

Selected Event Timeline Regarding Corporate Issues*

This timeline resource details approximately 50 events that have affected corporate credit unions starting back in December 2008. We hope that this chart will facilitate conversations with your board of directors when you discuss the current status of the corporate network and the considerable number of significant events that have occurred in a very short period of time.

Key:

NCUA event/communication
USC event/communication
Rating agency action
Legislative action
FASB action
Industry event

Date	Event	Action
12/9/08	NCUA announces 2 new programs	Chairman Fryzel announces two programs (SIP and HARP) to assist corporates that have liquidity issues
12/31/08	MCS converted to PIC II	US Central required, and NCUA approved, converting \$450 MM in corporates' MCS to PIC II
1/7/09	Moody's downgrade	Moody's lowers corporate ratings
1/9/09	CU SIP advances	\$4.9 B to US Central and WesCorp
1/14/09	Fitch downgrade	Downgrades US Central's IDR to "AA;" outlook "Stable"
1/15/09	USC loss projection	US Central tells corporates it expects an approx. \$450 MM OTTI charge for 2008
1/16/09	Fitch report	Fitch said US Central's investment portfolio "remains of very high quality with the majority of the securities being 'AAA' rated, while its credit quality has migrated lower in the troubled economy."
1/22/09	NCUA Board action	NCUA's Board voted 2-1 to delegate authority to the CLF to sign an amendment to the Repayment, Security and Credit Reporting Agreement between US Central and the CLF so USC and participating corporates can assign loans, without recourse, to the CLF. This will alleviate pressure on corporate balance sheets created by holding these assets.
1/27/09	NCUA requests TARP aid	Chairman Fryzel asks Treasury to expand options for CU participation in TARP.
1/28/09	USC revised loss projection	US Central tells corporates it expects to take a \$1 billion OTTI charge for 2008
1/28/09	NCUA Board action	NCUA unanimously votes to execute the Corporate Stabilization Plan (CSP)
1/28/09	NCUA in WSJ	In an interview about the CSP Chairman Fryzel stated: "We are trying to institute confidence in the system, and we think this will do so."
1/29/09	NCUA Corporate Stabilization Plan	As part of CSP, NCUA announces it will: <ul style="list-style-type: none"> * Inject \$1 billion in US Central via a capital note * Guarantee corporates' uninsured shares (except capital) through 2/28/09 * Establish a volunteer guarantee program for all uninsured shares (except capital) through 12/31/10 * Declare a premium assessment to restore the NCUSIF equity ratio to 1.30%, to be collected in 2009 * Issue an ANPR for 60-day comment on restructuring the corporate system

1/29/09	NCUA in Washington Post	"Now we've done what we felt we needed to stabilize the system and to put confidence back in the system," Chairman Fryzel said in a Washington Post article.
1/29/09	NCUA/PIMCO	NCUA enters into an agreement with PIMCO to prepare a report evaluating US Central's and other corporates' portfolio of debt securities
1/30/09	S&P downgrade	S&P downgrades US Central to "AA-/A1+;" outlook "Negative"
1/30/09	NCUA Letter to CUs 09-CU-02	Capital infusion and guarantee of uninsured shares in corporates will push CUs ROA down an average of 62 bps; net worth will decline an average 56 bps. 80-90% of FCUs expected to report loss in 2009
2/2/09	NCUA Webcast	NCUA discusses the impact of CSP with credit unions during a webcast
2/3/09	Fitch downgrade	Fitch lowers US Central's individual rating to "F" and removes Rating Watch Negative; Fitch downgraded US Central's IDR to "AA" from "AA+"
2/3/09	House committee passes Bill	To permanently raise NCUSIF deposit insurance to \$250K and let NCUSIF be recapitalized over 5 years. The Senate committee will be addressing similar action - expect full vote within the next month or two.
2/5/09	USC personnel	US Central releases David Dickens, EVP, ALM
2/6/09	USC personnel	Chief Investment Officer Connie Loveless leaves US Central
2/10/09	S&P downgrade	S&P places USC's counterparty credit rating at "AA-/Watch Neg"/"A1+" and some corporates' counterparty credit ratings on CreditWatch with negative implications
2/12/09	NCUA Webcast	NCUA discusses reserving methodology and alternatives presented by credit union system
2/27/09	USC reports record losses	US Central posts \$1.2 billion charge in 12/08 - \$1.1 billion loss for the year, wiping out >\$700 MM in retained earnings, resulting in -\$463 MM retained deficit
2/28/09	TCCUSGP deadline	23 of 27 corporates sign up for NCUA's share guarantee plan
3/2/09	NCUA issues examiner guidance	NCUA urges examiners to differentiate between NCUA-driven activities and operational activities for CUs' performance and risk profile
3/10/09	CLF Extension	Congress approves FY 2009 Appropriations Act, H.R. 1105, which includes language removing a cap on CLF lending authority through 9/30.
3/18/09	FASB proposal	FASB proposes mark-to-market changes including ability to reverse non-credit portion losses from earnings
3/19/09	NCUA Board action	The NCUA Board votes unanimously to place US Central and WesCorp into conservatorship
3/20/09	USC financials	US Central made public its February financials, showing a \$1.1 MM loss on jumbo mortgage loans, net of hedging activities, and an unrealized loss of \$6.6 B compared with an unrealized loss of \$5.9 B for January
3/20/09	Conservatorship actions	NCUA seizes control of US Central and Wescorp, removes CEOs, director and supervisory committee members and names Jim Nance CEO of US Central and Philip Perkins CEO of Wescorp
3/22/09	USC CEO Reuters interview	Indicates that U.S. Central will consider a variety of options including setting up a "bad bank" to take toxic assets off the books, securitizing troubled assets in ways that would allow them to be held for extended periods, and exploring the sale of certain assets to non-credit union buyers.
3/23/09	NCUA conducts webinar	NCUA officials emphasize the importance of maintaining liquidity in the corporate system at this critical time

3/23/09	NCUA/PIMCO overview	NCUA announced it hired PIMCO to analyze US Central and corporates' securities because it didn't want to rely solely on internal analysis. NCUA said PIMCO's analysis augments an NCUSIF analysis of the potential losses stemming from corporates' portfolios. NCUA said PIMCO completed an independent review of all corporates, showing widespread estimated losses concentrated in 8 corporates, including US Central and that according to its analysis, estimated credit losses are as much as \$16 billion on distressed securities and as little as \$7 billion, with the most likely figure as \$10.8 billion. NCUSIF reserve goes from \$4.7 to \$5.9 billion.
3/23/09	NCUA seeks more powers	NCUA asks Congress for new systemic risk authority, similar to FDIC, to bypass normal administrative procedures in time of crisis. Would mean NCUA could put the whole corporate system under conservatorship or extend short term programs as needed
3/24/09	CU SIP advances	NCUA announced CU SIP has injected \$8.2 billion in largest corporates - increased \$12.2 billion from 12/31/08 to 2/2/09. These corporates' external borrowings decreased from \$27.9 billion to \$2.1 billion
3/26/09	NCUA proposes Stabilization Fund	NCUA Board proposed new "Corporate Stabilization Fund" to segregate costs and expenses from NCUSIF and to help defray credit unions costs of the \$5.9 billion stabilization effort cost over 7 years
3/27/09	NCUA "stakeholder" report	In NCUA's weekly report, they said they selected PIMCO for its expertise, and because it had not sold any US Central bonds being analyzed and wasn't providing other services to corporates. NCUA said PIMCO's results largely mirror its internal analysis and the \$5.9 billion NCUSIF reserve should cover future losses from distressed securities. NCUA says PIMCO's fee was \$4.5 million (.001% of the par value of the portfolio viewed) - NCUA said the credit union securities held exceeded \$45 billion
3/27/09	Industry challenges findings	Credit union industry raises conflict of interest issues regarding NCUA's use of PIMCO and questions assumptions used in expected credit loss numbers. Demands for more transparency from the agency on how it arrived at loss projections including the filing of Freedom of Information Act request to get details from NCUA on the PIMCO arrangement.
3/31/09	NCUA releases summary analysis	NCUA releases summary analysis showing projected estimated credit losses on US Central between \$808 million and \$2.4 billion
4/2/09	FASB	FASB approves changes in mark-to-market accounting retroactive to 3/15/09 and allows a cumulative reversal of prior non-credit portion OTTI upon adoption
4/2/09	NCUA releases FAQs; Bulletin #09-02	NCUA releases info on proposed legislative solutions to corporate stabilization efforts and related financial reporting implications
4/7/09	Comment letters	With the comment period closed, NCUA announces it received +/- 450 letters responding to the corporate ANPR
4/10/09	NCUA engages Clayton for OTTI review	US Central's and WesCorp's external vendor reviewing all private label MBS; will go back and repost December 2008 OTTI based on assumptions applied since conservatorship - completed by late April
4/14/09	NCUA on USC capital	NCUA informs corporates that US Central's capital (PIC I and II, and MCS) is "extinguished" - permanently impaired and unrecoverable - NCUA indicates it will provide some details on the Clayton report regarding OTTI for March 2009 and December 2008 financials during US Central's Town Hall meeting on April 29th. Issues to be addressed include payment of dividends and regulatory items relating to operating below capital minimums.
4/15/09	NCUA Chairman calls for CUs to urge Congressional support	NCUA Chairman Fryzel called on CUs to gain legislative support for NCUA's stabilization fund to replenish the NCUSIF and described ongoing efforts to stabilize and improve the corporate system

4/17/09	NCUA releases PIMCO Summary	No details or assumptions on how PIMCO arrived at its credit loss numbers are provided
4/20/09	Industry reiterates need for more transparency	Need more details on the methodology used in the analysis of corporate investment portfolios. Also, NCUA announces that Clayton is reviewing private label mortgage backed securities at US Central and WesCorp to determine OTTI for March 2009 and December 2008 financial statements.
4/20/09	Expected House committee action	Based on NCUA's request to Congress to create a temporary stabilization fund for corporate credit unions, funded by a loan from the Treasury Department and used to replenish the NCUSIF, two subcommittees of the House Financial Services Committee (Financial Institutions and Capital Markets, Insurance, and GSEs) are likely to hold a hearing in May.
4/21/09	NCUA extends share guarantee insurance	NCUA extended the share guarantee program to accommodate a two-year rolling expiration date and to provide the option of quarterly extensions through December 2012. If NCUA fully takes the extension options, the final guarantee would expire December 31, 2014.
4/24/09	NCUA announces timing of capital for corporates to meet regulatory requirements	NCUA issued an order that will permit corporate credit unions to use the capital level as reported in their November 30, 2008, NCUA 5310 Call Report to determine regulatory compliance with capital-based requirements and regulations in the corporate rule.

*** Source - Association of Corporate Credit Unions (ACCU)**