 2009 purchase of common shares and an acquisition of common shares through a warrant exercise on October 7, 2009.

We have made all officers and directors aware of their reporting obligations and have appointed an employee to oversee Section 16 compliance for future filings.

Our Corporate Governance Practices

We have always believed in strong and effective corporate governance procedures and practices. In that spirit, we have summarized several of our corporate governance practices below.

Adopting Governance Guidelines

Our board of directors has adopted a set of corporate governance guidelines to establish a framework within which it will conduct its business and to guide management in its running of our Company. The governance guidelines can be found on our website at www.cuiglobal.com and are summarized below.

Monitoring Board Effectiveness

It is important that our board of directors and its committees are performing effectively and in the best interest of the Company and its stockholders. The board of directors and each committee are responsible for annually assessing their effectiveness in fulfilling their obligations.

Conducting Formal Independent Director Sessions

At the conclusion of each regularly scheduled board meeting, the independent directors meet without our management or any non-independent directors.

Hiring Outside Advisors
The board and each of its committees may retain outside advisors and consultants of their choosing at our expense, without management's consent.

Providing Transparency
We believe that it is important that stockholders understand our governance practices. In order to help ensure transparency of our practices, we have posted information regarding our corporate governance procedures on our website at www.cuiglobal.com.

Communications with the Board of Directors
Stockholders may communicate with the board of directors by writing to the Company at CUI Global, Inc., 20050 SW 112th Avenue, Tualatin, Oregon 97062, phone (503) 612-2300. Stockholders who would like their submission directed to a member of the board may so specify, and the communication will be forwarded, as appropriate.

Ensuring Auditor Independence
We have taken a number of steps to ensure the continued independence of our independent registered public accounting firm. That firm reports directly to the Audit Committee, which also has the ability to pre-approve or reject any non-audit services proposed to be conducted by our independent registered public accounting firm.

Avoiding Conflicts of Interest
We expect our directors, executives and employees to conduct themselves with the highest degree of integrity, ethics and honesty. Our credibility and reputation depend upon the good judgment, ethical standards and personal integrity of each director, executive and employee. In order to provide assurances to the Company and its stockholders, we have implemented standards of business conduct which provide clear conflict of interest guidelines to its employees and directors, as well as an explanation of reporting and investigatory procedures.

Code of Ethics
The Company Board of Directors adopted a Code of Ethics for all of our employees, directors, principal executives and financial officers that describes the required conduct of honest and ethical behavior in the conduct of their duties. This code does not cover every issue that may arise, but sets out basic principles relating to conflict of interest, corporate opportunities, insider trading, confidentiality, protection and proper use of company assets, compliance with laws, rules and regulations, reporting of illegal or unethical behavior and accountability. The Code of Ethics is available for viewing on our website at www.cuiglobal.com. Copies of our Code of Business Conduct and Ethics will be provided free of charge upon written request to CUI Global, Inc., 20050 SW 112th Avenue, Tualatin, Oregon 97062, phone (503) 612-2300 or on our website at www.cuiglobal.com.

Audit Committee
The Audit Committee is established pursuant to the Sarbanes-Oxley Act of 2002 for the purposes of overseeing the company’s accounts and financial reporting processes and audits of its financial statements. The Audit Committee is directly responsible for, among other things, the appointment, compensation, retention and oversight of our independent Registered Public Accounting firm, review of financial reporting, internal company processes of business/financial risk and applicable legal, ethical and regulatory requirements.

The Audit Committee is currently comprised of Sean P. Rooney and Thomas A. Price. Both Mr. Rooney and Mr. Price are independent in accordance with applicable rules promulgated by the Securities and Exchange Commission and NASDAQ listing standards. Mr. Rooney and Mr. Price have an understanding of generally accepted accounting principles and have experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breath and complexity of issues that can reasonably be expected to be raised by the financial statements of the Company, including our balance sheet, income statement and cash flow statement. They have an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions as well as the ability to access the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves. The Board of Directors has determined that Messers Rooney and Price are “audit committee financial experts” as defined in Section 401(h) of Regulation S-K promulgated by the SEC under the Exchange Act. Our Audit Committee acts pursuant to a written charter, a copy of which is available from the Company and is posted on our website at www.cuiglobal.com. The Audit Committee has established a procedure to receive complaints regarding accounts, internal controls and auditing issues.

Audit Committee Report
The Audit Committee reviews the financial information that will be provided to the shareholders and others, the systems of internal controls established by management and the Board and the independence and performance of the Company's audit process.

The Audit Committee has:

1. Reviewed and discussed with management the audited financial statements included in the Company's Annual Report and Form 10-K;
2. Discussed with Webb & Company, P.A. the Company's independent auditors, the matters required to be discussed by statement of Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board;
3. Received the written disclosures and letter from Webb & Company, P.A. as required by Independence Standards Board Standard No. 1; and
4. Discussed with Webb & Company, P.A. its independence.

Based on these reviews and discussions, the Audit Committee has recommended that the audited financial statements be included in the Company's annual report on Form 10-K for the year ended December 31, 2010. The Audit Committee has also considered whether the amount and nature of non-audit services provided by Webb & Company, P.A. is compatible with the auditor's independence.

Submitted by: Sean P. Rooney and Thomas A. Price,
Audit Committee

Nominating Committee
The nominating committee consists of all of the members of the Board of Directors four of whom are "independent directors" within the meaning of Rule 4200(a)(15) of the Nasdaq Stock Market. The nominating committee is responsible for the evaluation of nominees for election as director, the nomination of director candidates for election by the shareholders and evaluation of sitting directors. The Board has developed a formal policy for the identification or evaluation of nominees. In general, when the Board determines that expansion of the Board or replacement of a director is necessary or appropriate, the nominating committee will review, through candidate interviews with members of the Board and management, consultation with the candidate's associates and through other means, a candidate's honesty, integrity, reputation in and commitment to the community, judgment, personality and thinking style, willingness to invest in the Company, residence, willingness to devote the necessary time, potential conflicts of interest, independence, understanding of financial statements and issues, and the willingness and ability to engage in meaningful and constructive discussion regarding Company issues. The committee would review any special expertise, for example, that qualifies a person as an audit committee financial expert, membership or influence in a particular geographic or business target market, or other relevant business experience. To date the Company has not paid any fee to any third party to identify or evaluate, or to assist it in identifying or evaluating, potential director candidates.

The nominating committee will consider director candidates nominated by shareholders during such times as the Company is actively considering obtaining new directors. Candidates recommended by shareholders will be evaluated based on the same criteria described above. Shareholders desiring to suggest a candidate for consideration should send a letter to the Company's Secretary and include: (a) a statement that the writer is a shareholder (providing evidence if the person's shares are held in street name) and is proposing a candidate for consideration; (b) the name and contact information for the candidate; (c) a statement of the candidate's business and educational experience; (d) information regarding the candidate's qualifications to be director, including but not limited to an evaluation of the factors discussed above which the Board would consider in evaluating a candidate; (e) information regarding any relationship or understanding between the proposing shareholder and the candidate; (f) information regarding potential conflicts of interest; and (g) a statement that the candidate is willing to be considered and willing to serve as director if nominated and elected. Because of the small size of the Company and the limited need to seek additional directors, there is no assurance that all shareholder proposed candidates will be fully considered, that all candidates will be considered equally, or that the proponent of any candidate or the proposed candidate will be contacted by the Company or the Board, and no undertaking to do so is implied by the willingness to consider candidates proposed by shareholders.

Item 11. Executive Compensation

Compensation Discussion and Analysis
Compensation Committee Members
The Compensation Committee of the Board of Directors is appointed by the Board of Directors to discharge the Board's responsibilities with respect to all forms of compensation of the Company's executive officers, to administer the Company's equity incentive plans, and to produce an annual report on executive compensation for use in the Company's Form 10-K. The Compensation Committee consists of two members of the board of directors, Messers Colton Melby and Corey Lambrecht, both of whom are "independent directors" within the meaning of Rule 4200(a)(15) of the Nasdaq Stock Market.

Role of Committee
The Compensation Committee discharges the Board's responsibilities relating to general compensation policies and practices and to compensation of our executives. In discharging its responsibilities, the Compensation Committee establishes principles and procedures in order to ensure to the Board and the shareholders that the compensation practices of the Company are appropriately designed and implemented to attract, retain and reward high quality executives, and are in accordance with all applicable legal and regulatory requirements. In this context, the Compensation Committee's authority, duties and responsibilities are to:

- Annually review the Company's philosophy regarding executive compensation.
- Periodically review market and industry data to assess the Company's competitive position, and to retain any compensation consultant to be used to assist in the evaluation of directors' and executive officers' compensation.
- Establish and approve the Company goals and objectives, and associated measurement metrics relevant to compensation of the Company's executive officers.
- Establish and approve incentive levels and targets relevant to compensation of the executive officers.
- Annually review and make recommendations to the Board to approve, for all principal executives and officers, the base and incentive compensation, taking into consideration the judgment and recommendation of the Chief Executive Officer for the compensation of the principal executives and officers.
- Separately review, determine and approve the Chief Executive Officer's applicable compensation levels based on the Committee's evaluation of the Chief Executive Officer's performance in light of the Company's and the individual goals and objectives.
- Periodically review and make recommendations to the Board with respect to the compensation of directors, including board and committee retainers, meeting fees, equity-based compensation and such other forms of compensation as the Compensation Committee may consider appropriate.
- Administer and annually review the Company's incentive compensation plans and equity-based plans.
- Review and make recommendations to the Board regarding any executive employment agreements, any proposed severance arrangements or change in control and similar agreements/provisions, and any amendments, supplements or waivers to the foregoing agreements, and any perquisites, special or supplemental benefits.
- Review and discuss with management, the Compensation Disclosure and Analysis (CD&A), and determine the Committee's recommendation for the CD&A's inclusion in the Company's annual report filed on Form 10-K with the SEC.

Committee Meetings
Our Compensation Committee meets formally an informally as often as necessary to perform its duties and responsibilities. The Compensation Committee held three meetings during fiscal 2010. On an as requested basis, our Compensation Committee receives and reviews materials prepared by management, consultants or committee members, in advance of each meeting. Depending on the agenda for the particular meeting, these materials may include:

- Minutes and materials from the previous meeting(s);
- Reports on year-to-date Company and Partnership financial performance versus budget;

- Reports on progress and levels of performance of individual and Company performance objectives;
- Reports on the Company's financial and stock performance versus a peer group of companies;
- Reports from the Committee's compensation consultant regarding market and industry data relevant to executive officer compensation;
- Reports and executive compensation summary worksheets, which sets forth for each executive officer: current total compensation and incentive compensation target percentages, current equity ownership holdings and general partner ownership interest, and current and projected value of each and all such compensation elements, including distributions and dividends there from, over a five year period.

Compensation Philosophy

General Philosophy

Our compensation philosophy is based on the premise of attracting, retaining and motivating exceptional leaders, setting high goals, working toward the common objectives of meeting the expectations of customers and stockholders, and rewarding outstanding performance. Following this philosophy, in determining executive compensation, we consider all relevant factors, such as the competition for talent, our desire to link pay with performance, the use of equity to align executive interests with those of our stockholders, individual contributions, teamwork and performance, each executive's total compensation package, and internal pay equity. We strive to accomplish these objectives by compensating all employees with total compensation packages consisting of a combination of competitive base salary and incentive compensation.

Pay for Performance

At the core of our compensation philosophy is our strong belief that pay should be directly linked to performance. We believe in a pay for performance culture that places a significant portion of executive officer total compensation as contingent upon, or variable with, individual performance, Company performance and achievement of strategic goals including increasing shareholder value.

The performance based compensation for our executives may be in the form of (i) annual cash incentives to promote achievement of, and accountability for, shorter term performance plans and strategic goals, and (ii) equity grants, designed to align the long-term interests of our executive officers with those of our shareholders, by creating a strong and direct link between executive compensation and shareholder return over a multiple year performance cycle. Long term incentive equity awards are granted in restricted stock. These shares/units generally vest over a two to four year period. This opportunity for share ownership was provided in order to provide incentive and retain key employees and align their interests with our long term strategic goals.

Base Compensation to be Competitive within Industry

A key component of an executive's total compensation base salary is designed to compensate executives commensurate with their respective level of experience, scope of responsibilities, sustained individual performance and future potential. The goal has been to provide for base salaries that are sufficiently competitive with other similar-sized companies, both regionally and nationally, in order to attract and retain talented leaders.

Compensation Setting Process

Management's Role in the Compensation Setting Process.

Management plays a significant role in the compensation-setting process. The most significant aspects of management's role are:

- Assisting in establishing business performance goals and objectives;
- Evaluating employee and company performance;
- CEO recommending compensation levels and awards for executive officers;
- Implementing the Board approved compensation plans; and
- Assistance in preparing agenda and materials for the Committee meetings.

The Chief Executive Officer generally attends the Committee meetings; however, the Committee also regularly meets in executive session. The Chief Executive Officer makes recommendations with respect to financial and corporate goals and objectives and makes non CEO executive compensation recommendations to the Compensation Committee based on company performance, individual performance and the peer group compensation market analysis. The Compensation Committee considers and deliberates on this information and in turn makes recommendations to the Board of Directors, for the Board's determination and approval of the executives' and other members of senior management's compensation, including base compensation, short-term cash incentives and long-term equity incentives. The Chief Executive Officer's performance and compensation is reviewed, evaluated and established separately by the Compensation Committee and ratified and approved by the Board of Directors.

Setting Compensation Levels
To evaluate our total compensation is competitive and provides appropriate rewards to attract and retain talented leaders, as discussed above, we may rely on analyses of peer companies performed by independent compensation consultants and on other industry and occupation specific survey data available to us. Our general benchmark is to establish both base salary and total compensation for the executive officers at the 50th percentile of the peer group data, recognizing that a significant portion of executive officer total compensation should be contingent upon, or variable with, achievement of individual and Company performance objectives and strategic goals, as well as being variable with stockholder value. Further, while the objective for base salary is at the 50th percentile of the peer group data, executives' base salaries are designed to reward core competencies and contributions to the Company, and may be increased above this general benchmark based on (i) the individual's increased contribution over the preceding year; (ii) the individual's increased responsibilities over the preceding year; and (iii) any increase in median competitive pay levels.

Setting Performance Objectives
The Company's business plans and strategic objectives are generally presented by management at the Company's annual board meeting. The board engages in an active discussion concerning the financial targets, the appropriateness of the strategic objectives and the difficulty in achieving same. In establishing the compensation plan, our Compensation Committee then utilizes the primary financial objectives from the adopted business plan and operating cash flow as the primary targets for determining the executive officers' short-term cash incentives and long term equity incentive compensation. The Committee also establishes additional non-financial performance goals and objectives, the achievement of which is required for funding of a significant portion, approximately twenty five percent, of the executive officers' incentive compensation. In 2010, these non financial performance goals and objectives included achieving accurate financial reporting and timely SEC filings; demonstrating full compliance and superior performance in the Company's environmental, health and safety practices; performing appropriate SOX/404 remediation activities and achieving successful testing of and compliance with SOX requirements and general and administrative expense management.

Annual Evaluation
The Chief Executive Officer recommends the actual incentive award amounts for all other executives based on actual company performance relative to the targets as well as on individual performance, and recommends the executives' base salaries levels for the coming year. The Compensation Committee considers these recommendations generally at the end of each fiscal year in determining its recommendations to the Board of Directors for the final short-term cash incentive and long-term equity award amounts for each executive and for the executive's base salary levels. The actual incentive amounts awarded to each executive are ultimately subject to the discretion of the Compensation Committee and the Board of Directors.

Additional equity-based awards may be also granted to executives, as well as other employees, upon commencement of employment, for promotions or special performance recognition or for retention purposes, based on the recommendation of the Chief Executive Officer. In determining whether to recommend additional grants to an executive, the Chief Executive Officer typically considers the individual's performance and any planned change in functional responsibility.

Elements of Executive Compensation
Total Compensation
Total compensation for our executives consists of three elements: (i) base salary; (ii) incentive cash award based on achieving specific performance targets as measured by cash flow and other objectives and (iii) equity incentive award, which is also performance based and paid out over a future period in the form of restricted stock or stock purchase options. Base salaries are the value upon which both the incentive compensation percentage targets are measured against. For evaluation and comparison of overall compensation of the executives and to assist it in making its

compensation decisions, the Compensation Committee reviews an executive compensation summary, which sets forth for each executive: current compensation and current equity ownership holdings as well as the projected value of each and all such compensation elements, including distributions and dividends there from.

Base Salaries
Base salaries are designed to compensate executives commensurate with their respective level of experience, scope of responsibilities and to reward sustained individual performance and future potential. The goal has been to provide for base salaries that are sufficiently competitive with other similar-sized companies, both regionally and nationally, in order to attract and retain talented leaders.

Incentive Compensation
Incentive compensation is intended to align compensation with business objectives and performance and enable the company to attract, retain and reward high quality executive officers whose contributions are critical to short and long-term success of the Company. The executives' incentive awards are based upon three key performance metrics: 1) the Company's EBIDA; 2) achievement of agreed-upon strategic and corporate performance goals; and 3) existing Employment Agreement.

The strategic and corporate performance goals are not intended to be a specific agreed-upon goal, but rather a general objective. Management and the board of directors discuss these factors and set objectives that are dynamic and change periodically. In setting these periodic goals, the board of directors discusses with management the nature of the objective and management's proposed method of achieving the goal. These goals change throughout the operational process because of changing dynamics such as economic conditions, current success of marketing, availability of materials, availability of funding and overall momentum toward achieving the goal.

Incentive Plan Compensation
Incentive awards are paid out in cash, restricted common stock or option awards. The incentive award targets for the executives are established at the beginning of the year, generally, as a percentage of their base salary and the actual awards are determined at the following year's Annual Board of Directors meetings based on actual company performance relative to established goals and objectives, as well as on evaluation of the executive's relevant departmental and individual performance during the past year. In many instances the award of restricted common stock vests over a four year term in equal periodic tranches. The award of restricted common stock purchased through options generally, although not in every instance, vests immediately upon exercise of the option and generally has a validity of up to ten years and a per share purchase price, of no less than, the fair market value of our common stock on the date of grant. The awards are intended to serve as a means of incentive compensation for performance.

Retirement Plans
Our wholly owned subsidiary, CUI, Inc., maintains a 401(k) plan. The Company has a 401(k) retirement savings plan that allows employees to contribute to the plan after they have completed 3 months of service and are 21 years of age. The Company matches the employee's contribution up to 6% of total compensation. Total employer contributions, net of forfeitures, were $156,317 and $153,996, for 2010 and 2009, respectively.

Change in Control Agreements
Our executives are not awarded any type of protection upon a change in control unless specifically provided in an employment contract.

Perquisites
The Company does not provide for any perquisites or any other benefits for its senior executives that are not generally available to all employees.

2009 Equity Incentive Plan (Executive)
On January 5, 2009 the Company Board of Directors received and approved a written report and recommendations of the Compensation Committee which included a detailed executive equity compensation report and market analysis and recommendations of Compensia, Inc., a management consulting firm that provides executive compensation

advisory services to compensation committees and senior management of knowledge-based companies. The Compensation Committee used the report and analysis as a basis for its formal written recommendation to the board. Pursuant to a January 8, 2009 board resolution, the 2009 Equity Incentive Plan (Executive), a Non-Qualified Stock Option Plan, was created and funded with 4,200,000 shares of $0.001 par value common stock. The Compensation Committee was appointed as the Plan Administrator to manage the plan. October 11, 2010, CUI Global authorized an additional 3,060,382 options under the 2009 Equity Incentive Plan (Executive).

The 2009 Equity Incentive Plan (Executive) provides for the issuance of Incentive Non Statutory Options to attract, retain and motivate executive and management employees and directors and to encourage these individuals to acquire an equity interest in the Company, to make monetary payments to certain management employees and directors based upon the value of the Company's stock and to provide these individuals with an incentive to maximize the success of the Company and further the interest of the shareholders. The Administrator of the plan is authorized to determine the exercise price per share at the time the option is granted, but under the terms of the 2009 Plan, the exercise price shall not be less than the fair market value on the date the option is granted. Stock options granted under the 2009 Plan have a maximum duration of 10 years.

Summary Compensation Table
The following table sets forth the compensation paid and accrued to be paid by the Company for the fiscal years 2010 and 2009 to the Company's Chief Executive Officer and two most highly compensated executive officers of the Company.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
William J. Clough CEO / President/ Counsel/Director (1)	2010	282,500	90,000 (2)	-	-	-	-	5,687	378,187
	2009	240,000	-	-	-	-	-	23,948	263,948
Daniel N. Ford, CFO (3)	2010	157,500	90,000 (4)	-	-	-	-	25,943	273,443
	2009	120,000	-	-	-	-	-	24,249	144,249
Matthew McKenzie, Director/ COO/ President of CUI (5)	2010	162,500	90,000 (6)	-	-	-	-	21,848	274,348
	2009	120,000	-	-	-	-	-	17,298	137,298

1. Mr. Clough joined the Company on September 1, 2005. Effective September 13, 2007, Mr. Clough was appointed CEO/President of CUI Global and Chief Executive Officer of CUI, Inc., a wholly owned subsidiary of the Company.
2. Mr. Clough is employed under a three year employment contract with the company, which was recently extended to run to and through May 15, 2014. Said contract provides, in relevant part, for an annual salary of $325,000 and bonus provisions for each calendar year, beginning with 2010, in which the CUI Global year end Statement of Operations shows the Gross Revenue equal to or in excess of fifteen percent (15%), but less than thirty percent (30%) of the immediate preceding calendar year, Mr. Clough shall be entitled to receive a cash bonus in an amount equal to fifty percent (50%) of his prior year base salary in addition to any other compensation to which he may be entitled; provided, however, that he shall be entitled to the bonus only if he has been employed during that entire calendar year. In substitution of the bonus percentages described in the prior sentence, he shall be entitled to receive, in any year in which annual Gross Revenue exceeds by 30% of the prior calendar year gross revenue, a sum equal to one hundred percent (100%) of his prior year base salary. Bonuses are approved quarterly based on the above factors and an evaluation of current performance. All such bonus payments shall be paid to Mr. Clough in equal monthly installments following the quarter in which the bonus is earned and shall be paid on the 15th day of each month. At December 31, 2010, there was an accrual of $30,000 for compensation owed to Mr. Clough.
3. Mr. Ford joined the Company May 15, 2008 as Chief Financial Officer of CUI Global and CUI, Inc., a wholly owned subsidiary of the Company.
4. Mr. Ford is employed under a three year employment contract with the company, which was recently extended to May 15, 2014 and provides, in relevant part, for an annual salary of $195,000 and bonus provisions for each

calendar year, beginning with 2010, in which the CUI Global yearend Statement of Operations shows a Net Profit and the Gross Revenue equal to or that exceeds fifteen percent (15%), but less than thirty percent (30%), of the immediate preceding calendar year, he shall be entitled to receive a cash bonus in an amount equal to fifty percent (50%) of his prior year base salary in addition to any other compensation to which he may be entitled; provided, however, that he shall be entitled to the bonus only if he has been employed by the Company during that entire calendar year. In substitution of the bonus percentages described above, he shall be entitled to receive, in any year in which annual Gross Revenue exceeds by 30% of the prior calendar year gross revenue, a sum equal to 100% of his prior year base salary. Bonuses are approved quarterly based on the above factors and an evaluation of current performance. All such bonus payments shall be paid to Mr. Ford in equal monthly installments following the quarter in which the bonus is earned and shall be paid on the 15th day of each month. At December 31, 2010 there was an accrual of $67,500 for compensation owed to Mr. Ford.

5. Mr. McKenzie joined the Company May 15, 2008 as Chief Operating Officer of CUI Global and President and Chief Operating Officer of CUI, Inc., a wholly owned subsidiary of the Company.
6. Mr. McKenzie is employed under a three year employment contract with the company, which was recently extended to May 15, 2014 and provides, in relevant part, for an annual salary of $205,000 and bonus provisions for each calendar year, beginning with 2008, in which the CUI Global yearend Statement of Operations shows a Net Profit and the Gross Revenue equal to or that exceeds fifteen percent (15%), but less than thirty percent (30%), of the immediate preceding calendar year, he shall be entitled to receive a cash bonus in an amount equal to fifty percent (50%) of his prior year base salary in addition to any other compensation to which he may be entitled; provided, however, that he shall be entitled to the bonus only if he has been employed by the Company during that entire calendar year. In substitution of the bonus percentages described above, he shall be entitled to receive, in any year in which annual Gross Revenue exceeds by 30% of the prior calendar year gross revenue, a sum equal to 100% of his prior year base salary. Bonuses are approved quarterly based on the above factors and an evaluation of current performance. All such bonus payments shall be paid to Mr. McKenzie in equal monthly installments following the quarter in which the bonus is earned and shall be paid on the 15th day of each month. At December 31, 2010 there was an accrual of $30,000 for compensation owed to Mr. McKenzie.

Outstanding Equity Awards at Fiscal Year-end

The following table sets forth the outstanding equity awards at December 31, 2010 to each of the named executive officers:

OUTSTANDING EQUITY AWARDS AT 2010 FISCAL YEAR-END

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (1) ($)
William J. Clough (2)	-	-	1,115,303	0.25	01/01/19	-	-	-	-
Matthew M. McKenzie (3)	-	-	453,009	0.25	01/01/19	-	-	-	-
Daniel N. Ford (4)	-	-	377,949	0.25	01/01/19	-	-	-	-
William J. Clough (5)	-	-	1,115,303	0.30	10/11/20	-	-	1,115,303	-
Matthew M. McKenzie (6)	-	-	453,009	0.30	10/11/20	-	-	453,009	-
Daniel N. Ford (7)	-	-	377,949	0.30	10/11/20	-	-	377,949	-

1. Calculated using the closing market price ($0.25) as of December 31, 2010.
2. Effective January 1, 2009, Mr. Clough received a fully vested bonus option to purchase 1,115,303 common shares, within ten years from date of issuance, at a price of $0.25 per share.
3. Effective January 1, 2009, Mr. McKenzie received a fully vested bonus option to purchase 453,009 common shares, within ten years from date of issuance, at a price of $0.25 per share.
4. Effective January 1, 2009, Mr. Ford received a fully vested bonus option to purchase 377,949 common shares, within ten years from date of issuance, at a price of $0.25 per share.
5. Effective October 11, 2010, Mr. Clough received a bonus option to purchase 1,115,303 common shares, within ten years from date of issuance, at a price of $0.30 per share that vests over 4 years: 25% at year one and thereafter in equal monthly installments.
6. Effective October 11, 2010, Mr. McKenzie received a bonus option to purchase 453,009 common shares, within ten years from date of issuance, at a price of $0.30 per share that vests over 4 years: 25% at year one and thereafter in equal monthly installments.
7. Effective October 11, 2010, Mr. Ford received a bonus option to purchase 377,949 common shares, within ten years from date of issuance, at a price of $0.30 per share that vests over 4 years: 25% at year one and thereafter in equal monthly installments.

DIRECTOR COMPENSATION

The written report and recommendations of Compensia, Inc., as noted above in the section, 2009 Equity Incentive Plan (Executive), upon which the Compensation Committee relied, also included a detailed director and committee compensation report and market analysis. The 2009 Equity Incentive Plan (Executive) provides for the issuance of stock options to attract, retain and motivate directors as well as other management personnel.

The Compensation Committee concluded that, after giving consideration to the directors' obligation in representation of the shareholders, the high standard of ethics and talent required, increasing workloads, greater exposure, more stringent director independence standards and the SEC's disclosure rules, directors and committee members should be compensated fairly for time and value delivered and the compensation should be sufficient to attract and retain qualified competent individuals to serve on our board. The Compensation Committee adopted the recommendations of Compensia and approved a director and committee compensation plan.

The Compensation Committee concluded that the appropriate compensation for calendar year 2009 should be in the form of options granted in an amount equal to the 50th percentile for similar companies, but discounted by a factor of 10% at an option strike price of $0.25 per share. This price reflected the true value of the directors' work, provides adequate incentive to each director and does not unfairly penalize the directors for current market conditions. Moreover, the $0.25 strike price reflects the price at which much of the underlying funding and CUI transaction was originally priced.

In keeping with this original compensation structure, the Compensation Committee concluded that the appropriate compensation for calendar year 2010 should continue to be in the form of options granted in an amount equal to the 50th percentile for similar companies, but discounted by a factor of 10% at an option strike price of $0.30 per share. In furtherance of this compensation plan, October 11, 2010, the Board of Directors authorized an additional 3,060,382 options under the 2009 Equity Incentive Plan (Executive) of which 99,000 options were granted to each director of the Company with an exercise price of $0.30 per share and that vest one year after the October 11, 2010 date of grant. The $0.30 option price reflects a stock price fair to both the director and the Company. The 2010 director compensation plan, in summary, provides:

Board of Directors Members
- Cash Retainer - $20,000 annually for non-employee members, $30,000 annually for the non-employee chairperson
- Annual Option to purchase 99,000 common shares at a price of $0.30 per share. The option vests in full after one year.
- Meeting fee: none.

Audit Committee
- Non-employee member - $3,000 annually
- Non-employee chairperson - $5,500 annually

Compensation Committee
- Non-employee member - $2,000 annually
- Non-employee chairperson - $4,500 annually

Director Compensation Table

The following table sets forth the compensation of the directors for the fiscal year ending December 31, 2010.

DIRECTOR COMPENSATION – EQUITY INCENTIVE PLAN

Director	Total Underlying Common Shares (1)	Exercise Price per Share	Option Term from Grant Date	Vesting	Total Underlying Common Vested at 01/1/2011	Total Underlying Common Vesting at 01/01/2012	Total Underlying Common Vesting at 01/01/2013	Total Underlying Common Vesting at 01/01/2014	2010 Fees Earned or Paid in Cash (4)	2009 Fees Earned or Paid in Cash (4)
Colton Melby, Chmn.	99,000	$ 0.30	10 years	1 year (3)	-	99,000	99,000	99,000	$ 32,000	$ -
Colton Melby, Chmn.	144,000	$ 0.25	10 years	4 years (2)	72,000	108,000	144,000	144,000	$ -	$ -
Colton Melby, Chmn.	99,000	$ 0.25	10 years	1 year (3)	99,000	99,000	99,000	99,000	$ -	$ 32,000
William J. Clough	99,000	$ 0.30	10 years	1 year (3)	-	99,000	99,000	99,000	$ -	$ -
William J. Clough	144,000	$ 0.25	10 years	4 years (2)	72,000	108,000	144,000	144,000	$ -	$ -
William J. Clough	99,000	$ 0.25	10 years	1 year (3)	99,000	99,000	99,000	99,000	$ -	$ -
Matthew M. McKenzie	99,000	$ 0.30	10 years	1 year (3)	-	99,000	99,000	99,000	$ -	$ -
Matthew M. McKenzie	144,000	$ 0.25	10 years	4 years (2)	72,000	108,000	144,000	144,000	$ -	$ -
Matthew M. McKenzie	99,000	$ 0.25	10 years	1 year (3)	99,000	99,000	99,000	99,000	$ -	$ -
Thomas A. Price	99,000	$ 0.30	10 years	1 year (3)	-	99,000	99,000	99,000	$ 23,000	$ -
Thomas A. Price	144,000	$ 0.25	10 years	4 years (2)	72,000	108,000	144,000	144,000	$ -	$ -
Thomas A. Price	99,000	$ 0.25	10 years	1 year (3)	99,000	99,000	99,000	99,000	$ -	$ 23,000
Sean P. Rooney	99,000	$ 0.30	10 years	1 year (3)	-	99,000	99,000	99,000	$ 25,500	$ -
Sean P. Rooney	144,000	$ 0.25	10 years	4 years (2)	72,000	108,000	144,000	144,000	$ -	$ -
Sean P. Rooney	99,000	$ 0.25	10 years	1 year (3)	99,000	99,000	99,000	99,000	$ -	$ 25,500
Corey Lambrecht	99,000	$ 0.30	10 years	1 year (3)	-	99,000	99,000	99,000	$ 24,500	$ -
Corey Lambrecht	144,000	$ 0.25	10 years	4 years (2)	72,000	108,000	144,000	144,000	$ -	$ -
	99,000	$ 0.25		1 year (3)	99,000	99,000	99,000	99,000	$ -	$ 24,500

Corey Lambrecht	10 years

Footnotes:

(1) Effective January 1, 2009, each director received an option to purchase 144,000 common shares within ten years from date of issuance that vests over four years, 25% after the first year and in equal monthly installments over the balance of the four year term. Also, effective January 1, 2009, each director received an option to purchase 99,000 common shares at a price of $0.25 per share that vests one year after issuance. Additionally, effective October 11, 2010, each director received an option to purchase 99,000 common shares at a price of $0.30 per share that vests one year after issuance. Directors are to receive a grant of 99,000 options annually. Options fully vest after one year.

(2) Vests over four years, 25% after the first year and in equal monthly installments over the balance of the four year term.

(3) Options fully vest after one year.

(4) Effective January 1, 2009, each director receives an annual cash retainer of $20,000, no meeting fee, Board Chair receives additional $10,000 annually; Audit Committee members receive $3,000 annually, Audit Committee Chair receives $5,500 annually, Compensation Committee members receive $2,000 annually, Compensation Committee Chair receives $4,500 annually.

Employment Agreements

During fiscal year 2010, three executive officers and two key employees were employed under employment agreements.

Those executive officers are:

- Chief Executive Officer and General Counsel
- President/Chief Operating Officer of CUI, Inc., a wholly owned subsidiary of CUI Global, Inc. and Chief Operating Officer of CUI Global, Inc.
- Chief Financial Officer of CUI Global, Inc. and CUI, Inc., a wholly owned subsidiary of CUI Global, Inc.

To see the material terms of each named executive officer's employment agreement, please see the footnotes to the Summary Compensation Table.

Those key employees are:

- Chief Technical Officer
- Senior Vice President

Compensation Committee Report

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Submitted by: Compensation Committee
Colton R. Melby, Chairman
Corey Lambrecht

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information regarding beneficial ownership of our common stock as of the date of this Form 10-K by: (i) each shareholder known by us to be the beneficial owner of 5% or more of the outstanding common stock, (ii) each of our directors and executives and (iii) all directors and executive officers as a group. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed below, based on information furnished by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Shares of common stock issuable upon exercise of options and warrants that are currently exercisable or that will become exercisable within 60 days of filing this document have been included in the table.

BENEFICIAL INTEREST TABLE

	Common Stock		Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		
Name and Address of Beneficial Owner	Number	Percent of Class (2)	Number	Percent of Class (3)	Number	Percent of Class	Number	Percent of Class	Percent of All Voting Securities (4)
Colton Melby (5)	12,666,623	5.91 %	-	*	-	*	-	*	5.92 %
William J. Clough (6)	5,534,288	2.53 %	-	*	-	*	-	*	2.58 %
Thomas A. Price (7)	1,877,000	*	-	*	-	*	-	*	*
Sean P. Rooney (8)	350,202	*	-	*	-	*	-	*	*
Corey Lambrecht (9)	177,000	*	-	*	-	*	-	*	*
Matthew M. McKenzie (10)	734,205	*	-	*	-	*	-	*	*
Daniel N. Ford (11)	418,559	*	-	*	-	*	-	*	*
Kjell Qvale (12)	25,223,082	11.55 %	-	*	-	*	-	*	11.78 %
Mitchell Saltz (13)	11,985,865	5.59 %	-	*	-	*	-	*	5.60 %
Jerry Ostrin	-	*	45,000	89.03 %	-	*	-	*	*
Barry Lezak	-	*	3,043	6.02 %	-	*	-	*	*
Executives as Group	21,757,877	9.83 %	-	*	-	*	-	*	10.16 %

* Less than 1 percent

(1) Except as otherwise indicated, the address of each beneficial owner is c/o CUI Global, Inc., 20050 SW 112th Avenue, Tualatin, Oregon 97062.

(2) Calculated on the basis of 214,045,673 shares of common stock issued and outstanding at December 31, 2010 except that shares of common stock underlying options and warrants exercisable within 60 days of the date hereof are deemed to be outstanding for purposes of calculating the beneficial ownership of securities of such holder of options or warrants. This calculation excludes shares of common stock issuable upon the conversion of Series A Preferred Stock.

(3) Calculated on the basis of 50,543 shares of Series A Preferred Stock issued and outstanding at December 31, 2010.

(4) Calculated on the basis of an aggregate of 214,045,673 shares of common stock with one vote per share including 50,543 shares of Series A Preferred Stock with one vote per share issued and outstanding at December 31, 2010; shares of common stock underlying convertible debt, options and warrants do not have voting privileges and are not included herein.

(5) Colton Melby controls the investment decisions of a limited liability company that owns the securities. The limited liability company is owned by a limited partnership in which Mr. Melby owns an indirect interest. Mr. Melby's

common stock includes vested options to purchase 177,000 common shares. Mr. Melby is Chairman of the Board of Directors.

(6) Mr. Clough's common stock includes 3,540,485 common shares he has the right to purchase pursuant to a warrant and vested options to purchase 1,292,303 common shares. Mr. Clough is a Director and CEO/President of CUI Global, Inc. and CEO of CUI, Inc.

(7) Mr. Price's shares include vested options to purchase 177,000 common shares and a fully vested warrant to purchase 700,000 shares of common stock issued as consideration for a letter of credit guarantee. Mr. Price is a Director.

(8) Mr. Rooney’s shares include vested options to purchase 177,000 common shares. Mr. Rooney is a Director.
(9) Mr. Lambrecht’s shares include vested options to purchase 177,000 common shares. Mr. Lambrecht is a Director.
(10) Mr. McKenzie's common stock ownership includes 20,305 common shares he acquired through conversion of his ownership interest in a convertible promissory note related to the CUI, Inc. acquisition and vested options to purchase 630,009 common shares. Mr. McKenzie is a Director, President and COO of CUI, Inc. and Chief Operating Officer of CUI Japan, Ltd. Mr. McKenzie’s securities include an option to purchase 83,891 shares owned by his spouse.
(11) Mr. Ford's common stock ownership includes 40,610 common shares he acquired through conversion of his ownership interest in a convertible promissory note related to the CUI, Inc. acquisition and vested options to purchase 377,949 common shares. Mr. Ford is CFO of CUI Global, Inc. and CUI, Inc.
(12) Mr. Qvale's common stock includes 302,135 shares underlying two fully vested warrants and a fully vested warrant to purchase 4,000,000 common shares issued as consideration for a letter of credit guarantee. All securities are owned by a trust controlled by Mr. Qvale.
(13) Mitchell Saltz’s common stock ownership includes shares acquired through a promissory note conversion and bonus shares related thereto, shares acquired through purchase and a fully vested warrant to purchase 300,000 common shares issued as a bonus for supplying a letter of credit guarantee. A portion of these securities is owned by a limited liability company controlled by Mr. Saltz.

We relied upon Section 4(2) of the Securities Act of 1933 as the basis for an exemption from registration for the issuance of the above securities.

Employee Equity Incentive Plans

At December 31, 2010, the Company had outstanding the following equity compensation plan information:

Plan Category	Number of securities to be issued upon the exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,382,500	$ 0.19	1,463,894
Equity compensation plans not approved by security holders	7,418,655	$ 0.26	191,727
Total	8,801,155	$ 0.25	1,655,621

Equity Compensation Plans Approved by Shareholders
On May 15, 2008 the Company's Board of Directors adopted the 2008 Equity Incentive Plan and authorized 1,500,000 shares of Common Stock to fund the Plan. At the 2008 Annual Meeting of Shareholders held on September 15, 2008, the Equity Incentive Plan was approved by the Company shareholders. At the 2009 Annual Meeting of Shareholders held on September 29, 2009, the shareholders approved an amendment to the 2008 Equity Incentive Plan to increase the number of common shares issuable under the plan from 1,500,000 to 3,000,000. All of these shares have been registered under Form S-8.

The 2008 Equity Incentive Plan is intended to: (a) provide incentive to employees of the Company and its affiliates to stimulate their efforts toward the continued success of the Company and to operate and manage the business in a manner that will provide for the long-term growth and profitability of the Company; (b) encourage stock ownership by employees, directors and independent contractors by providing them with a means to acquire a proprietary interest in the Company by acquiring shares of Stock or to receive compensation which is based upon appreciation in the value of Stock; and (c) provide a means of obtaining and rewarding employees, directors, independent contractors and advisors.

The 2008 Equity Incentive Plan provides for the issuance of incentive stock options (ISOs) and Non Statutory Options (NSOs) to employees, directors and independent contractors of the Company. The Board shall determine the exercise price per share in the case of an ISO at the time an option is granted and such price shall be not less than the fair market value or 110% of fair market value in the case of a ten percent or greater stockholder. In the case of an NSO, the exercise price shall not be less than the fair market value of one share of stock on the date the option is granted. Unless otherwise determined by the Board, ISOs and NSOs granted under the both plans have a maximum duration of 10 years.

Equity Compensation Plans Not Approved by Shareholders
In January 2009 the Company Board of Directors received and approved a written report and recommendations of the Compensation Committee which included a detailed executive equity compensation report and market analysis and the recommendations of Compensia, Inc., a management consulting firm that provides executive compensation advisory services to compensation committees and senior management of knowledge-based companies. The Compensation Committee used the report and analysis as a basis for its formal written recommendation to the board. Pursuant to a board resolution the 2009 Equity Incentive Plan (Executive), a Non-Qualified Stock Option Plan, was created and funded with 4,200,000 shares of $0.001 par value common stock. The Compensation Committee was appointed as the Plan Administrator to manage the plan.

October 11, 2010, the Board of Directors authorized an additional 3,060,382 options under the 2009 Equity Incentive Plan (Executive) which were granted: 99,000 to each director of the Company with an exercise price of $0.30 per share and vesting one year after the October 11, 2010 date of grant. Two employees who also serve as directors received 1,568,312 bonus options as employees and 898,070 stock options were granted to corporate officers and employees. The employee bonus options have an exercise price of $0.30 per share and vest over four years, 25% at year one and thereafter in equal monthly installments.

The 2009 Equity Incentive Plan (Executive) provides for the issuance of stock options to attract, retain and motivate executive and management employees and directors and to encourage these individuals to acquire an equity interest in the Company, to make monetary payments to certain management employees and directors based upon the value of the Company's stock and to provide these individuals with an incentive to maximize the success of the Company and further the interest of the shareholders. The 2009 Plan provides for the issuance of Incentive Non Statutory Options. The Administrator of the plan is authorized to determine the exercise price per share at the time the option is granted, but the exercise price shall not be less than the fair market value on the date the option is granted. Stock options granted under the 2009 Plan have a maximum duration of 10 years.

The Company has outstanding at December 31, 2010, the following options issued under equity compensation plans not approved by security holders:

During 2006, the Company issued options to a former employee a five year option for the purchase of 350,000 common shares at an exercise price of $0.01 per share as a bonus. The options expire during 2011 and are fully vested.

During 2009, the Company issued under the 2009 Equity Incentive Plan (Executive) to officers and directors options to purchase restricted common stock at $0.25 per share as follows: 2,550,273 fully vested shares; 864,000 shares that vest over four years, 25% at year one and thereafter in equal monthly installments; and 594,000 shares that fully vested one year after the date of grant.

During 2010 the Company issued under the 2009 Equity Incentive Plan (Executive) to officers and directors options to purchase restricted common stock at $0.30 per share as follows: 594,000 options that vest one year after the 10/11/2010 grant date and 2,466,382 options that vest over four years, 25% at one year after the grant date, thereafter in equal monthly installments.

Item 13. Certain Relationships and Related Transactions and Director Independence

Except as set forth herein, none of the Company's directors or officers nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to its outstanding shares, nor any relative or spouse of any of the foregoing persons, since the beginning of fiscal year 2010, has any material interest, direct or indirect, in any transaction or in any presently proposed transaction where the amount involved exceeds $120,000 which has or will materially affect the Company.

At December 31, 2007, twenty-four month secured promissory notes totaling $1,100,000 were outstanding. $1,000,000 of these promissory notes were from an entity controlled by a related party. During calendar year 2009 the related party portion in the amount of $125,000 was extinguished. The Company paid the related party $100,000 and recognized additional paid in capital contribution on the extinguishment of $25,542 related to the remaining principal and accrued interest forgiven. During calendar year 2009 the Company paid $250,000 in principal. During 2010 the Company paid $43,674 in principal and converted $100,000 to 666,666 shares of common stock. At December 31, 2010 there is $481,326 remaining outstanding. Interest accrues at 12% per annum, payable monthly. The Company obtained an extension of the term date to January 1, 2012 for this note payable.

Effective May 16, 2008 the Company formed a wholly owned subsidiary into which CUI, Inc., an Oregon corporation, merged all of its assets. The funding for this acquisition was provided by a bank note, a seller's note and a convertible seller's note. Matthew McKenzie, COO and Daniel Ford, CFO each were partial owners in CUI, Inc. prior to the acquisition. The consideration paid by the Company is summarized as follows:

- $6,000,000 cash loan from Commerce Bank of Oregon, term of 3 years, interest only, prime rate less 0.50%, secured by Letters of Credit. This note was paid in 2010.

- $14,000,000 promissory note to International Electronic Devices, Inc. (IED), the former CUI shareholders, payable monthly over three years at $30,000 per month including 1.7% annual simple interest with a balloon payment at the thirty sixth monthly payment, no prepayment penalty, annual success fee of 2.3% payable within three years, right of first refusal to the note payees relating to any private capital raising transactions of CUI Global during the term of the note. Effective September 1, 2010, the Company and the holder of the $14,000,000 promissory note agreed to reduce the note principal by $1,588,063 and accrued interest by $724,729 and to restructure the interest rate and payment terms. The forgiveness of debt and accrued interest of $2,312,792 as recognized as a contribution of additional paid in capital. With this amendment, the Company agreed to pay $1,200,000 of the principal balance during the fourth quarter of 2010 and an additional $487,208 of the principal balance during the first quarter of 2011. The new terms set the interest rate at 6% per annum with monthly interest payments of $51,545 payment and a May 15, 2018 balloon payment.

- $17,500,000 convertible promissory note to IED plus 1.7% annual simple interest and 2.3% annual success fee, permitting payees to convert any unpaid principal, interest and success fee to CUI Global common stock at a per share price of $0.25 and at the end of the three year term giving to CUI Global the singular, discretionary right to convert any unpaid principal, interest and success fee to CUI Global common stock at a per share price of $0.25. This note also provided a right of first refusal to the note payees relating to any private capital raising transactions of CUI Global during the term of the note. In May 2009, CUI Global and the debt holder of the $17,500,000 convertible promissory note, IED, Inc., agreed to amend the convertible promissory note related to the acquisition of CUI, Inc. by reducing the conversion rate from $0.25 to $0.07 per share to reflect the stock price for the ten day trailing average preceding April 24, 2009, the date of the agreement. The agreement specifically retained the total maximum convertible shares at 70,000,000 as stated in the original Note. This amendment effectively reduced the Note principal from $17,500,000 to $4,900,000. The Company recognized additional paid in capital contribution related to this 2009 extinguishment of debt of $11,808,513. On April 1, 2010, the Company settled the $4,900,000 convertible promissory note and $850,500 in accrued interest on this note for a one-time payment of $50,000 and the conversion of $70,000 of the principal into 1,000,000 shares of the company's common stock at the stated conversion rate of $0.07 per share. The Company recognized additional paid in capital contribution from the 2010 extinguishment of debt of $5,630,500.

- Appointment by note payees of three members to Board of Directors for so long as there remains an unpaid balance was terminated upon release of the convertible seller's note by payees and described more thoroughly herein.

During 2010 and 2009, $1,616,180 and $450,000, respectively, in principal and interest payments were made in relation to the promissory notes issued to IED. Also during 2010, $70,000 of principal was converted to 1,000,000 shares of CUI Global common stock at $0.07 per share in accordance with the convertible note terms and $200,000 of principal was converted to 1,000,000 shares of CUI Global common stock at $0.20 per share in accordance with a settlement agreement.

During 2009, 416,667 shares of common stock were sold pursuant to a stock purchase agreement with proceeds of $4,167 by an entity controlled by Colton Melby who is Chairman of the Board of Directors.

The $6,000,000 bank note as noted above was secured by personal guarantees in the form of Letters of Credit in favor of the Commerce Bank of Oregon. In consideration for posting the Letters of Credit, the Company issued to each individual who supplied a Letter of Credit, warrants to purchase, within 3 years at a per share price of $0.01, one CUI Global common share for each dollar of the Letter of Credit. The warrants became fully vested at the second anniversary date. A former officer of the Company received a 300,000 share warrant which was exercised August 17, 2010, a former director, received a 300,000 share warrant which was exercised December 16, 2010, a director received a 400,000 share warrant which was exercised August 18, 2010, a director received a 700,000 share warrant, an owner of 10% of the voting rights attached to outstanding shares received a 4,000,000 share warrant and a 300,000 share warrant was issued to an individual investor.

In May 2010 two corporate officers, one of whom is also a director, as shareholders in IED, an entity that owns Company promissory notes, received 30,303 shares of common stock in a negotiated satisfaction of a promissory note and in December 2010 these two individuals also received 30,612 shares of common stock at $0.20 per share as their portion of the conversion of an additional $200,000 of Company debt owed to IED.

In May 2010 an owner of 10% of the voting rights attached to outstanding shares received 11,220,947 shares of common stock at a per share price of $0.1056 through conversion of a $1,000,000 promissory note plus accrued interest of $184,932.

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In August 2010, the Company received $2,000,000 in equity investment for which the Company issued 18,939,394 shares of common stock at $0.1056 per share. The $2,000,000 received was used to pay down the $6,000,000 bank loan with Commerce Bank, bringing the net loan balance to $4,000,000. The 18,939,394 shares of common stock were issued as follows: 8,522,727 to an investor, 3,787,879 to a director, 3,787,879 to a director and 2,840,909 to a former officer.

In October 2010, a limited liability company promissory note owner converted $100,000 of the note to 666,666 shares of common stock at $0.15 per share. A former company officer received 111,111 shares in this transaction.

In October 2010, 1,000,000 shares of common stock were issued to a director at $0.20 per share in consideration for a cash payment of $200,000.

In December 2010, 425,000 shares of common stock were issued to a limited liability company at $0.20 per share in consideration for a cash payment of $85,000. A former officer of the Company is a part owner in the limited liability company.

As a part of the CUI asset acquisition, the CUI Global, Inc. corporate offices were relocated to the CUI location at 20050 SW 112th Avenue, Tualatin, Oregon 97062. CUI and CUI Global occupy the 61,380 square feet of offices and warehouse premises under a ten year non-cancelable lease agreement beginning September 1, 2006 with Barakel, LLC at a base monthly rent subject to periodic base payment increases plus real property taxes, utilities, insurance and common area maintenance charges. During the period January 1 through December 31, 2010, the monthly base rent was $40,000. Barakel, LLC is controlled by James McKenzie, majority owner of CUI, Inc. prior to acquisition, majority owner of IED, Inc. and Matt McKenzie, COO and Director of the Company.

Item 14. Principal Accountants Fees and Services
Compensation of Auditors
The financial statements of the Company, which are furnished herein as of December 31, 2010, have been audited by Webb & Company, P. A., Independent Registered Public Accounting Firm. Webb & Company, P. A. billed the Company an aggregate of $99,585 in fees and expenses for professional services rendered in connection with the audit of the Company's financial statements for the fiscal year ended December 31, 2010 and the reviews of the financial statements included in each of the Company's Quarterly Reports on Form 10-Q during the fiscal year ended December 31, 2010. Webb & Company, P. A. billed the Company an aggregate of $77,799 in fees and expenses for professional services rendered in connection with the audit of the Company's financial statements for the fiscal year ended December 31, 2009 and the reviews of the financial statements included in each of the Company's Quarterly Reports on Form 10-Q during the fiscal year ended December 31, 2009. Webb & Company, P.A. did not bill any audit related fees, tax fees, or other fees during the years ended December 31, 2010 and 2009.

In accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder, the Audit Committee has adopted an informal approval policy that it believes will result in an effective and efficient procedure to pre-approve services performed by the independent registered public accounting firm.

Part IV

Item 15. Exhibits, Financial Statement Schedules

EXHIBITS

The following exhibits are included as part of this Form 10-K.

Exhibit No.	Description
3.11	Amended Articles of Incorporation of the Company.
3.21	Bylaws of the Company.
3.32	Articles of Amendment to Articles of Incorporation - Certificate of Designations, Preferences, Limitations and Relative Rights of the Series A Preferred Stock, filed July 25, 2002.

3.42	Articles of Amendment to Articles of Incorporation-Terms of Series A Convertible Preferred Stock, filed November 13, 2003.
3.52	Articles of Amendment to Articles of Incorporation increasing the authorized common shares from 15,000,000 to 150,000,000, filed December 23, 2003.
3.62	Articles of Amendment to Articles of Incorporation - Certificate of Designations of the Series B Convertible Preferred Stock, filed April 1, 2004.
3.73	Articles of Amendment to Articles of Incorporation showing corporate name change to Onscreen Technologies, Inc., filed June 30, 2004
3.84	Articles of Amendment to Articles of Incorporation showing corporate name change to Waytronx, Inc., filed January 7, 2008
3.98	Articles of Amendment to Articles of Incorporation increasing the authorized common shares from 200,000,000 to 325,000,000, filed September 17, 2009.
3.1011	Amended and Restated Articles of Incorporation showing corporate name change to CUI Global, Inc. filed herewith.
4.19	Form of common stock purchase warrant template.
10.22	Contract and License Agreement between the Registrant and John Popovich, dated July 23, 2001.
10.32	Agreement by and among the Registrant, John Popovich and Fusion Three, LLC, dated January 14, 2004.
10.42	Letter Agreement between the Registrant and John Popovich, dated January 15, 2004.
10.52	Master Settlement and Release Agreement by and among the Registrant, Fusion Three, LLC, Ryan Family Partners, LLC and Capital Management Group, Inc., dated February 3, 2004.
10.62	First Amendment to Contract and License Agreement, dated February 3, 2004.
10.175	Assignment, dated February 16, 2005, of WayCool technology patents ownership from inventor to CH Capital
10.185	Assignment, dated February 16, 2005, of WayCool technology patents ownership from CH Capital to Company.
10.225	Promissory Note dated March 25, 2005 evidencing $1,500,000 unsecured short term loan.
10.236	Waytronx, Inc. 2005 Equity Incentive Plan and Equity Ownership Agreement template.
10.257	Employment Agreement between the Registrant and William J. Clough, Esq. dated November 21, 2005.
10.26	A Form 8-K was filed with the Commission on May 1, 2009 reporting the amendment to a promissory note.
10.27	A Form 8-K was filed with the Commission on July 6, 2009 reporting the acquisition of a privately held Japanese electronics/distribution conglomerate.
10.288	Waytronx, Inc. 2008 Equity Incentive Plan.
10.2911	Convertible Promissory Note dated May 15, 2008, in the principal amount of $17,500,000 relating to the purchase of CUI, Inc. assets.
10.3011	Promissory Note dated May 15, 2008, in the principal amount of $14,000,000 relating to the purchase of CUI, Inc. assets.
10.3111	Amendment to $17,500,000 Convertible Promissory Note effective May 1, 2009.
10.3211	Amendment to $14,000,000 Promissory Note effective September 1, 2010.
10.3311	Agreement for Accord and Satisfaction of an Undisputed Debt dated April 1, 2010.
14.16	Waytronx, Inc. Code of Ethics for Principal Executive and Financial Officers and Waytronx, Inc. Code of Ethics and Business Conduct Statement of General Policy.
21.110	List of all subsidiaries, state of incorporation and name under which the subsidiary does business.
22.6	Proxy Statement and Notice of 2010 Annual Shareholder Meeting filed October 5, 2010.
23.411	Consent of Webb & Company, P. A., Independent Registered Public Accounting Firm for incorporation by reference of their report into Form 10-K filed herewith.

Footnotes to Exhibits:
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	Incorporated by reference to our Registration Statement on Form SB-2/A filed with the Commission on October 26, 2001.
2	Incorporated by reference to our Form 10-KSB filed with the Commission on April 14, 2004.
3	Incorporated by reference to our Report on Form 10-KSB filed with the Commission on March 31, 2005.
4	Incorporated by reference to our Registration Statement on Form S-8 filed March 12, 2008.
5	Incorporated by reference to our Report on Form 10-KSB filed with the Commission on May 4, 2005.
6	Incorporated by reference to our Proxy Statement and Notice of 2005 Annual Shareholder Meeting filed with the Commission October 7, 2005.
7	Incorporated by reference to our Report on Form 10-KSB filed with the Commission on February 24, 2006.
8	Incorporated by reference to the Proxy Statement and Notice of 2008 Annual Shareholder Meeting filed with the Commission July 3, 2008.
9	Incorporated by reference to the Form S-3 filed with the Commission on August 17, 2009.
10	Incorporated by reference to our Report on Form 10-K filed with the Commission on April 1, 2010.
11	Filed herewith.

Reports on Form 8-K.

The following documents that we filed with the SEC are incorporated herein by reference:

(a) A report on Form 8-K filed on April 20, 2010 reporting the retirement of a debt obligation.
(b) A report on Form 8-K filed on July 30, 2010 reporting an intention to enter into a material definitive direct financial obligation.
(c) A report on Form 8-K filed on August 31, 2010 reporting entry into a material definitive direct financial obligation.
(d) A report on Form 8-K filed on September 1, 2010 reporting a promissory note modification.
(e) A report on Form 8-K filed on January 4, 2011 reporting disclosure of corporate name change to CUI Global, Inc.
(f) A report on Form 8-K filed on January 7, 2011 reporting the unregistered sale of equity securities.

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.

CUI Global, Inc.

Name	Title	Date
/s/ William J. Clough William J. Clough	CEO/President/Director	March 30, 2011
/s/ Daniel N. Ford Daniel N. Ford	CFO/ Principal Accounting Officer	March 30, 2011
/s/ Sean P. Rooney Sean P. Rooney	Audit Committee	March 30, 2011

CUI Global, Inc.
(formerly known as Waytronx, Inc.)
Financial Statements
December 31, 2010 and 2009

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CUI Global, Inc.
(formerly known as Waytronx, Inc.)

Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Shareholders of:
CUI Global, Inc. (formerly known as Waytronx, Inc.)

We have audited the accompanying consolidated balance sheets of CUI Global, Inc. (formerly known as Waytronx, Inc.) and subsidiaries (the "Company") as of December 31, 2010 and 2009 (Restated), and the related statements of operations and comprehensive loss, changes in stockholders' equity, and cash flows for the two years ended December 31, 2010 and 2009 (Restated). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of CUI Global, Inc. (formerly known as Waytronx, Inc.) and subsidiaries as of December 31, 2010 and 2009 (Restated) and the results of its operations and its cash flows for the two years ended December 31, 2010 and 2009 (Restated) in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has a net loss of $7,015,896, a working capital deficiency of $675,936 and an accumulated deficit of $73,596,738 at December 31, 2010. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WEBB & COMPANY, P.A.
Certified Public Accountants

Boynton Beach, Florida
March 30, 2010

CUI Global, Inc.
(formerly known as Waytronx, Inc.)
Consolidated Balance Sheets
For the Years Ended December 31, 2010 and 2009

	December 31, 2010	(Restated) December 31, 2009
Assets:		
Current Assets:		
Cash and cash equivalents	$ 612,275	$ 496,135
Trade accounts receivable, net of allowance of $125,000 and $135,000, respectively	4,726,200	4,673,382
Other accounts receivable	18,558	88,425
Other accounts receivable, related party	202,418	188,790
Inventories, net of allowance of $355,000 and $100,000, respectively	4,976,587	3,661,994
Prepaid expenses and other	354,003	375,085
Total current assets	10,890,041	9,483,811
Property and equipment, net	1,248,262	1,402,528
Other assets:		
Investment - equity method	157,149	79,075
Investments - long term	102,635	102,560
Technology rights, net	796,351	4,077,646
Patent costs, net	-	428,370
Other intangible assets, net	8,940	46,294
Deposits and other	148,689	113,350
Notes receivable, net	15,831	79,451
Debt offering costs, net	450,859	937,130
Intangible, trademark and tradename CUI	4,892,856	4,892,856
Intangible, trademark and tradename V-Infinity	1,373,828	1,373,828
Intangible, patent pending technology	551,559	551,559
Intangible, customer list	1,857,000	1,857,000
Intangible, Comex Electronics and CUI Japan	473,692	473,692
Goodwill, net	12,907,157	12,907,157
Total other assets	23,736,546	27,919,968
Total assets	$ 35,874,849	$ 38,806,307
Liabilities and stockholders' equity:		
Current liabilities:		
Accounts payable	$ 2,054,534	$ 2,028,201
Preferred stock dividends payable	5,054	5,054
Demand notes payable	2,427,163	2,523,152
Accrued expenses	1,689,300	2,564,403
Accrued compensation	399,013	235,137
Unearned revenue	70,030	84,438
Notes payable, current portion due	4,433,675	1,003,793
Notes payable, related party, current portion due	487,208	170,852
Convertible notes payable, current portion due	-	300,000

Total current liabilities	11,565,977	8,915,030
Long term notes payable, net of current portion due of $433,675 and $71,573, respectively	2,047,113	7,624,948
Long term notes payable, related party, net of current portion due of $487,208 and $170,852 and discounts of $0 and $369,516, respectively	10,308,983	13,171,624
Long term convertible notes payable	-	-
Long term convertible notes payable, related party, net of discounts of $0 and $2,773,555, respectively	-	3,126,445
Total liabilities	23,922,073	32,838,047
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, par value $0.001; 10,000,000 shares authorized	-	-
Convertible Series A preferred stock, 5,000,000 shares authorized, 50,543 shares issued and outstanding liquidation preference of $50,543 at December 31, 2010 and December 31, 2009, respectively	51	51
Convertible Series B preferred stock, 30,000 shares authorized, and no shares outstanding at December 31, 2010 and December 31, 2009, respectively	-	-
Convertible Series C preferred stock, 10,000 shares authorized, and no shares outstanding at December 31, 2010 and December 31, 2009, respectively	-	-
Common stock, par value $0.001; 325,000,000 and 325,000,000 shares authorized and 214,045,673 and 169,837,626 shares issued and outstanding at December 31, 2010 and December 31, 2009, respectively	214,046	169,838
Common stock issuable; 50,000 and 0 shares authorized and issued at December 31, 2010 and December 31, 2009, respectively	50	-
Additional paid-in capital	85,732,521	72,375,797
Accumulated deficit	(73,596,738)	(66,580,842)
Accumulated other comprehensive income (loss)	(50,810)	(28,193)
Total stockholders' equity	12,299,120	5,936,651
Noncontrolling interest	(346,344)	31,609
Total liabilities and stockholders' equity	$ 35,874,849	$ 38,806,307

See accompanying notes to financial statements

CUI Global, Inc.
(formerly known as Waytronx, Inc.)
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31, 2010 and 2009

(Restated)