Irene Smith, Chairperson of the Board

Despite a challenging year with reduced interest rates, a continuing recession, increased unemployment, and a depressed stock market, Telhio Credit Union increased asset size, new members and employer groups served.

While Telhio did not participate in the controversial lending practices or riskier investments that triggered a number of economic issues, Telhio is impacted by the current situation. We are experiencing fluctuations in delinquency and increased loan losses as a result of the weakened economy. Lowered consumer confidence and coupled with increased job uncertainty is contributing to reduced loan demand. With this in mind, we are taking action to better position Telhio to withstand the current climate and subsequently ensure that Telhio remains a strong and secure institution.

It is an honor to be part of a credit union that continues to grow, expand, and develop new and improved products and services. Management and staff are committed to providing the types of financial services our members want and need. Member owners may take comfort in knowing that since 1934 their deposits are safe and secure. Telhio continues to be positioned the credit union of choice for Franklin County.

Leslie Bumgarner, President/CEO

Telhio will break ground on its’ sixth branch in 2009. This is a sign of our commitment to the membership. As staff works through the challenges of these times; it is exciting to focus on providing additional conveniences to the membership. As staff prepares for 2009, we discussed and subsequently agreed that our biggest objective is to find, to keep and to grow the right member. The second key objective is to communicate to our members these key marketing messages:

- safe and sound for seventy-five years;
- open to everyone in Franklin County;
- share accounts insured at $500,000;
- ease of doing business;
- lending solutions.

Telhio members face the same economic challenges here locally as consumers across the nation. Columbus, know historically to be recession proof, can no longer claim that after the record setting number of bankruptcies and unemployment claims recorded in Franklin County.

This current economic environment requires active credit management as old assumptions are challenged and new ones come to the forefront. Throughout 2009, management will work to direct staffs effort to:

- Expand physical presence in primary market to expand membership and deposit growth.
- Leverage technology and process improvements to enhance service; attract younger members and create cost efficiencies; integrating branch, call center and secured website.
- Balance growth of loans and deposits and increase fee income improving overall profitability.
- Develop a culture of innovation and teamwork.
Douglas McDowell, Treasurer

Fiscal 2008 was a year of tremendous financial ups and downs for major banks and Wall Street Firms. As Treasurer, I am pleased to remind our members that your credit union never purchased risky investments, nor did it allow credit union members to borrow funds which they couldn't afford to repay. By not participating in the subprime market, Telhio’s capital remained over 12% in fiscal 2007 and 2008. Our mission, to be our member’s primary financial institution, is a long term goal that does not allow for short-cuts or short-term financial gains. Maintaining consistency to this key strategic mission ensures a healthy financial future for both Telhio and its members.

Your credit union increased its assets in 2008 by $14MM. When looking at the asset side of the balance sheet, you will see a $6.9MM increase in loans outstanding to members and a $6.3 MM increase in cash on hand. On the liability side of the balance sheet, members showed their confidence in Telhio’s financial stability by increasing total shares by $23MM over fiscal 2007. In addition, corporate borrowings were reduced in 2008 by $12M as additional liquidity was no longer needed.

I encourage you to call your credit union should you need a helping hand during fiscal 2009. Credit unions where built on the premise of people helping people. Telhio is committed to helping our members during the good and not so good times. I like to take this opportunity to remind you that your credit union is regulated and insured by state and federal agencies in addition to the formal audit by our outside auditing firm, Crowe Horwath LLP.

I encourage each of you to understand the financials of your credit union. The staff has copies of Telhio’s audited financials available to any member at all offices and via Telhio’s web site, www.telhio.org/about.html. If you have any questions, please feel free to contact the staff or any board member of Telhio.

C. Patrick, Chairperson of the Nominating Committee

This year’s nominating committee recommended three candidates to fill the three open positions for the 2009 Board of Directors. An election and request for proxy is conducted annually prior to the Telhio Annual Meeting. Balloting and Annual Meeting information was provided to all qualified voting members in the December paper statement and eStatements.

Each member who is a natural person ages 16 or older, has one vote regardless of the number of shares. All members are equal owners of the credit union, regardless of deposit amount.

In this year’s election, members were encouraged to vote and provide a proxy statement on-line, or by phone. With 42,517 members voting as of the record date of which 554 ballots and proxies were validated. Results were announced at the Telhio Annual Meeting held at 6:00 pm, March 23, 2009 at 96 N. Fourth Street, Columbus, Ohio. The Board of Directors is comprised of volunteers and will consist of 9 members for the calendar year of 2009.

<table>
<thead>
<tr>
<th>2008 Board of Directors</th>
<th>2008 Supervisory Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irene Smith</td>
<td>Henry Chang</td>
</tr>
<tr>
<td>C. Patrick Zollars</td>
<td>Renee A. Rainey</td>
</tr>
<tr>
<td>Doug McDowell</td>
<td>Thomas J. James</td>
</tr>
<tr>
<td>Linda Kennedy</td>
<td></td>
</tr>
<tr>
<td>Ken Crockett</td>
<td></td>
</tr>
<tr>
<td>Kathy Foor</td>
<td></td>
</tr>
<tr>
<td>Tammy Holtzmeier</td>
<td></td>
</tr>
<tr>
<td>Larry Jackson</td>
<td></td>
</tr>
<tr>
<td>Andrew Marfurt</td>
<td></td>
</tr>
</tbody>
</table>