



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

May 15, 2009

Dear Member:

I am writing to inform you of two items: Members United's participation in the revised Temporary Corporate Credit Union Share Guarantee Program and the revised March 31, 2009, loss at U.S. Central (USC).

Modified Share Guarantee Program

As you know, the NCUA announced a modification and extension to the NCUSIF guarantee of uninsured shares at corporate credit unions on April 21, 2009. The modified program accommodates a two-year rolling expiration date as well as the option for additional extensions quarterly. We are announcing today that the Members United Board has voted to participate in the new program. This action is subject to the NCUA Executive Director's approval. The list of participating corporates will be published on NCUA's website (www.ncua.gov) by June 1, 2009, and we will post an announcement to the Financial Transparency Center on our website (www.membersunited.org/financialcenter.html) as soon as our participation is confirmed.

So what does this mean for your credit union? You and your board will have complete assurance that your members' funds are safely invested with Members United. Once our participation is confirmed by NCUA, excess shares in qualifying share accounts will be fully guaranteed by the full faith and credit of the U.S. government through September 30, 2011. Any qualifying term certificate opened under the new guarantee program with a maturity of two years or less will also be fully guaranteed. Term certificates issued under the original guarantee program will remain covered under that guarantee until the guarantee expires or the maturity of the certificate, whichever comes first. For more information, visit our Financial Transparency Center to obtain a copy of NCUA's Fact Sheet on the modified share guarantee program.

Revised U.S. Central Loss

In my letter to you dated May 4, 2009 we reported that USC planned to exhaust 100% of retained earnings and 100% of paid in capital (PIC, versions I and II), and to deplete 63% of membership capital shares (MCS) as of March 31, 2009. USC management has now announced that their losses are approximately \$500 million less than what they communicated at the end of April. This means that they will be replenishing our MCS account by \$81 million, which would ultimately equate to 23% depletion instead of 63% we originally communicated to you. Allocating those lower losses against our members' capital accounts would result in a depletion of 10% of MCS, down from the 27% estimate communicated last week.

Please note that there is still the possibility that we may need to impair all of our USC MCS based on the final review of this transaction by our independent auditors. Should our auditors decide that impairment of our capital at USC be a higher level than the 23% depletion, the range for our members charge could be as high as 42% of their MCS at Members United. In all cases, 100% of member PIC is still exhausted.

As you can sense by the amount of late-breaking news and changes required in information provided, these are unprecedented times requiring all of us in the credit union system to stand ready to adjust to new information. We will provide you with additional information as it becomes available. Thank you for your continued support of Members United.

Sincerely,

Joseph P. Herbst
Chief Executive Officer