

MEDAMERICA Family of 401(k) and Defined Benefit Plans INVESTMENT POLICY STATEMENT

Plan Summary Information

Original Investment Policy Adoption Date: July 2002

Last Amendment Date: May 2009

Plan Year Ends: December 31

Plan Numbers: 401(k) – 01x, Defined Benefit – 02x

Statement of Purposes

This Investment Policy Statement has been adopted by the Plan Administrator and MedAmerica Retirement and Benefits Committee to provide guidelines for the investment and management of funds held in trust for the benefit of participants and beneficiaries of the MedAmerica family of 401(k) and Defined Benefit Plans (“the Plans”). This also serves as a guideline for communication to Plan participants.

Responsible Parties

Among the parties responsible for the management and operation of the Plans are:

Plan Sponsor: MedAmerica Financial Services Inc.
2100 Powell St., Suite 960
Emeryville, CA 94608
Phone Number: (800) 842-2808

Trustee: The Charles Schwab Trust Company
One Montgomery Street, 7th Floor
San Francisco, CA 94104

Plan Administrator: Chris Renner
MedAmerica Financial Services, Inc.
2100 Powell Street, Suite 960
Emeryville, CA 94608
(800) 842-2808

Plan Purpose and Objectives

MedAmerica and affiliates established the Plan to provide employees with a vehicle to accumulate assets to fund retirement and other financial needs. It is intended to be operated in accordance with all applicable federal laws and regulations.

The Plan is subject to Department of Labor and Internal Revenue Service reporting requirements. The Plan Sponsor intends that the Plan satisfy the provisions of Department of Labor regulations issued pursuant to ERISA Section 404(c). The 401(k) Plans are participant directed while the Defined Benefit Plans are committee directed plans. Employer contributions, if any, may be directed only to certain investment options specified by the Plan Sponsor. Self directed accounts are available as an option for employee and employer directed funds within the 401(k) plan.

It is the intent of the Plan fiduciaries to provide a range of investment options that will enable participants to invest according to varying risk tolerance, savings time horizon, and financial goals. Participants choose the investment options for their contributions from among those available under the Plan, and may change their investment choices as often as permitted by the Plan's Summary Plan Descriptions.

The primary objectives of the Plan include:

- ❑ Educate physicians, physician assistants, and employees about the value of long term retirement planning
- ❑ Provide participants with the opportunity to supplement their retirement income
- ❑ Provide investment options that meet the needs of the majority of our workforce
- ❑ Select diversified investment options that offer competitive returns based on risk level
- ❑ Obtain plan services and investment options at reasonable cost

Secondary objects of the Plans include:

- ❑ Control overall plan costs
- ❑ Encourage a high participation rate
- ❑ Provide participants with the opportunity to defer taxable income
- ❑ Permit participants to build assets for emergency use prior to retirement via plan loan, hardship withdrawal, or in-service withdrawals if permitted by the Plan.

The Retirement and Benefits Committee will select and monitor investment options that support the attainment of the Plans' objectives.

Minimum Investment Standards

The Retirement and Benefits Committee will consider the following minimum standards in selecting the Plan's investment options:

- ❑ Manager Tenure: 5 years minimum on all actively managed funds
- ❑ 3 year Performance within style category: Top 25%
- ❑ 5 year Performance within style category: Top 25%
- ❑ 1 year Performance within style category: Top 50%
- ❑ Overall Expense Ratio: under 1% (except small cap, which is 1.50%)
- ❑ Minimum Fund Performance History: 5 years on all actively managed funds
- ❑ Deviations from published style as evidenced by Morningstar's grid of 9 styles.

Approach to Selection and Monitoring of Investment Options

The Retirement and Benefits Committee will review the investment objectives and risk characteristics, historical performance, and expenses related to each investment option available under the Plans. Each of the options will be chosen on the basis of its compatibility with the Plans objectives, participant demographics, and participant interests, to help potentially satisfy the investment goals of both passive and active investors, and to facilitate the development of individual asset allocation strategies.

Using a plan fund analysis vehicle called “FundWatch”, the Retirement and Benefits Committee will, at least semi-annually, evaluate each investment option in terms of its performance compared to relevant market indices and peer groups over trailing one, three, and five year periods. Greater weight will be given to three and five year performance, since longer term market cycles are more meaningful. Investment options consistently under performing in terms of risk and return will be carefully scrutinized to determine if action is warranted. The Retirement and Benefits Committee will also monitor the Plans investment options to ensure that they continue to meet the minimum investment standards established within FundWatch.

FundWatch Standards

The Retirement and Benefits Committee will consider the following minimum standards in monitoring the Plan’s investment options:

- ❑ Manager Tenure: 5 years minimum on all actively managed funds
- ❑ 3 year Performance within style category: Top 40%
- ❑ 5 year Performance within style category: Top 35%
- ❑ 1 year Performance within style category: Top 60%
- ❑ Overall Expense Ratio: under 1% (except small cap, which is under 1.50%)
- ❑ Minimum Fund Performance History: 5 years on all actively managed funds
- ❑ Deviations from published style as evidenced by Morningstar’s grid of 9 styles.

Index funds which, by definition, provide risk and return commensurate with overall market risk and return, are exempt from FundWatch.

After four consecutive quarters on FundWatch, a “Notice of Concern” will be sent to all participants within the plan.

Notice of Concern

A notice to be sent by e-mail, snail mail, or both, conveying the cautionary tone of the Committee’s concern with a particular fund. Participants will be cautioned to evaluate their portfolio and make changes as they deem appropriate. It is not a request to sell, but rather a suggestion to perhaps diversify away from the fund in question.

Steps to terminate a fund

While the Committee retains the right to terminate a fund at any time, termination of a fund shall be discussed at the next *regularly scheduled* Committee meeting when the following standards are not met.

- ❑ Manager Tenure: 5 years minimum
- ❑ 3 year Performance within style category: Top 60%
- ❑ 5 year Performance within style category: Top 50%
- ❑ Overall Expense Ratio: under 1%

Using the minimum performance standards shown above, the Retirement and Benefits Committee will determine whether termination of a plan sponsored fund is warranted.

In the event of a manager change or an increase in fees over 1% on the underlying fund, the Committee has the discretion to terminate a fund immediately. All participants must be notified of the termination.

In the event that a fund's performance does not meet both the 3 and 5-year performance standards shown above, the Committee has the discretion to terminate a fund.

Investment Options Available under the 401(k) Plan

- ❑ Aggressive Growth
- ❑ International Equity
- ❑ Large Cap Growth
- ❑ Mid Cap Equity
- ❑ Intermediate Term Bond
- ❑ Money Market Fund
- ❑ Large Cap Value
- ❑ Real Estate
- ❑ Balanced
- ❑ Large Cap Blend Index
- ❑ Stable Value
- ❑ Small Cap Equity

Allocations for the Defined Benefit Plan will also be reviewed annually to determine the most efficient allocation of investments to meet at least a 5% required rate of return.

Allocations for the Defined Benefit Plan are as follows:

(August 2007)

- ❑ Schwab Money Market Fund – 5%
- ❑ Calamos Growth Fund – 7.5%
- ❑ Royce Total Return Fund – 5.0%
- ❑ Dodge & Cox Balanced Fund – 25%
- ❑ Europacific International Growth Fund – 12.5%
- ❑ Growth Company of America – 10%
- ❑ PIMCO Total Return Fund – 27.25%
- ❑ Schwab Total Stock Market Index – 7.75%

Defined Benefit Re-balancing

The Defined Benefit Plan will be rebalanced each month when the money market positions within the plan deviate from the published allocations by more than 2.5%.

Participant Communications

Participant communication materials, including fund prospectuses, will be available from the Plan Sponsor and Trustee upon request. Participants will be given updated investment performance information regarding each investment option at least once per year. Ongoing educational materials intended to assist participants in making informed decisions will also be made available as appropriate.

This Investment Policy Statement shall remain in effect until revised or amended by the Retirement and Benefits Committee.

Myron Wacholder, MD, Chairman

Chris Renner, Plan Administrator

10/30/2009

Date

10/30/2009

Date