

FITCH AFFIRMS IDRS OF 8 CORPORATE CREDIT UNIONS; DOWNGRADES INDIVIDUAL RATINGS

Fitch Ratings-Chicago-24 March 2009: Fitch Ratings has affirmed the Issuer Default Ratings (IDRs) of 'A+' and 'F1+' of the eight major corporate credit unions that it rates. The affirmation is based on the National Credit Union Administration's (NCUA) continued demonstrated support for these entities. Today's rating action follows the announcement from the NCUA that it will place U.S. Central Federal Credit Union (USC) into conservatorship. The conservatorship will impair the value of the capital share investment in USC of each corporate credit union rated by Fitch, resulting in a significant negative impact on each institution's capital.

On Feb. 10, 2009, Fitch raised the support ratings of each of the corporate credit unions to '1' and established a corresponding support rating floor of 'A+'. These adjustments in the support ratings were triggered by tangible signs of increased government support for the corporate credit unions. The IDRs for each of the corporate credit unions were established at the support rating floor of 'A+' to emphasize the importance of government support in assessing the probability of default for these entities.

The stand alone financial profile of each corporate credit union rated by Fitch has come under varying degrees of stress in the current climate. The greatest concentration of risk has emanated from the companies investment portfolios that have included exposures to asset types that have exhibited higher levels of volatility and illiquidity than was originally expected. Fitch has articulated the relative degree of stress via adjustments to the corporate credit union's Individual ratings, which are designed to indicate a company's stand alone financial profile absent any support. The decline in capital related to the expected impairment of the USC capital investments carried by the corporate credit unions will likely result in capital ratios falling below regulatory capital minimums at each of the rated corporate credit unions. Fitch has lowered the Individual rating of each corporate credit union to 'E', in recognition of the sharp decline in capital.

The NCUA has reiterated its intention to support the stability and integrity of the U.S. credit union system. In Fitch's view, this demonstrates the existing support ratings, support floors, and IDRs assigned to individual corporate credit unions remain appropriate. In light of the NCUA's public statements and actions to date, Fitch expects support and/or regulatory forbearance to be forthcoming that will allow these entities to operate at current rating levels.

Fitch has downgraded the following ratings and removed them from Rating Watch Negative.

Central Corporate Credit Union

--Individual downgraded to 'E' from 'B/C'.

Constitution Corporate Federal Credit Union

--Individual downgraded to 'E' from 'D/E'.

Eastern Corporate Federal Credit Union

--Individual downgraded to 'E' from 'B/C'.

First Corporate Credit Union

--Individual downgraded to 'E' from 'C'.

Mid-Atlantic Corporate Federal Credit Union

--Individual downgraded to 'E' from 'B/C'.

Members United Corporate Federal Credit Union

--Individual downgraded to 'E' from 'C/D'.

Southeast Corporate Federal Credit Union

--Individual downgraded to 'E' from 'C'.

Southwest Corporate Federal Credit Union

--Individual downgraded to 'E' from 'C/D'.

Fitch has affirmed the following ratings with a Stable Outlook:

Central Corporate Credit Union

--Long-term IDR 'A+';

--Short-term IDR 'F1+';

--Short-term debt 'F1+';

--Support '1';

--Support floor 'A+'.

Constitution Corporate Federal Credit Union

--Long-term IDR 'A+';

--Short-term IDR 'F1+';

--Short-term debt 'F1+';

--Support '1';

--Support floor 'A+'.

Eastern Corporate Federal Credit Union

--Long-term IDR 'A+';

--Short-term IDR 'F1+';

--Short-term debt 'F1+';

--Support '1';

--Support floor 'A+'.

First Corporate Credit Union

--Long-term IDR 'A+';

--Short-term IDR 'F1+';

--Support '1';

--Support floor 'A+'.

Mid-Atlantic Corporate Federal Credit Union

--Long-term IDR 'A+';

--Short-term IDR 'F1+';

--Support '1';

--Support floor 'A+'.

Members United Corporate Federal Credit Union

--Long-term IDR 'A+';

--Short-term IDR 'F1+';

--Short-term debt 'F1+';

--Support '1';

--Support floor 'A+'.

Southeast Corporate Federal Credit Union

--Long-term IDR 'A+';

--Short-term IDR 'F1+';

--Short-term debt 'F1+';

--Support '1';

--Support floor 'A+'.

Southwest Corporate Federal Credit Union

--Long-term IDR 'A+';

--Short-term IDR 'F1+';

--Short-term debt 'F1+';

--Support '1';

--Support floor 'A+'.

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