

*2010 Annual
Meeting Reports*



2009 Report of the Chairman and the President

2009 turned out to be probably the most difficult period of time in Midwest Corporate's 68 years of providing services to credit unions.

After a couple of very difficult years in the mortgage investment markets, 2009 saw the actual recognition of significant losses in the value of the underlying mortgage assets as mortgage default rates climbed and investment protections such as monoline insurers failed. This caused the recognition of losses on these investments within the corporate credit union system that led to a number of regulatory actions and losses at U.S. Central FCU.

The losses at U.S. Central FCU were significant enough that in March 2009 the NCUA took conservatorship of U.S. Central FCU. The losses at U.S. Central FCU exceeded their reserves and undivided earnings and forced losses onto Midwest Corporate as our capital accounts at U.S. Central FCU were written down by \$12,799,549. This loss was in turn larger than our own reserves and undivided earnings could handle, so, our own member's capital accounts had to be written-down as well in the amount of \$4,867,793.

These unavoidable write-downs, not caused by any direct investing by Midwest Corporate, have left us with very little capital for the future.

Throughout 2009, the Board and the management staff did whatever it took to deal with the issues related to the losses being felt within the corporate credit union system. Numerous meetings and hundreds of extra hours were spent by both the Board and management in an attempt to protect member capital when possible and to preserve Midwest Corporate's services for the future. Among the steps taken to accomplish this were; the forming of ProDraft Services, Inc. to insure that the item processing services would remain in control of its client credit unions; participation in the NCUA's Temporary Corporate Credit Union Share Guarantee Program (TCCUSGP) to insure member deposits would be protected during these uncertain times; and the development of a number of possible new ways to deliver services in the future. At times it seemed like the circumstance under which we operated changed every hour, and in fact they often did, making planning and discerning the proper course of action very difficult. Throughout this turmoil, we have tried to keep our members as informed as possible.

Despite the seemingly overwhelming challenges, Midwest Corporate finds itself with choices for the future that would not have been available without the years of prudent balance sheet management and the years of experience of the Board and management.

2010 and the years ahead will be no less challenging as we work towards a new corporate credit union system and a new version of Midwest Corporate. However, we will need the support of our members as we work through these changes. Should our members begin to move away from Midwest Corporate too early, or before we have transitioned into the next generation of service delivery, losses could be incurred that would further erode the remaining member capital deposits.

So, we ask each of our members to continue to support Midwest Corporate within the traditional cooperative philosophy, which will be the only way we can get through the current difficult operating environment and come out with options for services that will truly be in all of our member's best interest.

We thank you for your support to date and into the future. We are determined to find the best solutions for the future, and with everyone's help we will indeed have a bright future ahead of us.

And finally, we would like to thank the staff of Midwest Corporate and ProDraft Services, Inc. who work so hard every day for our members, especially during these uncertain times.

Respectfully Submitted,

Eric Musland

Chairman

Douglas C. Wolf

President/CEO

2009 Credit Committee Report

The Credit Committee meets on an as needed basis to review line of credit approvals and changes, unusual items, and loan requests that are outside the authority of the loan officers.

As of December 31, 2009, 46 members had approved advised lines of credit, with limits totaling \$140.5 million.

During the year 2009, 266 line of credit advances were made resulting in \$98.9 million being advanced. This compares with 252 advances with \$117.3 million in funding in 2008, 338 advances with \$67.5 million in funding in 2007, and 1,366 advances with \$169.4 million in funding in 2006.

No loans became delinquent or were classified during 2009.

It has been our pleasure to serve on the Credit Committee, and we wish to thank our loan officers, Trudy Wise and Doug Wolf, for their efforts during 2009. We encourage any member who may have questions regarding credit services to contact the loan officers.

Respectfully Submitted,

Paul Brucker

Railway Credit Union

Ron Schultz

New Salem Credit Union

Debra Gallagher

Capital Credit Union

2009 Supervisory Committee Report

The Supervisory Committee continued to engage Brady, Martz & Associates, P.C., to conduct the 2009 annual audit. At the time of this writing, the final opinion audit report had not been issued, but, we can report that there were no adjustments (after they are issued by the CPA firm, copies of the audited financial statements will be available upon request by calling 800/852-2677, or on Midwest Corporate's website at www.midwestcorporatetcu.org).

Brady, Martz & Associates, P.C., was also engaged to perform various agreed upon procedures quarterly to supplement the internal control audit work done by the staff accountant and the Committee. The reports from these agreed upon procedures were all positive.

The Committee is pleased to report that the internal control systems in place at Midwest Corporate continues to be appropriate and functioning as intended.

Every year during the fourth quarter, the Committee conducts a negative verification of member's accounts. The 2009 verification was completed with no discrepancies.

The Committee wishes to thank the management and staff of Midwest Corporate for their cooperation and dedicated service.

Respectfully Submitted,

Jay Landsiedel

Town & Country Credit Union

Mindee Kohlman

Prairie Federal Credit Union

2009 Treasurer's Report

2009 was a stressful year financially for Midwest Corporate as capital accounts at U.S. Central FCU caused significant losses that exceeded Midwest Corporate's reserves and undivided earnings, resulting in a forced write-down of Midwest Corporate member capital accounts.

Midwest Corporate did show a positive net income from operations, although down significantly from the prior year. 2009 net interest income was down 48.6% from 2008 due to tightening margins, loss of income from U.S. Central FCU capital accounts, and a purposeful repositioning of the balance sheet to insure adequate liquidity. Expenses came in 9.6% lower than in 2008 as management implemented discretionary spending reduction measures .

As a result of the capital write-downs, Midwest Corporate FCU ended 2009 with a capital to 12-month daily average net assets of only 1.07%. This is well below the regulatory minimum, however, the NCUA has allowed all corporate credit unions to operate normally by applying capital levels as of 11/30/08 when determining regulatory compliance. This waiver will be in effect until the new corporate credit union regulations become effective (expected sometime in the second half of 2011).

Midwest Corporate is participating in the NCUA's Temporary Corporate Credit Union Share Guarantee Program (TCCUSGP). Under this program, all deposits over the \$250,000.00 NCUSIF insurance limit with maturities of two years or less (except for capital accounts) are guaranteed. This guarantee currently covers such deposits with maturities through 6/30/12. The NCUA can continue to extend this timeframe from time-to-time through 12/31/14.

Member deposits ended the year of 2009 at \$187.0 million, up slightly from one year earlier when member deposits were at \$185.1 million. This increase was despite a write-down of member capital accounts in the amount of \$4.9 million. The 12-month daily average net assets as of December 31, 2009 was \$174.7 million, down \$93.3 million from December 31, 2008.

In April 2009 Midwest Corporate formed ProDraft Services, Inc., a corporate CUSO, to house the item processing related services and transferred \$331,736 in assets to the CUSO in exchange for 99,800 shares of stock (an ownership stake of 49.9%).

Midwest continues to maintain a low risk balance sheet with only \$14.5 million in marketable security investments and nearly all other investments covered by deposit insurance or the TCCUSGP (except for \$948,775 in U.S. Central FCU capital accounts as of 12/31/09).

Members with specific questions on the financial reports or the financial condition of Midwest Corporate are encouraged to contact our President/CEO, Doug Wolf.

Respectfully Submitted,

Cheryl Malm

Treasurer

Midwest Corporate FCU

Statement of Financial Condition

(unaudited)

<i>Assets</i>	12/31/09	12/31/08
Cash & Cash Equivalents	\$ 15,553,206	\$ 2,911,909
Loans to Members	159,441	6,314,378
Investments	170,333,182	181,785,340
Securities Purchased Under		
Agreements to Resell	- 0 -	- 0 -
Investments in Corporate CUSOs	556,736	225,000
NCUSIF Deposit	113,681	55,760
Interest Receivable	226,997	1,066,513
Other Assets	<u>111,122</u>	<u>498,244</u>
Total Assets	<u>\$187,054,364</u>	<u>\$192,857,144</u>
<i>Liabilities & Equity</i>		
<i>Liabilities</i>		
Notes Payable	\$ - 0 -	\$ - 0 -
Securities Sold Under		
Agreements to Repurchase	- 0 -	- 0 -
Interest Payable	15,726	517,841
Other Liabilities	<u>81,384</u>	<u>97,169</u>
Total Liabilities	<u>\$ 97,109</u>	<u>\$ 615,010</u>
<i>Shares</i>		
Share Accounts	\$127,169,408	\$ 72,012,866
Certificates of Deposit	57,899,000	106,327,000
Member Capital Shares	<u>1,896,402</u>	<u>6,764,195</u>
Total Shares	<u>\$186,964,810</u>	<u>\$185,104,061</u>
<i>Equity</i>		
Regular Reserve	\$ - 0 -	\$ 3,087,718
Other Reserves	- 0 -	- 0 -
Undivided Earnings	<u>23,477</u>	<u>4,791,015</u>
Total Capital	<u>\$ 23,477</u>	<u>\$ 7,877,733</u>
Unrealized Gain(Loss) on AFS Investments	<u>(31,032)</u>	<u>(740,660)</u>
Total Members' Equity	<u>(\$ 7,555)</u>	<u>\$ 7,138,073</u>
Total Liab. & Equity	<u>\$187,054,364</u>	<u>\$192,857,144</u>
<i>12-month Average</i>		
Daily Net Assets	<u>\$174,710,543</u>	<u>\$285,928,425</u>
Available for Sale Investments	<u>\$ 14,453,752</u>	<u>\$ 7,089,599</u>

Midwest Corporate Federal Credit Union

Statement of Income

(unaudited)

<i>Year-to-Date</i>	12/09	12/08
<i>Interest Income</i>		
Interest on Loans	\$ 44,455	\$ 83,181
Interest on Investments	<u>2,035,124</u>	<u>8,692,676</u>
Total Interest Income	<u>\$2,079,579</u>	<u>\$ 8,775,857</u>
<i>Interest Expense</i>		
Interest on Deposits	\$1,518,430	\$ 7,682,016
Interest on Borrowed Funds	<u>306</u>	<u>2,916</u>
Total Interest Expense	<u>\$1,518,736</u>	<u>\$ 7,684,932</u>
Net Interest Income	\$ 560,843	\$ 1,090,925
Fee Income	769,551	771,100
Operating Expenses	<u>1,249,226</u>	<u>1,382,438</u>
Net Income from Operations	\$ 81,130	\$ 479,587
Non-Operating Gains (Losses)	<u>(12,799,549)</u>	<u>(64,980)</u>
Net Income	<u>(\$12,718,419)</u>	<u>\$ 414,607</u>
<i>Ratios</i>		
	12/09	12/08
Primary Capital to DANA	0.01%	2.94%
Total Capital to DANA	1.07%	5.46%
Dividends to Gross Income	53.30%	80.47%
Operating Expenses to Gross Income	43.85%	14.48%
Net Interest Income to DANA	.321%	.405%
Operating Expenses to DANA	.707%	.516%
Net Income from Operations to DANA	.046%	.178%
Return on Equity	1.03%	6.41%

DANA = 12-month Daily Average Net Assets

Total Capital = Primary Capital + Member Capital Shares

Ratios are annualized.