



**A MESSAGE FROM
RICK VEACH, PRESIDENT/CEO**

Date: August 13, 2008

Monday's edition of the Wall Street Journal included an article that focused on the impact of the mortgage market dislocation on five corporate credit unions. Volunteer Corporate was not included in the article because the market dislocation has had a relatively minor effect on our portfolio. We do, however, have strong ties to and investments in U.S. Central Corporate Credit Union, which was listed as one of the five. I would like to comment on the article as well as to communicate what we are doing to keep apprised of the situation at U.S. Central.

First, let me say that Volunteer Corporate takes very seriously its safety and soundness responsibility to its members and should we ever lose confidence in U.S. Central we would immediately begin to walk away from that relationship.

On Monday we received the following response from the NCUA regarding the Wall Street Journal Article:

"Today, the Wall Street Journal issued an article entitled "Mortgage-Market Trouble Reaches Big Credit Unions." This article primarily addresses the impact of current market conditions on fair values of mortgage-related securities held by five corporate credit unions. The article notes as of May 31, five corporate credit unions have reported \$5.7 billion in accumulated unrealized losses on available-for-sale securities. Additionally, the article discusses the reclassification of some securities from available-for-sale to held-to-maturity on the balance sheets of U.S. Central Federal Credit Union (U.S. Central) and Western Corporate Federal Credit Union (WesCorp).

The National Credit Union Administration (NCUA) continues to provide prudent regulatory oversight and close supervision of the corporate credit union system. NCUA's Office of Corporate Credit Unions (OCCU) continues to dedicate its resources to ensuring corporate credit unions are managing their balance sheets appropriately during this stressed market affecting mortgage-related securities. OCCU will not change its regulatory strategy as a result of this article.

Corporate credit unions, by regulation, are limited to the most highly credit rated investments. The vast majority of mortgage-related securities held by corporate credit unions continue to be highly rated and continue to perform as expected. However, the lack of liquidity in the mortgage-related securities market has resulted in many financial institutions, including

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corporates, having to record accumulated unrealized losses on available-for-sale securities. These adjustments have been made in accordance with generally accepted accounting principles (GAAP) as set forth in Financial Accounting Standards Board (FASB) Statement of Financial Accounting (SFAS) No. 157 Fair Value Measures.

A critical factor in this current depressed mortgage-related securities market is liquidity. The liquidity position of corporate credit unions is strong. Corporate credit unions have ample liquidity to meet foreseeable liquidity demands. Furthermore, they have established additional liquidity sources in the event of increased liquidity demands from their members. As part of its ongoing supervision, OCCU monitors the liquidity position of the largest corporate credit unions daily.

As noted above, U.S. Central and WesCorp reclassified some of its securities from available-for-sale to held-to-maturity. Both corporate credit unions demonstrated they have the ability and intent to hold securities transferred to maturity. As such, this reclassification of securities complies with GAAP. In addition, the securities reclassification was reviewed by their auditors and OCCU.

OCCU will continue to provide very close supervision to those corporate credit unions impacted by the mortgage market contagion. OCCU will also continue to provide the regulatory oversight necessary to ensure the corporate credit union system remains safe and sound.”

This proactive approach by the NCUA and the fact that they remain confident in U. S. Central gives us confidence that your money is safe. Additionally, National Recognized Statistical Rating Organizations such as Standard and Poor's, Moody's, and Fitch continue to reaffirm the safety and soundness of U.S. Central through the high credit ratings that they assign U.S. Central.

But, we go even further in our responsibility to our members. VolCorp performs its own due diligence by communicating frequently with U.S. Central and preparing a monthly credit analysis which is shared with our Board of Directors. We have also traveled to U.S. Central to confer directly with them and we participate in meetings with other corporate credit unions where information regarding their situation is discussed. U.S. Central has been very forthcoming with information and has acted very responsibly.

In conclusion, VolCorp will continue to monitor U.S. Central very closely to ensure that your money is always safe at Volunteer Corporate. Please don't hesitate to contact me if you have any questions about Volunteer Corporate or U.S. Central.