



4450 Weaver Parkway • Warrenville, IL 60555 • www.membersunited.org
Phone: (630) 276-2600 • (800) 782-2431 • Fax: (630) 276-2626

March 25, 2010

Dear Member:

Members United is committed to sharing material information with its members and other stakeholders as soon as it becomes known. In that spirit of transparency, we are sharing a negative development with you today, though the actual effects of that development on Members United cannot be determined at this time.

This morning one of our monoline insurers, Ambac Assurance Corp. (“Ambac”), announced a significant restructuring where all RMBS guarantees will be placed into a separate “Segregated Account.” This account is expected to have significantly fewer resources to pay or settle future claims. Remaining claims paying resources that were formerly available to all policyholders, including our holdings, have now effectively been dedicated by Ambac to its municipal finance policyholders. Following this action, the Wisconsin Insurance Commissioner has filed a petition with the Lafayette County Circuit Court in Wisconsin to take control of and rehabilitate the Segregated Account. In addition, the regulator has received approval from the court to temporarily suspend payments on claims on the Segregated Account pending approval of a plan for rehabilitation.

This restructuring is expected to have a significant impact on Ambac’s ability to meet its obligations on our holdings. As a result, this could require us to recognize additional Other Than Temporary Impairment (OTTI), and could lead to further depletion of member capital. We will be further reviewing details provided by Ambac and the Wisconsin Commissioner to better understand the exact impact on our particular holdings. We will inform you of these impacts as they become known. Because of this new and significant event, our auditors are likely to require additional time to review our 2009 annual financial reports, which will delay their release.

I wish that we could tell you exactly what this most recent news means in terms of OTTI and depletion, but we simply do not have enough information at this time. However, be assured that other than membership capital share accounts, your deposits at Members United are fully insured and guaranteed, and this development will have no impact on the delivery of products and services to your credit union and your members.

Thank you for your continued support.

Sincerely,

Joseph P. Herbst
Chief Executive Officer

Visit Members United’s [Financial Transparency Center](#) for more information