Portfolio Update and Financial Reports

Including an Update on Progress against the Expense Reduction Plan and Details Regarding Senior Management Travel

As of 5/31/09 (unaudited)

The credit and liquidity crisis that began in July 2007 continues to strain global financial markets. Members United is committed to providing our member-owners information about these market events and the quality of our assets. We strive to provide objective, transparent information and data regarding our safety and soundness. While credit and liquidity events continue to foster market instability, we remain confident in our ability to provide liquidity to members.

This report focuses on three primary risks within Members United's investment portfolio (interest rate, credit and liquidity) and also provides an update on our financial plan and progress towards our goal to reduce expenses. Members United has developed the infrastructure, expertise and capability to manage a complex balance sheet, and our intent is to share our position related to these key risk attributes, as well as guidance on how we monitor and report these positions.

Economic Overview

The main story for the past month has been the relatively large increase in rates across the yield curve. The longer end of the yield curve continued its climb from previous months, but this time, the short end of the curve accompanied the increase as the economy is showing some signs of bottoming. Ten-year Treasuries hit 4.00%, their highest level since October 2008. The increase in long-term rates was mainly due to increased investor concern over inflation due the rising level of U.S. Federal debt. The Congressional Budget Office reaffirmed its projection that the government's debt-to-GDP ratio would increase to 80% over the next decade. This would represent a doubling of the ratio from pre-crisis levels. Another contributor to the rise in Treasuries yields was the announcement that Russia and Brazil would diversify some of their foreign currency holdings away from Treasuries into IMF debt. Lastly, the increased U.S. debt load caused some market participants to believe that there is a possibility that the United States could lose its "AAA" rating at some point in the future.

Higher rates have negative implications for the housing market as they make homes less affordable. It also removes a potential stimulus to the economy from rate refinancings. The 30-year mortgage rate has increased approximately 70 basis points over the past month and now stands near 5.70%. This is only 10 basis points lower than where it stood in November 2008, when the Fed announced that it would buy mortgage-backed securities in order to lower the mortgage rate. The question remains whether the Fed will increase its overall mortgage purchases, or at least the pace of the current purchases, in order to get the mortgage rate back down. If rates remain elevated, it will take longer for the all-important housing market to stabilize.

The recently released Flow of Funds report from the Fed details some important insight into consumer behavior and the pace of the future economic rebound. The personal savings rate reached 5.7%, the highest level in more than 10 years and a substantially higher level from the near zero percent (and sometimes negative) personal savings rate from the earlier part of this decade. The consumer has clearly started to make the transition from spender to saver. But there is still some way to go as the long-run average is closer to 9.0%. This likely means that the economic recovery will be muted as the "spend before you earn" days won't return quickly and consumer spending will remain subdued.

There is no doubt that many economic numbers have improved over the past several months, but it seems that the market may be too anxious to price in a recovery. After the better-than-expected payrolls number recently the market began pricing in a 50-basis point Fed hike by January. This seems hard to imagine given the high unemployment rate and remaining slack in the economy. A slow recovery seems more likely than a huge bounce for the economy.

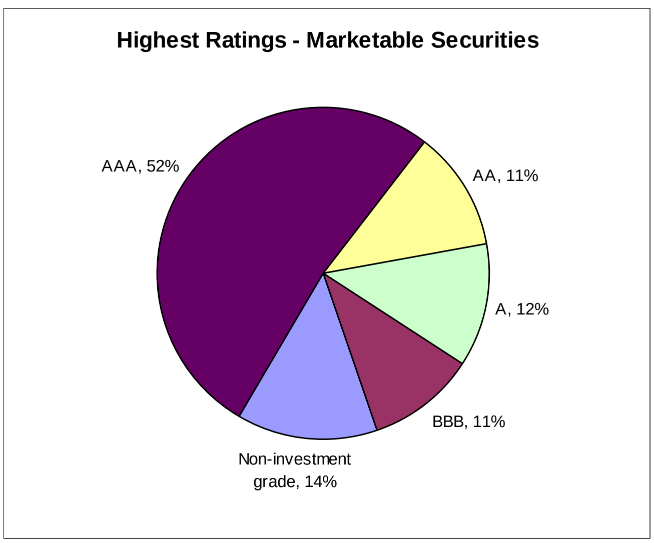
Members United Outlook

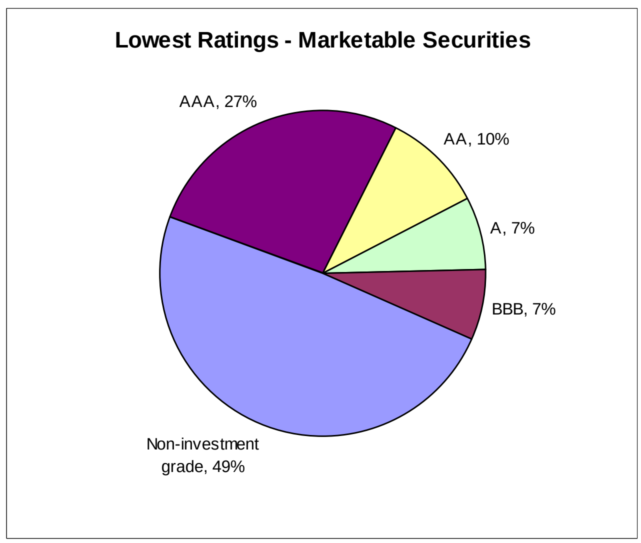
Interest rates have increased substantially over the past month as inflation worries took center stage. Given the inflation risks, along with the string of relatively good financial news, the market has begun to price in Fed hikes towards the end of 2009. We believe that the Fed will need to see prolonged evidence of a sustainable recovery before it would be willing to raise rates and jeopardize sliding into a deeper recession. In addition, the Fed seems much more confident that it can battle inflation rather than deflation. Therefore, it will probably battle deflationary forces now and deal with the inflationary repercussions down the road.

Portfolio Overview

Credit risk is the risk that the par value of an investment will not be returned (fractionally or as a whole). Members United manages credit risk through continual monitoring and rigorous modeling of its investment securities. Members United has the regulatory authority to hold investment securities with a rating of BBB or higher. If an investment held by the corporate falls below BBB, an investment action plan must be prepared and filed with the NCUA, demonstrating the anticipated performance of the security and any potential loss exposure to future cash flows (periodic interest and principal payments).

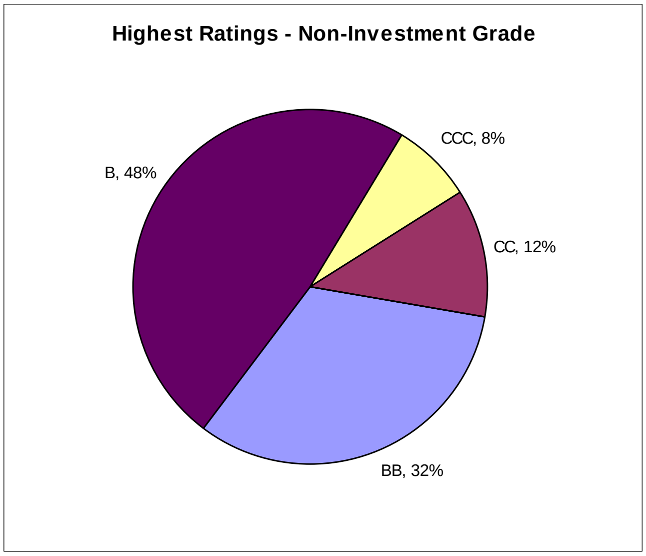
The current credit and liquidity crisis has led to thousands of securities downgrades by the rating agencies over the last 12 to 18 months. In the first quarter of 2009, the pace of downgrades quickened significantly and it appears that rating agency views are becoming increasingly disparate. This may be due to workflow (i.e., one agency has not had the time to update its review of a bond) or to differences in loss projection forecasts among the firms. Due to this disconnect, Members United is presenting two sets of graphs. One chart provides information using the highest rating available, while the second provides the lowest rating assigned to any one of the investments. The following charts summarize the portfolio ratings based on these two methods as of May 31, 2009 (total par value of approximately $5.8 billion):

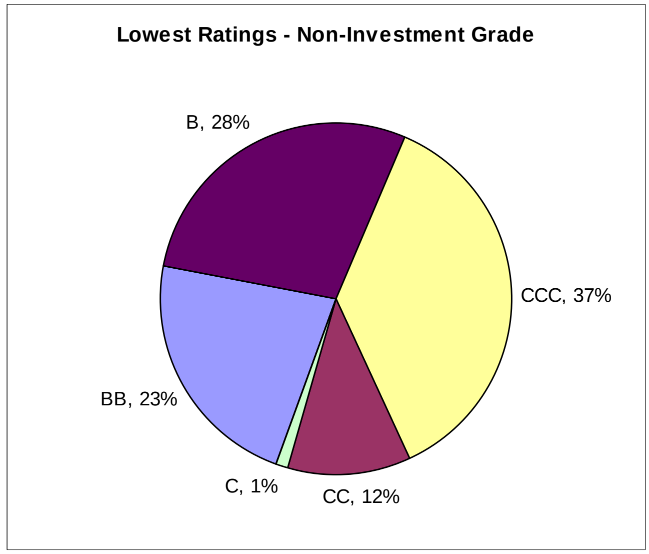




The charts clearly illustrate that a significant divergence exists between the rating agencies' current views. Using the highest ratings, 14% of the portfolio is below investment grade. Using the lowest ratings, 49% of the portfolio falls below investment grade.

The following charts provide additional ratings information for the non-investment grade portion of the portfolio as of May 31, 2009 (total par value of approximately $788 million for the highest-rating scenario and $2.8 billion for the lowest-rating scenario):

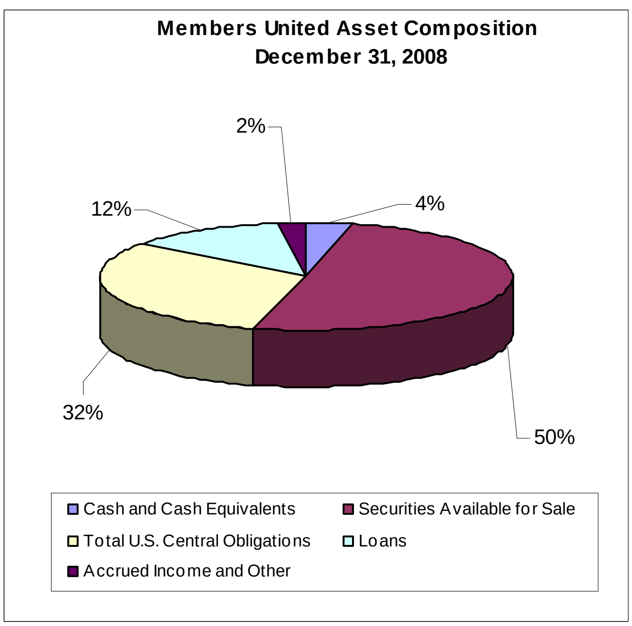


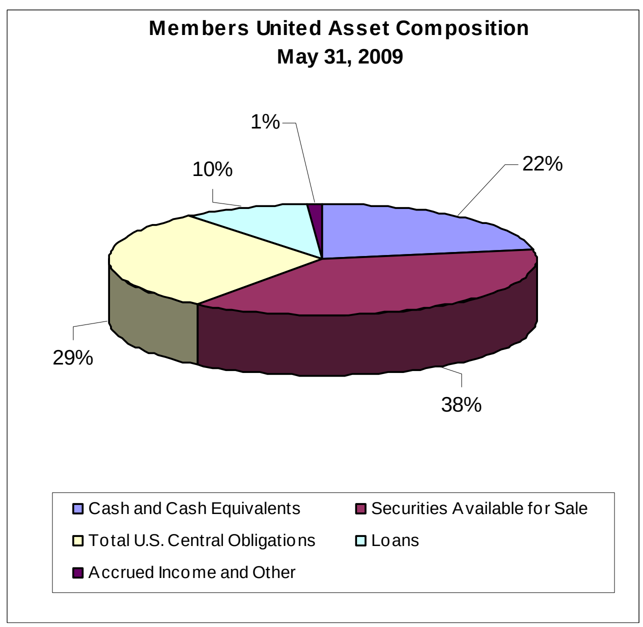


Both sets of charts illustrate that significant ratings downgrades have recently occurred in the portfolio. Given this change in ratings, Members United now believes that its other-than-temporary impairment (OTTI) review should no longer rely on ratings to determine if a bond should be reviewed by a third party for credit loss. Members United sent 100% of its portfolio for a third-party independent credit review as of March 31, 2009. This review is much more precise than simply applying loss estimates to the ratings tables presented above.

<u>Asset Composition</u>

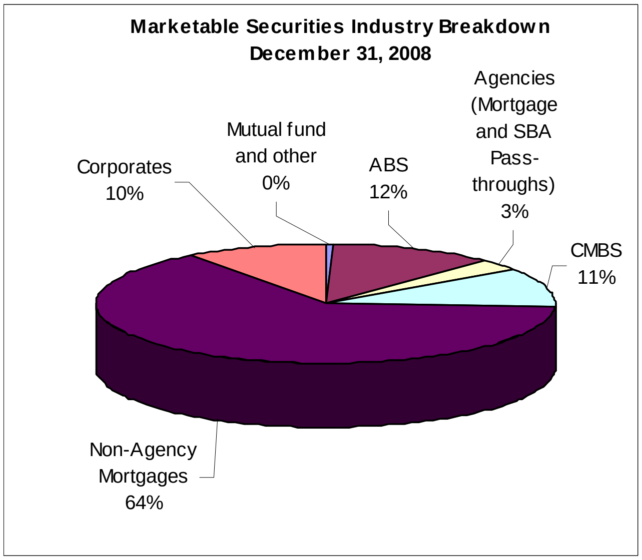
As of May 31, 2009, our assets were $9.4 billion. Cash and overnight deposits at U.S. Central totaled $3.8 billion, fair value of marketable securities represented $3.6 billion, loans to members totaled $0.9 billion, and term deposits at U.S. Central totaled approximately $1.0 billion.

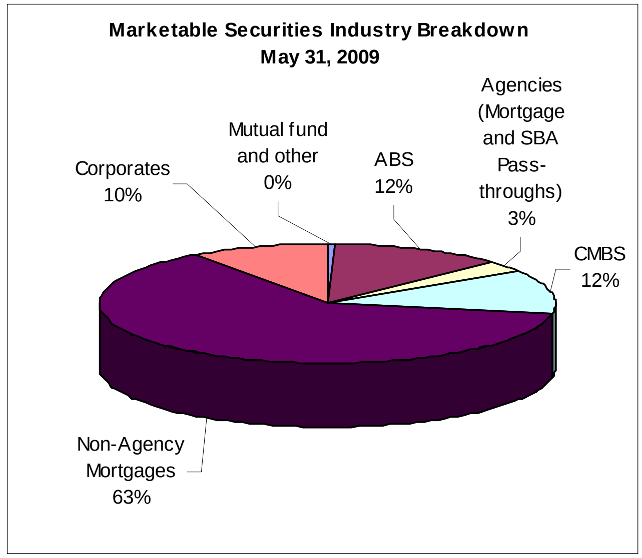




Industry Composition

Members United's industry composition associated with the marketable securities has remained relatively stable since fiscal year-end 2008, with no material category changes, as noted in the graphs below.





Total Investment Portfolio

The table below summarizes Members United's total available-for-sale securities, by category, as of May 31, 2009:

(All dollar amounts are reflected in thousands)

	Book Value	Unrealized Loss*	Fair Value
Non-agency mortgages	$ 3,428,787	$ (1,542,578)	$ 1,886,209
Asset-backed securities (secured by non-mortgage assets)	678,277	(80,811)	597,466
Commercial mortgage-backed securities	661,587	(225,096)	436,491
Corporates	538,861	(65,118)	473,743
Agencies (mortgage and SBA pass-throughs)	163,996	(1,816)	162,180
Mutual fund and other	26,826	-	26,826
Total investment securities	$ 5,498,334	$ (1,915,419)	$ 3,582,915
*Excludes net unrealized loss on derivative instruments of $24,114.			

Mortgage-Related Securities

The housing market remains under considerable stress, with continued news of falling home values and rising delinquency and foreclosure rates, especially in certain geographic areas. The following table provides more information on Members United's non-agency, mortgage-related holdings as of May 31, 2009:

(All dollar amounts are reflected in thousands)

Mortgage Portfolio Category	Dollar Amount Outstanding	Percent of Non-Agency, Mortgage-Related Securities	Percent of Total Invested Assets*	At Origination Weighted Average FICO Score	At Origination Weighted Average Loan to Value
Total non-agency mortgage exposure	$3,428,787	100%	42%	692	79%
Prime	983,287	29%	12%	725	78%
Sub-prime (FICOs < 680)	938,944	27%	11%	626	78%
Alt-A	1,506,556	44%	18%	708	80%

*Invested Assets = Book value of marketable securities + total deposits at U.S. Central

Monoline Insurance Companies

An important component of the credit quality of structured finance investment vehicles is the credit enhancement available to protect the investor from loss of principal or interest. One common method of providing credit enhancement for these investments is the use of an insurance "wrap" from a monoline insurer, which guarantees the timely payment of interest and ultimate payment of principal. Most monoline insurers continue to experience significant losses from guarantees they made on credit default swaps (CDS) and collateralized debt obligations (CDO) backed by residential mortgage securities. (Members United does not own any CDOs or hold any CDS contracts.) These unrealized losses continue to negatively affect the monoline insurers' capital ratios, leading to downgrades of their insurance financial strength ratings.

Two monoline insurers, FGIC and Syncora Guarantee (SGI), were recently deemed permanently impaired, and residential mortgage-backed securities (RMBS) with projected principal losses that were wrapped by these two insurers were subjected to OTTI. As a result, total reported book values of FGIC- and SGI-wrapped holdings declined compared to the prior month. In addition, one monoline insurer, Syncora Guarantee (SGI), ceased paying claims on its insured obligations effective April 26, 2009. Members United currently holds two securities wrapped by SGI that are filing claims under the policy, and are now no longer being reimbursed for losses. All other monocline-wrapped securities held by Members United are either receiving payments under the wrap policy or have other embedded credit enhancements sufficient to absorb current collateral losses. SGI continues its efforts to commute a sufficient portion of its insured obligations to restore compliance with minimum regulatory capital requirements. Such restoration of regulatory capital increases the potential for SGI to resume claims payments to RMBS holders.

The following table highlights Members United's monoline insurance exposure. Please note that holding amounts are reported net of any recorded OTTI:

(All dollar amounts are reflected in thousands.)

Monoline	May 31, 2009 Total Holdings Wrapped	May 31, 2009 Total Holdings Wrapped (% of Invested Assets*)
Ambac	$410,546	5.0%
MBIA	388,722	4.7%
FGIC	129,017	1.6%
FSA	88,773	1.1%
SGI (f.n.a. XLCA)	20,816	0.3%
CIFG	12,399	0.2%
Total	$1,050,273	12.9%

*Invested Assets = Book value of marketable securities + total deposits at U.S. Central

Interest Rate Risk

Members United is exposed to some amount of interest rate risk, as changes in interest rates can affect net interest income and the value of our balance sheet. One common measure used to capture interest rate risk is net economic value (NEV), which measures the net change in the value of our assets and our liabilities given a change in interest rates. Members United adheres to NCUA's Rules and Regulations Part 704 and analyzes NEV monthly using instantaneous and parallel interest rate shocks of up to 300 basis points – a very aggressive assumption designed to produce a "stress test" of the balance sheet. In addition, Members United also periodically evaluates the impact on NEV of changes in the shape of the yield curve, prepayment rates, credit spreads and basis risk, and reviews this information with Management and ALCO.

The chart below demonstrates NEV test results for May 2009. Base-case NEV figures reflect the impact of unrealized losses, which we continue to believe are largely temporary. The most severe scenario of a 300 basis point instant rise in interest rates reflects a decline in NEV of approximately $83 million or 5.5%.

(All dollar amounts are reflected in thousands.)

Net Economic Value May 31, 2009			
	Net Economic Value	**Dollar Change**	**Percentage Change**
Base net economic value	(1,502,921)	-	-
300 basis point rise in rates	(1,586,101)	(83,180)	(5.53%)

Valuations reflected in the base NEV calculation continue to be constrained due to market illiquidity and the failure of current market prices to capture true economic value if the securities are held to maturity. Members United continues to monitor this dislocation in valuations through regular comparisons of internal OAS-derived prices with prices received from third-party pricing services. Differentials between these two pricing approaches remain quite wide, as most ABS sectors remain thinly traded and quotes from market makers and third-party pricing sources continue to reflect deep discounts and a sizeable liquidity premium. We note that as market liquidity eventually improves, this dislocation in market pricing is expected to gradually correct itself, eventually leading to a reduction in unrealized losses reported in base NEV measures.

In addition to NEV computations, Members United prepares monthly net interest income (NII) forecasts. These forecasts utilize the same data and are calibrated to the modeling of NEV. The following table illustrates Members United's projected NII over the next 12 months. As appropriate with modeling NII and/or NEV, Members United captures the embedded optionality associated with all assets and liabilities.

(All dollar amounts are reflected in thousands.)

Net Interest Income Projection May 31, 2009 (12-month projection)			
	Net Interest Income	**Dollar Change**	**Percentage Change**
Base case NII	30,430	-	-
300 basis point rise in rates	71,440	41,010	134.77%

Liquidity Risk

Liquidity risk addresses the ability to create liquidity to fund cash flow requirements, both expected and unexpected, which usually result from share withdrawals and member loan requests. Liquidity risk is mitigated by the amount of currently available liquidity. This can be in the form of cash that can be immediately utilized, or in readily available sources of liquidity such as borrowings. The following table outlines our sources of liquidity as of May 31, 2009:

(All dollars are reflected in thousands)

Current Liquidity			
Cash and short term deposits	**$ 2,957,087**		
Source of Liquidity	**Gross**	**Used**	**Net**
US Central - committed line	$ 310,000	$ -	$ 310,000
FHLB Chicago line of credit	240,000	230,000	10,000
US Central - advised line	827,560	166,374	661,186
State of Illinois deposit	100,000	75,000	25,000
Commercial paper	270,000	-	270,000
Available-for-sale securities - sales	1,322,649	-	1,322,649
Available-for-sale securities - borrowings	137,407	137,407	-
Fed funds	1,133,000	-	1,133,000
Fed discount window	910,706	-	910,706
Subtotal	**5,251,322**	**608,781**	**4,642,541**
Total	**$ 8,208,409**	**$ 608,781**	**$ 7,599,628**
Total member loans		**$ 910,000**	
Balances at the FRB		**$ 884,171**	

Liquidity remains strong with current cash positions (cash and excess FRB balances) at month-end totaling more than $3.8 billion. This is part of a continuing focus to warehouse liquidity to support member needs and confidence. Seasonally, network liquidity builds as taxpayers receive refunds and year-end bonuses but then begins to fall as tax payers begin to pay federal tax payments in mid-April. Tax payment trends have been weaker than previous years, as the slowdown in the economy cut the number and magnitude of tax payments due the U.S. Treasury. Additionally, member deposits remain strong as natural persons focus on re-building savings through safe and sound credit union accounts. Thus while we expect the seasonal decline to occur, its magnitude on credit union liquidity and Members United liquidity is likely to be significantly less in 2009 than previous years. The NCUA guarantee of deposits in excess of the insurance levels has also been a key factor in maintaining corporate network liquidity.

Our other sources of funding remain in place with about $1 billion available at both the Federal Reserve Bank Discount Window and U.S. Central. Both of these sources may be available as a last resort of funding in the event that liquidity outflows are more significant than expected during the summer months. Member credit union loans remain stable, with the CLF providing significant liquidity to natural person credit unions through the end of 2008 and into 2009. The SIP and HARP programs have also helped to strengthen overall corporate network liquidity positions.

Derivative Positions

Members United uses interest rate swaps to manage interest rate risk and has never used derivatives to hedge credit risk associated with a specific investment. For example, if Members United made a five-year, fixed-rate loan to a credit union, Members United would enter into an interest rate swap to convert the fixed rate to a variable rate. There can be a nominal amount of credit risk if the counterparty should fail to perform under the terms of the contract. Members United manages credit risk by using comprehensive credit-approval processes, selecting only creditworthy counterparties and using effective collateral administration. In addition, Members United requires legally enforceable netting arrangements, which permit netting of transactions with the same counterparty. The amount of credit exposure is limited to the interest receivable and the fair market value of the derivative contracts in gain positions, reduced by the value of any collateral pledged by the counterparty. As of May 31, 2009, there was no credit exposure with our derivative counterparties.

Financial Plan Update

Members United continues to follow a financial plan that is designed with one goal in mind – to minimize the ultimate losses to our member credit unions. In summary, Members United continues to:

- Participate in the NCUSIF share guarantee program, which means that all of your regular shares and certificates are either insured or guaranteed through 9/30/11, and any new shares and certificates are guaranteed as long as the maturity is two years or less.

- Suspend the purchase of mortgage-related investments.

- Hold securities until they recover in value to minimize credit losses.

- Use cash inflows to pay down debt and store cash equivalents.

- Reduce operating expenses to preserve capital.

This financial plan appears to be working as liquidity flows are higher than normal seasonal trends through the early part of 2009. Members United held $3.8 billion of cash and daily share accounts at U.S. Central at the end of May 2009.

Member shares and certificates total $10.2 billion as of May 31, 2009, which is 36% higher compared to $7.5 billion as of December 31, 2008. Borrowings totaled $0.7 billion at the end of May 2009, compared to $2.0 billion at the end of 2008.

Status of the 2008 Audit

Members United released unaudited financial information, including management's estimates for credit losses and U.S. Central's capital impairment, during its webinar on May 4, 2009. Members United still does not expect to have audited financial statements until U.S. Central releases its audited financial reports. Members United still holds $156 million of membership capital shares of U.S. Central that have not been impaired as of the date of this report, and U.S. Central's audited financial statements will help determine if additional charges are required.

U.S. Central is currently targeting July 10 for its release of audited financial statements and the expectation is that Members United would follow within two to four weeks depending on audit firm availability. This timing means that credit unions most likely will **not** have audited statements from Members United in time to meet the June 5300 reporting deadlines. As a result, it is possible credit unions will wait until the third quarter of 2009 before recording impairment related to capital investments held at Members United.

Retained earnings roll forward schedule

Members United's most recent unaudited financial statements are available on the Transparency Center as of November 30, 2008. Several significant transactions have occurred since this date. In an effort to summarize for our credit union members, the following table has been prepared to highlight the more significant transactions that have impacted retained earnings since November 30, 2008. In summary, after all transactions are recorded, retained earnings of $300.4 million as of November 30, 2008, now represent a deficit of $(122.3) million as of May 31, 2009, representing a decline of $422.7 million over the course of this time period.

The OTTI estimates included in the table below are based on analysis as of March 31, 2009. Members United will be receiving updated analysis as of May 31, 2009, which will serve as a basis for closing the June financial statements. While this analysis is not available as of the date of the report, management anticipates that additional OTTI may be required to be recorded in the month of June due to continued severe market conditions. Specifically, home values continue to decline, which means losses are greater when a homeowner defaults and the building is sold to pay off the loan (meaning lower cash returns to bond holders such as Members United). With unemployment increasing, service records are reflecting increasing defaults and foreclosures.

(All dollar amounts are reflected in thousands)

Retained earnings as of November 30, 2008	$	300,397
Net income before net loss on financial instruments in Dec		90
Exhaustion of U.S. Central's PIC I		(38,080)
Exhaustion of U.S. Central's PIC II		(67,500)
23% depletion of U.S. Central's MCS ($156 million remains)		(47,156)
NCUSIF stabilization expense		(1,940)
Additional allowance for CUSO loan		(9,580)
Other than temporary impairment (OTTI) on AFS securities (fair value)		(868,408)
Retained deficit as of December 31, 2008		(732,177)
Reverse non-credit portion of OTTI upon adoption of FSP 115-2		603,076
Retained deficit on 1/1/09		(129,101)
January 2009 net income		1,445
February 2009 net income		681
March 2009 net income		752
April 2009 net income		1,955
May 2009 net income		1,967
Retained deficit on 5/31/09	$	(122,301)

The unaudited balance sheet, income statement and capital calculations are included at the end of this report. It should be noted that while Members United's capital ratio stands at 4.68% and is below the 5.0% regulatory requirement, the NCUA issued an order recently that provides a waiver for determining regulatory compliance with several capital-based requirements and allows corporates to reference their November 30, 2008, capital levels, which exceeded the 5.0% requirement for Members United.

<u>Capital Depletion Considerations</u>

Once audited financial statements become available, Members United will be required to reduce (deplete) our credit unions capital accounts to replenish the retained deficit. This requirement is explained further in the NCUA letter 09-CU-10 "Matters Related to Paid-In-Capital and Membership Capital of Corporate Credit Unions".

Depletion of member capital would be based on an allocation of the retained deficit subsequent to the reversal of the non-credit portion of OTTI. If it was based on the GAAP retained deficit at December 31, 2008, all capital accounts would be depleted. However, U.S. Central has established a precedent whereby the depletion entry is calculated after the FSP 115-2 reversal is recorded.

Given uncertainties surrounding the ultimate accounting treatment of Members United's capital investments in U.S. Central along with additional OTTI expected with the closure of the June 2009 financial statements, the following table provides a few accounting scenarios and their impact on our credit unions PIC and MCS accounts held at Members United.

Depletion Scenarios as of May 31, 2009

Scenario 1 - Assumes no additional OTTI and U.S. Central MCS impaired to 23%
($'s in thousands)

	Capital Base Prior to Depletion Entry	Depletion Adjustments	Capital Base After Depletion Entry	Depletion Percentage
Retained (deficit) earnings	$ (122,301)	$ 122,301	$ -	
Paid-in capital shares	79,440	(79,440)	-	100%
Qualifying membership capital shares	479,722	(42,861)	436,861	9%
Total capital	$ 479,722	$ -	$ 436,861	

Scenario 2 - Same assumptions as Scenario 1 except full impairment of the remaining $155, 482 investment in U.S. Central MCS is required
($'s in thousands)

	Capital Base Prior to Depletion Entry	Depletion Adjustments	Capital Base After Depletion Entry	Depletion Percentage
Retained (deficit) earnings	$ (277,783)	$ 277,783	$ -	
Paid-in capital shares	79,440	(79,440)	-	100%
Qualifying membership capital shares	479,722	(198,343)	281,379	41%
Total capital	$ 479,722	$ -	$ 281,379	

Scenario 3 - Same assumptions as Scenario 2 plus an additional $100,000 of OTTI is required in June 2009
($'s in thousands)

	Capital Base Prior to Depletion Entry	Depletion Adjustments	Capital Base After Depletion Entry	Depletion Percentage
Retained (deficit) earnings	$ (377,783)	$ 377,783	$ -	
Paid-in capital shares	79,440	(79,440)	-	100%
Qualifying membership capital shares	479,722	(298,343)	181,379	62%
Total capital	$ 479,722	$ -	$ 181,379	

The current unaudited financial statements indicate a 100% depletion of PIC and a 9% depletion of MCS as of May 31, 2009.

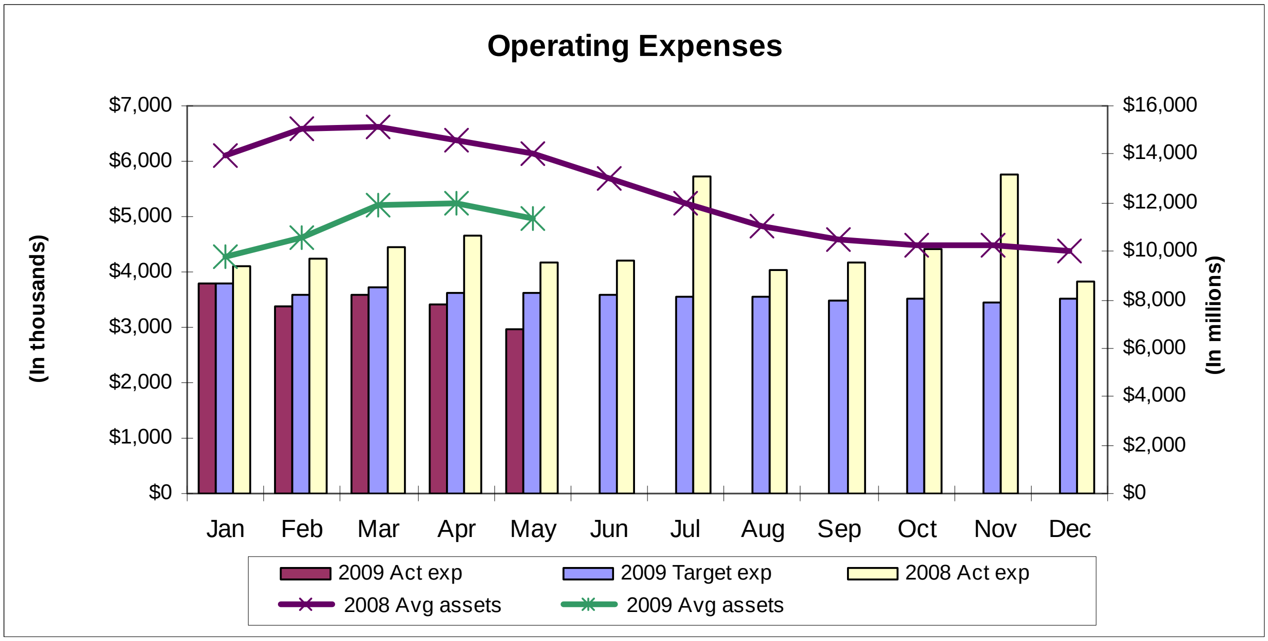
However, as illustrated in the tables above, the MCS depletion could be higher depending upon the final outcome of the accounting treatment of the remaining capital investments held at U.S. Central and could range as high as 41% if Members United is required to fully impair these investments.

The economic conditions have not improved in the second quarter of 2009 and management believes it is likely that additional OTTI may be required as the accounting records are closed for the month of June 2009. As of the date of this report, we do not have the 3rd party analysis of the portfolio so Scenario 3 is provided to simply draw your attention to the fact that additional OTTI could require additional depletion of MCS after June financials are closed. The $100 million estimate is simply used to for illustrative purposes only. The actual OTTI estimates will be provided next month with this portfolio update and release of the June data.

Total Operating Expenses - Plan Update

Members United implemented an expense reduction plan in the fourth quarter of 2008. On a year-to-date basis, expenses through May 2009 are $4.5 million **less** than expenses incurred through May of 2008.

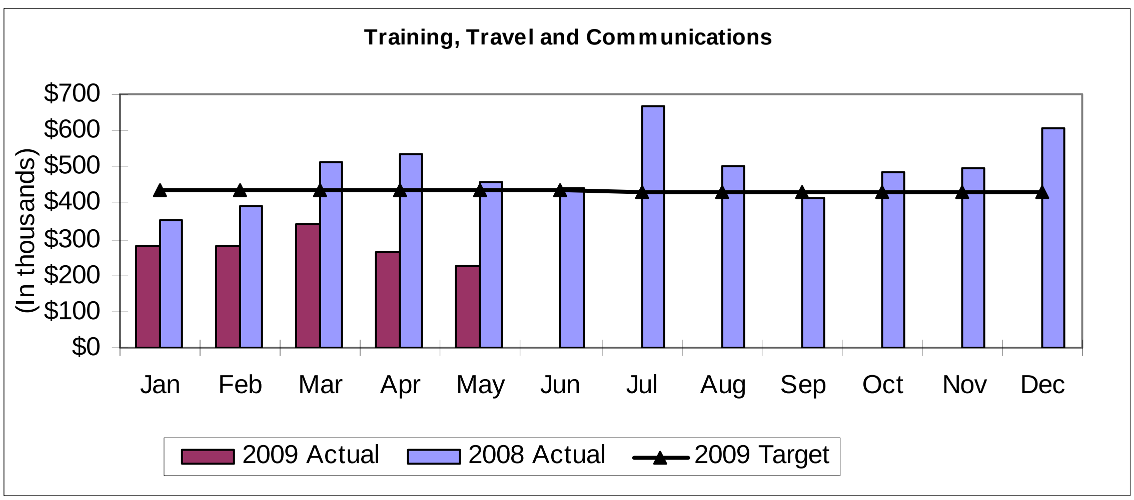
The following chart is presented to the membership to serve as an update regarding our performance against this revised plan. It should be noted that Members United updated its expense plan in June but the budget and targets for 2009 have not been reset to reflect the lower expense targets. The June financial results will show a charge for separation costs associated with the updated expense plan, followed by lower on-going monthly expense budgets as savings are realized.



Expenses have been lower than the plan and also lower than prior-year actual results. The target for 2009 expenses is $43 million. For reference, the July 2008 expense was higher than trend primarily due to the lease termination in Albany, and the November 2008 expense was higher than trend primarily due to costs associated with the reduction in force plan.

Travel, Training and Communication Expense – Update

Travel, training and communications expense is approximately 12% of the total annual operating expense budget and represents a primary focus of the cost savings initiatives in 2009. These expenses totaled $228,137 for the month of May. The following table presents results against plan.



From 4/25/09 through 5/24/09 (the applicable expense reporting period), the executive leadership team expense reports totaled $3,360 and travel consisted of five trips and two airfare purchases for future trips. The executive leadership team includes Joe Herbst, Todd Adams, Kevin Brauer, Jane Brent, John Carew, John Collins, Jackie Jessen and Ron Koza. The following table provides more detailed information regarding leadership team travel:

Leadership Team Travel and Expenses
May 31, 2009

Date	Name	Estimated Costs	From/To	Purpose
4/27/2009	Joe Herbst	$ 406	Albany to Kansas City	ACCU meeting in Kansas City
4/27/2009	Todd Adams	529	Chicago to Kansas City	U.S. Central annual meeting in Kansas City
4/28/2009	Kevin Brauer	353	Albany to Chicago	Leadership team meeting in Illinois
4/30/2009	Kevin Brauer	158	Albany to Ellicottville, NY	Credit union meeting in Ellicottville, NY
5/22/2009	Kevin Brauer	305	Albany to Chicago	Airfare for Members United Board meeting on 6/10/09
5/23/2009	Kevin Brauer	138	Albany to Washington D.C.	Airfare for NAFCU conference on 7/21/09
4/27/2009	John Carew	1,007	Chicago to Kansas City	U.S. Central annual meeting in Kansas City
Total travel related expenses		2,896		
Incidentals not tied to a specific trip		464		
Total ELT expenses		$ 3,360		

Unaudited Financial Information as of May 31, 2009

A summarized balance sheet, income statement and capital ratios are provided below:

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED BALANCE SHEETS
MAY 31, 2009
UNAUDITED
(in thousands)

	May 31, 2009	May 31, 2008
Assets		
Cash and cash equivalents	$ 2,075,846	$ 72,193
Overnight deposits at U.S. Central	1,765,412	3,313,514
Investment securities, at fair value	3,582,915	5,796,766
Interest earning deposits at U.S. Central	983,042	3,236,725
Loans to members and affiliates, net	831,569	822,664
Participation loans, net	78,324	90,249
Fixed assets, net	9,741	11,408
Accrued income and other assets	95,777	155,742
Total assets	$ 9,422,626	$ 13,499,261
Liabilities and Members' Equity		
Borrowings and other liabilities		
U.S. Central borrowings	$ 166,374	$ 266,037
Securities sold under agreements to repurchase	137,407	575,815
Federal Home Loan Bank	233,891	4,696
Federal funds	-	15,000
Commercial paper	-	169,578
Other borrowings	75,624	100,260
Accrued expense and other liabilities	100,562	111,754
Total borrowings and other liabilities	713,858	1,243,140
Members' equity		
Shares and certificates	10,211,440	12,246,847
Membership capital shares	479,722	484,694
Paid-in capital shares	79,440	79,440
Retained (deficit) earnings	(122,301)	330,580
Total capital	436,861	894,714
Accumulated other comprehensive loss	(1,939,533)	(885,440)
Total members' equity	8,708,768	12,256,121
Total liabilities and members' equity	$ 9,422,626	$ 13,499,261

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED STATEMENTS OF INCOME
AS OF MAY 31, 2009
UNAUDITED
(in thousands)

	Month Ended May 31,		Year-to-Date May 31,		
	2009	**2008**	**2009**	**2008**	**Notes**
Interest income					
Investments	$ 9,424	$ 35,158	$ 55,359	$ 216,930	
Loans	3,608	3,412	18,988	15,497	
Total interest income	13,032	38,570	74,347	232,427	
Interest expense					
Members' accounts	8,495	29,229	47,681	175,073	
Borrowings	1,787	3,512	10,952	31,290	
Total interest expense	10,282	32,741	58,633	206,363	
Net interest income	2,750	5,829	15,714	26,064	
Noninterest income					
Service fee income, net	2,052	1,536	9,340	8,652	
Other income	61	32	113	52	
Total noninterest income	2,113	1,568	9,453	8,704	
Noninterest expense					
Salaries and employee benefits	1,714	2,559	9,984	13,445	
Training, travel and communications	228	457	1,394	2,248	
Office operations	312	360	1,651	1,778	
Professional and outside services	399	480	2,463	2,101	
Office occupancy	233	252	1,204	1,286	
Other	65	64	406	751	
Total noninterest expense	2,951	4,172	17,102	21,609	
Net income before net loss on financial instruments	1,912	$ 3,225	8,065	13,159	
Net loss on financial instruments	55	(456)	(1,265)	(3,130)	**A**
Net income	$ 1,967	$ 2,769	$ 6,800	$ 10,029	

Notes

A The income statement has been formatted to show net losses on financial instruments as a line below core operating earnings. This includes gains and losses that have been realized (i.e., the security has been sold and a cash gain or loss has been realized) as well as fair value adjustments on our derivative portfolio.

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
KEY FINANCIAL INFORMATION
MAY 31, 2009
UNAUDITED
(in thousands)

Capital Ratios

	May 31, 2009	May 31, 2008	November 30, 2008	Regulatory Limits or Thresholds
Qualifying membership capital shares	$ 479,722	$ 484,694	$ 486,066	
Paid-in capital shares	79,440	79,440	79,440	
Retained (deficit) earnings	(122,301)	330,580	300,396	
Total capital	$ 436,861	$ 894,714	$ 865,902	
12-month daily average net assets	$ 9,342,021	$ 12,982,049	$ 11,950,268	
Capital ratio	4.68%	6.89%	7.25%	5.00%
Core capital ratio	-0.46%	3.16%	3.18%	3.00%
Retained earnings ratio	-1.31%	2.55%	2.51%	2.00%

Issuer Ratings

	Rating Type	Rating
Fitch	Short term	F1+
	Long term	A+
	Individual	E

Supplemental Valuation Information	Balance
Non-agency mortgages	$ (1,542,578)
Asset-backed securities	(80,811)
Commercial mortgage-backed securities	(225,096)
Corporates	(65,118)
Agencies	(1,816)
Derivative instruments	(24,114)
Accumulated other comprehensive loss	$ (1,939,533)

Summary

Members United appreciates your continued support and patience as we work through the accounting and reporting requirements. Members United remains committed to contributing to the long-term financial success of our members and will continue to work towards minimizing any losses incurred.

Contact Information

For questions related to any information contained in this update, please contact any of the following individuals:

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