



Corporate Federal Credit Union

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January 12, 2012

Dear Member:

Alloya exists because as a credit union like you, we have provided superior, cost-effective products and the best possible service and support to our members. At the same time, Alloya must maintain a strong vision for the future, making business decisions only after careful consideration.

Effective February 5, 2012, Alloya will be entering into a strategic partnership that outsources the back-office item processing services to VSoft Corporation (“VSoft”). The good news for Alloya and the staff that support this important function is that VSoft will be employing all the talented resources that currently perform and support the item processing business, and will be housing them within the current facility in Albany, NY. Members will not experience a degradation of service as a result of this change.

The electronification of the paper check has placed item processing under a great deal of pressure for several years now. As is true of the financial industry as a whole, Alloya has seen diminishing check volume from the natural reduction of checks written by consumers and processed by retailers and other businesses. In addition, during the capitalization process, some of Alloya’s significant volume users elected to move outside the corporate system for item processing services. The combination of this reduced volume, the ongoing need to develop and offer new item processing services, the need to consolidate image archives after numerous mergers, and the fact that Alloya is a start-up company which needs to restrict capital outlays led management to consider new strategic alternatives to “manufacturing” item processing as Alloya (as discussed in the Forward Together strategic plan).

Through a comprehensive review by a cross-functional management assessment team, it was determined that the benefits and risks of outsourcing item processing to VSoft is a strategically, operationally and financially sound opportunity for Alloya. Through this strategic partnership with VSoft, Alloya will achieve:

1. Reduced operating costs both now and in the future
2. Improvement of net product margin through elimination of redundant operations and the human resources necessary to support them
3. Partnership with a “best of breed” company that possesses a close working knowledge of item processing that will retain Alloya staff, which futuristically Alloya was unable to ensure
4. Protection of member credit unions’ investment in VSoft item capture hardware and software
5. Lower space costs in Albany as VSoft sub-leases space to house the existing Alloya processing staff

Due to its vast market presence alone, VSoft Corporation is a familiar name in providing solutions to financial institutions worldwide. In fact, VSoft has 17 offices in the United States, Canada, and India, and serves over 2,200 financial service providers around the globe. VSoft maintains a credit union-centric approach to service and technology which sets it apart from other credit union vendors, making VSoft an ideal strategic partner for Alloya and its members into the future.

Over the coming months, Alloya and VSoft will be working together to integrate the item processing business into VSoft. We also wish to emphasize that you can expect no interruption in your item processing service, zero impact to your operations and no changes in your costs during 2012. As before, our valued members can continue to count on the member support staff you know and trust to provide you with the high quality service connected to this product line.

In 2012 and the years ahead, as we work to develop Alloya for the future, we appreciate your ongoing interest and support.

Sincerely,

**Charles Furbee**  
Acting Chief Executive Officer