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**To: Member Credit Unions**  
**From: Bill Birdwell, President/CEO**  
**Date: March 27, 2009**  
**Re: NCUA's Conservatorship of U.S. Central**

As you are aware, on March 20, 2009, NCUA conserved U.S. Central Federal Credit Union (USC) and Western Corporate Federal Credit Union (WesCorp). According to NCUA, both corporates will continue to operate in a "business-as-usual" manner, and all non-capital deposits are guaranteed through December 31, 2010.

In its conservation announcement, NCUA emphasized that, at this time, losses in the remaining corporates, including Southeast Corporate, are considered manageable. NCUA's pronouncement is consistent with our own independent third-party analysis of our investment portfolio. As is the case at U.S. Central and WesCorp, all non-capital deposits at Southeast are fully guaranteed by the Federal Government through the end of 2010, and we expect the NCUA's actions will have no impact on our operations.

It is NCUA's position that all members' capital deposits at U.S. Central and WesCorp have been impaired as a result of this action. Based on this position Southeast will be required to impair up to \$130 million Paid in Capital (PIC) and Member Capital Shares (MCS) held at U.S. Central. Southeast Corporate has no business relationship with WesCorp.

As discussed in our Quarterly Investment Update Webinar last week, we expect to impair approximately \$12 million of our own marketable securities this month. This loss, combined with the expected U.S. Central-related impairment, would exceed our reserves and undivided earnings by up to \$22 million.

These losses in excess of retained earnings could result in an impairment of 100% of your PIC and 1.3% of your MCS at Southeast Corporate. We are conducting a webinar to discuss the impact of the U.S. Central conservatorship on Monday, March 30, at 2:00 p.m. EDT.

When the accounting for this event is finalized, we will notify each member of the impact on their capital accounts. At that time, you will need to consult your auditor to determine your accounting treatment.

If you have any questions, please feel free to contact your financial strategist.