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Media Release

FOR IMMEDIATE RELEASE

US Central Capital Change Approved

December 12, 2008, Alexandria, Va. -- The National Credit Union Administration Board, by notation vote, has approved a regulatory change that enables US Central to convert membership capital accounts (MCA), a portion of existing capital, to a new paid-in-capital instrument (PIC2), which is considered Tier 1 capital by debt ratings agencies.

“Converting callable MCA funds to PIC2, Tier1 capital is an important facet of broader efforts to maintain robust debt ratings for US Central,” said NCUA Chairman Michael Fryzel. “This represents the latest in a series of prudent steps to preserve credit union system-wide stability and financial health during these times of market dislocation.”

Greater Tier 1 capital will enhance US Central’s rating by the rating agencies. The conversion should assure US Central maintains a robust AA+ senior unsecured debt rating and enable it to borrow at favorable rates.

Specific elements of PIC2:

- Total subscription is \$450 million
- The allocation is proportionate to the corporate’s assets on deposit with US Central; however, there is a cap of 15 percent for any one corporate.
- Perpetual in nature.
- Dividends are paid at the discretion of US Central’s board, and may be only paid from current net income (after expenses are recorded and dividends are paid) if US Central would remain adequately capitalized.
- PIC2 subscriptions do not require additional funding by member corporates, unless current MCA falls short of required PIC2.

Increasing the amount of Tier 1 capital will enhance US Central’s AA+ debt rating and generally requires no additional funding by members. Additionally, US Central members will receive more favorable returns on US Central investments due to US

Central's high credit quality and lower debt costs.

The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, backed by the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund (NCUSIF), insuring the deposits of over 88 million account holders in all federal credit unions and a majority of state-chartered credit unions.

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