



U\$X
FEDERAL
CREDIT UNION®

2010 ANNUAL REPORT

PRESIDENT'S REPORT

All that has transpired in the last year reminds me in many ways of Charles Dickens' classic, *A Tale of Two Cities*. This classic starts out with this famous line, "It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way--in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only."

As is detailed in the financial reports and narratives throughout this Annual Report this was a successful financial year for U\$X Federal Credit Union (U\$X FCU). Our tasks are two fold, to manage a broad range of risks that exist in the world in which we operate and to serve our members well as they strive to improve their financial situation. Our operating results, our audit reports, and our ability to pay a Member Loyalty Reward in a year such as 2010 each represent a testimony to our success. As the quote at the beginning of my report indicates we are all presented with a similar playing field. The question which arises is this; using our skill and creativity, what kind of results were generated?

The economy has continued under stress from late 2008 through the present. Real estate values have continued to decline. Some members have struggled with job losses, decreased income, and the inability to find comparable employment. Volatile financial markets have attracted additional deposits. Low interest rates have adversely affected U\$X FCU's earnings and the dividends we are able to pay. The cost of members' every day purchases such as food and gasoline have increased significantly. In summary, U\$X FCU and the members we serve, face ongoing challenging financial circumstances.

In addition, U\$X FCU has spent significant time and resources verifying that our credit union remained in compliance as the Federal Government raised the standards by which financial institution performance and safety are evaluated. The good news is that U\$X FCU needed minimal adjustments to our products, services and procedures to remain in compliance in these various areas. The sad news is that we expended significant amounts of time and money on compliance when credit unions were not the source of unsound practices which gave rise to all this regulatory turmoil.

U\$X FCU has focused significant attention to achieve superior results in 2010 despite our challenging operational environment. The first area of focus has been planning. U\$X FCU's Board of Directors have carefully managed the balance sheet to maintain our safe and sound financial condition. Using pricing and promotion U\$X FCU has balanced our concentrations of loans, collateral, durations and interest rates to manage risk over the next few years. Similarly we have worked diligently with members experiencing financial difficulties, helping them to regain control of their finances and meet their obligations to U\$X FCU as well as to others. Finally, U\$X FCU continues to invest in enhanced technology, improved office space and continued training for both our employees and our volunteers. It is only by making prudent investments today that we are prepared to serve our members and field of membership tomorrow.

In closing, I would like to share a summary of a few of our successes in improving members' financial situations. I believe they serve as a testimony to the direction U\$X FCU is headed in serving our current and future members. Member 1 was in serious financial trouble due to a disruptive marital situation. Through a series of periodic financial consultations over a period of three years, Member 1 managed their debt and improved their credit score from 559 to 760. Member 2 joined U\$X FCU and inquired about strategies to improve their credit. U\$X FCU helped Member 2 by both refinancing a vehicle and consolidating some debts which lowered their monthly debt service from 47% to 33% of their monthly income. Member 3 approached U\$X FCU for help with an overdrawn checking account after an income interruption. As Member 3 prepared to return to work, U\$X FCU refinanced two vehicles and freed up funds to resolve the overdrawn checking account and other short term problems.

U\$X FCU cannot always guarantee a positive outcome, but the common theme in each of these stories was approaching U\$X FCU for help, taking advantage of our knowledge and experience, using our superior products and services to manage their finances, learning to manage their finances and protecting themselves from future financial risk, and (finally) working diligently to execute the plan they developed with their U\$X FCU representative.

U\$X FCU stands ready to serve each individual qualified to be a member. Why would you go anywhere else to save and to manage your money? I am confident when the end of 2011 is upon us and we reflect on the current year we will indeed find it has been a very good year.

In your service,
David R Ackerman
President/CEO

CHAIRMAN'S REPORT

In 2010, we operated in a different and challenging business environment. The economic conditions of a weak labor market, high unemployment hovering around 10%, households reluctant to borrow as well as the resources required to comply with new and existing regulations dealt us our fair share of challenges. It is in times like these that strong financial institutions distinguish themselves from the others. I am pleased to report that our strategic plan and early recognition of these challenges resulted in another successful year for your credit union.

We concluded 2010 with assets of \$180.8 million dollars which represents a 10.6% increase from previous year end results. We served 19,691 members during the year. In an environment of low interest rates we see that consumers have changed their borrowing and savings behavior. Although the number of loans granted during the year remained about the same from the prior year, loan dollars made year to date decreased approximately 27% while deposit growth was 12.4%. Your savings continue to be insured up to \$250,000 by the National Credit Union Share Insurance Fund (NCUSIF) and we continue to lend responsibly using sound underwriting practices.

Our capital (net worth) as of year end was a strong 15% which indicates we are well capitalized and above the federal regulatory requirement as well as those credit unions in our peer group. Our Return on Average Assets (ROAA) was 0.66% and it is due to our strong financial position that your board was pleased to once again declare the payment of a member loyalty reward. This distribution to both savers and borrowers is made in direct proportion to your use of our savings and loan products. The reward for 2010 amounted to a return of \$.07 cents on every dollar of dividends earned on savings products and interest paid on loan products. We returned \$526,478 plus another \$279,600 as part of our VISA ScoreCard CashBack program. A total in excess of \$806,000 was returned to our loyal members!!!

With a weaker loan demand during the year, we place our excess funds in various restricted high quality investment instruments that pose minimal risk to the credit union. Our investment portfolio as of year end had \$69.1 million in available for sale instruments compared to \$49.1 million prior year end results. The average weighted yield for year end was 1.53% compared to prior year end results of 2.22%. Our Asset/Liability Committee monitors our investment portfolio closely and considering the challenges in the low interest rate environment we have been effective in limiting risk while gaining an equitable return.

Our business development and marketing efforts have resulted in favorable trends and growth. We added 23 select employer groups to our field of membership during the year. It is our hope that our new members' will realize the many benefits of credit union membership and that we can provide them with financial advantages in their lives. Through our marketing efforts we have also realized an increase in the number of services being utilized per household. It is our plan to continue to build positive relationships with all of our members'.

As a team, your Board of Directors and Executive Management, remain committed to be wise stewards of your money, earn your trust and act prudently in managing the financial affairs of the credit union. We remain focused on safety, soundness, superior service and relationship building for this is what we believe sets us apart from other financial institutions. Although it appears the economic recovery will continue on a slow pace and we will still face known and unknown challenges in the year ahead, I am confident that U\$X Federal Credit Union will remain a safe and sound cooperative offering products that will provide you financial advantages.

I sincerely thank our Board and Committee Members and all of our employees for their outstanding efforts and their commitment of professionally serving our members'. Most importantly, I thank our loyal members for your continued trust and support of U\$X Federal Credit Union.

Sincerely,
John E. Toth, Chairman

SUPERVISORY COMMITTEE REPORT

We are a \$180.8 million full service Credit Union with over 19,600 members. The credit union has seven offices operating in Pennsylvania and one office operating in Ohio.

The Supervisory Committee audits many aspects of Credit Union operations to ensure:

Accounting reports and records are prepared promptly and accurately

Internal Controls are in place to monitor activities

Policies and Operations are in compliance with state and federal regulations

In addition, the Supervisory Committee retains Cottrill, Arbutina and Associates to perform a complete financial audit and review of internal controls.

The National Credit Union Administration (NCUA) also conducts an examination.

Both organizations review our loan portfolio, deposit accounts, credit card portfolio, operations, data processing, as well as policies and procedures in order to ensure that records are correct and that U\$X Federal Credit Union complies with current laws, regulations and accounting standards.

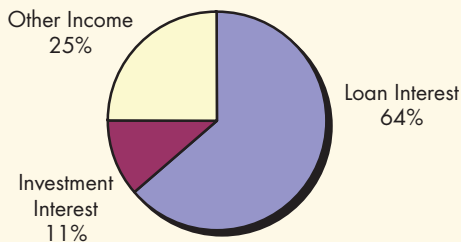
U\$X Federal Credit Union continues to receive positive reports about its effective operations and proactive management executed by volunteers and employees.

Your Supervisory Committee is pleased to report that the affairs for the Credit Union during 2010 were concluded in a superior manner and in accordance with all rules and regulation.

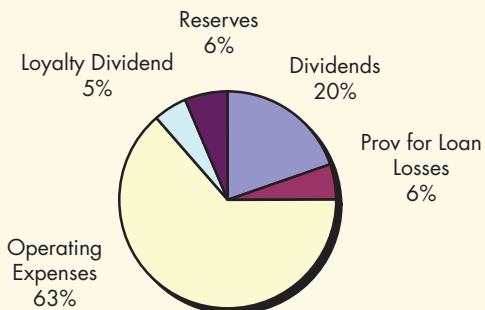
A copy of the audited financial statement is available for review at our administrative office in Cranberry Township, PA.

Richard C. Nichols
Supervisory Committee Chairman

SOURCES OF INCOME



DISTRIBUTION OF INCOME



FINANCIAL STATEMENTS

	12/31/10	12/31/09
ASSETS		
Loans, net	\$91,925,106	\$93,324,350
Cash & Equivalents	13,264,604	15,925,093
Investments	69,169,239	49,179,112
Other	6,483,440	5,080,687
Total Assets	<u>\$180,842,389</u>	<u>\$163,509,242</u>

LIABILITIES & EQUITY

Accounts Payable	\$490,734	\$478,624
Certificate Dividends Payable	67,295	67,905
Total Liabilities	<u>558,029</u>	<u>546,529</u>

Regular Shares	60,270,506	55,432,592
IMMA Shares	26,691,839	21,388,892
Checking Accounts	8,920,768	8,633,748
Certificates	56,478,434	49,965,401
IRA Shares	822,374	870,240
Total Shares	<u>153,183,921</u>	<u>136,290,873</u>

Members' Equity	<u>27,100,439</u>	<u>26,671,840</u>
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Total Liabilities & Equity	<u>\$180,842,389</u>	<u>\$163,509,242</u>
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INCOME

Interest:		
Loans	\$6,363,845	\$5,954,898
Investments	1,148,195	1,387,433
Total Interest	<u>7,512,040</u>	<u>7,342,331</u>

Non-Interest		
Corporate Credit Union		
Stabilization Income	-	755,273
Gain on Sale of Investments	322,350	412,917
Fees	1,132,594	1,265,071
Miscellaneous	1,038,876	864,236
Total Income	<u>10,005,860</u>	<u>10,639,828</u>

EXPENSES

Dividends:		
Regular Shares	168,682	168,058
IMMA Shares	250,799	262,706
Certificates	1,538,922	1,590,763
IRA Shares	2,485	2,778
Total Dividends	<u>1,960,888</u>	<u>2,024,305</u>
Provision for Loan Losses	545,700	235,400
Operating Expenses	5,979,287	6,034,474
Total Expenses	<u>8,485,875</u>	<u>8,294,179</u>

Income Before Loyalty Dividend, NCUSIF Stabilization Expense	1,519,985	2,345,649
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Loyalty Dividend	526,478	585,049
NCUSIF Stabilization Expense	366,961	951,342
Other Than Temporary Impairment on Asset	-	287,500

Net Income	<u>\$626,546</u>	<u>\$521,758</u>
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BOARD OF DIRECTORS

John E. Toth, *Chairman*
Albert J. Flynn Jr., *Vice Chairman*
Mashawn A. Lorenz, *Secretary*
Thomas M. White, *Treasurer*
Richard C. Nichols
Christopher Panian
James D. Settelmaier
Jose A. Quinones, *Associate*

MANAGEMENT

David R. Ackerman
President/CEO
Valerie J. Stumpf, *Vice President Operations*
James R. Thornton, *Vice President Lending/Administration*

SUPERVISORY COMMITTEE

Richard C. Nichols, *Chairman*
John R. Adams
Thomas A. Pavlik
Cottrill, Arbutina & Associates, P.C.
External Audit Firm

Mark A. Volponi, *Vice President Accounting/Finance*
Timothy C. Wojtaszek, *Director of Marketing/Business Development*

US\$ FCU PRODUCTS AND SERVICES

MEMBERSHIP

- Sponsor Employer Groups
- Family Memberships
- Once a Member, Always a Member

SAVINGS PRODUCTS

- Share Savings Accounts
 - Christmas Club Accounts
 - Designated Share Savings Accounts
 - Share Certificates
 - Insured Money Management Accounts
- Deposits insured by the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000

TAX ADVANTAGED PRODUCTS

- Individual Retirement Accounts (IRAs)
 - Roth IRAs
 - Coverdell Educational Savings Accounts
- Deposits insured by the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000

CONSUMER LOANS

- New Vehicle Loans
- Used Vehicle Loans
- Motorcycle Loans
- Boat Loans
- Motor Home Loans
- Signature Loans
- Stock / Share Pledged Loans

VISA PRODUCTS

- VISA® Classic Credit Card
- VISA® Gold Credit Card
- VISA® Credit Builder Credit Card

REAL ESTATE LOANS

- Home Equity Loans
- Home Equity Lines-of-Credit
- Mortgages (Terms up to 30 Years)

MEMBER TRANSACTION PRODUCTS

- Free Online Account Access with NETBRANCH
- Free Electronic BILLPAY
- VISA® Debit Card
- Checking Accounts / Overdraft Protection
- Free ATM Machines & No Surcharge Network
- Direct Deposit
- Payroll Deduction
- Toll Free Phone Access
- Wire Transfer Service
- Money Orders

1-888-219-3159
www.usxfcu.org

US\$ FEDERAL CREDIT UNION LOCATIONS AND STAFF

CRANBERRY/ADMINISTRATIVE OFFICES

1293 Freedom Rd PO Box 1728
Cranberry Twp PA 16066
Toll Free Number: 1-888-219-3159
Fax (724) 776-4322
Toll Free Phone Access 1-800-590-0207
Netbranch www.usxfcu.org

ADMINISTRATION Staff

Rose Ballard, Eileen Blake, Anna Collins,
Jamie Guentner, Michelle Ketter, Cindy Kurneck,
Kelly O'Keefe, Carol Pentin, Suzanne Plakidas,
Jennifer Szczepura, Kathy Rankin, Paula Rudisill,
& Linda Walker

CRANBERRY OFFICE Staff

Kimberly A. Evans, Office Manager
Michael Florie, Deidre Hall, Tracey Jeffers,
Rosie Noll, Emily Pfaff, Melissa Robertson,
Jayne St. John, & Patricia Trevail
Fax (724) 779-4656

CRANBERRY EAST OFFICE

1694 Route 228 Ste 102
Cranberry Twp PA 16606
Fax (724) 772-0707

Staff

Kimberly A. Evans, Office Manager
Michael Florie, Deidre Hall, Tracey Jeffers,
Rosie Noll, Emily Pfaff, Melissa Robertson,
Jayne St. John, & Patricia Trevail

US STEEL TOWER OFFICE

600 Grant St Concourse Level
Pittsburgh PA 15219
Fax (412) 433-4726

Staff

Esther Barainyak, Office Manager
Jodi Jones & Kimberly Melton

NEW STANTON OFFICE

100 Bair Blvd PO Box 657
New Stanton PA 15672
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Staff

Renee Jessee, Office Manager
Margaret Hiram, Rose Hiram, Dolores Hixson,
Georgia Hollis, Renee Moore & Cheryl Nagy

SAXONBURG/SARVER OFFICE

479 N Pike Rd
Sarver PA 16055
Fax (724) 352-5958

Staff

Thomas Riggie, Office Manager
Susan Allshouse, Lisa Giger, Glenna Gouza,
Mary Kochanowski, Leah McClintock

MARATHON OIL OFFICE

539 S Main St Rm 1024
Findlay OH 45840
Fax (419) 421-2339

Staff

Martha Beach, Office Manager
Jill Garcia, Tina Lamb & Robin Orwick

JEFFERSON REGIONAL HOSPITAL OFFICE

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Staff

Kathleen Saffer, Office Manager
Carol Bryer, Roseanne Chajkowski,
& Karen Santiago

HOMESTEAD OFFICE

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Staff

Kathleen Saffer, Office Manager
Karen Santiago

All Locations
1-888-219-3159
www.usxfcu.org