

October 19, 2011

Dear Member:

As you know from our previous announcements, Southeast Corporate is working diligently toward a merger with Corporate One Federal Credit Union. We continue to view this merger as extremely positive for you, our member, as we believe the new combined entity will not only be the strongest corporate in the nation, but will be a corporate that can effectively and efficiently serve you and your members now, and well into the future.

Lee Butke, President and CEO of Corporate One, and I are looking forward to sharing details in our upcoming Town Hall meetings of how this merger will positively affect you, your staff, your members and Southeast Corporate itself. However, since our announcement last month, several of our members have received sales calls from vendors and/or other competitors citing incorrect and misleading information related to this merger. To be more specific, some of these outside sources are communicating details about capital requirements and pricing that have not been finalized as part of the merger due diligence process. Misinformation, particularly in a fluid environment like we've experienced over the past two years, is not uncommon. Nonetheless, as we move forward in this process we encourage you and all our members to call us with any questions related to the specifics of our merger with Corporate One.

Again, although a lot of the details have not been finalized, here are some of the **facts** at this point:

- Corporate One has over \$283 million of total regulatory capital including:
 - \$136.7 million in Perpetual Contributed Capital (PCC)
 - \$37 million in reserves and undivided earnings (RUDE)
- Corporate One has a permanent (not interim) capital ratio of 5.6%.
 - The NCUA requires that all corporates reach a permanent leverage ratio of at least 4% by October 2013.
 - An interim leverage ratio allows corporates to temporarily count paid in capital (PIC), member capital shares (MCS) and non-perpetual contributed capital (NCA) until October 2013. After this date, PIC, MCS, and NCA can no longer be counted as capital in the leverage ratio and therefore corporates relying on these instruments to meet the interim leverage ratio will have to convert these instruments to PCC or get new PCC to meet the permanent leverage ratio which consists of only RUDE and PCC.
 - For long-term sustainability, it is critical to compare the permanent leverage ratio.
- No other corporate has more RUDE or total capital than Corporate One. A strong capital position allows the combined entity to best protect members' capital investment, now and in the future.
- Corporate One and Southeast Corporate have very similar product/service offerings, platforms and member service philosophies. This will help ensure little to no disruption for members during and after the merger.
 - New service offerings, day-one of the merger, include Alliance One, a group of 5,000 selective-surcharge ATM's and a full service ATM/debit and card program for small-to-mid-size credit unions powered by PSCU.

- Through aggregation of processing volumes, Corporate One and Southeast Corporate, post merger, will process some of the highest volumes in the credit union system. For example:
 - 8.8 million share drafts processed each month for 500 credit unions nationally
 - 1,428 branches processed for Check 21 (Virtual Deposit) with over 5 million items processed each month
 - \$3.2 billion dollars processed through Check 21 solutions monthly
 - 5.5 million ACH transactions cleared each month
- An initial review and comparison of Corporate One's pricing finds it very comparable to Southeast and competitive in the market. In fact, a comparison of their current Partner Pricing to several members (various sizes and product utilization) resulted in a significant cost savings. This, of course, will vary by credit union and product utilization.
- Fees are currently being evaluated as part of the due diligence process and should be finalized and available for comparison very soon.

During our Town Hall meetings later this month and next month, we look forward to sharing more of the specifics related to capital, pricing, and other issues that impact your credit union. Please visit our website at www.secCorp.org to register. In the meantime, contact me, Sandy Baker, your Member Relationship Manager, or Financial Strategist with questions you have about the merger and the benefits to your credit union. We appreciate your continued support and patience as we work quickly but thoroughly through the merger due diligence and approval process.

Best Regards,



Brad L. Miller
President/CEO