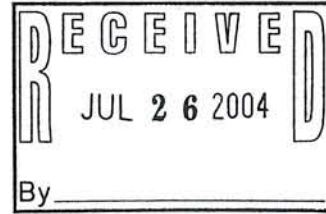




Robert G. Davis  
Chairman and  
Chief Executive Officer



July 22, 2004

Ambassador John W. Limbert  
President, American Foreign Service Association  
2101 E Street Northwest  
Washington, DC 20037-2916

Dear Ambassador Limbert:

Thank you for your letter of June 16, 2004. I appreciate the opportunity to respond to you on behalf of the USAA Board of Directors.

I am aware of the series of correspondence between USAA and the American Foreign Service Association regarding USAA eligibility. By way of this letter, I am reinforcing USAA's position. It is incumbent upon the USAA Board of Directors to preserve USAA for the purpose for which it was founded – to serve the needs of United States military forces. Based on our clear mission, any deviations from our eligibility criteria, such as those you suggest, could deteriorate the definition of USAA's market niche to an indefinable group. This stringent criteria allows us to legally preserve USAA for generations to come.

All of the eligibility criteria you refer to have been in effect for several years. As we receive requests for eligibility, we evaluate every request with that criteria. Your request does not meet our requirements. The USAA Board of Directors has deep regard for United States citizens serving on behalf of the Department of Commerce, Department of Agriculture, and United States Agency for International Development. Their work is certainly important, but that does not constitute eligibility for USAA.

Ambassador Limbert, I appreciate your candid remarks and the consideration you have given to this issue. Thank you for allowing us to clarify our position.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bob Davis".