

DEFENSE CONTRACTS SOUTH FEDERAL CREDIT UNION

QUARTERLY NEWSLETTER

October 1, 2008

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DCSFCU Still Strong under the Current Market Conditions:

Today's turbulent economic environment is a concern for all of our membership. The Defense Contracts South Federal Credit Union is uniquely well positioned to handle these uncertain times. The Credit Union's stable field of membership and conservative Board of Directors are major assets.

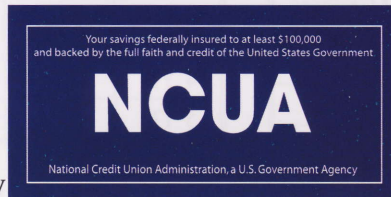
No Mortgage Loan Exposure: The Credit Union does not provide real estate or mortgage loans. Mortgage loans are a major contributor to the current economic problems at other financial institutions.

No High Risk Investments: We have a conservative investment policy. Our current investments are in certificates of deposit and savings accounts that are insured by FDIC or NCUA. We do not have any investments in mortgage backed securities, collateral deposit obligations, or other complex mortgage based investments.

Strong Financial Results in 2008: The Credit Union reported a net income of \$316,054 through September 30, 2008. DCSFCU has over \$5,000,000 in equity/capital or 15.95% of total assets. A strong equity/capital ratio provides the ability to manage future challenges or opportunities.

Member Deposits Insured by NCUA up to \$100,000:

Not one penny of insured savings has ever been lost by a member of a Federally insured credit union.



You can be assured that your Credit Union remains strong and your money is protected. We continue to service the loan and savings needs of our membership. If you have any questions or concerns, please contact me directly at 1-800-851-7830.

Billy Edwards
Manager

Defense Contracts South FCU as of September 30, 2008	
Shares	\$26,325,731
Dividends Payable & other Liabilities	\$222,151
Equity/Capital	\$5,036,683
Total Assets	\$31,584,565

DIVIDENDS

Your Board of Directors declared the dividend for the third quarter as follows:

DIVIDEND RATE AND ANNUAL PERCENTAGE YIELD (APY)

BALANCES BETWEEN	RATE	APY
\$25.00 — \$499.99	1.00 %	1.00 %
\$500.00 — \$1,999.99	2.00 %	2.02 %
OVER \$2,000.00	3.00 %	3.03 %

Note: The annual percentage yield is a percentage rate that shows the total amount of dividends, based on the dividend rate and the frequency of compounding for a 365-day period. Dividends are figured on date of deposit to date of withdrawal basis. Deposit Limit: The limit on deposits was increased to \$5,000 per account per calendar month.

WE HAVE MONEY TO LEND:

Auto dealerships are offering large rebates and incentives to sell their inventory. It is a buyers market. New at dcsfcu.com: Cyberautonetwork is a car buying service that provides information about preferred dealership contacts.

NEW CAR LOANS ARE NOW AVAILABLE

Rate	APR
4 Years	4.90 %
5 Years	5.40 %
6 Years	6.05 %

