

Touching lives. Securing futures.®

Bringing the future
home

Bringing the future home

You've heard about the importance of a united house. At Modern Woodmen of America, we agree.

The financial and fraternal sides of our house are united and strong. Both are working together to lead us into the future. With \$617 million in life insurance and annuity benefits and nearly \$24 million in fraternal reimbursements paid out in 2010, both are helping your households move forward too.

But Modern Woodmen is more than just a house. It's a home. It shelters. It provides. It's a place to come back to. And above all, it's where the heart is.

We see that in the father who trusts us to protect his young family with life insurance. In the local chapter members who use our fraternal programs to improve their community. In all of those who rely on us to help create a better tomorrow for those they love.

As I think about Modern Woodmen's future, it's easy to have a positive outlook. Both sides of our house are ever evolving – ensuring that we stay relevant for today's families and that we truly help you plan for life. Trust our house to continue to bring the future home to you.

Sincerely,

W. Kenny Massey
President and CEO



Our Common Bonds

Financial security

Through life insurance, annuity, investment* and banking products

Quality family life

Through local activities and member benefits for members and their families

Community impact

Through volunteer projects to help members make a difference locally

Our Creed

There is a destiny that makes us brothers;
None goes his way alone;
All that we send into the lives of others
Comes back into our own.

Edwin Markham circa 1939

Our Mission

To improve the quality of life for our members.

Our Vision

Modern Woodmen of America will grow nationwide through members helping members create a better tomorrow for themselves, their families and others.



Board of Directors

(Row 1, Left to Right)

W. Kenny Massey, President | LeClaire, Iowa
Denis P. Prior, National Secretary | Davenport, Iowa
Jerry F. Harbaugh, Director | Denver, North Carolina
Albert T. Hurst Jr., Director | Little Rock, Arkansas
Robert C. Pollex, Director | Perrysburg, Ohio

(Row 2, Left to Right)

Darcy G. Callas, Director | Moline, Illinois
William D. Keltner, Director | Jackson, Tennessee
David B. Emrick, Director | Davenport, Iowa
Larry L. Schreiber, Director | Davenport, Iowa

Fraternal Impact in Communities

In 2010 Modern Woodmen and its members touched lives through fraternal programs, providing volunteer services and needed funds to individuals and communities across the nation.

Touching lives and securing futures

Adult Chapters and Youth Service Clubs

2,479 Modern Woodmen chapters nationwide; 1,511,039 people attended the chapters' family-oriented social, educational and volunteer events. 876 youth service clubs were active across the nation; children donated 269,689 hours of volunteer service.

Care and Share/Help A Child Program

\$204,505 contributed by chapters and youth service clubs to help adults, children and families in need.

Good Neighbors/Community Beautification

\$356,116 reimbursed for materials chapter and youth service club members used to complete hands-on, community-improvement projects.

Join Hands Day

1,206 chapters and youth service clubs partnered with community groups to improve their communities on this national day of service; \$57,661 reimbursed for materials.

Make A Difference Day

1,357 volunteer projects completed on this national day of community service; \$66,116 donated for materials.



Helping and educating members

In 2011 chapters began holding Family Life programs on financial topics. These topics are in addition to the lineup of Family Life programs on health, safety and other family issues.

The new financial programs cover:

- Family budgeting
- Final wishes
- Basic retirement planning

This is another way Modern Woodmen can improve quality of life for members and help them achieve a secure financial future.

Matching Fund Program

1,993 fundraising events held; \$7.5 million contributed to community projects, local organizations and individuals in need.

Plant A Tree Program

11,653 trees planted by chapter and youth service club members in local communities across the United States.

Youth Educational Programs

1.7 million children participated in 24,569 programs on safety and life skills, exercise and nutrition, ecology awareness, public speaking, financial literacy and more.



Financial lessons for kids

The Financial Literacy Program is the newest of Modern Woodmen's Youth Educational Programs. These free community educational programs help kids in schools and youth groups increase their knowledge and self-esteem.

The Financial Literacy Program lays the foundation for successful money management. It provides young people opportunities to learn about finances early and helps build a generation of financially savvy adults.



New chapter board equals more member involvement

At Modern Woodmen's 2010 National Convention, delegates voted to change the organizational structure and terminology surrounding camps, Modern Woodmen's local lodge system. The groups are now called chapters and have a board of trustees. This new model allows more members to be involved in planning chapter events.

The Horicon, Wis., chapter board of trustees has enhanced the activities for local members. Pictured are (from left): President Megan Krueger, Trustees Kim Tovar and Amanda Frey, Membership Coordinator Dan Frey, Activities Coordinator Tricia Peterson, Trustee Kari Raasch and Vice President Rob Boelk.



Fraternal Benefits

In 2010 Modern Woodmen provided fraternal benefits to support members in good times and times of need.

Improving the quality of life for our members

Accelerated Benefits

\$80,183 in premiums and interest paid for terminally ill members.

Carbon Monoxide Detection Kit

5,990 detection kits were distributed to help members detect this hazardous and potentially deadly gas in their homes.

Child ID Kit

2,876 child ID kits ordered by parents nationwide.

Diabetes Test Kit

1,243 test kits were ordered to help members gauge their risk for diabetes.

Fraternal Aid Fund

\$237,872 in premiums paid on 1,586 certificates for members who were victims of hardships due to medical, fire or natural disasters.

Fraternal College Scholarships

\$452,375 for 258 member students; \$7.8 million awarded in scholarship funds since 1970.

Grief Assistance Program

6,006 grief booklets distributed to help members' beneficiaries cope with life after the death of a loved one.

MedicAlert Membership

\$14,477 initial membership fees paid for participants in this life-saving identification program; \$335,122 paid since the program began.



Lend a helping hand

Modern Woodmen's chapters and youth service clubs offer members an opportunity to give back to their local communities. From planting flowers at a nursing home on Join Hands Day to raising money for an individual with medical expenses, Modern Woodmen members make their communities a better place to live.

Newborn Benefit

\$80,000 of life insurance issued to parents of infants in poor health.

Orphan Benefit

\$119,800 in financial support benefited 38 orphaned members for their care and education; \$3.5 million provided to orphaned members since the program began.

Prescription Drug Discount Card

25,980 prescriptions filled for members without access to preferred prescription drug pricing; average savings of \$19.85 per prescription. Total savings of \$326,108 in 2010.

Radon Test Kit

2,043 test kits were distributed to members to help them detect this hazardous and potentially deadly gas.



Protecting boys and girls

Modern Woodmen offers free McGruff® Safe Kids ID Kits to member families to protect kids in case of an emergency. Endorsed by the National Crime Prevention Council, these kid-friendly kits help parents educate their children on safety issues and give parents peace of mind knowing they'll have their children's information on hand in case of emergency.

In 2010 Modern Woodmen members ordered 2,876 child ID kits.



A life-saving benefit

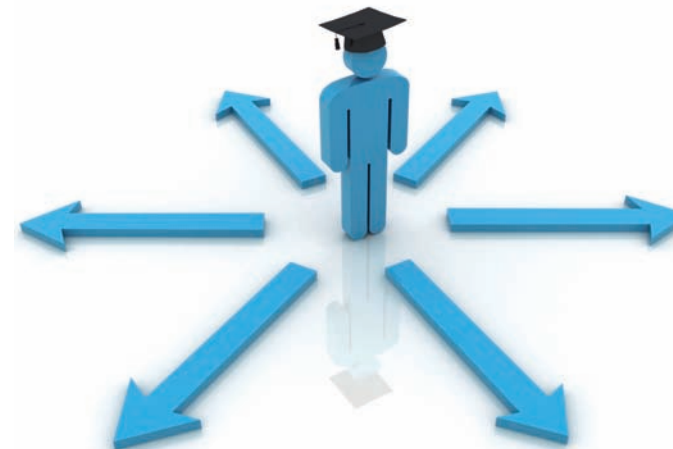
Modern Woodmen pays for members' first three years of individual membership (a \$105 value) for this world-renowned emergency medical identification service provider. MedicAlert offers a 24-hour emergency response hotline and family notification service and helps emergency responders diagnose and treat medical problems. The program also offers Kid Smart services to help protect and identify children in an emergency.

Modern Woodmen paid \$14,477 in initial membership fees for participants in 2010 for this life-saving identification program.

Subject to change, fraternal member benefits are not part of the life insurance or annuity contract and may have specific eligibility requirements.

By the numbers

Helping send members to college with the Fraternal College Scholarship Program



\$452,375

Amount awarded to Modern Woodmen member students in 2010

258

Number of students helped in 2010

\$7.8 million

Amount awarded in scholarship funds since 1970

Of the 149 members awarded scholarships in 2010, 10 were nontraditional students age 25 and older working toward their undergraduate degrees.

Helping families prepare for today, plan for tomorrow

Life Insurance Products

- Whole Life Insurance
- Universal Life Insurance
- Term Life Insurance
- Term Life Insurance for Children

Annuity Products

- Fixed Annuities
- Immediate Annuities
- Variable Annuities¹

Investment Products¹

- Mutual Funds
- Retirement Plans – Traditional IRA, Roth IRA, SEP-IRA, SIMPLE IRA, 401(k) and 403(b) TSA
- College Savings Plans – 529 College Savings Plans, Coverdell Education Savings Accounts, UGMA/UTMA Accounts
- Brokerage Services

Insurance Products²

- Dental and Vision Insurance
- Disability Income Insurance
- Group Employee Benefits
- Group Voluntary Benefits
- Impaired Risk Life Insurance
- International Life and Health Insurance
- Long-term Care Insurance
- Major Medical Insurance
- Medicare Supplement Insurance

Banking Products³

- Checking Accounts
- Savings Accounts
- Certificates of Deposit
- First Mortgage Home Loans (New Purchases and Refinancing Included)
- Home Equity Loans
- Visa® Credit Cards and Gift Cards



Product Spotlight – The Simple Application

In 2010 Modern Woodmen introduced the Simple Application for individuals applying for up to \$25,000 of permanent life insurance. The Simple Application has fewer underwriting requirements. Plus it's appealing to potential members with limited time to apply for life insurance and individuals seeking a quick and easy process.

With the Simple Application individuals can get the coverage they need by answering five questions. The process takes about five minutes to complete.

2010 results show continued financial strength of Modern Woodmen

Highlights of the year:

- Assets exceeded \$10 billion.
- Total premium income exceeded \$1 billion for the first time.
- Net operating gain after dividends was \$94.2 million, which led to a growth in surplus.
- More than \$617 million was returned to members through life insurance and annuity benefits paid.
- Fraternal expenditures contributed nearly \$24 million to support programs in member communities nationwide.

“We are financially stronger today than we were even last year,” said W. Kenny Massey, president. “We have managed tremendous growth, upgraded our products and maintained low operational expenses across the organization.”

More than \$10 billion in assets - Modern Woodmen's assets increased 9.5 percent over 2009, reaching \$10.1 billion. Assets are primarily invested in high-quality, low-risk corporate and government bonds.

“Safety and security are at the core of all of our decisions,” Massey said. “We must protect the organization, our members and our reputation.”

Premium income increased 14.1 percent to nearly \$1.1 billion in 2010.

Life insurance in force, the total amount of life insurance owned by members to protect their families in case of premature death, increased to \$33.9 billion.

Modern Woodmen also had nearly \$5.8 billion of annuity assets under management to help provide members with additional funds and income during retirement.

Total life insurance and annuity certificate reserves, which are funds held to guarantee future benefits to members, increased 9.3 percent to \$8.3 billion.

Strong net gain from operations - Net gain from operations after dividends rose to \$94.2 million in 2010. Net gain from operations adds to surplus, enhancing Modern Woodmen's strength and stability.

Total surplus and special reserves topped \$1.2 billion. Surplus and special reserves provide additional safety for members

and ensure Modern Woodmen's ability to meet unforeseen events, continue the organization's fraternal programs and provide funds for future growth.

Modern Woodmen's solvency ratio of 113.78 percent means that for every \$100 of liabilities (promises made to members), Modern Woodmen has \$113.78 of assets to back up those promises.

Payments and benefits to members in 2010 increased 7 percent to \$617.6 million. This includes death benefits, annuity payments and surrender benefits. An additional \$55.2 million in dividend payments and excess interest were refunded to life insurance and annuity certificates.

Touching lives through fraternal programs - Modern Woodmen has a nationwide membership of more than 755,000. Fraternal expenditures supporting Modern Woodmen's family-oriented member benefits and programs were \$23.75 million. These benefits and programs include disaster relief assistance, college scholarships, social and volunteer service programs by adult chapters and youth service clubs nationwide, and educational programs for schools and youth groups.

“We know it's important to give back to members and their communities,” Massey said. “But we don't just say it. We do it.”

¹ Securities offered through MWA Financial Services Inc., a wholly owned subsidiary of Modern Woodmen of America, 1701 1st Avenue, Rock Island, IL 61201, 309-558-3100. Member: FINRA, SIPC. Products are available in most states. Individual agents may not be licensed to sell all products.

² Not issued by Modern Woodmen of America. Brokered insurance products available through MWAGIA Inc., a Modern Woodmen subsidiary. Not available in all states.

³ Modern Woodmen Bank is a marketing name for MWABank, a wholly owned subsidiary of Modern Woodmen of America. Annuities, insurance, retirement plans, mutual funds and other securities are not insured by the FDIC or any other federal government agency, are not obligations or deposits for MWABank, and are not guaranteed by MWABank. These products involve risk, including the possible loss of principal invested. MWABank is an Equal Housing Lender.

Financial Statements

Modern Woodmen of America — Year ended Dec. 31, 2010 (Dollars in thousands) unaudited

BALANCE SHEETS

ASSETS	2010	2009
Investments:		
Bonds:		
Government	\$ 2,346,366	\$ 1,863,581
Industrial and miscellaneous	6,005,437	5,688,849
Total bonds	8,351,803	7,552,430
Preferred stocks	21,503	22,123
Common stocks	500,116	447,366
Mortgage loans	562,692	606,062
Real estate	6,196	6,638
Certificateholders' loans	192,998	196,000
Other invested assets	162,559	108,192
Total investments	9,797,867	8,938,811
Cash and short-term investments	65,689	79,689
Investment income due and accrued	107,929	98,700
Home office property	28,497	29,518
Electronic data processing equipment	2,735	664
Premiums in course of collection	306	280
Other assets	2,758	2,635
From Separate Accounts statement	138,488	115,708
Total admitted assets	\$ 10,144,269	\$ 9,266,005
LIABILITIES AND SURPLUS		
Liabilities:		
Aggregate reserves for certificates and contracts:		
Life and annuity	\$ 8,509,018	\$ 7,784,085
Accident and health	3,727	3,901
Certificate and contract claims	13,379	10,625
Other certificateholders' funds	6,598	6,512
Dividends payable to certificateholders	16,800	24,800
Accrued commissions, general expenses and taxes	12,535	10,470
Other liabilities	29,076	23,509
	8,591,133	7,863,902
Liability for employees' and fieldworkers' benefits	32,414	32,426
Interest maintenance reserve	11,642	6,840
Asset valuation reserve	142,170	110,682
From Separate Accounts statement	138,488	115,708
Total liabilities	8,915,847	8,129,558
Surplus:		
Appropriated	268,073	262,516
Unassigned	960,349	873,931
Total surplus	1,228,422	1,136,447
Total liabilities and surplus	\$ 10,144,269	\$ 9,266,005

STATEMENTS OF CASH FLOWS

	2010	2009
Cash from operations:		
Premium and annuity considerations	\$ 1,079,231	\$ 946,816
Investment income, net	503,953	476,031
Other income	10,914	3,983
Total cash received from operations	1,594,098	1,426,830
Benefit and loss related payments	609,701	573,335
Commissions and other expenses paid	170,130	163,117
Net transfers to or (from) Separate Accounts	4,427	438
Dividends paid to certificateholders	24,802	24,230
Total cash paid from operations	809,060	761,120
Net cash from operations	785,038	665,710
Cash used in investments:		
Proceeds from investments sold or matured:		
Bonds	725,723	654,023
Stocks	37,869	38,152
Mortgage loans	50,713	46,769
Real estate	0	0
Other invested assets	13,635	3,936
Miscellaneous proceeds	5,000	88
Total investment proceeds	832,940	742,968
Cash applied, cost of investments acquired:		
Bonds	1,531,671	1,256,119
Stocks	46,781	36,439
Mortgage loans	7,350	65,488
Real estate	430	101
Other invested assets	49,098	15,785
Miscellaneous applications	5,000	503
Total investment applications	1,640,330	1,374,435
Net increase in certificate loans and liens	(2,780)	1,895
Net cash used in investments	(804,610)	(633,362)
Other cash provided by (used in) financing activities and other miscellaneous sources	5,572	12,159
Increase (decrease) in cash and short-term investments	(14,000)	44,507
Cash and short-term investments, beginning of year	79,689	35,182
Cash and short-term investments, end of year	\$ 65,689	\$ 79,689

Modern Woodmen of America — Year ended Dec. 31, 2010 (Dollars in thousands) unaudited

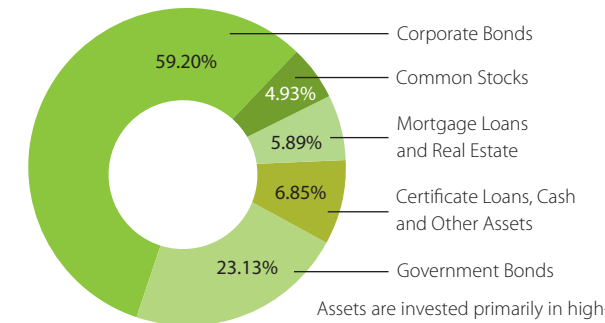
STATEMENTS OF OPERATIONS

	2010	2009
Income:		
Premiums and other considerations:		
Life and annuities	\$ 1,073,857	\$ 941,481
Other	5,307	5,065
Investment income, net of expenses		
2010 \$10,076; 2009 \$9,594	518,329	487,079
Amortization of interest maintenance reserve	3,642	1,874
Other income	10,914	3,983
Total income	1,612,049	1,439,482
Benefits and expenses:		
Benefits:		
Life and annuities	609,464	568,464
Other	8,115	8,925
Increase in certificate reserves	706,971	606,492
Employees' and fieldworkers' benefit plans	(57)	168
Commissions	64,885	57,568
General insurance expenses	78,090	77,938
Insurance, taxes, licenses and fees	6,213	5,806
Fraternal, charitable and benevolent expenses	23,038	22,608
Net transfers to or (from) Separate Accounts	4,297	21
Total benefits and expenses	1,501,016	1,347,990
Net gain from operations before dividends to certificateholders and net realized capital gains	111,033	91,492
Dividends to certificateholders	16,802	24,930
Net gain from operations before net realized capital gains	94,231	66,562
Net realized capital gains (losses)	(14,603)	(36,731)
Net income (loss)	\$ 79,628	\$ 29,831

STATEMENTS OF SURPLUS

	2010	2009
Appropriated:		
Balance at beginning of year	\$ 262,516	\$ 256,299
Transfer from unassigned surplus	5,557	6,217
Balance at end of year	268,073	262,516
Unassigned:		
Balance at beginning of year	873,931	848,656
Net income (loss) from operations	79,628	29,831
Balance at end of year	953,559	878,487
Other changes:		
Net unrealized capital gains (losses)	50,050	105,778
Change in asset valuation reserve	(31,488)	(96,384)
Change in nonadmitted assets	(6,192)	(7,722)
Transfer to appropriated surplus	(5,557)	(6,217)
Other changes, net	(23)	(11)
Balance at end of year	960,349	873,931
Total surplus	\$ 1,228,422	\$ 1,136,447

QUALITY INVESTMENTS



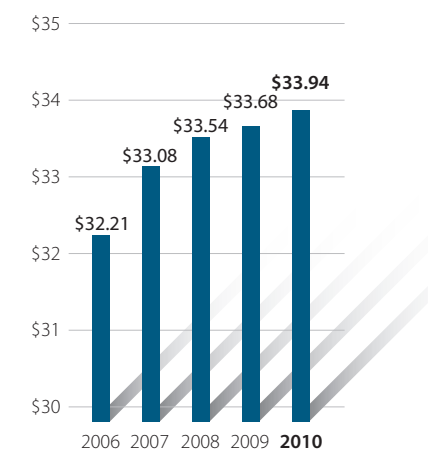
Assets are invested primarily in high-quality, low-risk investments. As of Dec. 31, 2010, approximately 97.8 percent of bonds were of high or medium quality.

GROWTH IN ASSETS

Dollars in Billions

LIFE INSURANCE IN FORCE

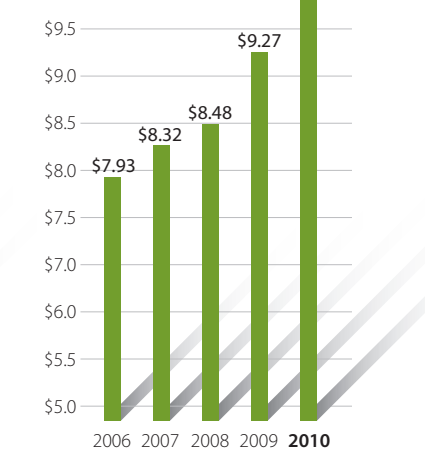
Dollars in Billions



Life insurance in force shows consistent growth and increased protection for members.

FRATERNAL EXPENDITURES

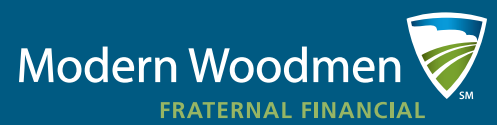
Dollars in Millions



Modern Woodmen's increasing asset base is a strength.

Fraternal expenditures for the year reflect strong usage of benefits and programs by members. Fraternal expenditures include general expenses and taxes.

www.modern-woodmen.org



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