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Six Corporate Credit Union Ratings Lowered

Primary Credit Analyst:

Robert B Hoban, Jr., New York (1) 212-438-7385; robert_hoban@standardandpoors.com

Secondary Credit Analysts:

Charles D Rauch, New York (1) 212-438-7401; charles_rauch@standardandpoors.com

David A Kaplan, New York (1) 212-438-5649; david_a_kaplan@standardandpoors.com

Sunsierre Newsome, New York (1) 212-438-2421; sunsierre_newsome@standardandpoors.com

NEW YORK (Standard & Poor's) April 6, 2009--Standard & Poor's Ratings Services said today that it has taken rating actions on six corporate credit unions (see list below). The ratings on all the credit unions remain on CreditWatch Negative. We are also withdrawing our ratings on Eastern Corporate Federal Credit Union (EasCorp) and Central Corporate Credit Union (Cencorp), each at the company's request.

This action was prompted by our reassessment of these institutions' creditworthiness in light of recent regulatory actions taken by the National Credit Union Administration (NCUA; regulator for credit unions) and the corporate credit unions' capitalization being severely impaired as the result of the expected write-down of their capital investments in U.S. Central Federal Credit Union. None of these corporate credit unions have rated debt outstanding.

On March 20, 2009, the NCUA took U.S. Central and Western Corporate Federal Credit Union (WesCorp) into conservatorship after determining that their exposure to losses in their portfolios of mortgage-related structured securities was in excess of their capital. As a result, the NCUA has announced that all corporate credit unions' capital investments (paid-in capital and membership capital shares) in U.S. Central will have to be completely or almost completely written down. Although the NCUA has stated that it does not plan to seize any corporates because of the write-down of their investments in U.S. Central, we believe that this will severely impair the corporates' capitalization.

The impact of this write-down on the rated corporate credit unions' capitalization varies widely, but in all cases it results in a capital profile that we believe is insufficient to support any rated corporate at the prior ratings level. Before these recent events, EasCorp and Cencorp were among the highest rated corporates because they had the least exposure to at-risk, mortgage-related, structured securities, but we expect their capital levels to be the most severely affected by the write-down of their U.S. Central capital investments. According to our calculations, each is likely to have negative regulatory core capital. Although we expect the capital levels at Southwest Corporate Federal Credit Union and Constitution Corporate Federal Credit Union to be least affected by the write-down, we believe their resulting capitalization will be weak in light of their significant exposure to potential future losses on their portfolios of mortgage-related structured securities.

The remaining rated corporate credit unions will stay on CreditWatch Negative because of continued negative pressure on the ratings from weak capitalization, the potential for further securities write-downs in the near term, and uncertainty as to the direction and form of future regulatory action toward these companies. The NCUA has stated that it would inject capital into any corporate that needed it as the result of securities write-downs. It remains to be seen if this would be done under conservatorship, as it was at U.S. Central and WesCorp, or in a way less favorable to creditors.

Credit Union creditors are especially well protected in the event of a liquidation because all credit union debt ranks senior to members' shares and deposits. We believe the NCUA's program to guarantee all member deposits through December 2010, into which all of the rated corporates with the exception of Eascorp have opted, is crucial to the corporate credit unions' creditworthiness.

To resolve the CreditWatch on the remaining rated corporate credit unions, we will closely monitor further industry and company-specific developments, assess each rated corporate's capital plans, and seek further insight from the NCUA as to its plans for the corporate credit union network.

Ratings Lowered, Remain On CreditWatch

	To	From
Southeast Corporate Federal Credit Union Counterparty Credit Rating	BBB-/Watch Neg/A-3	A+/Watch Neg/A-1
Southwest Corporate Federal Credit Union Counterparty Credit Rating	BBB-/Watch Neg/A-3	A+/Watch Neg/A-1
Constitution Corporate Federal Credit Union Counterparty Credit Rating	--/Watch Neg/A-3	--/Watch Neg/A-1
SunCorp Corporate Credit Union Counterparty Credit Rating	--/Watch Neg/A-3	--/Watch Neg/A-1+

Central Corporate Credit Union
 Counterparty Credit Rating
 --/Watch Neg/B --/Watch Neg/A-1+

Eastern Corporate Federal Credit Union
 Counterparty Credit Rating
 --/Watch Neg/B --/Watch Neg/A-1+

Ratings Withdrawn

	To	From
Central Corporate Credit Union Counterparty Credit Rating	NR	--/Watch Neg/B

Eastern Corporate Federal Credit Union Counterparty Credit Rating	NR	--/Watch Neg/B
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