

Portfolio Update and Financial Reports

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

As of 6/30/09 (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.

Economic Overview

Market sentiment has done a complete reversal since mid-June. The June focus of a potential V-shaped recovery, imminent rate hikes and worries about inflation has completely eroded over the past 30 days. The new focus has been on the continued weakness in the job market, with little signs of a sharp recovery. The stock market is down approximately 5% from its mid-June peak and long-term Treasuries have declined approximately 60 basis points, as the realization of a generally weak economy for the foreseeable future has set in.

The weaker than expected June Employment Report has brought with it calls for another stimulus package. This seems hard to fathom given that the government just passed a \$787 billion stimulus package in February and given that a majority of that stimulus has yet to be felt. Many of the President's detractors have criticized the February stimulus plan as being too back-loaded to help spur the economy in the near-term. It would be politically unfeasible for the current Administration to attempt to push through an additional stimulus plan so soon, but given the weakened state of the consumer, it seems very possible that we could see another stimulus plan by early 2010.

For consumers, the recent labor report continues to display troubling news. Job losses continue to mount at a rapid pace. While the pace has slowed somewhat from earlier in the year, it still remains at an elevated level. In addition, wages and income growth continue to decelerate. Given the negative shock to wealth from falling equity and housing values and the need for household balance sheet repair with increased savings, it seems likely that consumer spending will remain subdued for several quarters.

The economy and the banking sector have clearly stabilized over the past few months. The next stage that is needed for a recovery to take hold will be for uncertainty in the housing market to diminish. Currently, banks are still unwilling to lend because they can't determine what the ultimate losses on their loan and bond portfolios will be. Due to this uncertainty, banks are holding excess reserves instead of making loans. Without loans, businesses are unable to make investments that would help to spur the economy.

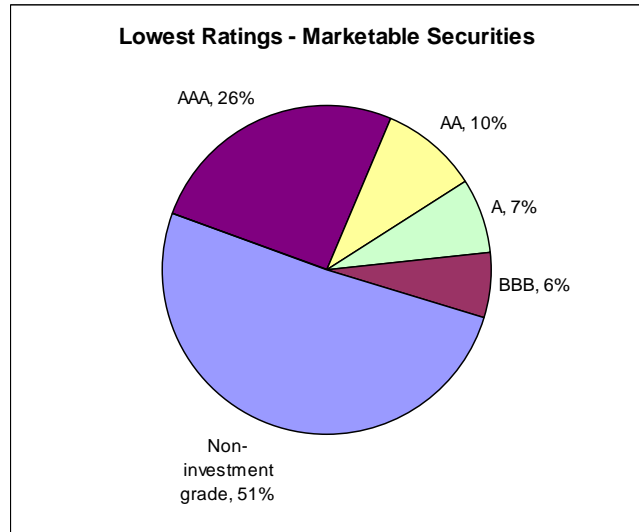
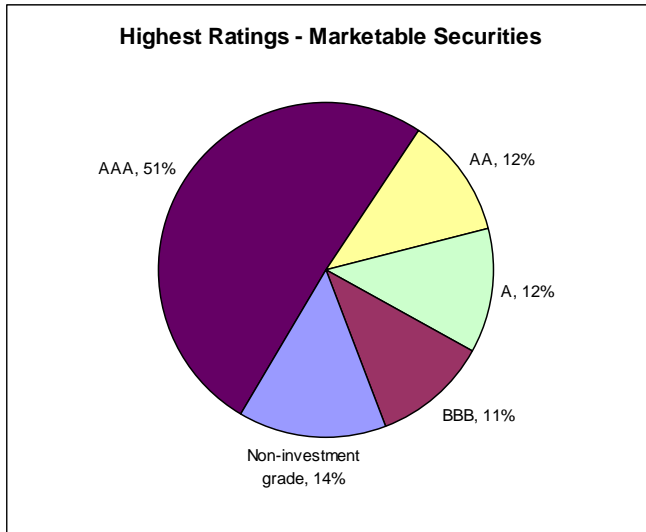
Members United Outlook

Interest rates have decreased substantially over the past month as economic worries dominated the headlines. The employment report clearly shows that the consumer segment/market is still in much need of repair. Labor market conditions continue to deteriorate and household wealth is down substantially. Consumer spending has decreased as the savings rate has started to climb, but much more work is needed before consumer balance sheets are fixed. Expect a slow recovery, with downside risks of a further downturn more prevalent than any upside scenarios.

Portfolio Overview

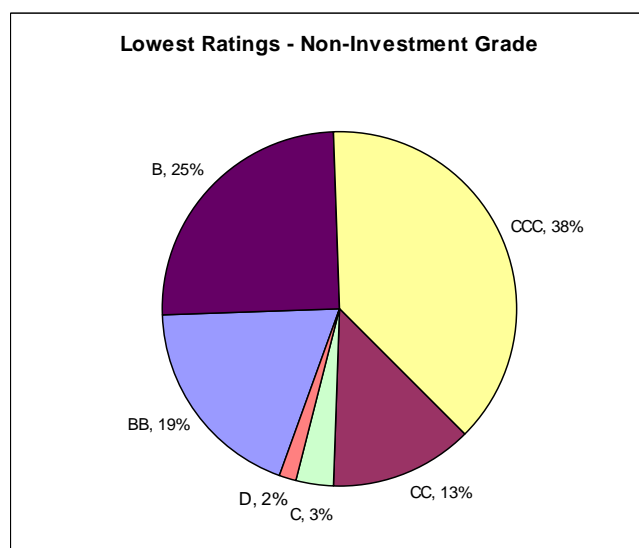
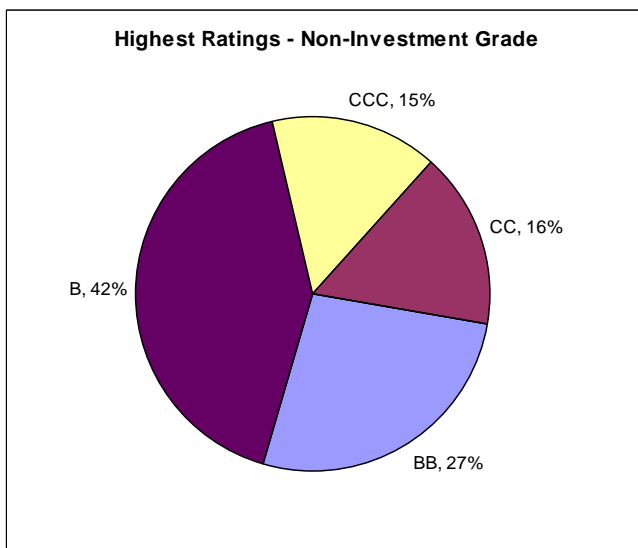
Credit risk is the risk that the par value of an investment will not be returned (fractionally or as a whole). Members United manages credit risk through continual monitoring and rigorous modeling of its investment securities. Members United has the regulatory authority to hold investment securities 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).

Members United continues to present two sets of charts. One chart provides information using the highest rating available, while the second chart 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 June 30, 2009 (total par value of approximately \$5.7 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, 51% of the portfolio falls below investment grade.

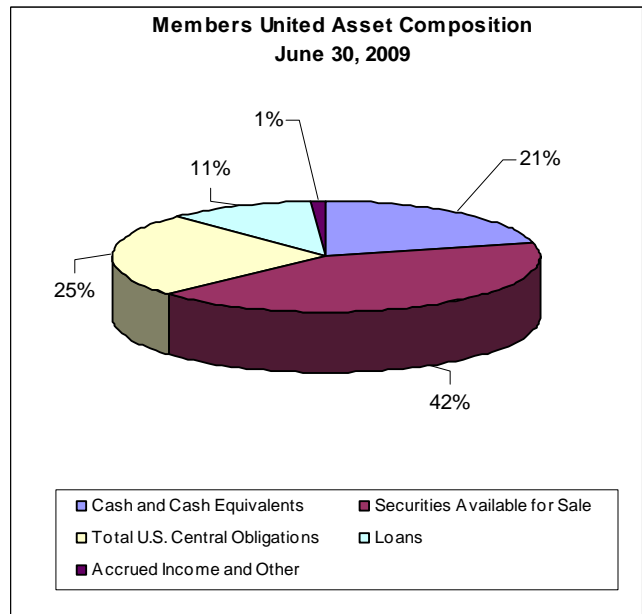
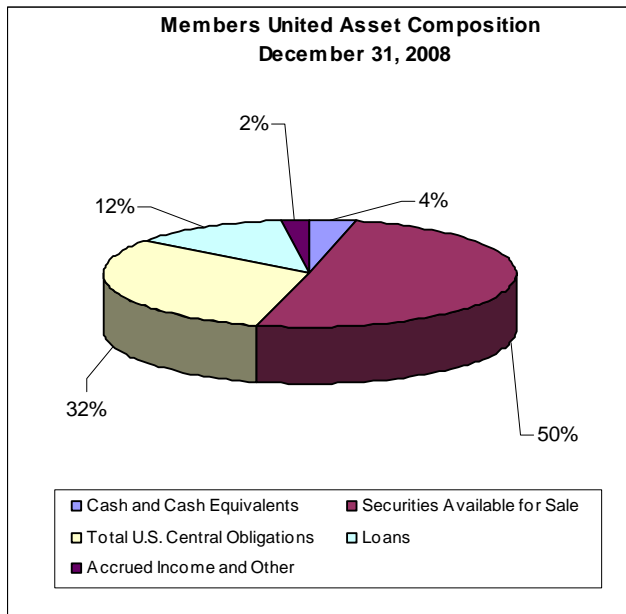
The following charts provide additional ratings information for the non-investment grade portion of the portfolio as of June 30, 2009 (total par value of approximately \$800 million for the highest-rating scenario and \$2.9 billion for the lowest-rating scenario):



Both sets of charts illustrate that ratings downgrades continue to occur in the portfolio.

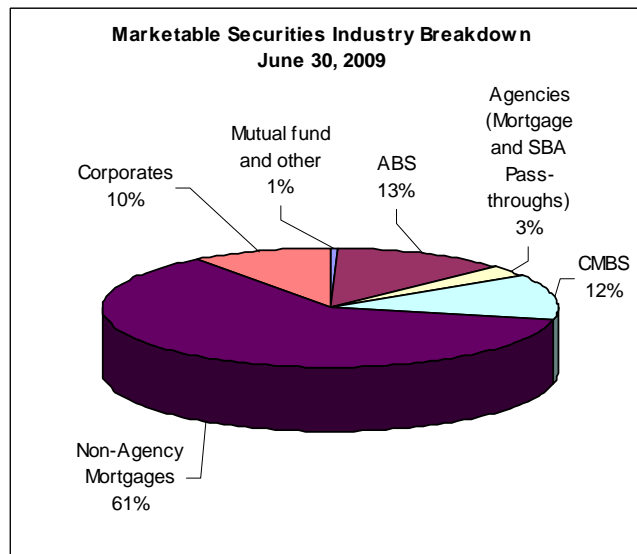
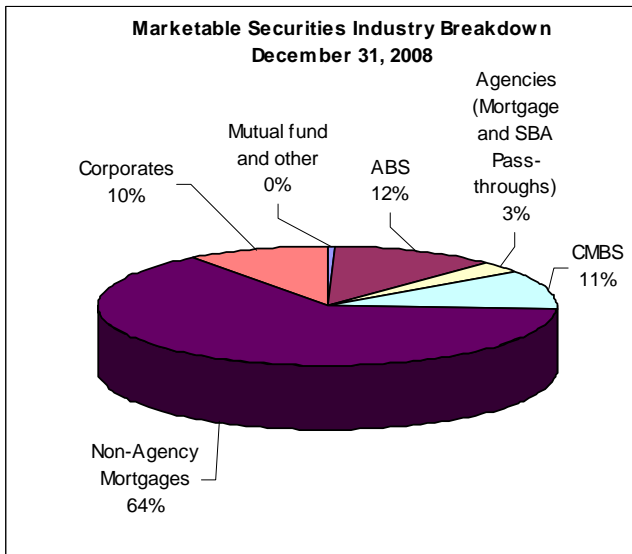
Asset Composition

As of June 30, 2009, our assets were \$8.4 billion. Cash and overnight deposits at U.S. Central totaled \$2.8 billion, fair value of marketable securities represented \$3.5 billion, loans to members totaled \$0.9 billion, and term deposits at U.S. Central totaled approximately \$1.1 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 June 30, 2009:

(All dollar amounts are reflected in thousands)

	Book Value	Unrealized Loss*	Fair Value
Non-agency mortgages	\$ 3,288,415	\$ (1,453,386)	\$ 1,835,029
Asset-backed securities (secured by non-mortgage assets)	670,610	(73,426)	597,184
Commercial mortgage-backed securities	659,769	(225,512)	434,257
Corporates	535,943	(54,576)	481,367
Agencies (mortgage and SBA pass-throughs)	159,956	(1,814)	158,142
Mutual fund and other	27,537	-	27,537
Total investment securities	\$ 5,342,230	\$ (1,808,714)	\$ 3,533,516
*Excludes net unrealized loss on derivative instruments of \$28,925.			

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 June 30, 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	\$3,288,415	100%	44%	692	79%
Prime	917,256	28%	12%	725	78%
Sub-prime (FICOs < 680)	949,281	29%	13%	626	78%
Alt-A	\$1,421,878	43%	19%	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 RMBS securities wrapped by these two insurers were subjected to other-than-temporary impairment (OTTI). SGI has ceased paying claims on its insured obligations effective April 26, 2009. SGI continues its efforts to commute a sufficient portion of its insured obligations to restore compliance with minimum regulatory capital requirements. Such commutation and restoration of capital increases the potential for SGI to resume claims payments to RMBS holders. All other monoline 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. It should be noted that MBIA and Ambac have experienced ratings downgrades, and their credit spreads are trending unfavorably, even though they continue to support bond payments as necessary.

The following table highlights Members United's monoline insurance exposure. We note again that holding amounts are reported on a book value basis and are net of any recorded OTTI:

(All dollar amounts are reflected in thousands.)

Monoline	June 30, 2009 Total Holdings Wrapped	June 30, 2009 Total Holdings Wrapped (% of Invested Assets*)
Ambac	\$402,894	5.4%
MBIA	380,975	5.1%
FGIC	121,696	1.6%
FSA	86,291	1.2%
SGI (f.n.a. XLCA)	18,993	0.3%
CIFG	11,625	0.2%
Total	\$1,022,474	13.8%

*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 June 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 \$106 million or 7.2%.

(All dollar amounts are reflected in thousands.)

Net Economic Value June 30, 2009			
	Net Economic Value	Dollar Change	Percentage Change
Base net economic value	(1,480,930)	-	-
300 basis point rise in rates	(1,586,900)	(105,970)	(7.16%)

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			
June 30, 2009 (12-month projection)			
	Net Interest Income	Dollar Change	Percentage Change
Base case NII	30,565	-	-
300 basis point rise in rates	60,272	29,707	97.19%

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 June 30, 2009:

(All dollars are reflected in thousands)

Current Liquidity			
Cash and short term deposits	\$ 1,103,305		
Source of Liquidity	Gross	Used	Net
FHLB Chicago line of credit	\$ 240,000	\$ 230,000	\$ 10,000
US Central - advised line	902,998	165,760	737,238
State of Illinois deposit	100,000	50,000	50,000
Commercial paper	270,000	-	270,000
Available-for-sale securities - sales	1,329,883	-	1,329,883
Available-for-sale securities - borrowings	176,136	138,128	38,008
Fed funds	933,000	-	933,000
Fed discount window	974,403	-	974,403
Subtotal	4,926,420	583,888	4,342,532
Total	\$ 6,029,725	\$ 583,888	\$ 5,445,837
Total member loans		\$ 924,000	
Balances at the FRB		\$ 1,709,186	

While liquidity remains strong, seasonal patterns are once again starting to come into play. Our cash balances aggregate was about \$2.8 billion, even after paying off \$310 million of our committed line with U.S. Central that expired in late May as expected. This product is no longer being offered by U.S. Central, and finding other committed lines is unlikely and would be prohibitively expensive at the current time. While the above table reflects sources of funds at June 30, the commercial paper facility for \$270 million lapsed in early July and will not be included in future reports. Cash and deposit balances still remain well above the previous year's trends, clearly helped by the guarantee on deposits. Our other sources of funding remain in place with just under \$1 billion available at both the Federal Reserve Bank Discount Window and U.S. Central.

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 June 30, 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 by holding securities until they mature. While principal losses are expected, the losses would be greater if the securities were sold in the current market. 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.

June Income Statement Results and 2nd Quarter 2009 OTTI Charges

Members United recorded a net loss of \$79.3 million for the month of June primarily due to additional OTTI charges of \$81.9 million. Members United obtains a third-party review of its bond portfolio on a quarterly basis and will record additional OTTI when this firm's base case estimate shows that a credit loss will occur at some point in the future for a particular security. When a credit loss is projected, the loss is discounted to reflect the time value of money. In total, future credit losses are estimated at approximately \$415.1 million, with the present value of losses estimated at approximately \$342.4 million. Members United had previously recorded OTTI, so the \$81.9 million referred to above represents the incremental charges required as a result of the most recent portfolio review.

Excluding the additional OTTI taken in the second quarter, core performance included good base earnings and a favorable adjustment related to the NCUSIF, partially offset by one-time costs associated with the reduction in force plan that was implemented in June 2009.

Status of the 2008 Audit

Members United previously charged off \$152.7 million of its capital investments at U.S. Central but still holds \$155.5 million of membership capital shares that have not been depleted as of the date of this report. U.S. Central's audited financial statements will help determine if additional charges are required before Members United can finalize its audited financial statements. June 2009 results do not include any additional charges related to the remaining capital investments.

Retained Earnings Roll Forward Schedule

While Members United waits on U.S. Central for its 2008 audited financial statements, the following schedule has been prepared to highlight several significant transactions that have occurred since November 30, 2008. In summary, retained earnings of \$300.4 million as of November 30, 2008, now represent a deficit of \$(201.6) million as of June 30, 2009, representing a decline of \$502 million over the course of this time period.

(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	1,444
February 2009 net income	681
March 2009 net income	752
April 2009 net income	1,955
May 2009 net income	1,967
June 2009 net loss (including \$81.9 million of additional OTTI)	(79,320)
Retained deficit on June 30, 2009	\$ (201,622)

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 3.93% 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.

Capital Depletion Considerations

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. Given uncertainties surrounding the ultimate accounting treatment of Members United's capital investments in U.S. Central, the following table provides two scenarios and the resulting impact on our credit unions' PIC and MCS accounts held at Members United.

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	\$ (201,622)	\$ 201,622	\$ -	
Paid-in capital shares	79,440	(79,440)	-	100%
Qualifying membership capital shares	<u>477,637</u>	<u>(122,182)</u>	<u>355,455</u>	26%
Total capital	<u>\$ 355,455</u>	<u>\$ -</u>	<u>\$ 355,455</u>	
Capital ratio	3.93%			

Scenario 2 - Same assumptions as Scenario 1 except full impairment of the remaining \$155.5 million of U.S. Central MCS is required
 (\$'s in thousands)

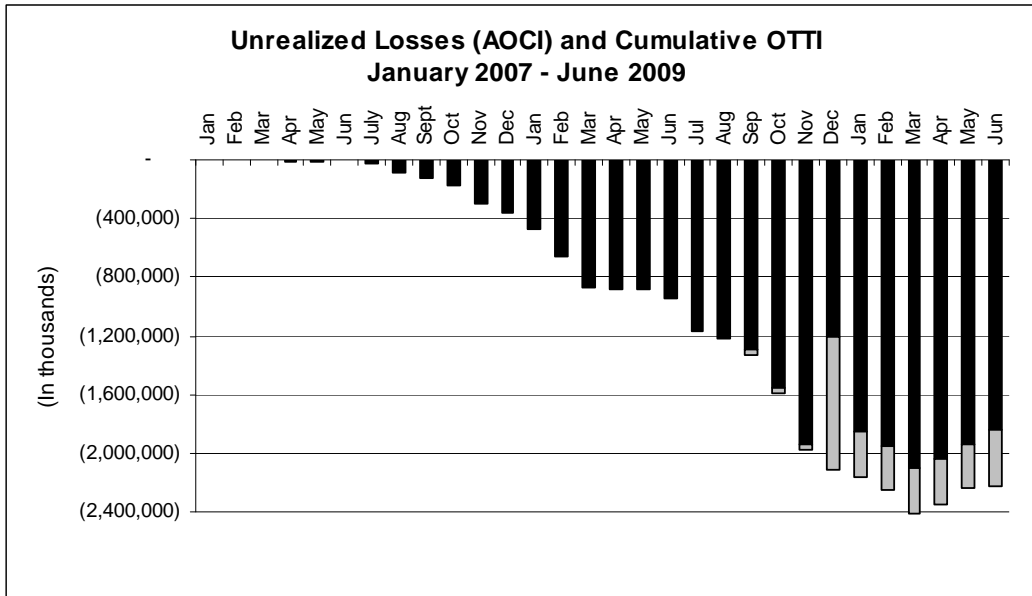
	Capital Base Prior to Depletion Entry	Depletion Adjustments	Capital Base After Depletion Entry	Depletion Percentage
Retained (deficit) earnings	\$ (357,104)	\$ 357,104	\$ -	
Paid-in capital shares	79,440	(79,440)	-	100%
Qualifying membership capital shares	<u>477,637</u>	<u>(277,664)</u>	<u>199,973</u>	58%
Total capital	<u>\$ 199,973</u>	<u>\$ -</u>	<u>\$ 199,973</u>	
Capital ratio	2.21%			

In both examples, PIC shares are fully exhausted. If no additional charges are required for investments in U.S. Central's capital, approximately 26% of our credit unions' MCS would be depleted. However, if the remaining \$155.5 million of investments in U.S. Central's capital shares is required, Members United would, in turn, need to deplete approximately 58% of membership capital shares to eliminate the retained deficit.

Scenario 1 results in a capital ratio of 3.93%, while Scenario 2 would result in a 2.21% capital ratio.

Valuation Trends

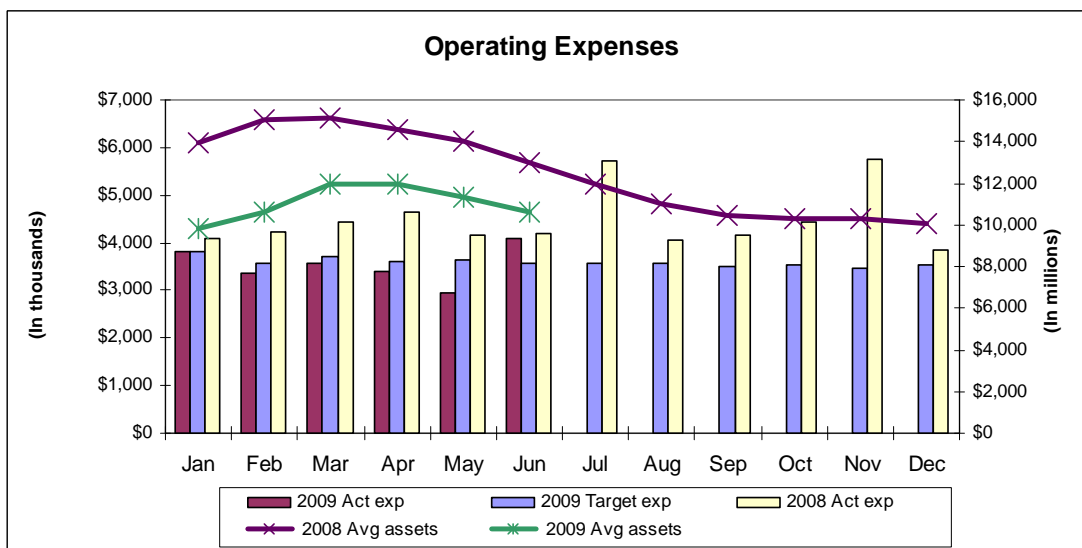
Investment valuations have stabilized somewhat over the past three months, as illustrated in the following chart. For comparability purposes, the chart adds the current unrealized loss (AOCI) (black bar in the chart below) and all OTTI (grey bar in the chart below) that has been recorded since September 2008. Aggregating this data improves comparability of this trend since OTTI essentially represents a reclass from the balance sheet (AOCI) to the income statement (OTTI), when losses are deemed other-than-temporary.



Total Operating Expenses - Plan Update

Members United continues to implement and evolve its expense reduction plan. During the month of June 2009, Members United announced another round of cuts that included eliminating 39 additional positions within the corporate. The one-time costs associated with this reduction in force totaled approximately \$1.3 million and were fully expensed in the month of June when the layoffs were announced. Even after including these one-time costs, expenses on a year-to-date basis through June 2009 are \$4.6 million **less** than expenses incurred through June 2008.

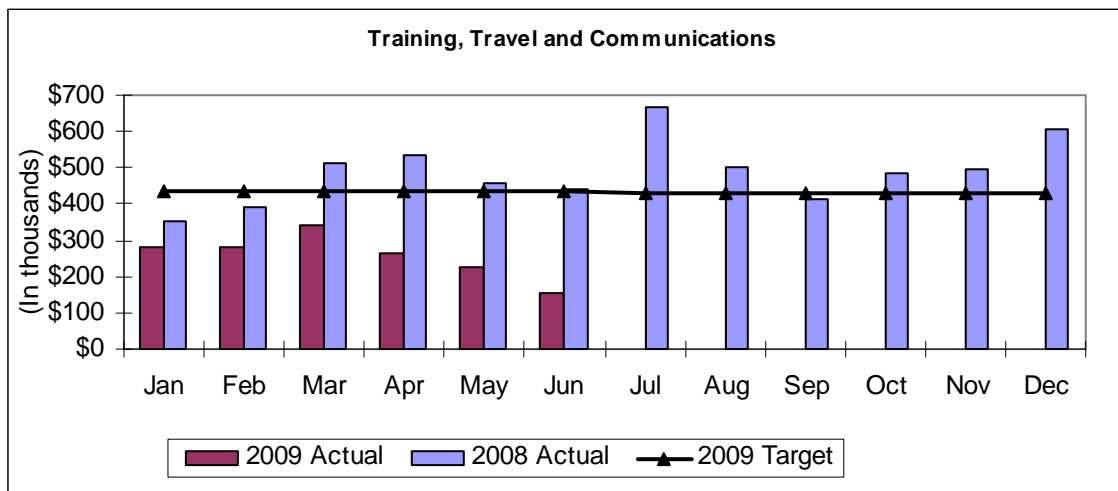
The following chart updates our performance against this revised plan. It should be noted that Members United updated its expense plan in June, but the budget and targets for 2009 have not been reset to reflect the one-time separation costs incurred in June or the on-going lower expense targets going forward.



Expenses have been lower than the plan and also lower than prior-year actual results. The target for 2009 expenses is now \$41.9 million. For reference, the July 2008 expense was higher than trend primarily due to the costs associated with the lease renegotiation that reduced the amount of space leased for the Albany office, 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 \$154,821 for the month of June. The following table presents results against plan.



For the month of June 2009, the executive leadership team expense reports totaled \$4,562, which included the cost of nine trips. At June 30, 2009, 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 June 30, 2009

Date	Name	Estimated Costs	From/To	Purpose
6/10/2009	Todd Adams	\$ 667	Chicago to Albany	Meetings with staff in the Albany office
6/15/2009	Todd Adams	798	Chicago to Dallas	Meeting to discuss payment operations
6/25/2009	Kevin Brauer	480	Albany to Chicago	NCUA exit meeting for first portion of annual exam
6/3/2009	Kevin Brauer	190	Albany to New Jersey	New Jersey Credit Union League event
6/10/2009	Kevin Brauer	76	Albany to Chicago	Members United annual meeting
6/15/2009	Kevin Brauer	140	Albany to Boston	Speak at credit union Board meeting
6/4/2009	John Carew	576	Chicago to Albany	Meetings with staff in the Albany office
6/15/2009	John Collins	646	Chicago to Dallas	Meeting to discuss payment operations
6/4/2009	Ron Koza	176	Chicago to New Jersey	Speak at credit union annual meeting
Total travel related expenses		<u>3,749</u>		
Incidentals not tied to a specific trip		<u>813</u>		
Total ELT expenses		<u>\$ 4,562</u>		

Unaudited Financial Information as of June 30, 2009

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

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2009
UNAUDITED
(in thousands)

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 1,790,334	\$ 128,844
Overnight deposits at U.S. Central	1,022,157	2,673,948
Investment securities, at fair value	3,533,516	5,650,387
Interest earning deposits at U.S. Central	1,058,481	2,489,327
Loans to members and affiliates, net	846,904	907,494
Participation loans, net	77,013	95,380
Fixed assets, net	9,619	10,116
Accrued income and other assets	89,986	137,629
Total assets	<u>\$ 8,428,010</u>	<u>\$ 12,093,125</u>
Liabilities and Members' Equity		
Borrowings and other liabilities		
U.S. Central borrowings	\$ 165,760	\$ 304,253
Securities sold under agreements to repurchase	138,128	645,540
Federal Home Loan Bank	233,832	4,612
Federal funds	-	30,000
Commercial paper	-	154,620
Other borrowings	51,168	506,648
Accrued expense and other liabilities	102,519	95,594
Total borrowings and other liabilities	691,407	1,741,267
Members' equity		
Shares and certificates	9,218,787	10,407,191
Membership capital shares	477,637	484,607
Paid-in capital shares	79,440	79,440
Retained (deficit) earnings	(201,622)	331,848
Total capital	355,455	895,895
Accumulated other comprehensive loss	(1,837,639)	(951,228)
Total members' equity	7,736,603	10,351,858
Total liabilities and members' equity	<u>\$ 8,428,010</u>	<u>\$ 12,093,125</u>

MEMBERS UNITED CORPORATE FEDERAL CREDIT UNION
CONSOLIDATED STATEMENTS OF INCOME
AS OF JUNE 30, 2009
UNAUDITED
(in thousands)

	Month Ended		Year-to-Date		Notes
	June 30,		June 30,		
	2009	2008	2009	2008	
Interest income					
Investments	\$ 8,328	\$ 29,918	\$ 63,688	\$ 246,848	
Loans	3,053	3,473	22,040	18,971	
Total interest income	<u>11,381</u>	<u>33,391</u>	<u>85,728</u>	<u>265,819</u>	
Interest expense					
Members' accounts	7,686	25,616	55,368	200,689	
Borrowings	908	3,115	11,859	34,406	
Total interest expense	<u>8,594</u>	<u>28,731</u>	<u>67,227</u>	<u>235,095</u>	
Net interest income	2,787	4,660	18,501	30,724	
Noninterest income					
Service fee income, net	2,142	1,592	11,482	10,244	
Other income	172	40	284	92	
Total noninterest income	<u>2,314</u>	<u>1,632</u>	<u>11,766</u>	<u>10,336</u>	
Noninterest expense					
Salaries and employee benefits	3,112	2,641	13,096	16,086	
Training, travel and communications	155	439	1,549	2,687	
Office operations	278	350	1,929	2,127	
Professional and outside services	285	458	2,748	2,559	
Office occupancy	221	241	1,425	1,527	
Other	55	77	460	829	
Total noninterest expense	<u>4,106</u>	<u>4,206</u>	<u>21,207</u>	<u>25,815</u>	
Net income before net loss on financial instruments	995	\$ 2,086	9,060	15,245	
Net loss on financial instruments	(80,315)	(818)	(81,580)	(3,948)	A
Net income	<u>\$ (79,320)</u>	<u>\$ 1,268</u>	<u>\$ (72,520)</u>	<u>\$ 11,297</u>	

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
JUNE 30, 2009
UNAUDITED
(in thousands)

Capital Ratios

	June 30,		November 30,	Regulatory Limits or Thresholds
	2009	2008	2008	
Qualifying membership capital shares	\$ 477,637	\$ 484,607	\$ 486,066	
Paid-in capital shares	79,440	79,440	79,440	
Retained (deficit) earnings	(201,622)	331,848	300,396	
Total capital	<u>\$ 355,455</u>	<u>\$ 895,895</u>	<u>\$ 865,902</u>	
12-month daily average net assets	\$ 9,051,988	\$ 12,978,234	\$ 11,950,268	
Capital ratio	3.93%	6.90%	7.25%	5.00%
Core capital ratio	-1.35%	3.17%	3.18%	3.00%
Retained earnings ratio	-2.23%	2.56%	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	\$ (1,453,386)
Asset-backed securities	(73,426)
Commercial mortgage-backed securities	(225,512)
Corporates	(54,576)
Agencies	(1,814)
Derivative instruments	(28,925)
Accumulated other comprehensive loss	<u>\$ (1,837,639)</u>

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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