

Dear VolCorp Member/Owner,

VolCorp has completed its 2009 UNAUDITED financials and we continue to have positive Retained Earnings of \$2.8 million. Retained Earnings are important for our members as it is the cushion that protects members' capital from absorbing losses. VolCorp remains unique in that our members' capital accounts have not been depleted, thanks to our positive Retained Earnings position. We continue to believe that we will not have to ask members to impair their capital with us in the future for several reasons, including:

- VolCorp has no further capital exposure to U.S. Central.
- VolCorp continues to have strong core earnings (i.e. earnings exclusive of write-downs on our U.S. Central capital accounts), earning \$3.2 million for the twelve months ended December 31, 2009.
- VolCorp continues to receive strong support from our members, with almost \$2 billion in assets under management (including on-balance sheet assets, SimpliCD sales and security sales).
- VolCorp continues to add new members, with eight new credit unions joining us in 2009, adding to our revenue base.
- VolCorp's unrealized securities losses, the difference between book and market values, have declined significantly from \$10.9 million at December 31, 2008 to only \$2.3 million at December 31, 2009.
- VolCorp has budgeted \$2.6 million in core earnings for 2010 (21 basis points) as we continue to rebuild our Retained Earnings.

As referenced above, we wrote off all of our remaining capital at U.S. Central on December 31, 2009. Had we not had the losses associated with U.S. Central during 2008 and 2009, the last two years would have been very positive.

Our 2009 year ending Total Capital position includes Retained Earnings of \$2.8 million and Membership Capital Shares of \$51.2 million, for Total Capital of \$54.1 million. Our auditors are currently reviewing our results and we are working diligently to have our 2009 audit completed as soon as possible. Our Annual Report should be available in the spring. UNAUDITED financials can be viewed monthly on our website at [www.volcorp.org](http://www.volcorp.org).

In November we received the proposed new corporate rules from the NCUA. Although the rules have yet to be finalized, we have spent significant time analyzing their contents and we see no reason why we cannot continue to serve our members for as long as they want us to. We will be having town hall meetings soon to discuss the new rules in detail, along with VolCorp's strategy. Please plan to attend.

Thank you again for your continued support of Volunteer Corporate.



Rick Veach  
President/CEO