



## Portfolio Update and Financial Reports

### Including an Update on Progress against the Expense Reduction Plan and Details Regarding Senior Management Travel

As of 04/30/10 (unaudited)

The credit and liquidity crisis that began in July 2007 continues to strain global financial markets. Members United is committed to providing our member-owners information about these market events and the quality of our assets. We strive to provide objective and transparent financial information.

#### Economic Overview (as of May 10, 2010)

European sovereign debt concerns boiled over last week as the International Monetary Fund ("IMF") and European Union ("EU") led Greek bailout plan led to rioting in the streets of Greece. The riots were sparked by ever tightening austerity measures as a condition of receiving the bailout funds. Fears of contagion to other fiscally weak European countries (Portugal, Ireland, Italy, and Spain) spread. The US stock market declined by over 6% last week. Recently, the stock market took its biggest intra-day loss, with the Dow down by more than 1000 points and the S&P 500 down by over 8% on the day, before recovering much of the drop before the close. Although some of the losses on that volatile day appear to be illusory, due to possible computer errors (a matter that is still being investigated by the SEC and the stock exchanges), the panic reached levels not seen since the Lehman default in 2008.

The EU met over the weekend in an effort to calm sovereign debt concerns that could easily have threatened the fragile growth of the world economy. On Sunday, they announced a massive €750 billion bailout plan. The funds would be made available (although parliamentary votes are still necessary) to rescue euro-zone economies that got into financial trouble. In addition, the Fed announced a reinstatement of its currency swap program to help alleviate the pressure on Libor rates. Libor had spike up recently as non-US institutions have had difficulty raising dollar denominated funds. The stock market reacted very favorably to the much larger than expected bailout plan. The S&P 500 finished Monday up over 4% and Libor rates declined (albeit slightly).

We believe that these measures went a long way to contain the risk of contagion. The concerns with Greece were spilling over to the other highly levered EU countries and raising their cost of funds substantially. The sheer size of the plan and the commitment of the EU should help alleviate near-term funding concerns. The size of the bailout plan is equivalent to 70% of the outstanding debt of Portugal, Ireland, Greece, and Spain combined. It also is large enough that the above listed countries would not have to tap the public debt market for the next two years. What the plan doesn't do is fix the fiscal situation in these countries. Tough measures will have to be taken to reduce deficits. This will likely mean slower growth in the near-term as taxes rise and/or government spending declines. This should have a negative impact on US growth as the euro area represents about 15% of US exports.

It may seem surprising that problems in a country as small as Greece can threaten US growth rates. After all, Greece represents less than 1% of world GDP and only purchases .1% of US exports. In addition, US financial institutions hold very little Greek debt. The impact to the US comes from the following sources:

1. Euro declining against the US dollar – Greek concerns have caused the Euro to depreciate which makes US exports more expensive in euro terms.
2. Destruction of Wealth – contagion concerns caused a substantial fall in US equity prices. When consumers are less wealthy, they spend less (although the correlation is not perfect).
3. Pressure to tighten fiscal policy in the US – Reduced government spending at a time when the economy is still fragile can threaten future growth.

The European news dominated the headlines and masked the improving economic data in the US. Among other positive data, the latest payroll figures were much better than expected. The headline payroll number exceeded estimates by a substantial margin and more importantly, *private* payroll growth was much larger than expected. This was somewhat offset by the increase in the unemployment rate as the improving job market brought many discouraged workers back into the labor force. This has been our main reason why we don't believe that a V-shaped recovery is likely. The large pool of discouraged workers will keep the unemployment rate elevated, wage growth muted, and consumer spending restrained.

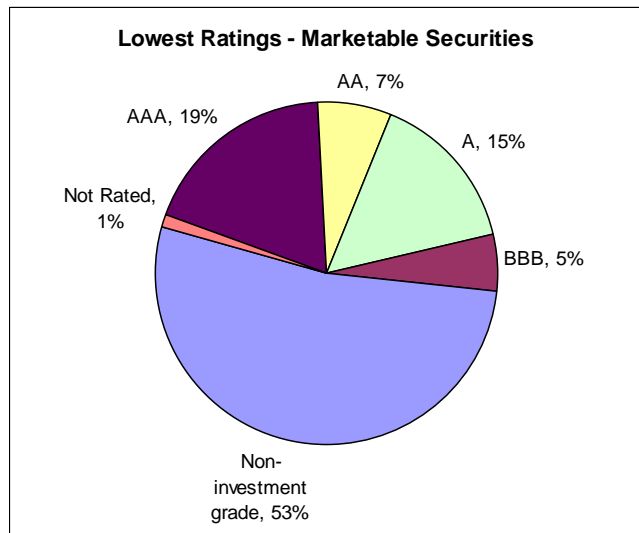
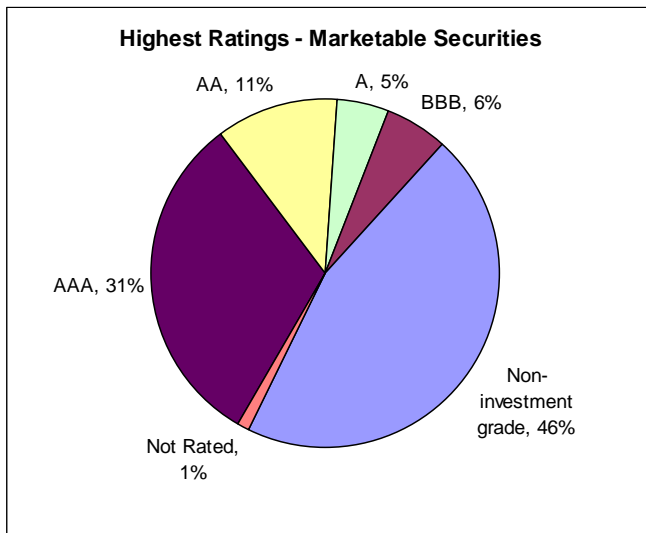
**Members United Outlook**

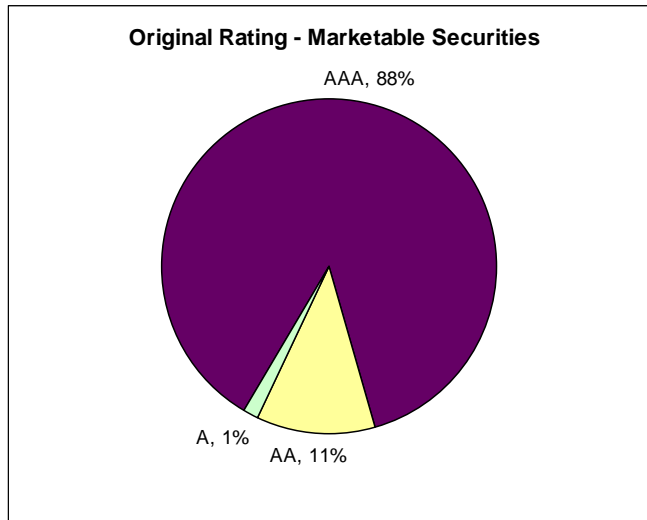
Interest rates declined since last month as the European concerns created a flight to quality into US Treasuries. Medium to long-term rates shifted down about 25 basis points. On the flip side, Libor rates increased due to funding concerns at European banks. 1 month and 3 month Libor increased by approximately 10 basis points. The futures market is now pricing in the first rate hike in October/November and cumulative rate hikes of 20 basis points for 2010. We continue our stance that the Fed stays on hold for 2010. The recent sovereign debt concerns highlight how fragile the economic recovery still is. In addition, heightened fiscal concerns means that it is extremely unlikely that fiscal stimulus will be utilized if the US economy were to weaken.

**Portfolio Overview**

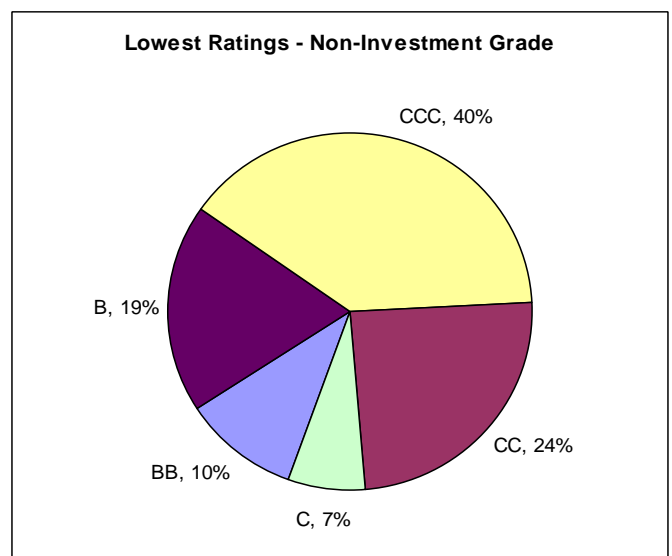
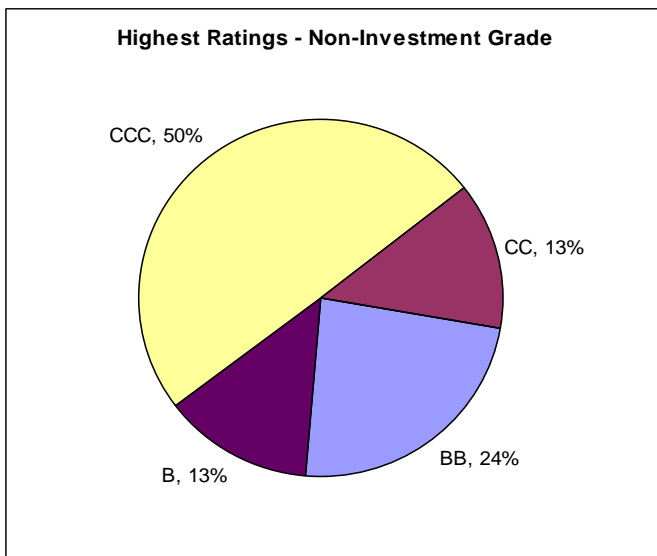
Credit risk is the risk that the par value of an investment will not be returned (fractionally or as a whole). Members United manages credit risk through continual monitoring and rigorous modeling of its investment securities. Members United has the regulatory authority to hold investment securities with a rating of BBB or higher. If an investment held by the corporate falls below BBB, an investment action plan must be prepared and filed with the NCUA, demonstrating the anticipated performance of the security and any potential loss exposure to future cash flows (periodic interest and principal payments). The ability to continue to hold investments below BBB are subject to the approval of the NCUA.

Members United presents three charts below. The first chart provides a ratings breakdown of Members United's current marketable securities holdings using the highest current rating available. The second chart provides the same breakdown using the lowest current rating available. The third chart shows a breakdown using the original rating assigned to the security. These charts summarize the portfolio ratings as of April 30, 2010 (total par value of approximately \$4.9 billion):



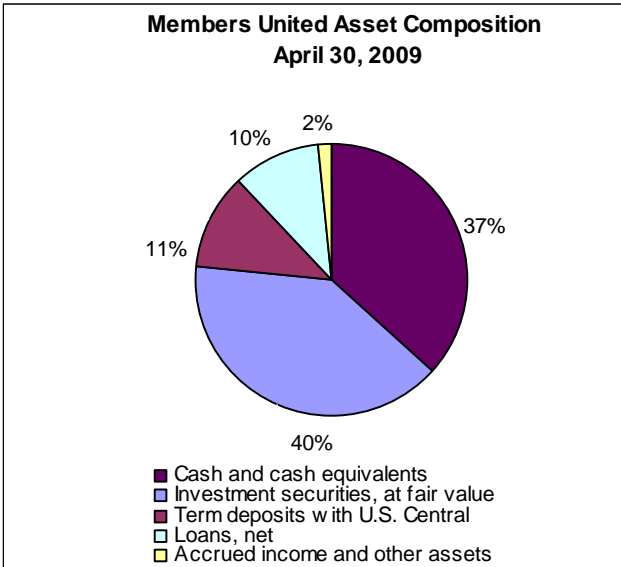
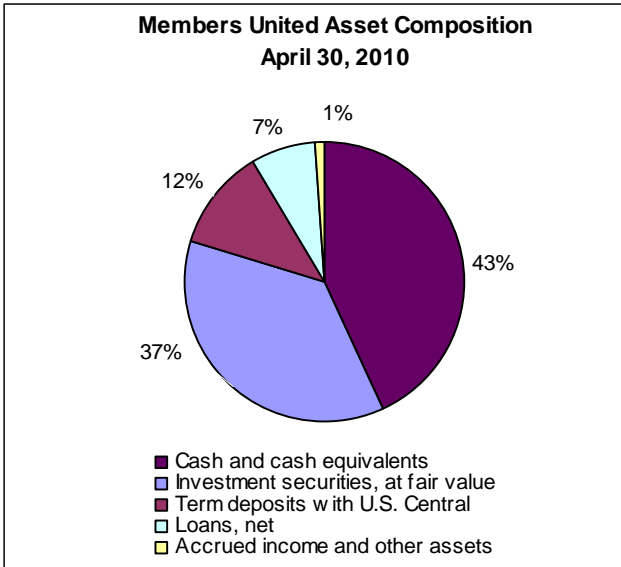


The following charts provide additional ratings information for the non-investment grade portion of the portfolio as of April 30, 2010 (total par value of approximately \$2.2 billion for the highest-rating scenario and \$2.5 billion for the lowest-rating scenario):



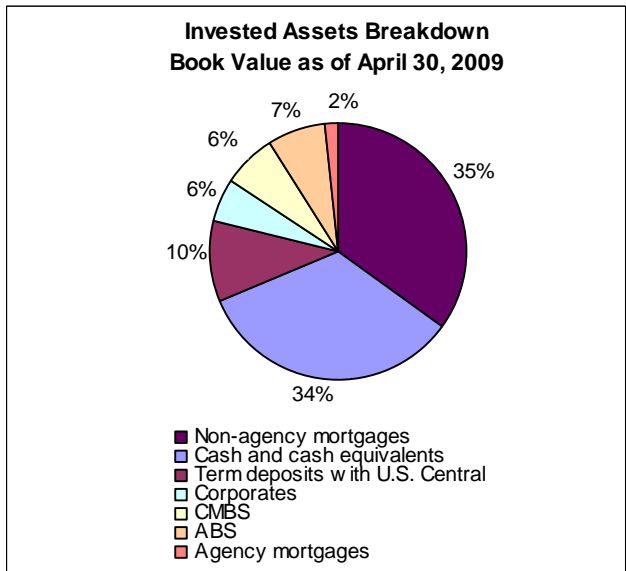
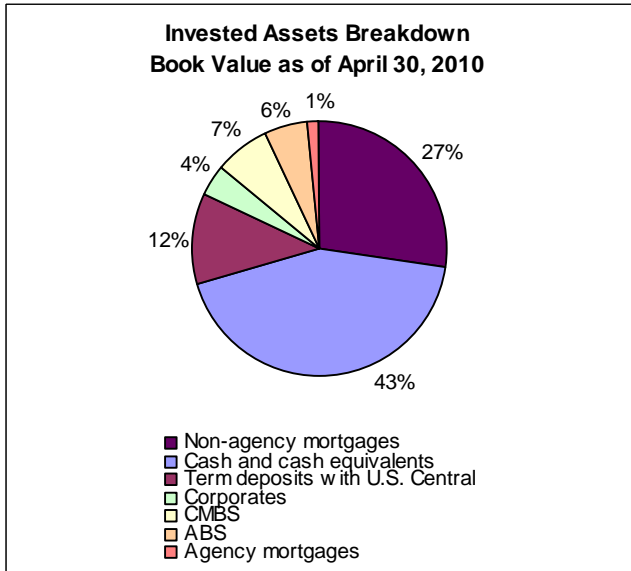
Asset Composition

As of April 30, 2010, the total fair value of assets was \$9.5 billion. Cash and cash equivalents and overnight deposits at U.S. Central totaled \$4.1 billion, fair value of marketable securities represented \$3.5 billion, loans to members totaled \$0.7 billion, term deposits at U.S. Central totaled approximately \$1.1 billion and accrued income and other assets totaled \$0.1 billion.



Invested Assets

Asset allocations based on book value within Members United's invested asset portfolio are shown below. Cash and cash equivalents have increased over the prior year to 43% of total investments



## Total Investment Portfolio

The table below summarizes Members United's total available-for-sale (AFS) securities by category, as of April 30, 2010:

(All dollar amounts are reflected in thousands)

	Par Value	Book Value	Unrealized Loss*	Fair Value
Non-agency mortgages				
Prime	\$ 804,169	\$ 704,470	\$ (182,751)	\$ 521,719
Sub-prime	839,856	751,618	(198,068)	553,550
Alt-A	1,478,450	1,170,815	(360,332)	810,483
Asset-backed securities (secured by non-mortgage assets)	546,358	546,586	(35,302)	511,284
Commercial mortgage-backed securities	635,550	644,602	(103,895)	540,707
Corporates	455,493	412,357	6,363	418,720
Agencies (mortgage and SBA pass-throughs)	122,577	122,580	(379)	122,201
Mutual fund and other	38,843	31,802	-	31,802
Total investment securities	\$ 4,921,296	\$ 4,384,830	\$ (874,364)	\$ 3,510,466
*Excludes net unrealized loss on derivative instruments of \$29,920.				

## Mortgage-Related Securities

While the pace of decline in home values appears to have declined, a record number of homes remain in some stage of foreclosure and have yet to be sold or liquidated. As a result, home values are at risk of seeing further declines, and residential mortgage-related investments could experience further deterioration in performance. The following table provides more information on Members United's non-agency mortgage-related holdings as of April 30, 2010:

(All dollar amounts are reflected in thousands.)

Mortgage Portfolio Category	Par Value	Book Value	Percent of Non-Agency, Mortgage-Related Securities (Par Value)	Percent of Total Invested Assets*
Total non-agency mortgage exposure	\$ 3,122,475	\$ 2,626,903	100%	27%
Prime	804,169	704,470	26%	7%
Sub-prime (FICOs < 680)	839,856	751,618	27%	8%
Alt-A	1,478,450	1,170,815	47%	12%

\*Invested Assets = Book value of AFS securities + deposits at U.S. Central + cash and cash equivalents

## Monoline Insurance Companies

One common method of providing credit enhancement for structured finance investments is the use of an insurance "wrap" from a monoline insurer, which guarantees the timely payment of interest and principal. Most monoline insurers continue to experience significant losses from guarantees they made on credit default swaps (CDS) and collateralized debt obligations (CDO) backed by residential mortgage securities. (Members United does not own any CDOs or hold any CDS contracts.) These losses continue to negatively affect monoline insurer capital ratios, leading to downgrades of their insurance financial strength ratings.

Residential mortgage-backed securities wrapped by Ambac, FGIC, Syncora Guarantee (SGI) and CIFG have been subjected to other-than-temporary impairment (OTTI). With the exception of CIFG, each of these monoline insurers has temporarily ceased paying claims on their insured obligations per regulatory order. MBIA

and FSA (now Assured Guaranty Municipal or AGM) remain unimpaired at this time and continue to pay all claims in full as they become due per current contractual terms. See pages 8 and 10 for additional information concerning Members United's exposure to monoline insurers.

### Interest Rate Risk

Members United is exposed to some amount of interest rate risk, as changes in interest rates can affect net interest income and the value of our balance sheet. One common measure used to capture interest rate risk is net economic value (NEV), which measures the net change in the value of our assets, liabilities and off-balance sheet items, given a change in interest rates. Members United adheres to NCUA's Rules and Regulations Part 704 and analyzes NEV monthly using instantaneous and parallel interest rate shocks of up to 300 basis points – a very aggressive assumption designed to produce a "stress test" of the balance sheet. In addition, Members United also periodically evaluates the impact to NEV through changes to yield curve point values, prepayment rates, volatility, credit spreads and basis risk. The resulting market value data information and deviation to "base case" results is reviewed with Management and ALCO.

The chart below demonstrates NEV test results for April 2010. Base-case NEV figures reflect the impact of unrealized losses, which we continue to believe are largely temporary. The most severe scenario of a 300 basis point, instantaneous rise in interest rates reflects a decline in NEV of approximately \$124.5 million – or 13.89%.

(All dollar amounts are reflected in thousands.)

<b>Net Economic Value April 30, 2010</b>			
	<b>Net Economic Value</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Base case net economic value	(896,734)	-	-
300 basis point rise in rates	(1,021,252)	(124,518)	(13.89%)

Valuations reflected in the base NEV calculation continue to be constrained due to market illiquidity and the failure of current market prices to capture true economic value, if the securities are held to maturity. Members United continues to monitor this dislocation in valuations through regular comparisons of internal option adjusted (OAS) spread-derived prices with prices received from third-party pricing services. Differentials between these two pricing approaches remain quite wide, as most asset-backed security (ABS) sectors remain thinly traded and quotes from market makers and third-party pricing sources continue to reflect deep discounts and a sizeable liquidity premium. We note that as market liquidity improves, this dislocation in market pricing gradually corrects itself. This has led to a reduction in unrealized losses reported in base NEV measures, but there certainly remains opportunity for further improvement.

In addition to NEV computations, Members United executes monthly net interest income (NII) forecasts under instantaneously shocked and ramped-rate scenarios. These are typically 12-month, forward-looking forecasts that are calibrated to the same sector volumes utilized in NEV modeling. Repricing characteristics are reviewed monthly and are adapted to current market conditions, as applicable, to ensure that the most robust assumptions are applied in the forecast simulations. The following table illustrates Members United's projected NII over the next 12 months. As is appropriate with NEV modeling, Members United captures the embedded options (prepayment speeds, "call" provisions, etc.) associated with all on- and off-balance sheet instruments.

(All dollar amounts are reflected in thousands.)

<b>Net Interest Income Projection April 30, 2010 (12-month projection)</b>			
	<b>Net Interest Income</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Base case net interest income	34,293	-	-
300 basis point rise in rates	53,816	19,523	56.93%

## Liquidity Risk

Liquidity risk addresses the ability to create liquidity to fund cash flow requirements, both expected and unexpected, which usually result from share withdrawals and member loan requests. Liquidity risk is mitigated by the amount of currently available liquidity. This can be in the form of cash that can be immediately utilized or in readily available sources of liquidity such as borrowings. The following table outlines our sources of liquidity as of April 30, 2010:

(All dollars are reflected in thousands)

<b>Current Liquidity</b>			
Cash and short term deposits	\$ 823,313		
Source of Liquidity	Gross	Used	Net
FHLB Chicago line of credit	\$ 130,000	\$ 100,000	\$ 30,000
US Central - advised line	1,107,683	60,908	1,046,775
Available-for-sale securities - sales	1,438,964	-	1,438,964
Available-for-sale securities - borrowings	582,772	-	582,772
Fed funds	883,000	-	883,000
<b>Subtotal</b>	<b>4,142,419</b>	<b>160,908</b>	<b>3,981,511</b>
<b>Total</b>	<b>\$ 4,965,732</b>	<b>\$ 160,908</b>	<b>\$ 4,804,824</b>
<b>Total member loans</b>		<b>\$ 713,059</b>	
<b>Balances at the FRB</b>		<b>\$ 3,265,751</b>	

Slack loan demand and reasonable share growth continue to keep natural person credit union liquidity strong. Members United's liquidity position also remains good with over \$4 billion in cash on hand at month end April. We did see expected seasonal liquidity draws begin around April 15 in line with individual income tax payment deadlines. Traditionally early April represents peak CU and Members United liquidity and has proven true through April again this year. We continue to expect to maintain a strong liquidity positions as we move through the remainder of the year.

## Derivative Positions

Members United uses interest rate swaps to manage interest rate risk and has never used derivatives to hedge credit risk associated with a specific investment. For example, if Members United made a five-year, fixed-rate loan to a credit union, Members United would enter into an interest rate swap to convert the fixed rate to a variable rate. There can be a nominal amount of credit risk if the counterparty should fail to perform under the terms of the contract. Members United manages credit risk by using comprehensive credit-approval processes, selecting only creditworthy counterparties and using effective collateral administration. In addition, Members United requires legally enforceable netting arrangements, which permit netting of transactions with the same counterparty.

The amount of credit exposure is limited to the interest receivable and the fair market value of the derivative contracts in gain positions, reduced by the value of any collateral pledged by the counterparty. As of April 30, 2010, there was no credit exposure with our derivative counterparties.

## Financial Plan Update

Members United continues to follow a financial plan that is designed with one goal in mind – to minimize the ultimate losses to our member credit unions by holding securities until they mature. While principal losses are expected, the losses would be greater if the securities were sold in the current market. In summary, Members United continues to:

- Participate in the Temporary Corporate Credit Union Share Guarantee Program (TCCUSGP)
- Continue suspension of mortgage investment purchases
- Hold securities until they recover in value
- Use cash inflows to pay down debt and store cash
- Reduce operating expenses to preserve capital

Members United remains focused on following this plan and is achieving the desired results. Cash balances totaled \$4.1 billion, external borrowings have been reduced and significant operating expense savings continue to be realized.

### Financial Results through April 30, 2010

Members United has issued its audited financial statements for the year ended December 31, 2009. These financial statements are incorporated herein by reference. This Portfolio Update supplements the annual report and provides more current financial information and the resulting capital impact through April 30, 2010.

Most significantly, Members United has completed investment reviews for the fourth quarter of 2009 and for the first quarter of 2010. As a result of this work, Members United recorded \$116.9 million of OTTI for the month of December 2009 and another \$21.1 million during the month of April 2010. The December 2009 OTTI of \$116.9 million included a charge of \$87.1 million for Ambac (see page 10 for more information regarding Members United monoline insurance exposure). The OTTI was partially offset by core earnings. The table below rolls forward retained earnings since the date of the last depletion on November 30, 2009:

<b>Retained Earnings Rollforward Since Last Depletion on November 30, 2009</b>	
(\$'s in thousands)	
Retained earnings as of November 30, 2009	\$ 1,606
December 2009 OTTI (includes \$87.1 million related to Ambac)	(116,896)
April 2010 OTTI	(21,058)
Core earnings December 2009 through April 2010	6,420
Retained deficit as of April 30, 2010	<u>\$ (129,928)</u>

### Capital Depletion of 89.7% on May 28, 2010

The OTTI losses recorded in December 2009 and April 2010 resulted in a retained deficit of \$129.9 million. Members United is required to deplete membership capital shares in accordance with NCUA Rules and Regulations Part 704.2 and as further clarified in the NCUA letter to credit unions No. 09-CU-10 "Matters Related to 'Paid-in Capital' and 'Membership Capital' of Corporate Credit Unions". A depletion charge of 89.7% of the remaining Membership Capital Shares (MCS) will be required to eliminate the retained deficit. The table below provides the key figures used in the calculation. Note, the depletion percentage was rounded up to the nearest 0.1% to ensure the full retained deficit was eliminated.

<b>Membership Capital Depletion</b>	
(\$'s in thousands)	
Retained deficit as of 4/30/10	\$ (129,928)
Membership capital share balance	145,010
Capital remaining after depletion	<u>\$ 15,082</u>
Estimated depletion percentage	89.7%

The MCS balance of \$145.0 million includes \$11.1 million of amortized shares which represents capital that was placed on notice but has not met the 3-year notice period for withdrawal. These shares are available to cover losses and replenish retained earnings and will be subject to the depletion action on May 28, 2010.

Depletion Actions Recorded since August 31, 2009

Members United will process the 89.7% depletion entry on May 28, 2010 which represents the third action. The other two depletion actions were recorded on September 16, 2009 and November 30, 2009. The following table is presented to simply illustrate how the three depletion actions have impacted an example credit union's MCS account assuming that such credit union held \$100,000 of MCS on August 31, 2009:

<b>Depletion Example</b>	
Assume a credit union held \$100,000 of MCS on August 31, 2009	
Beginning MCS balance on August 31, 2009	\$ 100,000.00
Depletion action on September 16, 2009 (40.2%)	(40,200.00)
Remaining balance on September 30, 2009	59,800.00
Depletion action on November 30, 2009 (50.2%)	(30,019.60)
Ending MCS balance on November 30, 2009	\$ 29,780.40
Depletion action on May 28, 2010 (89.7%)	(26,713.02)
Ending MSC balance on May 28, 2010	<u>\$ 3,067.38</u>
Total depletion as a percentage of the beginning MCS	96.9%

In total, MCS has been reduced by 96.9% as a credit union that held \$100,000 of MCS on August 31, 2009, would now hold \$3,067. The depletion action processed on May 28, 2010 will be reflected in the month-end member statement for the month of May 2010.

Retained Earnings Roll-Forward since November 30, 2008

The NCUA issued an order on April 21, 2009, that provides a waiver for determining regulatory compliance with several capital based requirements and allowed corporates to reference their capital position as of November 30, 2008. The following table summarizes the more significant capital impacts since November 30, 2008.

<b>Retained earnings roll forward - UNAUDITED</b>	
(\$'s in thousands)	
Retained earnings as of November 30, 2008	\$ 300,396
100% impairment of U.S. Central capital accounts	(308,219)
Cumulative OTTI recorded (present value of projected credit losses)	(562,261)
Depletion of member MCS and PIC (Sept. 2009 and Nov. 2009)	424,217
Net income and other items	15,939
Retained deficit as of April 30, 2010 (to be eliminated on May 28, 2010)	<u>\$ (129,928)</u>

In summary, since November 30, 2008, losses of \$308.2 million were realized due to the impairment of U.S. Central capital accounts and additional losses of \$562.3 million were recorded due to OTTI charges associated with investments in marketable securities. These losses completely eliminated the beginning retained earnings balance and have required the full exhaustion of PIC and the depletion of substantially all MCS.

## OTTI History

Members United reviews its investment portfolio on a periodic basis and the following table is presented to summarize when the OTTI charges were recorded.

<b>Schedule of OTTI Charges</b>	
(\$'s in thousands)	
December 2008	\$ 265,332
June 2009	81,860
October 2009	77,115
December 2009 (including \$87.1 million related to Ambac)	116,896
April 2010	21,058
Total OTTI recorded since November 30, 2008	\$ 562,261

The next investment review is scheduled to be completed as of June 30, 2010 and the results will be available in July. If results from the investment review require Members United to record additional OTTI, the accounting entries would be recorded in August after conclusion of the review cycle.

## Monoline Insurers

This section provides additional information regarding Members United's exposure to monoline insurance providers. A portion of Members United's residential mortgage-related securities have insurance coverage to support the investment if underlying loan collateral performance deteriorates. The insurance is designed to provide principal and interest payments if the cash flows are not provided by the loan collateral itself. The coverage is provided by monoline insurance companies and is designed to further improve the credit quality of the specific investment owned by Members United.

The following table details the exposure to each monoline insurer at April 30, 2010. The net present value of the credit loss component of the OTTI calculation represents the difference between the "par" and the "amortized cost".

(All dollar amounts are reflected in thousands)

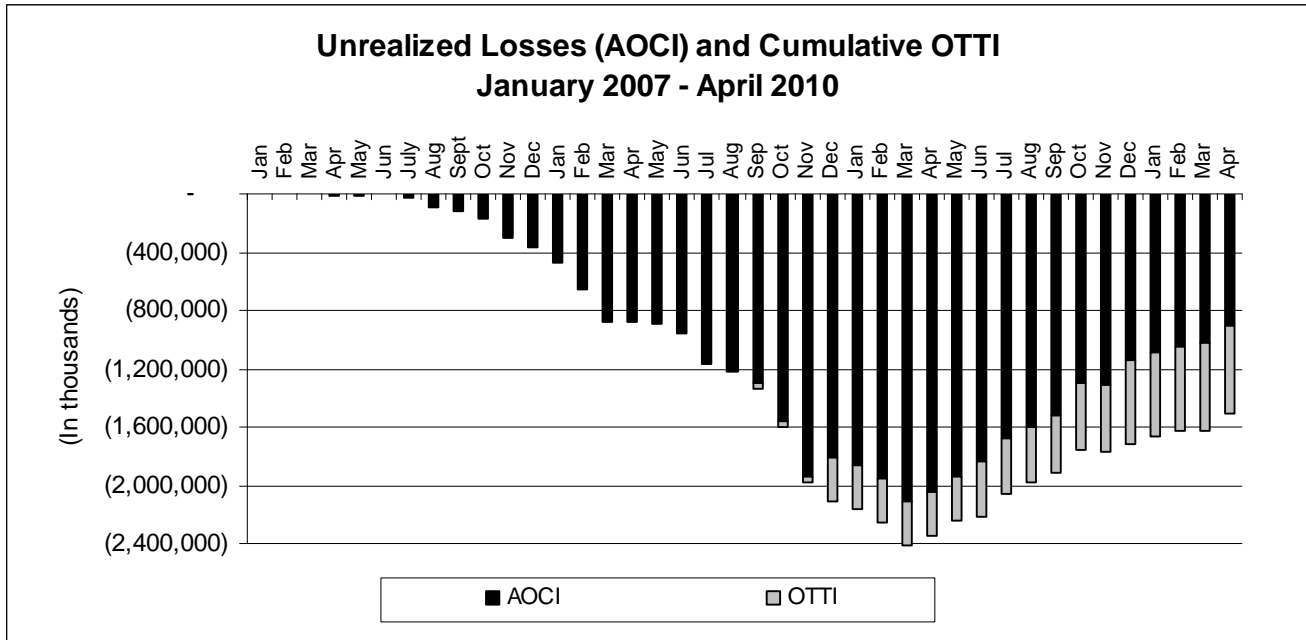
<b>Monoline Insurer</b>	<b>Par</b>	<b>Amortized Cost</b>	<b>OTTI</b>	<b># of Securities</b>	<b># of OTTI Securities</b>
Ambac	\$ 291,393	\$ 213,825	\$ 77,568	28	21
MBIA	313,277	313,277	-	16	-
FGIC	138,977	93,662	45,315	18	13
AGM	69,469	69,469	-	6	-
SGI	24,665	13,777	10,888	5	5
CIFG	8,275	3,821	4,454	1	1
Total	\$ 846,056	\$ 707,831	\$ 138,225	74	40

For purposes of estimating OTTI, Members United placed no reliance on the insurance provided by SGI, FGIC or CIFG as of December 31, 2009. Members United has placed partial reliance on the insurance provided by Ambac for purposes of estimating OTTI. Specifically, partial reliance in the amount of 25 percent has been placed on the insurance provided by Ambac for purposes of estimating OTTI. Under a worst case scenario, which is currently not deemed likely, OTTI would increase by approximately \$24.1 million if Ambac is not able to fund any claims in the future.

Members United continues to place full reliance on AGM and MBIA as of April 30, 2010 and has not recorded any OTTI for investments that are insured by these two companies. AGM continues to be rated AAA and MBIA is rated BB+ by Standard & Poor's. Both insurers are paying claims, as necessary, on a timely basis and management believes they will continue to pay claims in the future.

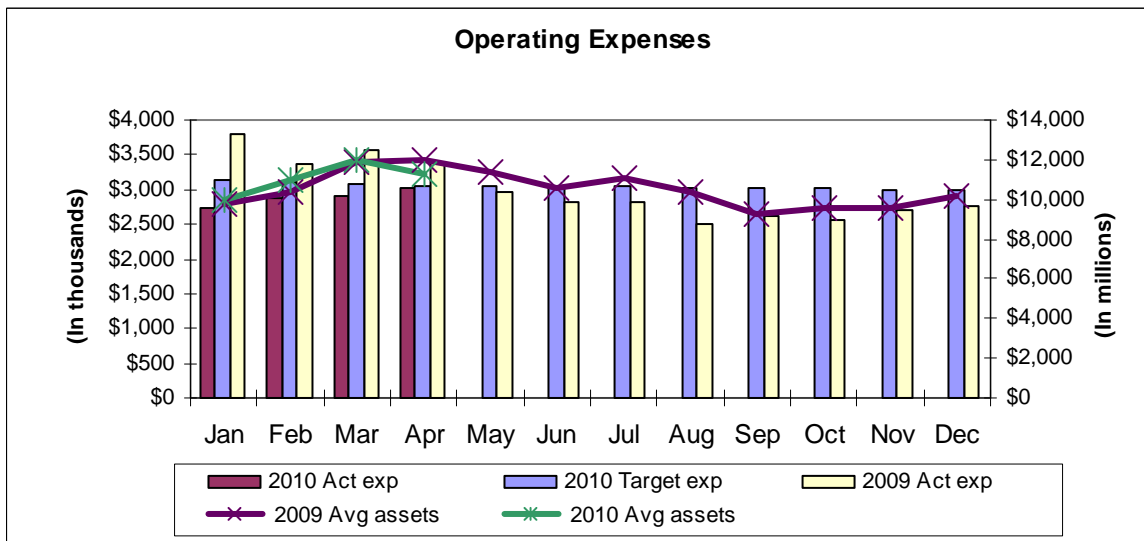
Valuation Trends

Please note that the following chart aggregates the current unrealized loss (AOCI) and all OTTI that has been recorded since September 2008. Aggregating this data improves comparability of this trend since OTTI essentially represents a reclass from the balance sheet (AOCI) to the income statement (OTTI), when losses are deemed other-than-temporary. In summary, these aggregated balances represented a loss of \$1.5 billion as of April 30, 2010 compared to \$2.4 billion as of March 31, 2009.



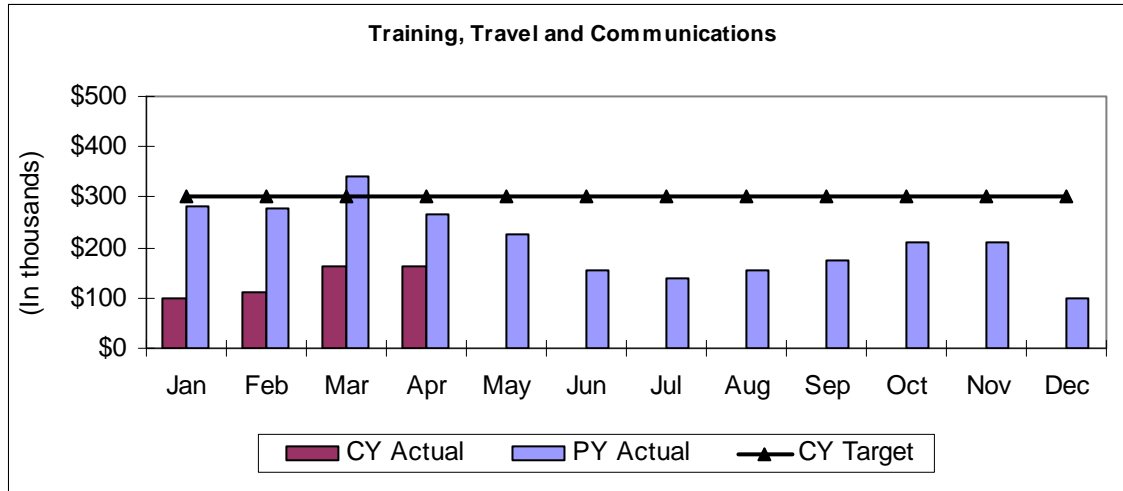
Total Operating Expenses - Plan Update

Members United continues to realize significant cost savings relative to prior years. On a year-to-date basis, expenses are \$2.6 million less than the same period in 2009 and actuals are favorable compared to the budgeted levels.



## Travel, Training and Communication Expense – Update

Travel, training and communications expense is approximately 10% of the total annual operating expense budget and represents a primary focus of the cost savings initiatives in 2010. These expenses totaled \$161,000 for the month of April 2010. The following table presents results against plan.



From 3/16/10 through 4/15/10 (the applicable expense reporting period), the executive leadership team expense reports totaled \$2,671 for travel-related expenses. This included costs associated with nine trips. Five of these trips occurred during the applicable expense reporting period and four are for future travel. At April 30, 2010, the executive leadership team includes Joe Herbst, Todd Adams, Kevin Brauer, John Collins and Ron Koza. The following table provides more detailed information regarding leadership team travel:

<b>Leadership Team Travel and Expenses</b>					
<b>April 30, 2010</b>					
<b>Date</b>	<b>Name</b>	<b>Costs</b>	<b>From/To</b>	<b>Purpose</b>	
3/22-3/24	Brauer	\$ 594	Albany/Chicago	Leadership team meetings in the Warrenville office	
3/29-3/30	Brauer	337	Albany/New Jersey	Meeting with New Jersey Credit Union League	
4/6-4/7	Brauer	358	Albany/Chicago	Board meetings in the Warrenville office	
5/6-5/7	Brauer	164	Albany/West Point, NY	Large credit union CFO roundtable in New York	
5/11-5/13	Brauer	213	Albany/Buffalo, NY/Providence, RI	Credit union meetings in Buffalo and Providence	
4/12-4/13	Collins	313	Warrenville/Indianapolis	Share system meeting in Indianapolis	
4/20-4/23	Herbst	261	Chicago/Minneapolis	Minnesota CU Network annual meeting	
4/12-4/13	Herbst	250	Warrenville/Indianapolis	Share system meeting in Indianapolis	
4/22-4/23	Koza	181	Chicago/Minneapolis	Minnesota CU Network annual meeting	
<b>Total travel related expenses</b>		<b>\$ 2,671</b>			

## Unaudited Financial Information as of April 30, 2010

A summarized balance sheet, income statement and capital ratios are provided below:

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED BALANCE SHEETS**  
**APRIL 30, 2010**  
**UNAUDITED**  
*(in thousands)*

	<u>April 30,</u>	
	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,276,371	\$ 1,813,996
Overnight deposits at U.S. Central	812,693	1,441,215
Investment securities, at fair value	3,510,466	3,561,897
Interest earning deposits at U.S. Central	1,107,683	991,408
Loans, net	713,059	924,748
Fixed assets, net	8,719	9,855
Accrued income and other assets	89,203	135,833
<b>Total assets</b>	<u>\$ 9,518,194</u>	<u>\$ 8,878,952</u>
<b>Liabilities and Members' Deficit</b>		
Borrowings and other liabilities		
U.S. Central borrowings	\$ 60,908	\$ 476,722
Securities sold under agreements to repurchase	-	127,416
Federal Home Loan Bank	103,226	233,950
Other borrowings	424	75,605
Accrued expenses and other liabilities	86,638	115,280
Total borrowings and other liabilities	251,196	1,028,973
Shares and certificates	10,167,347	9,613,656
<b>Total liabilities</b>	<u>10,418,543</u>	<u>10,642,629</u>
Members' capital (deficit)		
Membership capital shares	133,863	481,730
Paid-in capital shares	-	79,440
Accumulated deficit	(129,928)	(279,750)
Total capital	3,935	281,420
Accumulated other comprehensive loss	(904,284)	(2,045,097)
Total members' capital (deficit)	(900,349)	(1,763,677)
<b>Total liabilities and members' capital (deficit)</b>	<u>\$ 9,518,194</u>	<u>\$ 8,878,952</u>

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**AS OF April 30, 2010**  
**UNAUDITED**  
*(in thousands)*

	Month Ended		Year-to-Date	
	April 30,		April 30,	
	2010	2009	2010	2009
<b>Interest income</b>				
Investments	\$ 4,339	\$ 10,563	\$ 17,884	\$ 45,935
Loans	2,363	3,672	9,860	15,379
Total interest income	<u>6,702</u>	<u>14,235</u>	<u>27,744</u>	<u>61,314</u>
<b>Interest expense</b>				
Members' accounts	4,643	8,809	19,319	39,186
Borrowings	393	1,930	1,503	9,164
Total interest expense	<u>5,036</u>	<u>10,739</u>	<u>20,822</u>	<u>48,350</u>
Net interest income	1,666	3,496	6,922	12,964
Provision for loan losses	43	-	50	(37)
Net interest income after provision for loan losses	<u>1,709</u>	<u>3,496</u>	<u>6,972</u>	<u>12,927</u>
<b>Noninterest income</b>				
Service fee income, net	2,280	1,975	7,693	7,288
Other income	67	60	262	51
Total noninterest income	<u>2,347</u>	<u>2,035</u>	<u>7,955</u>	<u>7,339</u>
<b>Noninterest expense</b>				
Salaries and employee benefits	1,901	2,075	7,041	8,271
Training, travel and communications	161	264	533	1,166
Office operations	265	316	1,075	1,339
Professional and outside services	271	483	1,015	2,064
Office occupancy	176	203	828	971
Other	111	62	508	339
NCUSIF stabilization expense	136	-	544	-
Total noninterest expense	<u>3,021</u>	<u>3,403</u>	<u>11,544</u>	<u>14,150</u>
<b>Net income before net loss on financial instruments</b>	1,035	2,128	3,383	6,116
<b>Net loss on financial instruments</b>	<u>(20,161)</u>	<u>(173)</u>	<u>(19,488)</u>	<u>(1,283)</u>
<b>Net (loss) income</b>	<u>\$ (19,126)</u>	<u>\$ 1,955</u>	<u>\$ (16,105)</u>	<u>\$ 4,833</u>

**MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION**  
**KEY FINANCIAL INFORMATION**  
**APRIL 30, 2010**  
**UNAUDITED**  
*(in thousands)*

**Capital Ratios**

	<b>April 30,</b>		<b>November 30,</b>	<b>Regulatory Limits or Thresholds</b>
	<b>2010</b>	<b>2009</b>	<b>2008</b>	
Qualifying membership capital shares	\$ 133,863	\$ 481,730	\$ 486,066	
Paid-in capital shares	-	79,440	79,440	
Retained earnings (accumulated deficit)	(129,928)	(279,750)	300,396	
Total capital	<u>\$ 3,935</u>	<u>\$ 281,420</u>	<u>\$ 865,902</u>	
12-month daily average net assets	\$ 8,395,645	\$ 9,624,434	\$ 11,950,268	
Capital ratio	0.05%	2.92%	7.25%	5.00%
Core capital ratio	-1.55%	-2.08%	3.18%	3.00%
Retained earnings ratio	-1.55%	-2.91%	2.51%	2.00%

## Summary

Members United appreciates your continued support and patience as we navigate through these turbulent financial markets. We remain committed to contributing to the long-term financial success of our members and will continue to work towards minimizing any losses incurred.

## Contact Information

For questions related to any information contained in this update, please contact any of the following individuals:

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