



**To: Members**

**From: Brad Miller, President/CEO**

**Date: October 20, 2010**

**Re: Membership Capital Not Impacted by September OTTI**

In September, Southeast Corporate recorded additional Other Than Temporary Impairments (OTTI) of \$873,063. Our retained earnings were sufficient to cover this OTTI and **there will be no impact to your membership capital.**

With this additional OTTI recorded in September, our year-to-date earnings total \$321,902. Our September financials are located on our website in the Member Owner Information Center. They detail that we recorded \$53,102 in earnings in September (after the expense of our NCUSIF assessment), and then recorded OTTI of \$873,063, resulting in a net loss for September of \$819,961. As stated above, retained earnings were sufficient to cover the OTTI. A detailed analysis is available on the website in the Member Owner Information Center.

Our year-to-date OTTI totals \$1.7 million and this includes OTTI we recorded in June along with this latest charge. Continuing to improve operating efficiencies is helping to build our retained earnings, which serve as first loss protection for your membership capital of \$58.7 million as of September 30, 2010.

Going forward, our goal is to continue to improve earnings and efficiencies while providing transparency in our financial position. The timing and amount of any future losses coupled with adherence to the new corporate rule will ultimately determine the impact to retained earnings and your membership capital.

**We will be hosting a webinar to further discuss the details** of our September financials and both present and potential future OTTI. The webinar will be held **Tuesday, October 26, at 10 a.m. EDT**. You can register on our education page.

The new corporate rule was published today in the Federal Register. Parts of the new rule take effect 90 days from today while others, including new capital requirements, are effective in one year. We have been diligently reviewing the new rule and developing plans to present to our members for input and feedback later this year. We will provide an update on our business plan during the webinar.

As many of you know, NCUA is conducting a Town Hall meeting in Orlando, Florida on Friday, October 22, to discuss the corporate rule. Southeast Corporate will be attending this meeting and we encourage you to attend as well and talk with us about our progress. Registration information can be found on NCUA's website.

Thank you, members, for your continued support of Southeast Corporate. If you have any questions please contact me at 800-342-0203 ext. 4044, or EVP Rob Schleiter at ext. 4043 or SVP Sales & Marketing Sandy Baker at 6810.