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June 5, 2009

Dear Member:

In May we provided management's estimates of our financials (see the Financial Transparency Center on our website for details). Since then, we have received several questions concerning member capital at Members United. While we cannot yet say exactly how each credit union will be affected by the losses we must ultimately record, our Board has met and taken the following actions:

- If your credit union was a "full member in good standing" (fully capitalized, shares not on notice) prior to any depletion of your Membership Capital Shares (MCS), you will remain so for the annual adjustment period (October 2009–September 2010), as long as you do not place your shares on notice. You will continue to realize beneficial service pricing and the other advantages that would normally accrue to full members for the coming year. This will also apply to Paid-in-Capital (PIC) holders whose capital has been exhausted, but would otherwise qualify as full members.
- Members whose assets increased on December 31, 2008, would normally be required to place more capital in their MCS account at the annual adjustment period in October. This requirement has been suspended for the current annual adjustment period. MCS replenishment decisions concerning future adjustment periods will be decided in the future.
- Members whose assets decreased at December 31, 2008 – and who would normally be eligible to reduce their capital balance at the October 2009 reset – will receive that reduction after accounting for any depletion of their capital. For example, if your credit union was eligible to receive a \$50,000 reduction but had a \$30,000 depletion, you would receive a \$20,000 reduction.
- Members who place their shares on notice, either before or after any depletion, are no longer considered full members in good standing. However, since capital shares on notice are still at risk, these members will continue to receive preferential pricing on services (at a lower discount than for full members) until those shares are paid out. At that time, all preferential service pricing will cease.
- Until there is a final determination concerning the exhaustion of PIC and depletion of MCS, dividends will continue to be paid. Dividends will not be paid on depleted capital.

Until we receive U.S. Central's audited financials and the opinion of our external auditors, the amount affected and the accounting treatment for member capital will not be known. The National Credit Union Administration recently published Letter Number 09-CU-10 to clarify some of these issues, a copy of which is posted in our Financial Transparency Center for your convenience. I know this has been a frustrating process. If possible, we recommend that your credit union not book entries regarding capital at Members United until you receive official notice of depletion and an account statement from us.

We will continue to inform you of developments as they occur. Thank you for your continued support.

Sincerely,

Joseph P. Herbst
CEO