

Reach. Connect. Succeed.

Report to Shareholders

M A Y 2 0 0 6



UNIVERSAL SHARING NETWORK

Reach. Connect. Succeed.

Building upon successful company-wide initiatives implemented in 2004 was the key element in Universal Sharing Network, Inc.'s (UsNet) continued success in 2005. With the launch of a new corporate name and image, we established and defined UsNet as an organization that values service, partnership and personal commitment.

Navigating a course based on these guiding principles during 2005 created an environment in which UsNet successfully strengthened its relationships, further enhanced its communication tools and extended its strong growth trend. This focus led to:

- the opening of 13 new CU Service Centers in 2005, bringing the total number of CU Service Centers in the UsNet family at year-end to 65.
- increased transaction volume by over 9 percent from the previous year, meaning that more members than ever before benefited from our growing network.

UsNet's ability to generate and sustain success in these areas is directly linked to the constant support of the Board of Directors, shareholders and participating credit unions. The support of each and every partner has set the stage with additional opportunities to expand the network to more credit unions and their members. In doing so, UsNet remains more committed than ever to *Reach. Connect. Succeed.* with every participating and prospective credit union. That is what sets UsNet apart.

Guiding Principles

Based on the strength of a new name and brand, management worked diligently throughout 2005 to expand and strengthen relationships with participating credit unions. We built a recognizable corporate personality based on the organization's core values of service, partnership and personal commitment. The company has steadfastly driven itself to create a brand that embodies these values and is easily identifiable to all participants in terms of overall excellence, covering all points of the compass:

Service – building respect from current participants by providing unparalleled levels of support and help from every possible aspect—operational, back office and front line training, problem resolution and marketing, all with the knowledge and accessibility necessary to ensure its integrity.

In 2005, we conducted our first Participant Satisfaction Survey designed to measure our success in meeting the needs of all participating credit unions. The positive feedback we received confirmed and validated the overall direction of the organization.

Partnership – working together with participating and prospective credit unions to establish a strategic plan regarding the successful introduction and implementation of shared branching into their daily operations.

UsNet's philosophy regarding partnership fosters the level of cooperation exemplified by five Rochester credit unions that partnered to create and implement a unique marketing campaign. They were successful in educating members and the public in general, about the benefits of shared branching.

For their efforts, the Rochester Joint Marketing Effort earned them the 2006 Ralph W. Hillman Marketing Award.

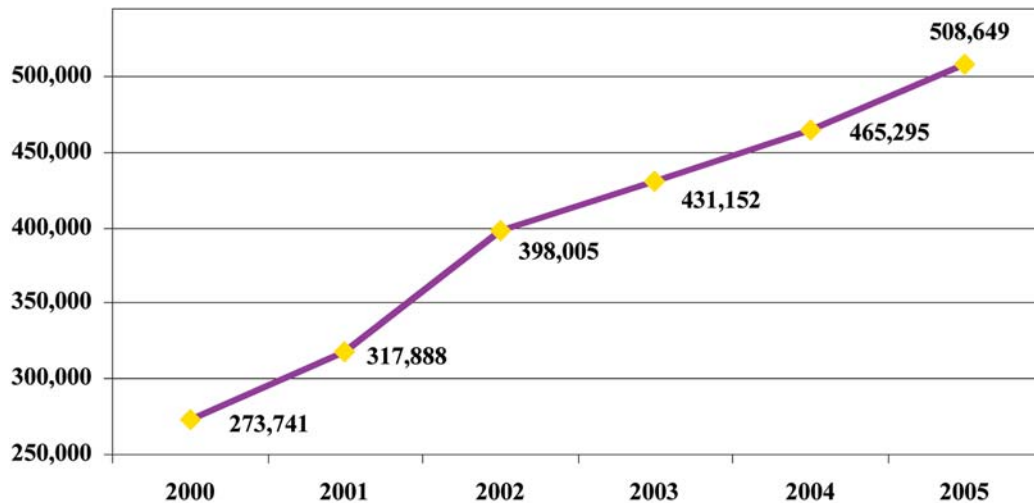
Personal Commitment – a continuous effort measured by the determination to not only meet, but exceed expectations, under every circumstance and without pause.

UsNet staff visited more credit unions in 2005 than ever before, conducting customized person-to-person on-site training.

Excellence is achieved only when these criteria are met consistently over time. As noted above, the course has been charted—2005 represents another successful stage of a long voyage that began for UsNet in 1993. These principles continue to provide a map filled with milestones and destination points as the company continues to grow and fulfill its ultimate promise of generating both convenience and consistency in a neutral environment at CU Service Centers throughout New York State.



Member Verification Volume Trend



Usage of UsNet's shared service center network by New York credit unions continues to experience strong growth. In 2005, the number of member verifications grew 9% over 2004, marking the first time that over 500,000 member verifications were processed in UsNet's shared service center network.

Network Expansion

Much of UsNet's success continues to be measured by the expansion of CU Service Centers across New York State. There are currently 44 New York credit unions actively participating in the network. As of March 31, 2006, they account for 72 CU Service Centers, with three additional CU Service Centers budgeted to open later in 2006.

Network expansion has meant increased convenience for all credit union members, providing greater access to their accounts from Long Island and Tarrytown to Central New York, the Southern Tier and Rochester and across to Buffalo and Niagara Falls.

The ongoing growth experienced in 2005 was highlighted during the 3rd quarter when the first CU Service Center in the Central New York chapter opened. The addition of this CU Service Center helped to solidify the network's presence upstate and also created additional opportunities to expand the network in that area.

Continued expansion and growth in other areas of the state mirror the growth in shared branching that has occurred at the national level. More than 1,000 credit

unions participate in shared branching nationwide and operate more than 2,000 CU Service Centers in 44 states. UsNet remains committed to the vision of increasing member convenience via CU Service Centers as consistent growth and expansion have provided even more credit unions with an opportunity to extend their service range.

Reach. Connect. Succeed.

In adopting these words as a tag line, UsNet set the bar high. It is not enough to simply reach out to a credit union and try to make a connection—both efforts are meaningless unless they are successful. These words represent an overall business philosophy that enables credit unions to achieve their goals, highlighted by a desire to fulfill their own mission of better serving members. Belief in that philosophy from a management, Board, shareholder and participant perspective, coupled with an ongoing commitment to achieve it, are marks of excellence that define UsNet.

With this level of commitment and determination, UsNet is well positioned to maintain and build upon its successes as we move forward together and strive to exceed expectations. ■

UsNet's financial statements are subject to an independent audit on an annual basis by the certified public accounting firm of Cusack & Company, Certified Public Accountants LLC. In conjunction with their audit for the year ended December 31, 2005, the firm rendered an unqualified opinion stating that the financial statements presented fairly, in all material respects, the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. In order to receive a full copy of the audit report, please contact UsNet's Chief Operating Officer.

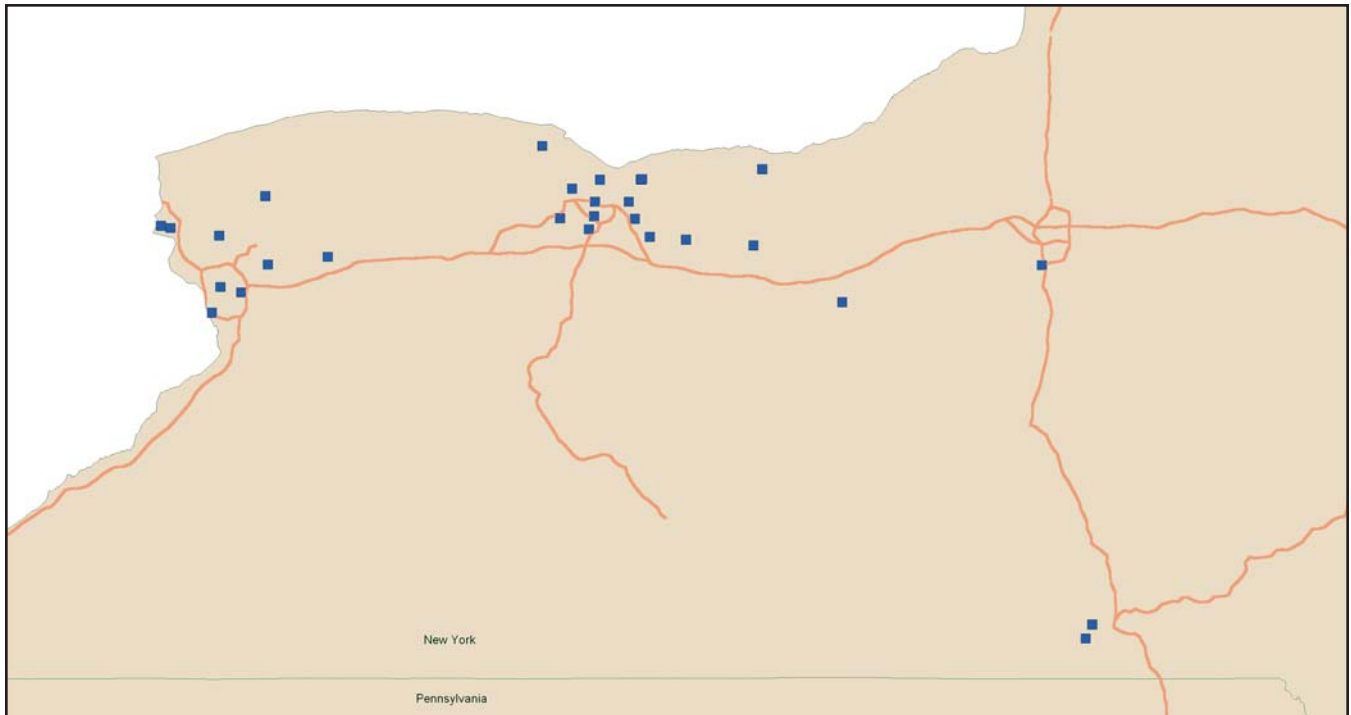
Balance Sheets

	December 31,	
	2005	2004
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 112,858	\$ 179,172
Share Certificates	2,030,000	750,000
Other Current Assets	58,809	48,102
Total Current Assets	2,201,667	977,274
Share Certificates – Long-Term	–	1,000,000
Membership Capital Account – Empire Corporate FCU	36,716	33,222
Total Assets	\$ 2,238,383	\$ 2,010,496
LIABILITIES & STOCKHOLDERS' EQUITY		
<i>Liabilities</i>		
Accounts Payable & Accrued Expenses	\$ 23,804	\$ 24,720
<i>Stockholders' Equity</i>		
Common Stock, Class A, no par value, 250 shares authorized, 103 and 135 shares issued and outstanding at December 31, 2005 and 2004, respectively	2,575,000	3,375,000
Additional Paid in Capital	800,000	–
Common Stock, Class B, no par value, 20 shares authorized, 15 shares issued and outstanding	375,000	375,000
Total Common Stock	3,750,000	3,750,000
Accumulated Deficit	(1,535,421)	(1,764,224)
Total Stockholders' Equity	2,214,579	1,985,776
Total Liabilities & Stockholders' Equity	\$ 2,238,383	\$ 2,010,496

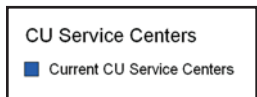
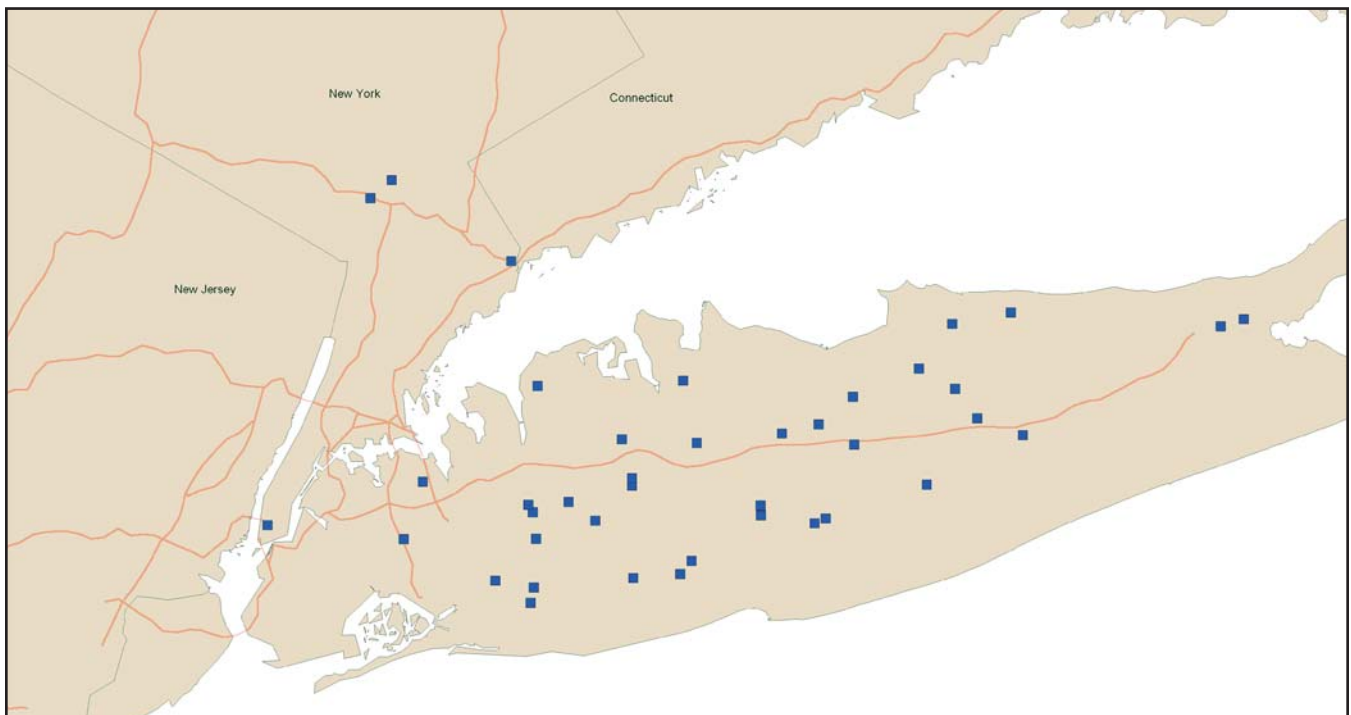
Income Statements

	Years Ended December 31,	
	2005	2004
<i>Revenues</i>		
Service Fee Income	\$ 445,387	\$ 427,761
Interest Income	57,526	33,509
Total Revenue	502,913	461,270
<i>Expenses</i>		
Total Expenses	269,774	272,580
Income from Operations	233,139	188,690
Provision for Income Tax	(4,336)	(3,518)
<i>Net Income</i>	\$ 228,803	\$ 185,172

Upstate CU Service Centers



Downstate CU Service Centers



Board of Directors

James Doig, *Chairman*
Mark Pfisterer, *Vice Chairman*
Edward Paternostro, *Treasurer*
Nancy Kasprzak-Whitmore, *Secretary*
Robert G. Allen
Frank E. Berrish
Kirk Kordeleski
William J. Mellin
Vicki O'Neill
Edward Rodgers
Bruno Sementilli
Mark Welshoff

Management

William J. Mellin, *President*
Edward Kovalefsky, *Senior Vice President*
Marc Inger, *Chief Operating Officer*
William Bywater, *Director of Operations*

Mission Statement

Universal Sharing Network, Inc. (UsNet) is a competitive provider of financial network services with local connections to regional and national locations. We strive to increase network participation to meet the ongoing needs of credit unions and their members by offering the value of person-to-person branch convenience. UsNet embodies the cooperative spirit that unites the credit union movement and forms the foundation of the network.