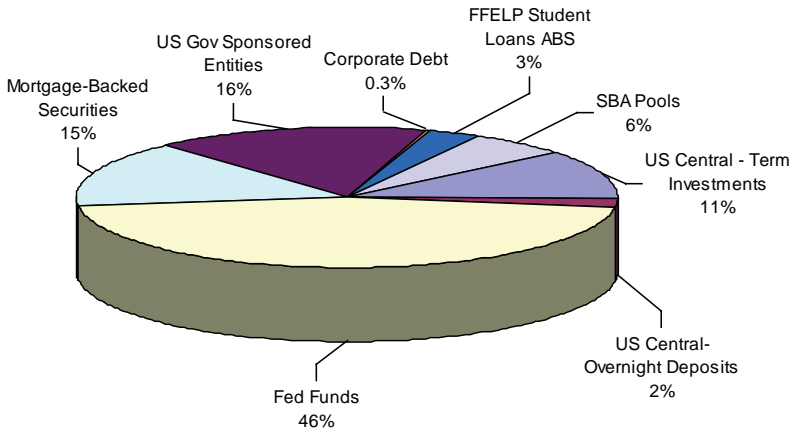
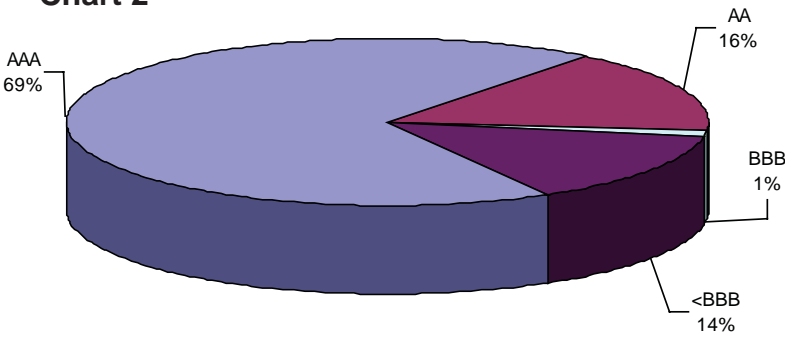


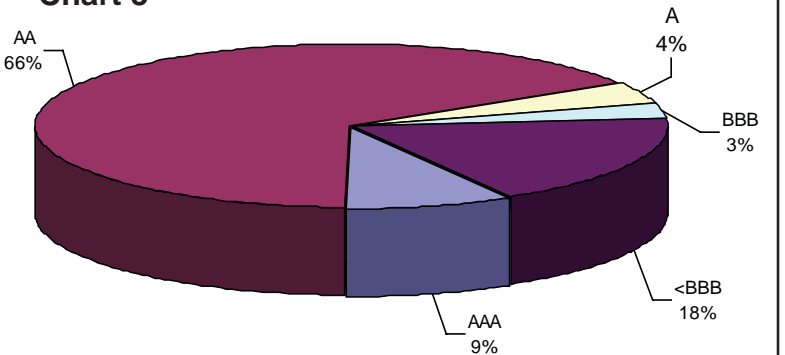
## Investment Portfolio Chart 1



## Investment Ratings based on Highest Rating Chart 2



## Investment Ratings based on Lowest Rating Chart 3

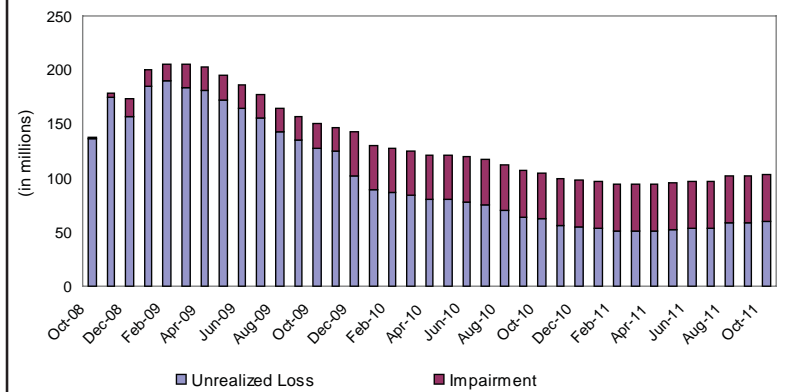


Sector Exposures		Table 1	
Investment	Yes	No	% of Portfolio
Auction Rate Notes		✓	
Collateralized Debt Obligations		✓	
Commercial Mortgage Backed Securities		✓	
Extendable Commercial Paper		✓	
Structured Investment Vehicles		✓	
Subprime Mortgages	✓		3.9%

All of the investments Southeast purchases are subject to a thorough analysis prior to purchase and monitored carefully for the period that they are held. The corporate has a Credit Risk Department which is segregated from the Investment Department in order to maintain objectivity. Southeast has made a sizable investment in sophisticated credit risk modeling systems which it uses to credit stress the securities in which it invests.

Table 1 - As indicated in the table above, Southeast does not hold any Collateralized Debt Obligations (CDOs), Commercial Mortgage Backed Securities (MBS), Extendable Commercial Paper or Structured Investment Vehicles (SIVs). The exposure to subprime mortgages changes as the total investment portfolio fluctuates. No additional investments will be made in private label mortgage backed securities.

## Chart 4 - Unrealized Losses/OTTI Trend



**Chart 1** - The total portfolio contracted during October due to a decrease in the amount of member deposits on a Monday month end closing. As a result of this contraction, mortgage backed securities, US government sponsored entities, US Central-Overnight Deposits and Term Investments, student loans, and corporate debt increased as a percentage of the total portfolio. Fed Funds deposit at the Federal Reserve Bank of Atlanta decreased because of lower member deposit balances.

**Chart 2** - No rating actions were recorded for October.

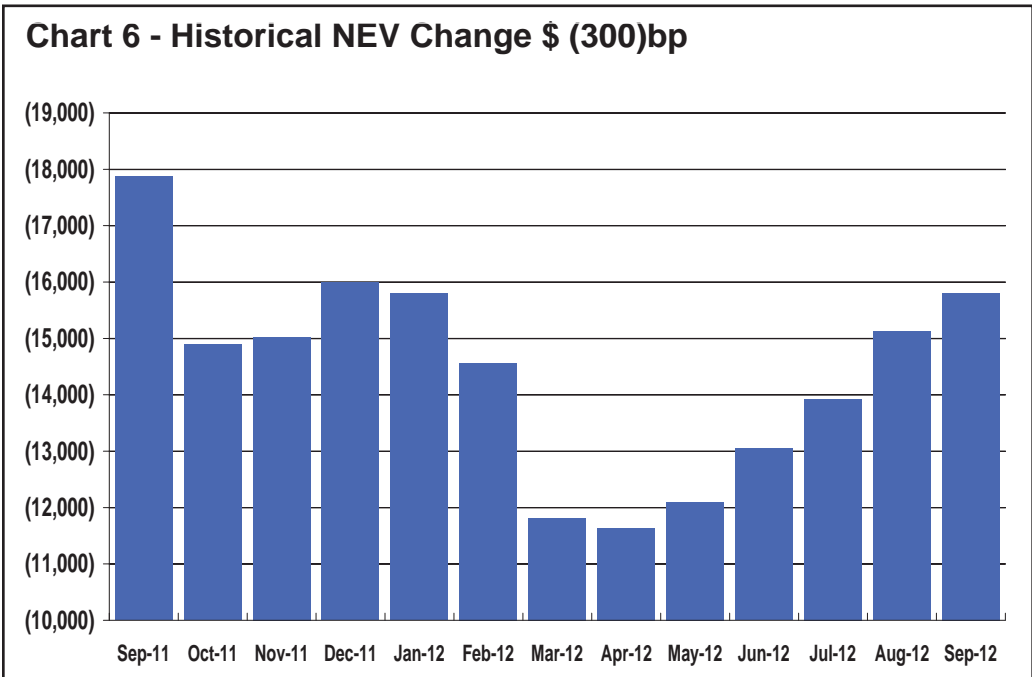
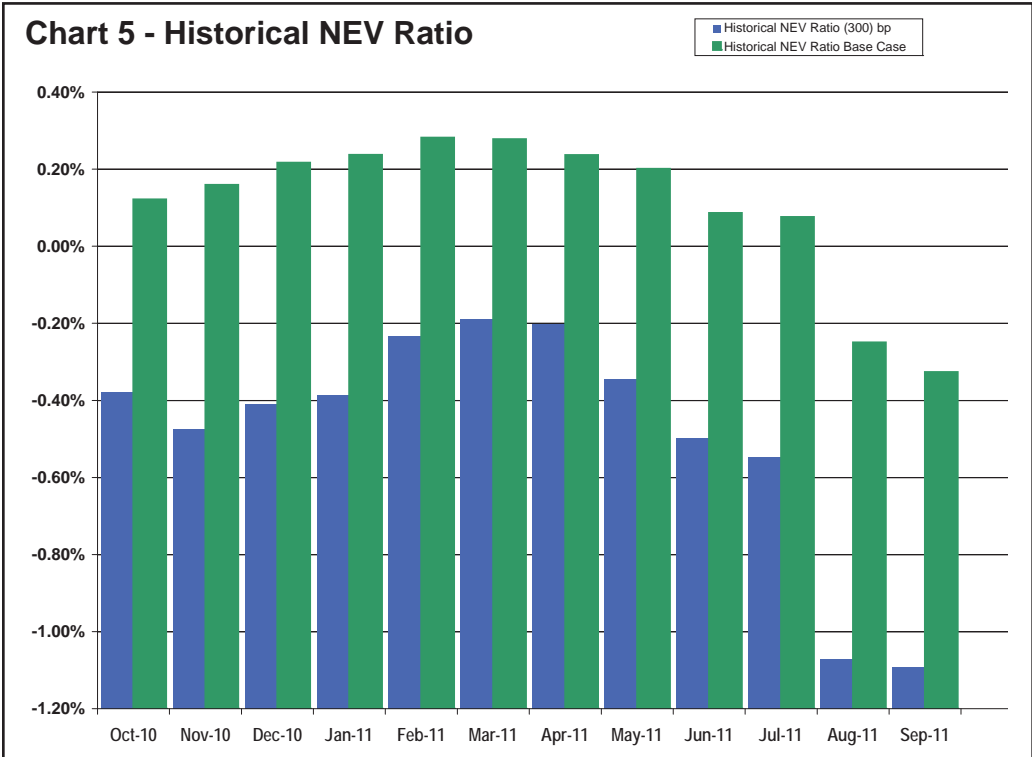
**Chart 3** - The change in ratings is reflective of purchases.

**Chart 4** - Unrealized losses increased during October by approximately \$1 million.

**Chart 5** - Net economic value (NEV) is determined by subtracting the market value of the liabilities from the market value of the assets. The NEV ratio is calculated by dividing the NEV by the market value of Total Assets. Chart 5 shows the NEV ratio in a base case and in the up 300 bps scenario over the last twelve months.

The net economic value moved more negative as the market worsened. NEV stands at -\$6.8 million compared to -\$4.7 million last month. The resulting NEV ratio is -0.33% in September.

**Chart 6** - The NEV volatility is measured by subjecting the balance sheet to instantaneous, parallel, and sustained yield curve increases of one, two, and three percent. Once the balance sheet is shocked, the reduction in equity value to the worst case scenario is analyzed. The equity dollars at risk in the worst case scenario (up 300 bps) are shown in Chart 6. The volatility increased slightly from \$15.1 million to \$15.8 million. This is slightly above our near term expectation that the NEV volatility remains near \$15 million.



**For more information or questions, call 1-800-342-0203:**

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