

March 23, 2009

### Corporate Credit Union Stabilization

“Due to financial difficulties suffered by some credit unions across the country stemming from the continued erosion of our nation's economy, on Friday evening it became necessary for the National Credit Union Administration (NCUA) to place into conservatorship two corporate credit unions. (Corporate credit unions are the equivalent of “bankers-banks,” and provide various services to our credit union.)

Related to NCUA's action on Friday evening, earlier this year the National Credit Union Share Insurance Fund (NCUSIF) levied a special assessment on **all** the credit unions that it insures.

It is important to not that the NCUSIF is also backed by the full faith and credit of the U.S. Government. As a result, your deposits, up to at least \$250,000, are federally insured by NCUSIF. Also, an additional \$250,000 is provided by American Share Insurance (ASI).

Notwithstanding the conservatorship and special assessment, for which Downey Federal Credit Union was not in any way responsible, your credit union remains safe and sound and financially strong.

Our credit union's strength is due to you – our members. The strong capital reserves built by you since we were chartered in 1957, while impacted by this special assessment, remain strong. As of February 28, 2009, Downey Federal Credit Union had \$154,168,597 in assets and \$19,093,527 or 12.67% in capital.

Rest assured that the Board and management of Downey Federal Credit Union holds sacred its duty to manage your funds in a prudent manner. This has not, and will not change. We will continue to price our products and services competitively to protect the assets of our members. We see this as an unfortunate event that was outside of our control.

Should you have any questions, do not hesitate to contact me at (562) 862-8141 X223.

Sincerely,



Barbara Lamberth  
CEO