



December 1, 2006

Dear Friends, Donors and Volunteers,

As 2006 comes to a close, all of us at LifeNets want to extend our heartfelt thanks to you for making so many wonderful things happen this past year in the lives of many disadvantaged and vulnerable people. Your contributions, kind notes of support and encouragement mean more than we can say.

We also want to say a special thank you to those who have taken it upon themselves to engage others to give us greater capacity to help the people we serve. In the past year two LifeNets chapters have been organized, one in the Puget Sound area of Washington and the other in North Dakota. We thank various churches and service clubs who supported us as well.

We thank those who organized special event fund-raisers in Miami, the San Francisco Bay area, Long Beach, Seattle, Cincinnati and Mandan, North Dakota.

The positive results in the poor areas where we work have been especially evident in the past year. We consider our *Developing Nations Scholarship Fund* to be the best value for the donations received. The investment in a young person going to university yields impressive dividends. Our scholarship program, which started in 2001, has now produced architects, accountants and engineers. Our graduates work for major corporations. They more than care for themselves. They become pillars in their communities and churches in their own countries of El Salvador, Guatemala, Peru, Mexico, Malawi and other places.

Because of its value, we will be focusing more on our scholarship program in the coming year. In January we will begin helping two students in Zambia to study at universities in their country. These recipients are from extremely poor and primitive areas of Zambia's interior. No one from this area has had this kind of opportunity, and we are so happy to make it possible for them. We are enclosing a brochure in this mailing that we will be using to continue to promote our scholarship program.

Considering all the scholarships that we grant, the average cost of sending someone to university in the areas in which we work is about \$850 per year. We now have about 65 students on the scholarship program. This means we have to raise more than \$55,000 in the coming year to continue the program. Last year our scholarship budget was \$40,000. Besides Zambia, we have added students in Chile and will be adding more in Guatemala as well.

Another area of positive growth is our farm program in Zambia, which has yielded dramatic results in lifting the standard of living for dozens of people. We have brought these people from subsistence farming to producing yields three to five times what they had previously achieved. Our farm plan holds the harvest until prices are at maximum. Our cattle herd has grown to more than 75 from the original 22 heifers. We added three water wells. By educating the beneficiaries and adding their hard work, we have achieved excellent, lasting results. Their example is an inspiration for others to better themselves.

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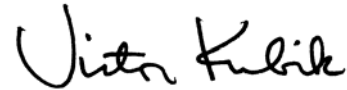
Last year we mentioned the need for a 450-meter wall around our clinic in Balaka, Malawi, in order to provide security to a fish pond, gardens and a grove of mango trees. These provide food for our orphan-care program. The wall is two-thirds done.

Your continued support is needed for us to be able to carry on our programs. We thank those who have become regular contributors.

We would like to introduce a new way for you to contribute with no additional cost to you. If you do any purchasing online, a part of your purchase price can go directly to LifeNets programs. Merchants such as Travelocity, Lands End, Target, Barnes and Noble and 700 other participants are part of this philanthropic effort. It is organized by iGIVE, which will give LifeNets 1 to 5 percent of your purchase automatically. It is very easy to set up and free to join. Simply go to our Web site at www.lifenets.org. Click on the iGIVE icon, and you will be prompted to join. If you make an online purchase within 45 days, an additional \$5 will be donated to LifeNets.

Above all, we want to thank you again for supporting these worthwhile projects. We have not mentioned all of them, but you can see everything we do on our Web site. We are grateful that so many of you have made LifeNets your charity of choice.

With great appreciation,



Victor Kubik
President

PS: In 2006 we sought an independent audit, which is now successfully completed. The results are on our Web site. We have also been notified by the Central Indiana Better Business Bureau that we have met all 20 of their standards for charitable giving.

Should a particular project receive funds exceeding our goal for that project, all excess funds will be applied toward a similar project.