



October 6, 2008

To All Member/Owners and Staff:

Last week we all watched in awe as Congress debated, amended, and passed one of our nation's most historical acts of legislation: HR 1424- the Emergency Economic Stabilization Act of 2008. It was signed into law on October 3, 2008, and it is estimated that it will cost this country over \$850 billion plus interest over the long run.

All privately insured credit unions qualify for relief under this Act; however accepting assistance will have a cost. Beacon has no exposure and will not need any financial assistance from taxpayer dollars.

I have included some points you may wish to consider when discussing the impact of this legislation on Beacon Credit Union and the effect on the safety and soundness of owners deposits. Should you need any clarification, please contact me.

Sincerely,

Bruce Ingraham
President

- Beacon Credit Union is a financial cooperative, organized in June, 1931. It currently serves 38,000 people and small businesses in north central Indiana with deposit and borrowing needs. We serve "Main Street" not "Wall Street".
- Beacon Credit Union utilizes the deposits from Member/Owners and loans the money to Member/Owners for consumer, mortgages, and agricultural needs. As of September 30, 2008 total deposits from members amounted to \$488 million and loans to members amounted to \$465 million.
- Beacon Credit Union has retained its earnings over the past 77 years and built net worth to \$108 million. This equity/net worth provides security for depositors as Beacon Credit Union has in excess of \$22 in reserves for every \$100 deposited by Member/Owners.
- Beacon Credit Union invests its excess money that it has in safe, conservative securities and deposit programs with contracted interest rates and maturities. The average life of all the investments owned by Beacon Credit Union is 3.5 years. Beacon Credit Union does not buy the types of exotic investments, including credit default swap's, associated with the well-publicized failures of some of the nation's largest investment firms, banks and thrifts.

- Beacon Credit Union develops its own terms and conditions for every loan it advances to Member/Owners located in Indiana. The promissory note and the entire file of documentation are held within the organization and no loans are sold to an outside party, such as FHLMC or FNMA. No sub-prime mortgage was made by Beacon Credit Union as it has always been in the best interest of the member-owner and Beacon Credit Union for the borrower to remain in a position to repay the indebtedness.

- As Beacon Credit Union's mission is to provide fair and competitive loans, savings, investment and other financially related products and services responsive to the needs of members, taking undue risk in an effort to increase profits is not practiced by the Board or Management.

- Beacon Credit Union is state chartered and under the supervision of the Indiana Department of Financial Institutions. Beacon Credit Union is recognized as one of the safest financial institutions in the state of Indiana.

- Your funds are insured by American Share Insurance, who provides deposit insurance to approximately 180 select credit unions throughout the United States. No credit union member has ever lost money in any ASI insured credit union. Our credit union deposit insurer has never needed a bailout, and they don't need one now.

- Beacon Credit Union is enjoying one of its most successful years as loan volume has increased by nearly \$60 million and deposits are up nearly \$20 million since January 1, 2008. Through the nine months ending September 30, 2008 net earnings are in excess of projections. The Board of Directors has approved, for the third consecutive year, returning a portion of received loan interest back to borrowers on open loans through an interest loan rebate effective December 31, 2008.

- Beacon Credit Union currently has 14 service offices located in north central Indiana, with a staff of 180 people trained to provide outstanding personal service to meet the financial needs of Member/Owners. Products and services offered through Beacon Credit Union are established with very competitive rates, terms, and fees. The 15th office is under construction in Wabash, Indiana and is expected to be open to serve our Member/Owners during November, 2008.

- Now is the time to band together and take advantage of the benefits of ownership in a strong cooperative credit union. Withdrawing your savings will adversely limit Beacon's ability to lend money to families and small businesses residing in north central Indiana. We are all best served by standing together.