



To: Member Credit Unions
From: Rob Schleiter, Executive Vice President
Date: July 13, 2009
Re: Capital

Southeast Corporate is not asking members to contribute additional capital. Since some corporates are seeking to raise additional capital we wanted to share with you the reasons why Southeast Corporate is not doing so at this time.

We believe that the economic recovery still has a way to go and a great deal of uncertainty remains in the markets. Housing values continue to decline and delinquencies are rising. As a result we cannot say with certainty that there will not be further losses at either U.S. Central or in our own portfolio. In addition, NCUA's work on its revisions to Part 704 of the Rules and Regulations is still in the preliminary stage.

With so much economic and regulatory uncertainty, we believe it is not in a member's best interest to place additional "at risk" deposits (PIC or MCS), at this time, with any corporate. At Southeast Corporate we are instead focused on increasing retained earnings by lowering expenses. As the markets stabilize we will keep you informed of our position regarding capital. Please feel free to contact me at 800-342-0203 ext. 4043 or Greg Wirthmann at ext. 4060.