



MEMBERS MUTUAL FUNDS
SMALL CAP GROWTH FUND
550 Science Drive
Madison, Wisconsin 53711

October 30, 2009

Dear Shareholder:

We wish to provide you with some important information concerning your investment. The Board of Trustees of MEMBERS Mutual Funds (the "Trust"), after careful consideration, has approved the reorganization (the "Reorganization") of the MEMBERS Small Cap Growth Fund (the "Small Cap Growth Fund"), a series of the Trust, into the MEMBERS Small Cap Value Fund (the "Small Cap Value Fund" and, together with the Small Cap Growth Fund, the "Funds"), also a series of the Trust. These two Funds have identical investment objectives and fundamental and non-fundamental investment policies. Moreover, the Funds pursue substantially similar investment strategies.

The Small Cap Growth Fund is no longer open to additional investments. As a result of the Reorganization, shareholders of the Small Cap Growth Fund will become shareholders of the Small Cap Value Fund which, upon effectiveness of the merger, will change its name to the "Small Cap Fund".

In approving the Reorganization, the Board of Trustees has considered, among other things, the similarities between the Funds' investment objectives and strategies, the fact that the Funds' expense ratios and investment management fees are the same, the costs of the Reorganization, which will be borne by Madison Asset Management, LLC, the investment adviser to both Funds and/or its affiliates, the continuity of MEMBERS shareholder servicing for Small Cap Growth Fund shareholders who will become Small Cap Value Fund shareholders, the ability of shareholders in the Small Cap Growth Fund to carry their holding periods over to the shares of the Small Cap Value Fund received in the Reorganization for purposes of contingent deferred sales charges, and the anticipated tax-free nature of the Reorganization.

At the close of business on or about November 27, 2009, the Small Cap Growth Fund will transfer its assets into the Small Cap Value Fund. In connection with the Reorganization, you will receive shares of Class A, Class B or Class Y shares of the Small Cap Value Fund equal in aggregate net asset value to the aggregate net asset value of your Class A, Class B or Class Y shares, respectively. The enclosed Combined Prospectus/Information Statement describes the Reorganization in greater detail and contains important information about the Small Cap Value Fund.

NO ACTION ON YOUR PART IS REQUIRED TO EFFECT THE REORGANIZATION. You will automatically receive shares of the Small Cap Value Fund in exchange for your shares of the Small Cap Growth Fund as of the closing date. If you have any questions, please contact us at 1-800-877-6089.

Sincerely,

A handwritten signature in cursive script, appearing to read "Katherine L. Frank".

Katherine L. Frank
President

COMBINED PROSPECTUS/INFORMATION STATEMENT
RELATING TO THE ACQUISITION OF ASSETS OF THE
MEMBERS SMALL CAP GROWTH FUND,
a series of MEMBERS Mutual Funds

BY AND IN EXCHANGE FOR

CLASS A, B AND Y SHARES OF MEMBERS SMALL CAP VALUE FUND,
a series of MEMBERS Mutual Funds

Managed by:
Madison Asset Management, LLC
550 Science Drive
Madison, Wisconsin 53711

1-800-877-6089

October 30, 2009

This Combined Prospectus/Information Statement is being furnished to shareholders of the Small Cap Growth Fund (the “Small Cap Growth Fund”), a series of MEMBERS Mutual Funds (the “Trust”), in connection with an Agreement and Plan of Reorganization (the “Plan”) that has been approved by the Board of Trustees of the Trust. Under the Plan, shareholders of Class A, Class B and Class Y shares of the Small Cap Growth Fund will receive Class A, Class B and Class Y shares of the Small Cap Value Fund (“Small Cap Value Fund”), also a series of the Trust, equivalent in aggregate net asset value to the aggregate net asset value of their shares, in their respective classes, of the Small Cap Growth Fund, as of the closing date of the reorganization (the “Reorganization”). Upon completion of the Reorganization, the Small Cap Growth Fund will be terminated as a series of the Trust and the Small Cap Value Fund will change its name to the “Small Cap Fund”. The Reorganization is expected to be effective on or about November 30, 2009.

The Board of Trustees of the Trust believes that the Reorganization is in the best interests of the Small Cap Growth Fund and the Small Cap Value Fund (together, the “Funds”), and that the interests of the Funds’ shareholders will not be diluted as a result of the Reorganization.

For federal income tax purposes, the Reorganization is to be structured as a tax-free transaction for the Funds and their shareholders. Shareholders of the Small Cap Growth Fund are not being asked to vote on or approve the Plan.

The investment objectives of the Funds are identical: to seek long-term capital appreciation. In addition, the Funds have identical fundamental investment policies (i.e., those that cannot be changed without shareholder approval) and non-fundamental investment policies (i.e., those that do not require shareholder approval to change).

Please be aware that the portfolio managers of the Small Cap Value Fund anticipate disposing of a substantial portion (approximately 99%) of the Small Cap Growth Fund’s portfolio holdings following the closing of the Reorganization. For a discussion of the tax impact of such sales, please see the section herein entitled “Key Information About the Reorganization—Federal Income Tax Consequences.”

This Combined Prospectus/Information Statement sets forth concisely the information about the Small Cap Value Fund that shareholders of the Small Cap Growth Fund should know before investing and should be read and retained by investors for future reference. Copies of the Trust’s current prospectus and statement of additional information (each as supplemented to date), which include information regarding both Funds, and the Trust’s most recent annual and semi-annual reports, have been filed with the Securities and Exchange Commission (the “SEC”), have been previously mailed to shareholders and are incorporated by reference herein.

A Statement of Additional Information dated October 30, 2009, relating to this Combined Prospectus/Information Statement, has been filed with the SEC and is incorporated by reference herein.

Copies of these documents are available without charge and can be obtained by writing to the Trust at P.O. Box 8390, Boston, MA 02266-8390, or by calling, toll free, 1-800-877-6089. In addition, these documents may be obtained from the EDGAR database on the SEC's Internet site at www.sec.gov. You may review and copy documents at the SEC Public Reference Room in Washington, DC (for information on the operation of the Public Reference Room, call 1-202-551-8090). You may request documents by mail from the SEC, upon payment of a duplication fee, by writing to: Securities and Exchange Commission, Public Reference Section, 100 F Street, NE, Washington, DC 20549-1520. You may also obtain this information upon payment of a duplicating fee, by e-mailing the SEC at the following address: publicinfo@sec.gov.

This Combined Prospectus/Information Statement is expected to be sent to shareholders on or about October 30, 2009. **SHAREHOLDER APPROVAL IS NOT REQUIRED TO EFFECT THE REORGANIZATION. WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY.**

The SEC has not approved or disapproved these securities or passed upon the adequacy of this Combined Prospectus/Information Statement. Any representation to the contrary is a criminal offense.

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A. Overview

At a meeting held on September 29, 2009, the Board of Trustees of MEMBERS Mutual Funds (the “Trust”), including all of the trustees who are not “interested persons” of the Trust, as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “1940 Act”), considered and approved an Agreement and Plan of Reorganization dated as of September 29, 2009 (the “Plan of Reorganization”), a copy of which is attached to this Combined Prospectus/Information Statement as Appendix A. Under the Plan of Reorganization, the MEMBERS Small Cap Growth Fund (the “Small Cap Growth Fund”) will transfer substantially all of its assets and liabilities to the MEMBERS Small Cap Value Fund (the “Small Cap Value Fund”) in exchange for that number of Class A, Class B and Class Y shares of the Small Cap Value Fund equivalent in aggregate net asset value to the aggregate net asset value of the Class A, Class B and Class Y shares of the Small Cap Growth Fund outstanding immediately prior to the Closing Date (as defined below). This will be followed by a distribution of those shares to Small Cap Growth Fund Class A, Class B and Class Y shareholders so that each Small Cap Growth Fund shareholder will receive shares of the Small Cap Value Fund equivalent to the value of Small Cap Growth Fund shares held by such shareholder as of the Valuation Time (as defined below). The Valuation Time is expected to occur as of the close of regular trading on the New York Stock Exchange on November 27, 2009 and the Closing Date is expected to occur on the following business day, which is November 30, 2009. The Small Cap Growth Fund will subsequently be liquidated and terminated as a series of the Trust and the Small Cap Value Fund will change its name to the “Small Cap Fund” (the transactions described in this paragraph are collectively referred to as the “Reorganization”).

Madison Asset Management, LLC (“MAM”), the investment adviser to both Funds, and/or an affiliate thereof, will be responsible for the costs of the Reorganization.

B. Comparison Fee Table and Examples

Fee Table. The following table shows the comparative fees and expenses of the Funds as of October 31, 2008, restated for contractual changes to the Funds’ services and fee cap arrangements with the adviser. The table also reflects the pro forma fees for the Small Cap Value Fund after giving effect to the Reorganization, also as of October 31, 2008.

Shareholder Transaction Expenses (paid directly from your investment)

Maximum sales charge on purchases (as a percentage of offering price):¹

Share Class	Small Cap Growth	Small Cap Value	Small Cap Value Pro Forma Combined
A	5.75%	5.75%	5.75%
B	none	none	none
Y	none	none	none

Maximum contingent deferred sales charge (as a percentage of amount redeemed):

Share Class	Small Cap Growth	Small Cap Value	Small Cap Value Pro Forma Combined
A	none ²	none ²	none ²
B	4.50% ^{1,3}	4.50% ^{1,3}	4.50% ^{1,3}
Y	N/A	N/A	N/A

Redemption or Exchange Fee within 30 calendar days of purchase (as a percentage of amount redeemed):⁴

Share Class	Small Cap Growth	Small Cap Value	Small Cap Value Pro Forma Combined
A	2.0%	2.0%	2.0%
B	2.0%	2.0%	2.0%
Y	none	none	none

¹ The sales charge you pay may be higher or lower than what is disclosed due to standard industry practice to round the public offering price to two decimal places when calculating the number of shares purchased, and to round the number of shares purchased to three decimal places.

² Class A share purchases of \$1,000,000 or more are not subject to a front-end load but may be subject to a contingent deferred sales charge (“CDSC”) of up to 1%.

³ The CDSC is reduced after 12 months and eliminated after six years following the purchase.

⁴ A 2% redemption fee will be charged if you redeem shares, other than shares acquired through reinvestment of dividends and distributions, within 30 days of purchase.

Annual Fund Operating Expenses (deducted from fund assets and reflected in the fund price)

CLASS A

Fund	Management Fee ^{1,5}	12b-1 Fee ²	Service Fee ³	Other Expenses ^{4,5}	Annual Fund Operating Expenses
Small Cap Growth	1.00%	none	0.25%	0.25%	1.50%
Small Cap Value	1.00%	none	0.25%	0.25%	1.50%
Small Cap Value Pro Forma Combined	1.00%	none	0.25%	0.25%	1.50%

CLASS B

Fund	Management Fee ^{1,5}	12b-1 Fee ²	Service Fee ³	Other Expenses ^{4,5}	Annual Fund Operating Expenses
Small Cap Growth	1.00%	0.75%	0.25%	0.25%	2.25%
Small Cap Value	1.00%	0.75%	0.25%	0.25%	2.25%
Small Cap Value Pro Forma Combined	1.00%	0.75%	0.25%	0.25%	2.25%

CLASS Y

Fund	Management Fee ^{1,5}	12b-1 Fee ²	Service Fee ³	Other Expenses ^{4,5}	Annual Fund Operating Expenses
Small Cap Growth	1.00%	none	none	0.25%	1.25%
Small Cap Value	1.00%	none	none	0.25%	1.25%
Small Cap Value Pro Forma Combined	1.00%	none	none	0.25%	1.25%

¹ The management fee is the amount paid to Madison Asset Management, LLC (“MAM”) for managing each fund’s portfolio and assisting in other aspects of its operations. The management fee shown is reduced by 0.05% on fund assets exceeding \$500 million and by another 0.05% on fund assets exceeding \$1 billion.

² Distribution or “12b-1” fees (Class B only) are the fees each fund pays its distributor, Mosaic Funds Distributor, LLC (“MFD”), to cover its distribution-related expenses (including commissions paid to dealers) or distribution-related expenses of dealers.

³ The service fee is paid to MFD for account service and maintenance. MFD may, in turn, use the fee to compensate other qualified broker-dealers for their costs of servicing shareholder accounts.

⁴ Under a separate services agreement with the Trust, MAM provides or arranges for each fund to have all other operational and other support services it needs. Services (and associated fees and expenses) of an extraordinary or non-recurring nature are not included in the services agreement. The fee is calculated as a percentage of the average daily net assets of each fund for these services.

⁵ MAM has contractually agreed to cap each fund’s management fee and other expenses until at least June 30, 2011 so as to maintain fund expense levels at no more than the amount of net fees and expenses (as a percentage of assets) incurred by each fund for its fiscal year ended October 31, 2008.

Examples

Examples shown below are intended to help you compare the cost of investing in each fund with the cost of investing in other mutual funds. The examples show what expenses you would pay if you **invested \$10,000** in each fund for the time periods indicated. The examples assume you reinvested all dividends and distributions, that the average annual return for each fund was 5%, and that the funds’ operating expenses remain the same.

Although your actual costs may be higher or lower, assuming annual fund operating expenses as set forth above, and that **you redeemed** your entire investment at the end of each period, your total expenses would be:

CLASS A

Fund	Year 1	Year 3	Year 5	Year 10
Small Cap Growth	\$719	\$1,022	\$1,346	\$2,263
Small Cap Value	\$719	\$1,022	\$1,346	\$2,263
Small Cap Value Pro Forma Combined	\$719	\$1,022	\$1,346	\$2,263

CLASS B

Fund	Year 1	Year 3	Year 5	Year 10
Small Cap Growth	\$678	\$1,053	\$1,405	\$2,400
Small Cap Value	\$678	\$1,053	\$1,405	\$2,400
Small Cap Value Pro Forma Combined	\$678	\$1,053	\$1,405	\$2,400

CLASS Y

Fund	Year 1	Year 3	Year 5	Year 10
Small Cap Growth	\$127	\$397	\$686	\$1,511
Small Cap Value	\$127	\$397	\$686	\$1,511
Small Cap Value Pro Forma Combined	\$127	\$397	\$686	\$1,511

Although your actual costs may be higher or lower, assuming annual fund operating expenses as set forth above, and that **you did not redeem** your entire investment at the end of each period, your total expenses would be:

CLASS A*

Fund	Year 1	Year 3	Year 5	Year 10
Small Cap Growth	\$719	\$1,022	\$1,346	\$2,263
Small Cap Value	\$719	\$1,022	\$1,346	\$2,263
Small Cap Value Pro Forma Combined	\$719	\$1,022	\$1,346	\$2,263

CLASS B*

Fund	Year 1	Year 3	Year 5	Year 10
Small Cap Growth	\$228	\$703	\$1,205	\$2,400
Small Cap Value	\$228	\$703	\$1,205	\$2,400
Small Cap Value Pro Forma Combined	\$228	\$703	\$1,205	\$2,400

CLASS Y

Fund	Year 1	Year 3	Year 5	Year 10
Small Cap Growth	\$127	\$397	\$686	\$1,511
Small Cap Value	\$127	\$397	\$686	\$1,511
Small Cap Value Pro Forma Combined	\$127	\$397	\$686	\$1,511

* Note: Class B shares automatically convert to Class A shares at the end of the eighth year after purchase (the seventh year after purchase for Class B shares purchased prior to February 28, 2003).

These examples are for comparison purposes only and are not a representation of the funds' actual expenses and returns, either past or future. Actual expenses may be greater or less than those shown above.

C. Comparison of Performance

Small Cap Growth Fund. Annual returns of the Class A shares of the Small Cap Growth Fund as of December 31 were as follows for each year shown:

2007: 6.08%
2008: -45.86%

Best Calendar Quarter: 2Q 2007 8.10%
Worst Calendar Quarter: 4Q 2008 -30.19%

The table below shows the average annual return before and after taxes for each share class of the Small Cap Growth Fund as of December 31, 2008. After-tax returns are shown for only Class A shares. After-tax returns for Class B and Class Y shares will vary. The returns for Class A shares include the effect of the maximum sales charge and the returns for Class B shares include any contingent deferred sales charge that would apply to redemption at the end of the period. Class Y shares are sold without the imposition of a sales charge.

	<u>1 Year</u>	<u>Since Inception 12/27/2006</u>	<u>Since Inception 1/9/2007</u>
Class A Shares			
Return Before Taxes	-48.96%	-26.63%	N/A
Return After Taxes on Distributions	-48.96%	-26.78%	N/A
Return After Taxes on Distributions and Sale of Fund Shares	-31.82%	-22.09%	N/A
Class B Shares			
Return Before Taxes	-48.73%	-26.35%	N/A
Class Y Shares			
Return Before Taxes	-45.82%	N/A	-24.08%

As of July 31, 2009, the year to date return was as follows:

	<u>YTD</u>
Class A Shares	1.51%
Class B Shares	2.73%
Class Y Shares	7.80%

Small Cap Value Fund. Annual returns of the Class A shares of the Small Cap Value Fund as of December 31 were as follows for each year shown:

2007:	-2.96%
2008:	-26.89%

Best Calendar Quarter:	1Q 2007	5.04%
Worst Calendar Quarter:	4Q 2008	-23.99%

The table below shows the average annual return before and after taxes for each share class of the Small Cap Value Fund as of December 31, 2008. After-tax returns are shown for only Class A shares. After-tax returns for Class B and Class Y shares will vary. The returns for Class A shares include the effect of the maximum sales charge and the returns for Class B shares include any contingent deferred sales charge that would apply to redemption at the end of the period. Class Y shares are sold without the imposition of a sales charge.

	<u>1 Year</u>	<u>Since Inception 12/27/2006</u>	<u>Since Inception 1/9/2007</u>
Class A Shares			
Return Before Taxes	-31.07%	-18.40%	N/A
Return After Taxes on Distributions	-31.12%	-18.76%	N/A
Return After Taxes on Distributions and Sale of Fund Shares	-20.20%	-15.54%	N/A
Class B Shares			
Return Before Taxes	-30.33%	-17.83%	N/A
Class Y Shares			
Return Before Taxes	-26.69%	N/A	-15.23%

As of July 31, 2009, the year to date return was as follows:

	<u>YTD</u>
Class A Shares	6.31%
Class B Shares	8.05%
Class Y Shares	13.01%

Please remember that past performance (both before and after taxes) is no guarantee of the results the Small Cap Value Fund may achieve in the future. Future returns may be higher or lower than the returns the Fund achieved in the past.

D. Summary of Investment Objectives, Strategies and Risks

Investment Objectives. The Small Cap Growth Fund has the same investment objective as that of the Small Cap Value Fund: to seek long-term capital appreciation.

Principal Investment Strategies. The Small Cap Growth Fund and the Small Cap Value Fund each seeks to achieve its investment objective by using the principal investment strategies discussed below. The combined fund will follow the principal investment strategies of the Small Cap Value Fund.

The Small Cap Growth Fund invests primarily in a diversified mix of common stocks of small cap U.S. companies that are believed to have high earnings growth rates, while the Small Cap Value Fund invests primarily in a diversified mix of common stocks of small cap U.S. companies that are believed to be undervalued by various measures and offer sound prospects for capital appreciation. For this purpose, "small cap companies" are those with market capitalizations that are within the range of capitalizations of companies represented in either the S&P SmallCap 600 Index or the Russell 2000[®] Index.

The subadviser to the Small Cap Growth Fund employs a growth-oriented investment approach in selecting stocks, using proprietary quantitative research to identify companies that the subadviser believes offer superior performance attributes. The subadviser’s investment process is rooted in its belief that SEC-mandated 13-F filings of other active managers contain valuable information about small cap growth securities, sectors and growth factors. The subadviser analyzes portfolios of small cap growth managers from SEC filings, mutual fund databases and other data sources, storing this data in its proprietary long-term database. The subadviser then uses quantitative and qualitative screens to identify managers whom they believe will produce consistent and reliable outperformance in the future. Once a small group of superior managers is identified, their portfolios are combined to produce a “buy” universe of securities which is then optimized to construct a liquid and well diversified portfolio.

In pursuing its investment objective, the Small Cap Growth Fund may invest in warrants, preferred stocks and debt securities, including non-investment grade convertible debt securities, and may invest in exchange traded funds (“ETFs”) that are registered investment companies. The Small Cap Growth Fund has an active trading strategy which will lead to more portfolio turnover than a more passively-managed fund. Although not a current investment strategy, the Small Cap Growth Fund is permitted to invest up to 20% of its total assets in foreign securities.

With regard to the Small Cap Value Fund, the subadviser employs a value-oriented investment approach in selecting stocks, using proprietary fundamental research to identify securities of issuers the subadviser believes have attractive valuations. The subadviser focuses on companies with a record of above average rates of profitability that sell at a discount relative to the overall small cap market. Through fundamental research, the subadviser seeks to identify those companies which possess one or more of the following characteristics: sustainable competitive advantages within a market niche; strong profitability and free cash flows; strong market share positions and trends; quality of and share ownership by management; and financial structures that are more conservative than the relevant industry average. The Small Cap Value Fund may invest up to 20% of its assets in foreign securities, and may also invest in ETFs that are registered investment companies.

Although each Fund expects to pursue its investment objective utilizing its principal investment strategies regardless of market conditions, both Funds may invest up to 100% in money market instruments. To the extent a Fund engages in this temporary defensive position, the Fund’s ability to achieve its investment objective may be diminished.

The following table shows that each Fund has the same investment limitations with respect to certain higher risk securities and practices as a percentage of portfolio assets. A number in the column indicates the maximum percentage of total assets that the Fund is permitted to invest in that practice or type of security. Numbers in this table show allowable usage only; for actual usage, consult the Funds’ annual and semi-annual reports.

	Small Cap Growth	Small Cap Value
Borrowing	30	30
Repurchase Agreements	*	*
Securities Lending	33⅓	33⅓
Short-Term Trading	*	*
When-Issued Securities; Forward Commitments	*	*
Shares of Other Investment Companies ¹	10	10
Non-Investment Grade Securities	30	30
Foreign Securities	20	20
Emerging Market Securities	15	15
Illiquid Securities ²	15	15
Restricted Securities	15	15
Mortgage-Backed Securities	X	X
Swaps	15	15
Options on Securities, Indices or Currencies	25**	25**
Futures Contracts ³	25**	25**
Options on Futures Contracts ³	25**	25**
Forward Foreign Currency Exchange Contracts	10**	10**

¹ Includes ETFs.

² Numbers in this row refer to net, rather than total, assets.

³ Financial futures contracts and related options only, including futures, contracts and options on futures contracts and on currencies.

Legend

* One asterisk means that there is no policy limitation on the fund’s usage of that practice or type of security, and that the fund may be currently using that practice or investing in that type of security.

** Two asterisks mean that the fund is permitted to use that practice or invest in that type of security, but is not expected to do so on a regular basis.

X An “X” mark means that the fund is not permitted to use that practice or invest in that type of security.

Principal Investment Risks. Because of their similar investment objectives and strategies, the Small Cap Growth Fund and the Small Cap Value Fund have substantially similar risks. A discussion of the principal risks of investing in the Funds is set forth below. This discussion is qualified in its entirety by the more extensive discussion of risk factors set forth in the prospectus and statement of additional information of the Funds, which are incorporated by reference. The combined fund will have the same risks as the Small Cap Value Fund.

Because both Funds invest in equity securities, both Funds are subject to market risk, the risk that the value of an investment will fluctuate in response to stock market movements. In addition, loss of money is a significant risk of investing in these Funds.

Due to the Funds' focus on small cap companies, the Funds may experience significant volatility over time. Small companies tend to have narrower product lines, fewer financial resources and a more limited trading market for their securities, as compared to larger companies. The securities of smaller companies also experience greater price volatility than securities of larger capitalization companies. During certain periods, the liquidity of the securities of small cap companies may shrink or disappear suddenly and without warning as a result of adverse economic or market conditions, or adverse investor perceptions. This liquidity risk could translate into losses for a Fund if it has to sell illiquid securities at a disadvantageous time.

The Small Cap Growth Fund emphasizes investments in stocks that are considered "growth" stocks. Growth stocks can perform differently from the market as a whole and other types of stocks and tend to be more expensive relative to their earnings or assets compared with other types of stocks. As a result, growth stocks tend to be more sensitive to changes in their earnings and can be more volatile than other types of stocks. Some growth-oriented companies may not have established financial histories and often have limited product lines, markets or financial resources and may depend on a few key personnel for management. Such companies may be susceptible to losses and risks of bankruptcy.

The Small Cap Growth Fund also engages in active and frequent trading of portfolio securities to achieve its investment objective, which increases the Fund's costs and can lower the actual return of the fund. Active trading may also increase short-term gains and losses, which may affect taxes that must be paid.

The Small Cap Value emphasizes investments in stocks that are considered "value" stocks. A "value" approach to investing includes the risks that an issuer's perceived intrinsic value may never be realized by the market, and that a stock that is believed to be undervalued actually is appropriately priced or overpriced due to unanticipated problems associated with the issuer or industry.

The Small Cap Value Fund also may invest in foreign securities. Investing in foreign securities involves certain special considerations and additional risks which are not typically associated with investing in securities of domestic issuers or U.S. dollar denominated securities. These risks may make the fund more volatile than a comparable domestic stock fund. For example, foreign securities are typically subject to: fluctuations in currency exchange rates; higher trading and custody charges compared to securities of U.S. companies; and different accounting and reporting practices than U.S. companies. As a result, it is often more difficult to evaluate financial information from foreign issuers. Also, the laws of some foreign countries limit the information that is made available to investors and may be less stringent than those of the U.S. The economies of individual foreign countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation and industry diversification. Such differences may cause the economies of these countries to be less stable than the U.S. economy and may make them more sensitive to economic fluctuations. The risks of international investing are higher in emerging markets such as those of Latin America, Africa, Asia and Eastern Europe.

Although not a current investment strategy, the Small Cap Growth Fund is permitted to invest up to 20% of its total assets in foreign securities.

Disclosure of Portfolio Holdings. A description of the Funds' policies and procedures with respect to the disclosure of the portfolio securities is available in the statement of additional information for the Funds, which is incorporated by reference.

Investment Restrictions and Limitations. The Funds have identical fundamental and non-fundamental investment restrictions. Set forth below is a summary of these restrictions. The combined fund will follow the investment restrictions of the Small Cap Value Fund. Fundamental investment restrictions may only be changed by shareholder vote, while non-fundamental investment restrictions may be changed by action of the Board of Trustees alone.

The Funds have adopted the following fundamental investment restrictions – Except as noted below, neither Fund may:

- (1) with respect to 75% of its total assets, purchase securities of an issuer (other than the U.S. Government, its agencies or instrumentalities), if (i) such purchase would cause more than 5% of the Fund's total assets taken at market value to be invested in the securities of such issuer or (ii) such purchase would at the time result in more than 10% of the outstanding voting securities of such issuer being held by the Fund;
- (2) invest 25% or more of its total assets in the securities of one or more issuers conducting their principal business activities in the same industry (excluding the U.S. Government or any of its agencies or instrumentalities);
- (3) borrow money, except that it may (i) borrow from any lender for temporary purposes in amounts not in excess of 5% of its total assets and (ii) borrow from banks in any amount for any purpose, provided that immediately after borrowing from a bank, the Fund's aggregate borrowings from any source do not exceed 33 1/3% of the Fund's total assets (including the amount borrowed). If, after borrowing from a bank, a Fund's aggregate borrowings later exceed 33 1/3% of the Fund's total assets, the Fund will, within three days after exceeding such limit (not including Sundays or holidays), reduce the amount of its borrowings to meet the limitation. A Fund may make additional investments while it has borrowings outstanding. A Fund may make other borrowings to the extent permitted by applicable law;
- (4) make loans, except through (i) the purchase of debt obligations in accordance with the Fund's investment objective and policies, (ii) repurchase agreements with banks, brokers, dealers and other financial institutions, and (iii) loans of securities as permitted by applicable law;
- (5) underwrite securities issued by others, except to the extent that the sale of portfolio securities by the Fund may be deemed to be an underwriting;
- (6) purchase, hold or deal in real estate, although a fund may purchase and sell securities that are secured by real estate or interests therein, securities of real estate investment trusts and mortgage-related securities and may hold and sell real estate acquired by a Fund as a result of the ownership of securities;
- (7) invest in commodities or commodity contracts, except that the Fund may invest in currency, and financial instruments and contracts that are commodities or commodity contracts; or
- (8) issue senior securities to the extent such issuance would violate applicable law.

In addition to the fundamental investment restrictions listed above, the investment objective of each Fund is a fundamental policy that cannot be changed without the approval of the Fund's shareholders.

The Funds' have adopted the following non-fundamental investment restrictions – Neither Fund will:

- (1) sell securities short or maintain a short position except for short sales against the box; or
- (2) invest in foreign securities in excess of the following percentages of the value of its total assets:

Small Cap Growth Fund	20%
Small Cap Value Fund	20%
- (3) purchase any security which is not readily marketable if more than 15% of the net assets of the Fund taken at market value, would be invested in such securities.

Except for the limitations on borrowing from banks, if the above percentage restrictions are adhered to at the time of investment, a later increase or decrease in such percentage resulting from a change in values of securities or amount of net assets is not considered a violation of any of the foregoing restrictions.

E. Key Information About the Reorganization

The following is a summary of key information concerning the proposed Reorganization. Please also refer to the Plan of Reorganization, which is attached to this Combined Prospectus/Information Statement as Appendix A and which includes more detailed information about the Reorganization. The following summary is qualified in its entirety by reference to Appendix A.

1. Summary of the Reorganization. On September 29, 2009, the Board of Trustees of MEMBERS Mutual Funds, on behalf of the Small Cap Growth Fund and the Small Cap Value Fund, approved the Plan of Reorganization, which contemplates the transfer to the Small Cap Value Fund of substantially all of the assets and liabilities of the Small Cap Growth Fund solely in exchange for shares of beneficial interest of the Small Cap Value Fund. Following the transfer, Class A, Class B and Class Y shares of the Small Cap Value Fund will be distributed to Class A, Class B and Class Y shareholders of the Small Cap Growth Fund in liquidation of the Small Cap Growth Fund and the Small Cap Growth Fund will subsequently be terminated as a series of the Trust. In addition, the Small Cap Value Fund will then change its name to the “Small Cap Fund.”

Both Funds are small cap equity funds with identical investment objectives and substantially similar investment strategies. The Funds’ Board of Trustees and the Funds’ investment adviser recognize that greater economies of scale and efficiencies can be attained by combining the assets of the Funds and that since the investment objectives are identical, such a combination would not materially alter the nature of the Small Cap Growth Fund’s shareholders’ investment.

As a result of the Reorganization, each shareholder of the Small Cap Growth Fund will receive full and fractional Class A, Class B and Class Y shares of the Small Cap Value Fund equal in aggregate net asset value at the time of the Reorganization to the aggregate net asset value of such shareholder’s Class A, Class B and Class Y of the Small Cap Growth Fund. The Board of Trustees has determined that the interests of existing shareholders will not be diluted as a result of the transactions contemplated by the Reorganization. For the reasons set forth below under “Reasons for the Reorganization,” the Board of Trustees (including the independent trustees), on behalf of the Small Cap Growth Fund, concluded that the Reorganization would be in the best interest of the shareholders of the Small Cap Growth Fund.

Please be aware that shareholder approval of the Reorganization is not required. The Trust’s Declaration of Trust and state law governing the Trust do not require shareholder approval for fund mergers. Likewise, Rule 17a-8 under the 1940 Act does not require shareholder approval of mergers involving affiliated funds, so long as certain criteria are met, as described in Rule 17a-8(a)(3). Because these criteria are met in this case, shareholder approval is not required for the planned Reorganization.

2. Description of the Shares to be Issued. Full and fractional shares of the Class A, Class B and Class Y of the Small Cap Value Fund, a series of MEMBERS Mutual Funds, will be issued to shareholders of the Small Cap Growth Fund, in accordance with the procedures under the Plan of Reorganization as described above. The Declaration of Trust of MEMBERS Mutual Funds (or the Trust) permits the Board of Trustees to issue an unlimited number of shares of beneficial interest of each series within the Trust with no par value per share. Like the Small Cap Growth Fund, the Small Cap Value Fund is a series of the Trust which consists of three classes of shares: Class A, Class B and Class Y. There are no differences between the Class A, Class B and Class Y shares of the Small Cap Growth Fund, respectively, and the Class A, Class B and Class Y shares of the Small Cap Value Fund, respectively. Each share of beneficial interest of each series of shares has one vote and shares equally in dividends and distributions when and if declared by a series and in the series’ net assets upon liquidation. All shares, when issued, are fully paid and nonassessable. The shares do not entitle the holder thereof to preference, preemptive, appraisal, conversion or exchange rights, except as the Board of Trustees may determine with respect to any series of shares. Shares do not have cumulative voting rights and, as such, holders of at least 50% of the shares voting for Trustees can elect all Trustees and the remaining shareholders would not be able to elect any Trustees. The Board of Trustees may classify or reclassify any unissued shares of the Small Cap Value Fund into shares of any series by setting or changing in any one or more respects, from time to time, prior to the issuance of such shares, the preference, conversion or other rights, voting powers, restrictions, limitations as to dividends, or qualifications of such shares. Any such classification or reclassification will comply with the provisions of applicable securities laws. Shareholders of each series as created vote as a series to change, among other things, a fundamental policy of each such series and to approve the series’ investment management contracts and distribution plans pursuant to Rule 12b-1 of the 1940 Act. Like the Small Cap Growth Fund, the Small Cap Value Fund is not

required to hold annual meetings of shareholders but will hold special meetings of shareholders when, in the judgment of the Board of Trustees, it is necessary or desirable to submit matters for a shareholder vote.

3. Reasons for the Reorganization. The Board of Trustees of the Trust, after careful consideration, has approved the reorganization of the Small Cap Growth Fund, a series of the Trust, into the Small Cap Value Fund, also a series of the Trust. These two Funds pursue substantially similar investment strategies and possess identical investment policies.

In approving the Reorganization, the Board of Trustees has considered, among other things, the similarities between the Funds' investment objectives and strategies, the fact that the Funds' expense ratios and investment management fees are the same, the costs of the Reorganization (estimated to be approximately \$16,100, which includes approximately \$6,100 of brokerage costs associated with anticipated sales of Small Cap Growth Fund portfolio holdings following the Reorganization), which will be borne by Madison Asset Management, LLC, the investment adviser to both Funds and/or its affiliates, the continuity of MEMBERS shareholder servicing for Small Cap Growth Fund shareholders who will become Small Cap Value Fund shareholders, the ability of shareholders in the Small Cap Growth Fund to carry their holding periods over to the shares of the Small Cap Value Fund received in the Reorganization for purposes of contingent deferred sales charges, and the anticipated tax-free nature of the Reorganization. The Board also took into account the better performance of the Small Cap Value Fund as compared to the Small Cap Growth Fund over all time periods.

The Board of Trustees also considered MAM's view that there has been a convergence of growth and value investing to the point that it is difficult today to distinguish between the two. In the analysis of companies, valuation methods such as intrinsic value analysis, price-to-book ratios, price-to-earnings ratios, and asset values were used previously to search for "value." But recently, many growth companies have sold at low valuations and have been purchased as "value" stocks. Whether growth or value, the investment goal is to find companies that will continue to grow and expand, regardless of whether they are characterized as growth or value (i.e., even value companies want to grow their businesses). In fact, one of the primary value characteristics is the orderliness of growth. Therefore, it is MAM's view that the defining characteristics of growth companies and value companies have blurred in recent years, providing further justification of the proposed Reorganization.

Furthermore, the Board considered MAM's belief that optimizing its equity fund lineup, while still offering breadth and depth across asset classes, will make it easier for shareholders to differentiate between the funds offered through MAM and may increase the combined Fund's prospects for increased sales and economies of scale. The Board also considered MAM's view that the Reorganization represents the most effective use of investment resources and creates an environment with the best opportunity for successful long-term investing on behalf of shareholders.

4. Federal Income Tax Consequences. Each Fund has qualified, in each taxable year since it was organized, and intends to qualify, as of the Closing Date, as a "regulated investment company" under the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, each of the Funds has been, and expects to continue to be, relieved of all or substantially all federal income taxes. The exchange of substantially all of the assets of the Small Cap Growth Fund for shares of the Small Cap Value Fund and the assumption by the Small Cap Value Fund of the liabilities of the Small Cap Growth Fund, and the liquidation of the Small Cap Growth Fund, are intended to qualify for federal income tax purposes as a tax-free reorganization under Section 368(a)(1)(C) of the Code. However any dividend paid by the Small Cap Growth Fund may result in taxable income to Small Cap Growth Fund shareholders. As a condition to the closing of the transaction, the Funds will each receive an opinion of DeWitt Ross & Stevens, S.C., to the effect that, based on certain assumptions and on the existing provisions of the Code, treasury regulations issued thereunder, current revenue rulings, revenue procedures and court decisions, for federal income tax purposes:

(1) The transfer of all of the assets and liabilities of the Small Cap Growth Fund to the Small Cap Value Fund in exchange for shares of the Small Cap Value Fund and the distribution to shareholders of the Small Cap Growth Fund of shares of the Small Cap Value Fund, as described in the Plan, will constitute a tax-free "reorganization" within the meaning of Section 368(a)(1)(C) of the Code, and the Small Cap Growth Fund and the Small Cap Value Fund each will be considered "a party to a reorganization" within the meaning of Section 368(b) of the Code;

(2) No gain or loss will be recognized by the Small Cap Growth Fund upon (a) the transfer of its assets and liabilities to the Small Cap Value Fund in exchange for the issuance of shares of the Small Cap Value Fund to the Small Cap Growth Fund and the assumption by the Small Cap Value Fund of the Small Cap Growth Fund's

liabilities, if any, and (b) the distribution by the Small Cap Growth Fund to its shareholders of shares of the Small Cap Value Fund received as a result of the Reorganization;

(3) No gain or loss will be recognized by the Small Cap Value Fund upon its receipt of the assets and liabilities of the Small Cap Growth Fund in exchange for the issuance of shares of the Small Cap Value Fund to the Small Cap Growth Fund and the assumption by the Small Cap Value Fund of the Small Cap Growth Fund's liabilities, if any;

(4) The tax basis of the Small Cap Value Fund shares received by a shareholder of the Small Cap Growth Fund in the aggregate will be the same as the aggregate tax basis of the shareholder's Small Cap Growth Fund shares immediately prior to the Reorganization;

(5) The tax basis of the Small Cap Value Fund in the assets and liabilities of the Small Cap Growth Fund received pursuant to the Reorganization will be the same as the tax basis of the assets and liabilities in the hands of the Small Cap Growth Fund immediately before the Reorganization;

(6) The tax holding period for the shares of the Small Cap Value Fund issued in connection with the Reorganization will be determined by including the period for which the shareholder held shares of the Small Cap Growth Fund exchanged therefor, provided that the shareholder held such shares of the Small Cap Growth Fund as capital assets;

(7) The tax holding period for the Small Cap Value Fund with respect to the assets and liabilities of the Small Cap Growth Fund received in the Reorganization will include the period for which such assets and liabilities were held by the Small Cap Growth Fund;

(8) The Small Cap Growth Fund's shareholders will not recognize gain or loss upon the exchange of their shares of the Small Cap Growth Fund for shares of the Small Cap Value Fund as part of the Reorganization;

(9) The Small Cap Value Fund will succeed to and take into account the items of the Small Cap Growth Fund described in Section 381(c) of the Code, subject to the provisions and limitations specified in Sections 381, 382, 383 and 384 of the Code and the regulations thereunder; and

(10) The tax year of the Small Cap Growth Fund will end on the date of the Reorganization.

Shareholders of the Small Cap Growth Fund should consult their tax advisers regarding the effect, if any, of the Reorganization in light of their individual circumstances, including state and local tax consequences, if any, of the Reorganization.

An opinion of counsel merely represents counsel's best judgment with respect to the probable outcome on the merits and is not binding on the Internal Revenue Service or the courts. Accordingly, there can be no assurance that the Internal Revenue Service will not take a contrary position, that the applicable law will not change, or that any such change will not have retroactive effect. If the Reorganization is completed but does not qualify as a tax-free reorganization under the Code, the Small Cap Growth Fund would recognize gain or loss on the transfer of its assets to the Small Cap Value Fund and each shareholder of the Small Cap Growth Fund would recognize a taxable gain or loss equal to the difference between its tax basis in its Small Cap Growth Fund shares and the fair market value of the shares of the Small Cap Value Fund received in the Reorganization.

While the portfolio managers of the Small Cap Value Fund do not anticipate requesting the disposition of a portion of the Small Cap Growth Fund's portfolio holdings before the closing of the Reorganization, they do anticipate disposing of a substantial portion (approximately 99%) of the Small Cap Growth Fund's portfolio holdings following the closing of the Reorganization. The tax impact of any such sales will depend on the difference between the price at which such portfolio securities are sold and the Small Cap Growth Fund's basis in such securities. Any capital gains recognized in these sales on a net basis prior to the closing of the Reorganization will be distributed, if required, to the shareholders of the Small Cap Growth Fund, as capital gain dividends (to the extent of net realized long-term capital gains) and/or ordinary dividends (to the extent of net realized short-term capital gains) during or with respect to the year of sale, and such distributions will be taxable to shareholders. Any capital gains recognized in these sales on a net basis following the closing of the Reorganization will be distributed, if required, to the Small Cap Value Fund's shareholders as capital gain dividends (to the extent of net realized long-term capital gains) and/or ordinary dividends (to the extent of net realized short-term capital gains) during or with respect to the year of sale, and such distributions will be taxable to shareholders.

However, the Small Cap Value Fund has approximately \$1.4 million of capital loss carry forwards, which may be used to offset any capital gains. Based on the net capital loss positions of each of the Small Cap Growth Fund and the Small Cap Value Fund as of April 30, 2009, including any available capital loss carry forwards, it is not expected that the anticipated sales of portfolio holdings post-Reorganization will result in any material amounts of capital gains to be distributed to shareholders by the Small Cap Value Fund.

The Small Cap Value Fund will succeed to the capital loss carry forwards, if any, of the Small Cap Growth Fund. At this time, based on our analysis, as a result of the Reorganization, the Small Cap Growth Fund is not expected to undergo an “ownership change” for tax purposes. As a result, we do not anticipate any limitation on the losses carried over from the Small Cap Growth Fund. However, if an “ownership change” is present at the time of Reorganization based on our analysis at that time, capital loss carry forwards and certain built-in losses, if any, may be subject to the loss limitation rules of the Code. The Code limits the amount of pre-ownership change losses that may be used to offset post-ownership change gains to a specific annual loss limitation amount (generally, the product of the net asset value of the entity undergoing the ownership change and a rate established by the IRS). Subject to certain limitations, any unused portion of these losses may be available in subsequent years, subject to an overall eight-year capital loss carry forward limit, as measured from the date of recognition. The Small Cap Value Fund’s capital loss carry forwards, if any, should not be limited by reason of the Reorganization.

In addition, if an ownership change is deemed to occur at the time of Reorganization, for five years beginning after the closing of the Reorganization, the combined Fund may not be allowed to offset certain pre-Reorganization built-in gains attributable to one Fund with capital loss carry forwards and certain built-in losses attributable to another Fund. The Small Cap Value Fund had a capital loss carry forward as of its last fiscal year end October 31, 2008, of approximately \$1,362,749. The Small Cap Growth Fund had a capital loss carry forward as of its last fiscal year end October 31, 2008, of approximately \$3,905,861.

5. Comparison of Shareholder Rights. Because both Funds are separate series of the same Trust, shareholders of each Fund have identical rights. Accordingly, the rights of shareholders of the Small Cap Growth Fund will not change as a result of the Reorganization.

6. Comparison of Valuation Procedures. The net asset value (“NAV”) for both Funds is calculated in exactly the same manner. Namely, it is calculated once, at the close of regular trading on the New York Stock Exchange (“NYSE”), usually 4:00 p.m. Eastern Time, each business day that the NYSE is open. The net asset value per share is computed by dividing the total net assets of each Fund by the total number of each Fund’s outstanding shares. Total net assets are determined by adding the total current value of portfolio securities, cash, receivables, and other assets and subtracting liabilities. Short-term instruments having maturities of 60 days or less are valued on an amortized cost basis, which approximates market value.

Equity securities and exchange-traded funds (“ETFs”) listed on any U.S. or foreign stock exchange or quoted on the National Association of Securities Dealers Automated Quotation System (“NASDAQ”) are valued at the last quoted sale price or official closing price on that exchange or NASDAQ on the valuation day (provided that, for securities traded on NASDAQ, the Funds utilize the NASDAQ Official Closing Price). If no sale occurs, (a) equities traded on a U.S. exchange or on NASDAQ are valued at the mean between the closing bid and closing asked prices, and (b) equity securities traded on a foreign exchange are valued at the official bid price. Debt securities purchased with a remaining maturity of 61 days or more are valued by a pricing service selected by the Funds or on the basis of dealer-supplied quotations. Investments in shares of open-ended mutual funds, including money market funds, are valued at their daily NAV.

Over-the-counter securities not quoted or traded on NASDAQ are valued at the last sale price on the valuation day. If no sale occurs on the valuation day, an over-the-counter security is valued at the mean between the last bid and asked prices. Over-the-counter options are valued based upon prices provided by market makers in such securities or dealers in such currencies. Exchange-traded options are valued at the last sale or bid price on the exchange where such option contract is principally traded. Financial futures contracts generally are valued at the settlement price established by the exchange(s) on which the contracts are primarily traded. The Trust’s Valuation Committee estimates the fair value of futures positions affected by the daily limit by using its valuation procedures for determining fair value, when necessary. Spot and forward foreign currency exchange contracts are valued based on quotations supplied by dealers in such contracts. Overnight repurchase agreements are valued at cost, and term repurchase agreements (i.e., those whose maturity exceeds seven days), swaps, caps, collars and floors are valued at the average of the closing bids obtained daily from at least one dealer.

The value of all assets and liabilities expressed in foreign currencies are converted into U.S. dollar values using the then-current exchange rate.

All other securities for which either quotations are not readily available, no other sales have occurred, or in MAM's opinion, do not reflect the current market value, are appraised at their fair values as determined in good faith by the Valuation Committee and under the general supervision of the Board of Trustees. When fair value pricing of securities is employed, the prices of securities used by the Funds to calculate NAV may differ from market quotations or official closing prices. A Fund's investments (or underlying fund) will be valued at fair value if, in the judgment of the Valuation Committee, an event impacting the value of an investment occurred between the closing time of a security's primary market or exchange (for example, a foreign exchange or market) and the time the Fund's share price is calculated. Significant events may include, but are not limited to, the following: (1) significant fluctuations in domestic markets, foreign markets or foreign currencies; (2) occurrences not directly tied to the securities markets such as natural disasters, armed conflicts or significant government actions; and (3) major announcements affecting a single issuer or an entire market or market sector. In responding to a significant event, the Valuation Committee would determine the fair value of affected securities considering factors including, but not limited to: fundamental analytical data relating to the investment; the nature and duration of any restrictions on the disposition of the investment; and the forces influencing the market(s) in which the investment is purchased or sold. The Valuation Committee may rely on an independent fair valuation service to adjust the valuations of foreign equity securities based on specific market-movement parameters established by the Committee and approved by the Funds.

7. **Capitalization.** The following table sets forth as of April 30, 2009: (1) the unaudited capitalization of the Small Cap Growth Fund and the unaudited capitalization of the Small Cap Value Fund, and (2) the unaudited pro forma combined capitalization of the Small Cap Value Fund after the Reorganization has been consummated.

Share Class	Small Cap Growth	Small Cap Value	Pro Forma Adjustments	Small Cap Value Pro Forma Combined
Class A Shares:				
Net Assets	\$325,572	\$1,054,558		\$1,380,130
Shares Outstanding ¹	58,438	154,350	(10,781)	202,007
Net Asset Value and Redemption Price per Share ²	\$5.57	\$6.83		\$6.83
Sales Charge of Offering Price ³	\$0.34	\$0.42		\$0.42
Maximum Offering Price Per Share	\$5.91	\$7.25		\$7.25
Class B Shares:				
Net Assets	\$59,510	\$71,666		\$131,176
Shares Outstanding ¹	10,866	10,535	(2,109)	19,292
Net Asset Value and Redemption Price per Share ²	\$5.48	\$6.80		\$6.80
Class Y Shares:				
Net Assets	\$13,193,764	\$16,251,219		\$29,444,983
Shares Outstanding ¹	2,355,971	2,387,754	(418,609)	4,325,116
Net Asset Value and Redemption Price per Share ²	\$5.60	\$6.81		\$6.81

¹The correlating Small Cap Growth Fund classes will be exchanged for the Small Cap Value Fund classes at the Small Cap Value Fund's ending NAV.

²If applicable, redemption price per share may be reduced by a contingent deferred sales charge and/or redemption fee.

³Sales charge of offering price is 5.75% for the Small Cap Value and Small Cap Growth Funds.

8. **Investment Adviser.** Madison Asset Management, LLC ("MAM") manages both Funds' investments and business operations under the overall supervision of the Board of Trustees of MEMBERS Mutual Funds. MAM has the responsibility for making all investment decisions for the Funds. MAM's principal business address is 550 Science

Drive, Madison, Wisconsin 53711. MAM is registered as an investment adviser with the SEC and all of the firm's voting shares are held by Madison Investment Advisors, Inc. ("MIA"). The Funds' investment advisory contract calls for each Fund to pay MAM a management fee at the annual rate of 1.00% of each Fund's average daily net assets.

With regard to the Small Cap Growth Fund, MAM has delegated its investment management authority to Paradigm Asset Management Company, LLC, located at 445 Hamilton Avenue, White Plains, New York 10601. For the Small Cap Value Fund, MAM has delegated its investment management authority to Wellington Management Company, LLP ("Wellington"). Under these arrangements, while MAM has delegated its investment management authority, MAM remains responsible to the Funds for all decisions made by the applicable subadviser. After the Reorganization is consummated, MAM will continue to manage the Small Cap Value Fund and Wellington will continue to serve as the Fund's subadviser.

9. Distribution. Mosaic Funds Distributor, LLC ("MFD") acts as the principal distributor of shares of the Small Cap Growth Fund and the Small Cap Value Fund. MFD's principal business address is 550 Science Drive, Madison, Wisconsin 53711. MFD is wholly owned subsidiary of MIA, which is affiliated with MAM.

The Class A and Class B shares of both Funds charge a service fee equal to 0.25% of each Fund's average daily net assets, and the Class B shares of both Funds also charge a 0.75% distribution fee. Class Y shares of both Funds do not charge any service or distribution fees.

The Class A and Class B distribution and service fees are set forth in separate plans adopted by the Trust for each share class pursuant to Rule 12b-1 under the 1940 Act. These fees are paid by Fund shareholders and retained by MFD, as principal distributor, and/or passed on to other broker-dealers who sell and service Fund shares. Each Rule 12b-1 Plan is a compensation plan, which means that the fees paid under the plan are intended to compensate MFD and/or other broker-dealers for services rendered, regardless of expenses actually incurred.

10. Purchase and Redemption Procedures. Notwithstanding the following discussion, shares of the Small Cap Growth Fund are no longer available for purchase.

Purchasing Information – Class A, Class B and Class Y shares of both Funds are offered at the price next determined after the purchase order is received in good order by the Trust. For this purpose, good order means that the request includes all information required to process the request. For Class A shares, the price next determined is the NAV per share after an order has been accepted, plus an initial front-end sales charge. Depending on the amount invested, the sales charge may be reduced and/or eliminated for larger purchases. Class B shares are offered without any initial sales charge, but a contingent deferred sales charge may be applied on shares sold within six years of purchase. Class B shares automatically convert to Class A shares, based on relative NAV, at the end of the eighth year after purchase (the seventh year after purchase for Class B shares purchased prior to February 28, 2003). Class Y shares are offered without any initial sales charge or contingent deferred sales charge, but are generally only available for purchase by the Trust's allocation funds, other affiliated allocation funds, in fee based managed account programs with MFD or dealers that have special arrangements with MFD, or other investors as the Board of Trustees may authorize from time to time. In addition, the Funds offer a systematic investment program, a payroll deduction/direct deposit program and a systematic exchange program, all of which allow existing shareholders to purchase additional shares of the Funds at regular intervals. *If you are a shareholder of the Small Cap Growth Fund who invests in Fund shares through one or more of these programs, your participation in the program(s) will continue post-Reorganization, so you may want to review your current allocations in light of the planned Reorganization.*

Minimum Investments – The minimum initial investment in both Funds for non-retirement accounts is \$1,000 (\$1,000 per Fund). For retirement accounts, the minimum is reduced to \$500 (\$500 per Fund). The minimum amount for subsequent purchases in all accounts is \$150 (\$50 per Fund). For shareholders investing through systematic investment programs, the minimums are further reduced, as discussed in the current statement of additional information for the Funds. The Funds reserve the right to accept purchase amounts below the minimums when adding to an account as long as the minimum initial investment to open the account has been met, and for accounts that are funded with pre-tax or salary reduction contributions which include certain pension and profit sharing plans.

Redemption Information – Shares of both Funds are redeemed at a price equal to the NAV next determined after the redemption request is accepted in good order by the Funds, less any applicable contingent deferred sales charges (in the case of Class B shares) or any redemption fees, which apply to redemptions of Class A or Class B shares of the Funds within 30 days of purchase (subject to waiver under certain circumstances). Both Funds have reserved the right to redeem shares "in-kind" under certain circumstances.

Automatic Account Rebalancing – With respect to Class A shares of both Funds, if a shareholder’s account balance is at least \$25,000, the shareholder may request automatic account rebalancing on a semi-annual or annual basis. He/she may select a model fund allocation that MAM has defined, or may build his/her own portfolio.

Purchasing Shares by Exchange – Within an account, shareholders may exchange shares of one Fund for shares of the same class of another Fund subject to the minimum investment requirements of the Fund purchased, without paying any additional sales charge. Exchanges of Class B shares will continue to “age” from the date of original purchase of the shares and will retain the same contingent deferred sales charge rate as they had before the exchange. In certain circumstances, shareholders may be charged a redemption fee on the value of the shares exchanged pursuant to the Funds’ redemption fee policy. With certain exceptions, only five exchanges are allowed per Fund in a calendar year. If a shareholder establishes a systematic exchange or automatic account rebalancing program, those exchanges are not included in the exchange limit or redemption fee policies. The Funds reserve the right to require that previously exchanged shares (and reinvested dividends) be in a Fund for 90 days before an investor is permitted a new exchange. A Fund may change its exchange policy at any time upon 60 days’ notice to its shareholders.

For information regarding the impact of the Reorganization on Class B shares of the Small Cap Growth Fund, please refer to “Small Cap Value Shares Received in the Reorganization” below.

It is important to note that additional restrictions may apply if a shareholder invests through a financial intermediary. The Funds will work with financial intermediaries, such as broker-dealers, investment advisers and record keepers, to apply the Funds’ exchange limit guidelines, but in some instances, the Fund is limited in its ability to monitor the trade activity or enforce the Funds’ exchange limit guidelines in such accounts. In addition, a different exchange limit may apply for accounts held by certain institutional retirement plans to conform to plan exchange limits.

Limitations on Purchase – If a shareholder purchase shares of either Fund by check and the check does not clear, the purchase will be canceled and the shareholder could be liable for any losses or fees incurred. A charge of \$30 will be assessed for each returned check occurrence. The Funds do not accept third-party checks, starter checks, credit cards, credit card checks, or cash to purchase shares. All purchase payments must be denominated in U.S. dollars and drawn on or from U.S. credit unions or other financial institutions. Additionally, the Funds will not normally accept purchase orders of more than \$100,000 for Class B shares from a single investor.

Execution of Requests – Each Fund is open on those days when the NYSE is open, typically Monday through Friday. In unusual circumstances, a Fund may temporarily suspend the processing of sell requests, or may postpone payment of proceeds for up to three business days or longer, as allowed by federal securities law.

Frequent Trading – Excessive or short-term trading in Fund shares may harm a Fund’s performance, and thereby harm other shareholders in the Fund, in three respects. First, frequent traders may exploit the fact that a Fund has calculated its NAV using closing prices of securities that are no longer current, thereby diluting the value of long-term shareholders’ interests in a Fund. Second, to meet higher levels of redemptions caused by frequent traders, a Fund may be required to maintain a larger percentage of the Fund’s assets in cash or be forced to liquidate certain holdings at inopportune times, thereby compromising portfolio management strategies. Third, frequent purchases and redemptions by frequent traders will cause a Fund to incur greater expenses for buying and selling securities, which are borne by all Fund shareholders.

As a result, the Funds have adopted policies and procedures with respect to frequent traders. Included in the policies and procedures are the several methods the Funds currently employ to detect and deter frequent traders, including: applying exchange limit guidelines; charging redemption fees on short-term trades; selectively monitoring trade activity; and exercising broad authority to take discretionary action against frequent traders and against particular trades, including delaying payment of the proceeds from the redemption of Fund shares for up to seven days, and identifying frequent traders and restricting their trading privileges or expelling them from a Fund. In addition, to combat dilution of the value of long-term shareholders’ interests in a Fund, a Fund may employ fair valuation procedures on the securities it holds in its portfolio, as described previously.

Each of the above methods to protect the interests of investors involves judgments that are inherently subjective, although the Funds and their service providers seek to make judgments that are consistent with long-term investors’ interests. Moreover, each of these methods involves some selectivity in their application. While the Funds seek to take actions that will detect and deter frequent trading, they cannot assure that such activity can be completely eliminated. For instance, the Funds may not be able to identify or reasonably detect or deter frequent trading transactions that are

facilitated by financial intermediaries or made through the use of omnibus accounts that transmit purchase, exchange, and redemption orders to the Funds on behalf of their customers who are the beneficial owners.

Small Accounts – Due to the high fixed cost of maintaining mutual fund accounts, the Funds reserves the right to close any non-retirement accounts (excluding accounts set up with a systematic investment program) that have balances below \$1,000. The Funds will mail affected shareholders a notice asking that the account value be brought up to \$1,000, or that the shareholder initiate a systematic investment program. If a shareholder does not bring the account value up to \$1,000 or initiate a systematic investment program within 60 days, the Funds may sell the shares in the shareholder’s account and mail the proceeds to the shareholder.

Small Cap Value Shares Received in the Reorganization – Class A and Class B shareholders of the Small Cap Growth Fund who receive Class A and Class B shares of the Small Cap Value Fund in the Reorganization should be aware that no sales loads will be charged on the exchange of Class A shares of the Small Cap Growth Fund for Class A shares of the Small Cap Value Fund, and the holding period of Class B shares of the Small Cap Growth Fund will carry over as the initial holding period of the Class B shares of the Small Cap Value Fund for contingent deferred sales charge purposes.

Additional Information – Additional shareholder account information for the Funds is available in the Funds’ prospectus, which is incorporated by reference and which has previously been mailed to shareholders.

11. Control Persons and Principal Holders of Securities. As of July 31, 2009, the Funds’ shareholders of record and/or beneficial owners (to the Fund’s knowledge) who owned five percent or more of the Funds’ shares were as follows:

	Small Cap Growth	Small Cap Value
Class A Shares		
Stephen T. O'Brien, Harvard, MA 01451-1851		78.31%
Alaska USA Federal Credit Union, Anchorage AK 99519-6310	13.36%	
Mark A Billings, Gifford, IL 61847-0368	5.49%	
Class B Shares		
Pershing LLC, P O Box 2052, Jersey City, NJ 07399*		10.05%
John W Butler, Minneapolis, MN 55418-3833		8.51%
Donald R Henderson, Columbia, TN 38401-5309		6.29%
Pershing LLC, P O Box 2052, Jersey City, NJ 07399*		5.67%
James E Doyle, Piedmont, OK 73078-9325		5.11%
Pershing LLC, P O Box 2052, Jersey City, NJ 07399*	15.70%	
Pershing LLC, P O Box 2052, Jersey City, NJ 07399*	11.53%	
Marian M Selleck, Cameron, WI 54822-9605	7.17%	
Ryan Hassebroek, Prior Lake, MN 55372-3057	7.06%	
Daniel Selleck, Cameron, WI 54822-9605	5.83%	
Pershing LLC, P O Box 2052, Jersey City, NJ 07399*	5.56%	
Class Y Shares		
Ultra Series Moderate Allocation Fund, 550 Science Drive, Madison, WI 53711		42.82%
Ultra Series Aggressive Allocation Fund, 550 Science Drive, Madison, WI 53711		26.84%
MEMBERS Moderate Allocation Fund, 550 Science Drive, Madison, WI 53711		12.16%
MEMBERS Aggressive Allocation Fund, 550 Science Drive, Madison, WI 53711		6.81%
Ultra Series Moderate Allocation Fund, 550 Science Drive, Madison, WI 53711	48.70%	
Ultra Series Aggressive Allocation Fund, 550 Science Drive, Madison, WI 53711	28.05%	
MEMBERS Moderate Allocation Fund, 550 Science Drive, Madison, WI 53711	12.58%	
MEMBERS Aggressive Allocation Fund, 550 Science Drive, Madison, WI 53711	7.73%	

*Ownership represents ownership of record rather than beneficial ownership.

As of July 31, 2009, the officers and Trustees of the Funds, as a group, owned of record and beneficially less than 1% of the outstanding voting securities of either Fund.

A beneficial owner of 25% or more of a voting security of a Fund is presumed to have “control” of the Fund for purposes of the 1940 Act, absent a determination to the contrary by the SEC. Based on the information provided above, as of July 31, 2009, shareholders and/or beneficial owners who owned a controlling interest were as follows:

Class A Shares	Small Cap Growth	Small Cap Value
Stephen T. O'Brien, Harvard, MA 01451-1851		78.31%
Class Y Shares		
Ultra Series Moderate Allocation Fund, 550 Science Drive, Madison, WI 53711		42.82%
Ultra Series Aggressive Allocation Fund, 550 Science Drive, Madison, WI 53711		26.84%
Ultra Series Moderate Allocation Fund, 550 Science Drive, Madison, WI 53711	48.70%	
Ultra Series Aggressive Allocation Fund, 550 Science Drive, Madison, WI 53711	28.05%	

12. Service Providers. State Street Bank and Trust Company (“State Street”), 225 Franklin Street, Boston, Massachusetts 02100, provides the Funds with fund accounting and administration services. State Street also serves as the Funds’ custodian. Boston Financial Data Services, an affiliate of State Street located at 2000 Crown Colony Drive, Quincy, Massachusetts 02169, is the Funds’ transfer agent.

13. Financial Highlights. The Statement of Additional Information relating to this Combined Prospectus/Information Statement incorporates by reference the following: (i) the Funds’ annual reports to shareholders for the fiscal year ended October 31, 2008, which includes the audited financial statements and financial highlights for the periods indicated therein and the report of Deloitte & Touche LLP, the Funds’ independent registered public accounting firm, and (ii) the Funds’ semi-annual reports to shareholders for the six-month period ended April 30, 2009, including the unaudited financial statements and financial highlights for the periods indicated therein.

AGREEMENT AND PLAN OF REORGANIZATION

This Agreement and Plan of Reorganization (the “Agreement”) is made as of September 29, 2009, and has been adopted by the Board of Trustees of MEMBERS MUTUAL FUNDS (the “Trust”), a Delaware business trust, to provide for the reorganization of the Small Cap Growth Fund (the “Acquired Fund”) into the Small Cap Value Fund (the “Acquiring Fund”), each a series of the Trust.

I. PLAN OF REORGANIZATION

1. Acquired Fund agrees to sell, assign, convey, transfer and deliver to Acquiring Fund on the Exchange Date (as defined in Section II.4) all of its properties and assets existing at the Valuation Time (as defined in Section II.2(f)). In consideration therefor, Acquiring Fund agrees, on the Exchange Date, to assume all of the liabilities of Acquired Fund existing at the Valuation Time and deliver to Acquired Fund (i) a number of full and fractional Class A shares of beneficial interest of Acquiring Fund (the “Class A Merger Shares”) having an aggregate net asset value equal to the value of the assets of Acquired Fund attributable to Class A shares of Acquired Fund transferred to Acquiring Fund on such date less the value of the liabilities of Acquired Fund attributable to Class A shares of Acquired Fund assumed by Acquiring Fund on such date; (ii) a number of full and fractional Class B shares of beneficial interest of Acquiring Fund (the “Class B Merger Shares”) having an aggregate net asset value equal to the value of the assets of Acquired Fund attributable to Class B shares of Acquired Fund transferred to Acquiring Fund on such date less the value of the liabilities of Acquired Fund attributable to Class B shares of Acquired Fund assumed by Acquiring Fund on such date; and (iii) a number of full and fractional Class Y shares of beneficial interest of Acquiring Fund (the “Class Y Merger Shares”) having an aggregate net asset value equal to the value of the assets of Acquired Fund attributable to Class Y shares of Acquired Fund transferred to Acquiring Fund on such date less the value of the liabilities of Acquired Fund attributable to Class Y shares of Acquired Fund assumed by Acquiring Fund on such date. The Class A Merger Shares, the Class B Merger Shares, and the Class Y Merger Shares shall be referred to collectively as the “Merger Shares.” The reorganization described in this Plan is intended to be a reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended (the “Code”). Before the Exchange Date, Acquired Fund will declare and pay to its shareholders a dividend and/or other distribution in an amount such that it will have distributed all of its net investment income and capital gains as described in Section II.6(c) hereof.

2. Upon consummation of the transactions described in Section I.1 of this Agreement, Acquired Fund will distribute in complete liquidation to its Class A, Class B, and Class Y shareholders of record as of the Exchange Date the Class A, Class B, and Class Y Merger Shares, each shareholder being entitled to receive that proportion of Class A Merger Shares, Class B Merger Shares, or Class Y Merger Shares that the number of Class A, Class B, and Class Y shares of beneficial interest of Acquired Fund held by such shareholder bears to the number of Class A, Class B, or Class Y shares of Acquired Fund outstanding on such date.

3. In determining contingent deferred sales charges applicable to Class B Merger Shares issued hereby, Acquiring Fund shall give each holder thereof credit for the period during which such holder held Class B shares of Acquired Fund, in exchange for which Class B Merger Shares were issued. In addition, front-end sales charges will not apply to Class A Merger Shares issued to holders of Class A shares of Acquired Fund in the reorganization.

II. AGREEMENT

Acquiring Fund and Acquired Fund agree as follows:

1. **Reorganization.**

- (a) Subject to the other terms and conditions contained herein (including Acquired Fund’s obligation to distribute to its shareholders all of its net investment income and capital gains as described in Section II.6(c) hereof), Acquired Fund agrees to sell, assign, convey, transfer and deliver to Acquiring Fund, and Acquiring Fund agrees to acquire from Acquired Fund, on the Exchange Date all of the investments and all of the cash and other properties and assets of Acquired Fund, whether accrued or contingent, in exchange for that number of Merger Shares provided for in Section II.2 and the assumption by Acquiring Fund of all of the liabilities of Acquired Fund, whether accrued or contingent, existing at the Valuation Time. Pursuant to this Agreement, Acquired Fund will, as soon as practicable after the

Exchange Date, distribute all of the Class A Merger Shares, Class B Merger Shares, and Class Y Merger Shares received by it to the Class A, Class B, and Class Y shareholders, respectively, of Acquired Fund, in complete liquidation of Acquired Fund.

- (b) As soon as practicable, Acquired Fund will, at its expense, liquidate such of its portfolio securities as Acquiring Fund indicates it does not wish to acquire. This liquidation will be substantially completed before the Exchange Date, unless otherwise agreed by Acquired Fund and Acquiring Fund.
- (c) Acquired Fund agrees to pay or cause to be paid to Acquiring Fund any interest, cash or such dividends, rights and other payments received by it on or after the Exchange Date with respect to the investments and other properties and assets of Acquired Fund, whether accrued or contingent. Any such distribution will be deemed included in the assets transferred to Acquiring Fund at the Exchange Date and will not be separately valued unless the securities in respect of which such distribution is made have gone “ex” before the Valuation Time, in which case any such distribution which remains unpaid at the Exchange Date will be included in the determination of the value of the assets of Acquired Fund acquired by Acquiring Fund.

2. **Exchange of Shares; Valuation Time.** On the Exchange Date, Acquiring Fund will deliver to Acquired Fund (i) a number of full and fractional Class A Merger Shares having an aggregate net asset value equal to the value of the assets of Acquired Fund attributable to the Class A shares of Acquired Fund transferred to Acquiring Fund on that date less the value of the liabilities of Acquired Fund attributable to Class A shares of Acquired Fund assumed by Acquiring Fund on that date; (ii) a number of full and fractional Class B Merger Shares having an aggregate net asset value equal to the value of the assets of Acquired Fund attributable to Class B shares of Acquired Fund transferred to Acquiring Fund on that date less the value of the liabilities of Acquired Fund attributable to Class B shares of Acquired Fund assumed by Acquiring Fund on that date; and (iii) a number of full and fractional Class Y Merger Shares having an aggregate net asset value equal to the value of the assets of Acquired Fund attributable to Class Y shares of Acquired Fund transferred to Acquiring Fund on that date less the value of the liabilities of Acquired Fund attributable to Class Y shares of Acquired Fund assumed by Acquiring Fund on that date, in each case as determined as hereafter provided in this Section II.2.

- (a) The net asset value of the Merger Shares to be delivered to Acquired Fund, the value of the assets attributable to the Class A, Class B, and Class Y shares of Acquired Fund and the value of the liabilities attributable to the Class A, Class B, and Class Y shares of Acquired Fund to be assumed by Acquiring Fund will in each case be determined as of the Valuation Time.
- (b) The net asset value of the Class A Merger Shares, Class B Merger Shares, and Class Y Merger Shares and the value of the assets and liabilities of the Class A, Class B, and Class Y shares of Acquired Fund will be determined by Acquiring Fund, in cooperation with Acquired Fund, pursuant to procedures customarily used by Acquiring Fund in determining the market value of Acquiring Fund’s assets and liabilities.
- (c) No adjustment will be made in the net asset value of either Acquired Fund or Acquiring Fund to take into account differences in realized and unrealized gains and losses.
- (d) Acquiring Fund will issue the Merger Shares, registered in the name of Acquired Fund, to Acquired Fund. Acquired Fund shall then re-register the Class A Merger Shares, Class B Merger Shares, and Class Y Merger Shares in the names of the Class A, Class B and Class Y shareholders of Acquired Fund, respectively, in accordance with instructions furnished by Acquired Fund.
- (e) Acquiring Fund will assume all liabilities of Acquired Fund, whether accrued or contingent, in connection with the acquisition of assets and subsequent dissolution of Acquired Fund or otherwise.
- (f) The Valuation Time is the time at which Acquired Fund calculates its net asset value, which is normally 3 p.m. Central Time, on November 27, 2009 (the “Valuation Time”).

3. **Fees and Expenses.** All direct fees and expenses, including legal and accounting expenses, portfolio transfer taxes (if any) or other similar expenses incurred in connection with the consummation by Acquired Fund and Acquiring Fund of the transactions contemplated by this Agreement (together with the costs specified below, “Expenses”) will be

borne by Madison Investment Advisors, LLC and/or its affiliates, including the costs of liquidating such of Acquired Fund's portfolio securities as Acquiring Fund shall indicate it does not wish to acquire before the Exchange Date; and provided that such Expenses will in any event be paid by the party directly incurring such Expenses if and to the extent that the payment by the other party of such Expenses would result in the disqualification of Acquiring Fund or Acquired Fund, as the case may be, as a "regulated investment company" within the meaning of Section 851 of the Code.

4. **Exchange Date.** Delivery of the assets of Acquired Fund to be transferred, assumption of the liabilities of Acquired Fund to be assumed and the delivery of the Merger Shares to be issued will be made at 7:00 a.m. Central Time on the next full business day following the Valuation Time (referred to herein as the "Exchange Date").

5. **Dissolution.** Acquired Fund agrees that the liquidation and dissolution of Acquired Fund will be effected in the manner provided in the Agreement and Declaration of Trust of the Trust in accordance with applicable law and that on and after the Exchange Date, Acquired Fund will not conduct any business except in connection with its liquidation and dissolution.

6. **Conditions to Acquiring Fund's Obligations.** The obligations of Acquiring Fund hereunder are subject to the following conditions:

- (a) That this Agreement is adopted and the transactions contemplated hereby are approved by the affirmative vote of at least a majority of the members of the Board of Trustees of the Trust (including a majority of those Trustees who are not "interested persons" of Acquired Fund or Acquiring Fund, as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act")).
- (b) That Acquiring Fund will have received an opinion of DeWitt, Ross & Stevens, S.C. dated the Exchange Date to the effect that, on the basis of the existing provisions of the Code, current administrative rules and court decisions, for federal income tax purposes: (i) the transfer of all of the assets and liabilities of the Acquired Fund to the Acquiring Fund in exchange for shares of the Acquiring Fund and the distribution to shareholders of the Acquired Fund of shares of the Acquiring Fund, as described herein, will constitute a tax-free "reorganization" within the meaning of Section 368(a)(1)(C) of the Code, and the Acquired Fund and the Acquiring Fund each will be considered "a party to a reorganization" within the meaning of Section 368(b) of the Code; (ii) no gain or loss will be recognized by the Acquired Fund upon (X) the transfer of its assets and liabilities to the Acquiring Fund in exchange for the issuance of shares of the Acquiring Fund to the Acquired Fund and the assumption by the Acquiring Fund of the Acquired Fund's liabilities, if any, and (Y) the distribution by the Acquired Fund to its shareholders of shares of the Acquiring Fund received as a result of the Reorganization; (iii) no gain or loss will be recognized by the Acquiring Fund upon its receipt of the assets and liabilities of the Acquired Fund in exchange for the issuance of shares of the Acquiring Fund to the Acquired Fund and the assumption by the Acquiring Fund of the Acquired Fund's liabilities, if any; (iv) the tax basis of the Acquiring Fund shares received by a shareholder of the Acquired Fund in the aggregate will be the same as the aggregate tax basis of the shareholder's Acquired Fund shares immediately prior to the Valuation Time; (v) the tax basis of the Acquiring Fund in the assets and liabilities of the Acquired Fund received pursuant to the reorganization will be the same as the tax basis of the assets and liabilities in the hands of the Acquired Fund immediately before the Valuation Time; (vi) the tax holding period for the shares of the Acquiring Fund issued in connection with the reorganization will be determined by including the period for which the shareholder held shares of the Acquired Fund exchanged therefore, provided that the shareholder held such shares of the Acquired Fund as capital assets; (vii) the tax holding period for the Acquiring Fund with respect to the assets and liabilities of the Acquired Fund received in the reorganization will include the period for which such assets and liabilities were held by the Acquired Fund; (viii) the Acquired Fund's shareholders will not recognize gain or loss upon the exchange of their shares of the Acquired Fund for shares of the Acquiring Fund as part of the reorganization; (ix) the Acquiring Fund will succeed to and take into account the items of the Acquired Fund described in Section 381(c) of the Code, subject to the provisions and limitations specified in Sections 381, 382, 383 and 384 of the Code and the regulations thereunder; and (x) the tax year of the Acquired Fund will end on the Exchange Date.
- (c) That, before the Exchange Date, Acquired Fund declares a dividend or dividends which, together with all previous such dividends, has the effect of distributing to the shareholders of Acquired Fund (i) all of the excess of Acquired Fund's investment income excludable from gross income under Section 103 of

the Code over Acquired Fund's deductions disallowed under Sections 265 and 171 of the Code, and all of Acquired Fund's investment company taxable income (as defined in Section 852 of the Code and computed without regard to any deduction for dividends paid), in each case for Acquired Fund's taxable year ending on or after November 1, 2008 and on or before the Exchange Date, and (ii) all of its net capital gain realized in the taxable year ending on or after November 1, 2008 and on or before the Exchange Date.

- (d) That Acquired Fund's custodian has delivered to Acquiring Fund a certificate identifying all of the assets of Acquired Fund held by such custodian as of the Valuation Time.
- (e) That Acquired Fund's transfer agent has provided to Acquiring Fund (i) a certificate setting forth the number of shares of Acquired Fund outstanding as of the Valuation Time, and (ii) the name and address of each holder of record of any such shares and the number of shares held of record by each such shareholder.
- (f) That Acquired Fund will have executed and delivered to Acquiring Fund an instrument of transfer dated as of the Exchange Date pursuant to which Acquired Fund will assign, transfer and convey all of the assets and other property to Acquiring Fund at the Valuation Time in connection with the transactions contemplated by this Agreement.
- (g) That a combination information statement/prospectus on Form N-14 will have become effective under the Securities Act of 1933, as amended (the "1933 Act"), and no stop orders suspending the effectiveness thereof shall have been issued, and to the best knowledge of the parties hereto, no investigation or proceeding for that purpose will have been instituted or pending, threatened or contemplated under the 1933 Act.

7. **Conditions to Acquired Fund's Obligations.** The obligations of Acquired Fund hereunder will be subject to the following conditions:

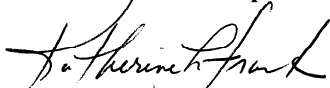
- (a) That this Agreement is adopted and the transactions contemplated hereby are approved by the affirmative vote of at least a majority of the members of the Board of Trustees of the Trust (including a majority of those Trustees who are not "interested persons" of Acquired Fund or Acquiring Fund, as defined in Section 2(a)(19) of the 1940 Act).
- (b) That Acquired Fund will have received the same opinion referenced in Section II.6(b) hereof.
- (c) That Acquiring Fund will have executed and delivered to Acquired Fund an Assumption of Liabilities certificate dated as of the Exchange Date pursuant to which Acquiring Fund will assume all of the liabilities of Acquired Fund existing at the Valuation Time in connection with the transactions contemplated by this Agreement.

8. **Termination.** This Agreement may be terminated and the reorganization abandoned by resolution of the Board of Trustees of the Trust at any time prior to the Exchange Date if circumstances should develop that, in the opinion of the Board, make proceeding with the reorganization inadvisable. In the event of any such termination, there shall be no liability for damages on the part of Acquiring Fund, Acquired Fund, the Trust or the Trust's Board of Trustees.

9. **Sole Agreement; Amendments.** This Agreement supersedes all previous correspondence and oral communications regarding the subject matter hereof, constitutes the only understanding with respect to such subject matter, may not be changed except upon authorization of the Board of Trustees of the Trust and will be construed in accordance with and governed by the laws of Delaware.

IN WITNESS WHEREOF, this Agreement and Plan of Reorganization has been signed by duly authorized officers of the Trust on behalf of the Acquiring Fund and the Acquired Fund as of the date first above written.

**MEMBERS MUTUAL FUNDS,
on behalf of Small Cap Growth Fund**



Name: Katherine L. Frank
Title: President

**MEMBERS MUTUAL FUNDS,
on behalf of Small Cap Value Fund**



Name: Katherine L. Frank
Title: President