# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2009**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

**D** Check box if filing under:
- [ ] Form 5558;
- [X] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
MIDSTATE SAVINGS & RETIREMENT PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 07/01/1997

**2a** Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
MIDSTATE MANUFACTURING COMPANY

750 W 3RD STREET
GALESBURG, IL 61401

**2b** Employer Identification Number (EIN) 37-1082009

**2c** Sponsor's telephone number 309-342-9555

**2d** Business code (see instructions) 331200

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/13/2010 | CURTIS PITMAN |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")
MIDSTATE MANUFACTURING COMPANY

750 W 3RD STREET
GALESBURG, IL 61401

**3b** Administrator's EIN
37-1082009

**3c** Administrator's telephone number
309-342-9555

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

**a** Sponsor's name

**4b** EIN

**4c** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 105 |
| **6** | Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**). | | |
| **a** | Active participants | **6a** | 95 |
| **b** | Retired or separated participants receiving benefits | **6b** | 7 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 102 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 102 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 130 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 13 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2K 2G 2C

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

**9a** Plan funding arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**9b** Plan benefit arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

| | | |
|---|---|---|
| **(1)** | | **R** (Retirement Plan Information) |
| **(2)** | | **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary |
| **(3)** | | **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |

**b General Schedules**

| | | |
|---|---|---|
| **(1)** | X | **H** (Financial Information) |
| **(2)** | | **I** (Financial Information – Small Plan) |
| **(3)** | | **A** (Insurance Information) |
| **(4)** | | **C** (Service Provider Information) |
| **(5)** | | **D** (DFE/Participating Plan Information) |
| **(6)** | | **G** (Financial Transaction Schedules) |

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** Name of plan
MIDSTATE SAVINGS & RETIREMENT PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
MIDSTATE MANUFACTURING COMPANY

**D** Employer Identification Number (EIN)
37-1082009

## Part I Asset and Liability Statement

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | 11 | 11 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | | |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | | |
| **(9)** Value of interest in common/collective trusts | 1c(9) | | |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 982100 | 1132067 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | | |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 982111 | 1132078 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | | |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 982111 | 1132078 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| | Income | | (a) Amount | (b) Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 6548 | |
| | **(B)** Participants | 2a(1)(B) | 78923 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 85471 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **2b** (5) Unrealized appreciation (depreciation) of assets: (A) Real estate | 2b(5)(A) | | |
| (B) Other | 2b(5)(B) | | |
| (C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B) | 2b(5)(C) | | |
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 247484 |
| **c** Other income | 2c | | |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 332955 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 178488 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | | |
| (3) Other | 2e(3) | | |
| (4) Total benefit payments. Add lines 2e(1) through (3) | 2e(4) | | 178488 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | |
| **i** Administrative expenses: (1) Professional fees | 2i(1) | 3000 | |
| (2) Contract administrator fees | 2i(2) | | |
| (3) Investment advisory and management fees | 2i(3) | 1500 | |
| (4) Other | 2i(4) | | |
| (5) Total administrative expenses. Add lines 2i(1) through (4) | 2i(5) | | 4500 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 182988 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line 2j from line 2d | 2k | | 149967 |
| **l** Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DUSTIN G. COURSON (2) EIN: 36-4242825

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

| During the plan year: | | Yes | No | Amount |
|---|---|---|---|---|
| **a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | |
| **b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |
| **c** Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| **d** Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| **e** Was this plan covered by a fidelity bond? | 4e | | X | |
| **f** Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| **g** Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| **h** Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| **i** Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| **j** Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| **k** Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| **l** Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| **m** If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| **n** If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | X | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| **5b(1)** Name of plan(s) | **5b(2)** EIN(s) | **5b(3)** PN(s) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

# MIDSTATE SAVINGS AND RETIREMENT PLAN

## GALESBURG, ILLINOIS

## AUDITOR'S REPORT AND FINANCIAL STATEMENTS

## FOR YEAR ENDED
## DECEMBER 31, 2009


**Dustin G. Courson**
**Certified Public Accountant**
**Courson & Associates**
**2101 Windish Drive, Galesburg, IL 61401**

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**(309) 343-1593**

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# *Courson & Associates*

Dustin G. Courson • Kerry A. Courson
*Certified Public Accountants*

P.O. BOX 110
2101 Windish Drive
Galesburg, Illinois 61402-0110

Bus: (309) 343-1593
Fax: (309) 343-9888


## INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of the
Midstate Savings and Retirement Plan
Galesburg, Illinois

We were engaged to audit the financial statements of Midstate Savings and Retirement Plan as of December 31, 2009, and for the year ended December 31, 2009, and the supplemental schedule as of and for the year ended December 31, 2009 as listed in the accompanying index. These financial statements and schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information in Note 3, which was certified by Capital Bank and Trust Company, the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of and for the years ended December 31, 2009, that the information provided to the plan administrator by the custodian is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedules taken as a whole. The form and content of the information included in the financial statements and schedules, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Galesburg, Illinois

September 30, 2010

**MIDSTATE SAVINGS AND RETIREMENT PLAN**
**Statements Of Net Assets Available For Benefits**

**December 31, 2009**

| | |
|---|---|
| **ASSETS** | |
| Investments (at fair value) | **$ 1,132,078** |
| Receivables | |
| Employer's contribution | **548** |
| Participants' contributions | **6,279** |
| **Net assets available for benefits** | **$ 1,138,905** |

See notes to financial statements

**MIDSTATE SAVINGS AND RETIREMENT PLAN**
**Statement Of Changes In Net Assets Available For Benefits**

**Year Ended December 31, 2009**

| | | |
|---|---|---|
| **ADDITIONS** | | |
| Additions to net assets attributed to: | | |
| Investment income | | |
| Income received | $ | 23,716 |
| Realized Gain/(Loss) | $ | 21,677 |
| Unrealized Gain/(Loss) | | 202,090 |
| Total investment income | | 247,483 |
| Contributions: | | |
| Participants' | | 76,625 |
| Employer's | | 6,364 |
| Rollovers | | - |
| Total contributions | | 82,989 |
| **Total additions** | | 330,472 |
| **DEDUCTIONS** | | |
| Deductions from net assets attributed to: | | |
| Benefits paid to participants | | 178,488 |
| Professional fees | | 3,000 |
| Administration expenses | | 1,500 |
| **Total deductions** | | 182,988 |
| **Net increase** | | 147,484 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | | |
| **Beginning of year** | $ | 991,421 |
| **End of year** | $ | 1,138,905 |

See notes to financial statements

**Note 1 – Description of Plan**
The following description of the Midstate ("Company") Savings and Retirement Plan ("Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General
The Plan is a defined contribution plan covering all full-time employees of the Company who have one year of service. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and was adopted July 1, 1997.

All assets of the Plan are held by Capital Bank and Trust and invested in mutual funds within the American Funds Family of Funds.

The investment options available to participants as of December 31, 2009 and their related investment objectives were as follows:

*American Mutual Fund.* Strives to provide for the balanced accomplishment of three objectives — current income, capital growth and conservation of principal. The fund is conservatively managed to reduce volatility and risk. The fund does not own securities of companies that derive the majority of their revenues from tobacco and/or alcohol. The fund invests primarily in common stocks, securities convertible into common stocks, nonconvertible preferred stocks, U.S. government securities, investment-grade bonds and cash. May invest up to 5% of assets in securities of issuers that are outside the United States and Canada and that are not included in the S&P 500.

*EuroPacific Growth Fund.* Seeks to provide long-term growth of capital by investing in companies based outside the United States. Invests in companies based chiefly in Europe and the Pacific Basin, ranging from small firms to large corporations. Invests primarily in common stocks (may also invest in preferred stocks), convertibles, American Depository Receipts, European Depositary Receipts, bonds and cash. Holdings are primarily outside the U.S. except a nominal portion that may be held in U.S. dollars. Normally, at least 80% of assets must be invested in securities of issuers domiciled in Europe or the Pacific Basin.

*New Perspective Fund.* Seeks to provide long-term growth of capital through investments all over the world, including the United States. Diversifies among blue chip companies in the United States and abroad, emphasizing multinational or global companies and focusing on opportunities generated by changes in global trade patterns and economic and political relationships. The fund invests primarily in common stocks, convertibles, preferred stocks, bonds and cash. The fund may invest up to 100% of assets outside the United States, though in practice this is unlikely since New Perspective Fund is a global fund. There have been many periods, however, when more than 75% of assets have been invested outside the United States.

*The Bond Fund of America.* Seeks to provide as high a level of current income as is consistent with preservation of capital. Broadly diversified fixed-income fund with flexibility to respond to various bond market conditions. Primarily invests in corporate debt securities, U.S. and other government securities, mortgage-related securities and cash. May invest up to 25% of assets in fixed-income securities of corporations and government entities outside the United States. Typically, the fund will be invested in intermediate- to long-term securities. The fund generally invests at least 80% of its assets in bonds, including corporate bonds, U.S. government securities and money market instruments. At least 60% of its assets will be invested in securities rated A or better at the time of purchase. The fund may invest up to 40% of assets in lower-rated bonds. It is the fund's current practice not to invest more than 15% of its assets in debt securities rated Ba and BB or below.

**Note 1 – Description of Plan (continued)**

*The Income Fund of America.* Seeks to provide current income and, secondarily, growth of capital through a flexible mix of equity and debt instruments. Seeks investments in both the stock and bond markets that provide an opportunity for above-average current income and long-term capital growth. Invests primarily in common or preferred stocks, convertible securities, bonds, U.S. and other government securities, cash and cash equivalents. The fund may invest up to 25% of assets in equities of companies outside the U.S. and up to 10% of assets in fixed-income securities outside the U.S. that are denominated in U.S. dollars. The fund may invest only 20% of its assets in securities rated below investment grade.

*The New Economy Fund.* Seeks to provide long-term growth of capital through investments in services and information industries in the United States and around the world. Invests primarily in securities of companies whose prospects are tied to the services and information area of the global economy. This includes telecommunications, computer systems and software, broadcasting and publishing, health care, advertising, leisure, tourism, financial services and transportation, among others. Invests primarily in common and preferred stocks, securities convertible into common stocks, and cash and equivalents. May invest up to 45% of assets in securities of companies based outside the U.S. and not included in the S&P 500.

*Washington Mutual Investors Fund.* Seeks to provide current income and the opportunity for growth of principal consistent with sound common-stock investing. The fund seeks to be at least 95% invested in equity-type securities. The fund invests in stocks that meet strict standards evolving from requirements originally established by the U.S. District Court for the District of Columbia for the investment of trust funds. May not invest in companies that derive their primary revenues from alcohol or tobacco. Primarily invests in common stocks and securities convertible into common stocks. May invest up to 5% of its assets in companies domiciled outside the United States and not included in the S&P 500.

*American Funds Money Market Fund.* This fund seeks to provide income and safety of principal.

**Note 1 – Description of Plan (continued)**

Contributions

Each year, participants may contribute up to the maximum allowable under the Internal Revenue Code. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers a variety of investment options for participants. The Company contribution is discretionary as defined by the Plan. The Company also has the ability to make discretionary profit sharing contributions as defined by the Plan.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. A participant is 100% vested after six years of credited service.

Participant Loans

Participants may not borrow from their fund accounts.

Forfeited Accounts

Non-vested employer matching contributions are forfeited upon termination of employment or a participant's withdrawal from the Plan. Forfeitures for the year ended December 31, 2009 were $19,132. These accounts would be used to reduce future employer contributions or pay administrative expenses. During the year ended December 31, 2009, forfeitures of $11,760 were added to the account and $4,500 in expense were paid out of the account.

Administrative Expenses

Administrative expenses are paid through participant forfeitures or by the Company.

**Note 2 – Summary of Significant Accounting Policies**

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Note 2 – Summary of Significant Accounting Policies (continued)**

Basis of Accounting

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the FSP),* investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Investment Valuation and Income Recognition

Interests in the mutual fund accounts are valued at the market value of units held by the Plan at year-end.

Payment of Benefits

Benefits are recorded when paid.

**Note 3 – Investments in Mutual Funds**

The Plan is funded through mutual funds with the American Funds Family. The contributions are maintained in mutual funds. The accounts are credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses.

As described in Note 2, because the mutual funds are fully benefit-responsive, fund value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the fund.

Fund value, as reported to the Plan by Capital Bank and Trust, represents contributions made under the fund, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at fund value.

Certain events limit the Plan's ability to transact at fund value with Capital Bank and Trust. Such events include the following: (a) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (b) changes to plan's prohibition on competing investment options or deletion of equity wash provisions, (c) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (d) the failure of the plan to qualify for exemption from federal income taxes or any required prohibited transaction exemption under Employee Retirement Income Security Act of 1974. The Plan administrator does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at fund value with Plan participants, is probable.

**Note 3 – Investments in Mutual Funds (continued)**
The fair values of investments that individually represent 5 percent or more of the Plan's net assets as of December 31 are as follows:

| | 2009 |
|---|---|
| American Mutual Fund | $ 133,809 |
| EuroPacific Growth Fund | 182,307 |
| New Perspective fund | 196,772 |
| The Bond Fund of America | 92,691 |
| American Funds Money Market | 149,353 |
| The Income Fund of America | 98,560 |
| The New Economy Fund | 131,827 |
| Washington Mutual Investors Fund | 146,759 |

**Note 4 – Non-participant Directed Investments**
Non-participant directed funds are invested solely in the Guaranteed Return Account and totaled $19,132 and $11,872 as of December 31, 2009 and 2008, respectively. The components of the change in net assets relating to non-participant directed investments for the year ended December 31, 2009, are as follows:

| | 2009 |
|---|---|
| Forfeitures | $ 11,760 |
| Administrative expenses | (4,500) |
| Change in non-participant directed funds | $ 7,260 |

**Note 5 – Plan Termination**
Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions

**Note 6 – Tax Status**
The Internal Revenue Service has determined that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**Note 7 – Risks and Uncertainties**
The Plan investments are comprised of underlying investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Note 8 – Certification**

Capital Bank and Trust Company, the custodian of Plan assets has certified to the completeness and accuracy of the Plan's investment assets, investment transactions, investment income, and schedule of investments as of December 31, 2009 and for the year ended December 31, 2009.

**Note 9 – Reconciliation of Financial Statements to Schedule H of Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements for the year ended December 31, 2009 to Schedule H of Form 5500:

| | 2009 |
|---|---|
| Net assets available for benefits per the financial statements | $ 1,138,905 |
| Receivables | (6,827) |
| Net assets available for benefits per Schedule H of Form 5500 | $ 1,132,078 |

The following is a reconciliation of total contributions per the financial statements for the year ended December 31, 2009 to Schedule H of Form 5500:

| | |
|---|---|
| Contributions per the financial statements | $ 82,989 |
| Add: beginning contributions receivable | 9,310 |
| Less: ending contributions receivable | (6,827) |
| Total contributions per Schedule H of Form 5500 | $ 85,472 |

**MIDSTATE SAVINGS AND RETIREMENT PLAN**
EIN 37-1082009
Plan Number: 001
Schedule H, line 4i - Schedule of Assets (Held At End of Year)

| (a) | (b) Indentity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest collateral, par, or maturity value | (d) Cost | (e) Current value |
|---|---|---|---|---|
| * | American Mutual Fund | Growth and Income Mutual Fund | 110,710 | 133,809 |
| * | EuroPacific Growth Fund | Growth Mutual Fund | 135,426 | 182,307 |
| * | New Perspective Fund | Growth Mutual fund | 146,319 | 196,772 |
| * | The Bond Fund of America | Bond Mutual Fund | 84,961 | 92,691 |
| * | American Funds Money Mkt | Money Market Cash Mutual Fund | 149,353 | 149,353 |
| * | The Income Fund of America | Equity-Income Mutual Fund | 83,535 | 98,560 |
| * | The New Economy Fund | Growth Mutual Fund | 92,411 | 131,827 |
| * | Washington Mutual Investors Fund | Growth and Income Mutual Fund | 127,273 | 146,759 |

**Statement 1**
**Schedule H, Page 4, Line 4i**
**Schedule Of Assets (Held At End Of Year)**
MIDSTATE SAVINGS & RETIREMENT PLAN 37-1082009 001

| Party In Interest | Identification | Description | Cost | Current Amount |
|---|---|---|---|---|
| | AMERICAN FUNDS MM FD | MUTUAL FUND | $ 149,353. | $ 149,353. |
| | AMERICAN MUTUAL FUND | MUTUAL FUND | 110,710. | 133,809. |
| | BOND FUND OF AMERCIA | MUTUAL FUND | 84,961. | 92,691. |
| | EUROPACIFIC GROWTH | MUTUAL FUND | 135,426. | 182,307. |
| | INCOME FUND OF AMER | MUTUAL FUND | 83,535. | 98,560. |
| | NEW ECONOMY FUND | MUTUAL FUND | 92,411. | 131,827. |
| | NEW PERSPECTIVE FUND | MUTUAL FUND | 146,319. | 196,772. |
| | WASHINGTON MUTUAL | MUTUAL FUND | 127,273. | 146,759. |