

Form ADV Part 2A - Brochure

March 29, 2012

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This brochure provides information about the qualifications and business practices of Meridian Investment Counsel Inc. (“Meridian”, “us” or “we”). If you have any questions about the contents of this brochure, please contact us at (510) 493-7650 or adv@merinvesco.com. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Meridian also is available on the SEC’s website at www.advisorsinfo.sec.gov.

Meridian is registered with the SEC as an investment adviser. Meridian strives to maintain a culture of compliance and excellence. Registration with the SEC does not imply any particular level of skill or training. We encourage you to carefully scrutinize this document, to directly examine Meridian and its operations, and to discuss any potential business relationship with your own advisers and legal counsel.

Material Changes

Our last annual update was filed on March 25, 2011.

The most recently distributed version of this brochure was dated January 20, 2012 in which Meridian updated our main office address and phone numbers.

This brochure, dated March 29, 2012, represents our annual updating amendment and contains no material changes.

In the future, this section of the brochure will discuss material changes that have occurred since our last annual update.

A copy of our current brochure is available by contacting adv@merinvesco.com or by calling (510) 493-7650.

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Advisory Business

Headquartered in San Leandro, California, Meridian is an independent investment-advisory firm registered with the SEC under the Investment Advisers Act of 1940 and the Commissioner of Corporations of the State of California.

Meridian was founded in 2004. It is owned by the Woodall Family 2010 Trust.

Meridian offers investment-advisory services to various categories of clients (“you”). Our service is provided on an individualized and discretionary basis. Meridian provides investment-advisory services that relate to allocation of assets among different classes, portfolio diversification, managing portfolio risk, and other general economic and financial topics. Account supervision is guided by your stated objectives and we maintain all managed accounts with a qualified custodian. Investment and suitability restrictions (“restrictions”) are at your discretion and these may affect your overall account performance.

When managing your account we generally take these steps:

- Your investment objectives are identified by assessing your risk tolerance based upon your age, income, net worth, tax situation, education, need for cash flows, investment goals, and emotional tolerance for volatility. We note any restrictions imposed by you. We collect this information through meetings, interviews, and questionnaires;
- After analyzing your financial situation and formulating together with you an investment policy statement, we implement an investment strategy through a combination of investments;
- We monitor capital market conditions and changes in your circumstances;
- We make adjustments to your accounts to reflect significant changes in any or all of the above variables; and
- You receive a quarterly report from us detailing account positions and performance.

You may also engage us from time to time, and on a basis incidental to our investment-advisory service, to provide you with advice which could be categorized as financial planning. The term financial planning, as used herein, refers to helping you formulate financial goals, and then helping you determine the direction you should take to reach these goals, using your available financial resources. Regarding financial planning, we may make recommendations concerning areas other than securities, such as insurance, tax planning, estate planning, retirement planning, providing for the education of children, and other areas which affect your financial affairs but are not necessarily related to securities.

Such recommendations do not constitute nor substitute for legal or accounting advice and you are encouraged to consult with your legal and/or tax adviser on any legal or tax matter.

As of December 31, 2011, Meridian had \$162.4 million in assets under management, of which 100 percent were discretionary assets.

Fees and Compensation

For investment-advisory services, Meridian's compensation is comprised of advisory-fee income computed based upon the percentage of assets under management. On occasion, we may also set a minimum quarterly fee. Before any services are rendered, we explain the computation of fees to you and come to agreement upon the compensation method. The compensation for our services ranges up to a maximum of 1.25% of assets under management. The amount of the advisory fee is negotiated on a case-by-case basis with each client and is based upon a number of factors including the amount of work involved and assets placed under management. A solicitor fee, if applicable, is not a factor in determining the negotiated advisory fee.

For clients originated through a solicitor ("Solicited Client"), we add the amount of the solicitor's fee to the negotiated advisory fee described above. The solicitor fee is described in a Solicitor Disclosure Statement provided by the solicitor to Solicited Client before we render any services. Thus the Solicited Client's fee is composed of two parts: a negotiated advisory fee and a solicitor fee. The two parts of the Solicited Client's fee is reflected in the Solicited Client's investment advisory agreement with us. For example, if the negotiated advisory fee between Solicited Client and Meridian is 1.25% and the solicitor fee is 0.25%, the Solicited Client will pay a total fee of 1.50% to us, of which 0.25% is paid by us to the solicitor and 1.25% remains to compensate us.

We reserve the right to adjust the maximum advisory fee as we deem appropriate for new clients while retaining prior fee arrangements for existing clients. This may result in different advisory fees being charged for similar services.

Fees are billed in advance at the beginning of each calendar quarter and are based on the gross value of your managed assets, in aggregate, on the last business day of the previous quarter. For additional contributions of \$50,000 or more made to the account during the quarter, fees are pro-rated from that date to the last day of the quarter. For withdrawals of \$50,000 or more from the account during a quarter, fees are refunded on a pro-rata basis. Adjustments are made on the next billing cycle. No adjustments are made for additions or withdrawals less than \$50,000. Fees are generally deducted directly from your account pursuant to a written agreement. Investment-advisory services begin with the effective date of the agreement, which is the date you sign the Investment Advisory Agreement ("Agreement"), or an alternate date mutually agreed by you and us. For the calendar quarter when the Agreement is first in place, fees are adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective.

Our service may be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. Upon termination, the fees charged for advisory services are pro-rated and a refund for any unearned fees is issued. You are responsible to pay for services rendered until the termination of the Agreement. You can cancel the Agreement without penalty.

You should be aware of your responsibility to verify the accuracy of the fee calculation submitted to the custodian by us, as the custodian will not determine whether the fee has been properly calculated.

Advisory fees charged by us are separate and distinct from fees and expenses charged by broker-dealers, custodians or by mutual funds, including securities which we recommend to you and those purchased at your direction. Of special note regarding the purchase and sale of debt securities, you will pay a fee called a “spread”. When you buy a debt security, there is a mark-up on the price that you pay to the broker completing the transaction. When you sell a debt security, there is a mark-down on the price that you receive from the broker completing the transaction. The mark-up and mark-down go to the broker as a fee. A detailed description of all fees and expenses is available at the broker-dealer/custodian and in each fund's prospectus. None of these fees are paid to us.

Fees for planning services range up to \$250 per hour. Such fees are mutually agreed by you and us, and are due and payable when services are rendered. We reserve the right to provide planning services on a fixed fee basis in lieu of an hourly fee. The fixed fee is negotiated with you prior to performing any service. You may cancel this agreement at any time. If cancellation occurs, you are responsible only for fees and any expenses incurred to that point. In such an event, an itemized invoice is provided documenting the fees and any expenses that have been incurred.

Performance-Based Fees and Side-by-Side Management

Meridian does not charge performance-based fees or engage in side-by-side management, a practice where an adviser manages similar client portfolios where some are charged a performance-based fee and some are not.

Types of Clients

Meridian provides investment-advisory services to individuals, high-net-worth individuals, trusts and estates, non-profit corporations, foundations and corporate pension and profit-sharing plans.

The minimum dollar value of assets required to set up an investment advisory account is \$1,000,000. However, we have discretion to waive the account minimum. Accounts of less than \$1,000,000 may be set up when we anticipate you will add additional funds to the managed account, bringing the total to \$1,000,000 within a reasonable time. Other exceptions may apply to our employees and their relatives, or relatives of existing clients and others at our discretion as mentioned above.

Methods of Analysis, Investment Strategies and Risk of Loss

Meridian's general investment approach is tax-wise, conservative growth. We focus on the fundamentals of individual issuers and investment companies in evaluating the investment merits of their equity and debt. Purchases of securities are further guided by your current and anticipated marginal tax rate. In some cases, we ladder debt maturities to mitigate interest rate risk for bonds. When selling securities some of the factors that we consider include tax implications, cash needs, changes in your risk preference and circumstances, degree of account diversification and competing investment opportunities.

We conduct research and analysis by studying information directly published by companies (including oral presentations), third-party research providers such as *Value Line* and Wall Street analysts, corporate rating services such as S&P and Moody's, financial newspapers, newsletters and magazines, and corporate records filed with the SEC.

Your account may include investments in publicly-traded common and preferred stocks, individual bonds, open- and closed-end mutual funds, and option contracts. We may also recommend investments in publicly-traded partnerships, and foreign equity and debt securities.

Depending on the circumstances, investments may be held long-term, short-term or bought and sold within 30 days. Long-term investments are our norm, which has the advantage of minimizing trading commissions.

You should be aware that different types of investments involve varying degrees of risk and that past performance may not be indicative of future results. Therefore you should not assume that future performance of any specific investment or investment strategy that we recommend or employ will be profitable and may result in a loss that you should be prepared to bear. While economic and investment decisions are subject to a great deal of uncertainty, we will use our best judgment in making such decisions based on information we review.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management.

We have no legal or disciplinary events to report.

Other Financial Industry Activities and Affiliations

John Kerns is a portfolio manager of Meridian. He is also a CPA providing accounting and business-consulting services as a sole proprietor. Mr. Kerns spends less than 25% of his time with his accounting and business-consulting practice. Clients that desire to retain Mr. Kerns for accounting and business-consulting services must do so by directly contracting with him. We do not receive any compensation if a client engages Mr. Kerns for accounting and business-consulting services.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Meridian's Code of Ethics requires that our employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, fellow employees, colleagues in the investment profession, and other participants in the capital markets;
- Place the integrity of the investment profession and the interests of clients above their own personal interests;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice in a professional and ethical manner that will reflect credit on themselves and the profession;
- Promote the integrity of and comply with the rules governing capital markets;
- Maintain and improve their professional competence;
- Comply with applicable provisions of the federal securities laws.

A copy of Meridian's Code of Ethics Policy shall be provided to you or a prospective client upon written request.

We may buy and sell for our own accounts the same securities that may be recommended to you. If the possibility of a conflict of interest occurs, your interest will prevail. To avoid any potential conflicts of interest involving personal trades, we have adopted the Code of Ethics (noted above) and a Personal Securities Transaction Policy.

Meridian's Personal Securities Transaction Policy requires our employees to: 1) report personal securities transactions on a quarterly basis; 2) provide a detailed summary of certain holdings (both upon commencement of employment and annually thereafter) over which employee has a direct or indirect beneficial interest; and 3) pre-clear all personal non-exempt securities transactions before completing the transaction.

We are not obligated to acquire for your account any security that we acquire for our own account or for the account of any other client if in our absolute discretion it is not practical or desirable to acquire a position in such security.

Brokerage Practices

Our general guiding principle is to trade through broker-dealers who offer the best overall execution under the particular circumstances. With respect to execution, we consider a number of factors, including if the broker has custody of client assets, the actual handling of a trade order, the ability of the broker-dealer to settle a trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, our past experience with similar trades, and other factors which may be unique to a particular trade order. Based on these judgmental factors, we may trade through broker-dealers that charge fees that are higher than the lowest available fees.

In addition, broker-dealer fees may vary and be greater than those typical for similar investments if we determine that the research, execution and other services rendered by a particular broker-dealer merit greater than typical fees. Also, in certain instances we may execute over-the-counter securities transactions on an agency basis, which may result in advisory clients incurring two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the mark-up (in the case of a purchase) or mark-down (in the case of a sale).

We may aggregate numerous clients' purchases or sales as a single transaction. Transactions are usually aggregated to seek a lower commission, lower cost, or an advantageous net price. The benefits, if any, obtained as a result of such aggregation, are generally allocated pro-rata among the client accounts which participated in the aggregated transaction.

You may direct us in writing to use a particular broker-dealer to execute all transactions for your account. When you select the broker-dealer to be used for your account, the terms and conditions, including but not limited to commission rates, are decided between you and your broker-dealer. In

addition, we do not have any responsibility for obtaining for you from any such broker-dealer the best prices or particular commission rates, and you may not obtain rates as low as you might otherwise obtain if we had discretion to select broker-dealers other than those you have chosen.

Should you restrict or direct us to using a particular broker-dealer for executing your transactions this restriction will make you unable to participate in aggregated orders and you will be precluded from receiving the benefits, if any, of an aggregation which other clients may receive. We generally execute aggregated orders for clients who do not direct brokerage before we execute orders for clients that direct brokerage.

As is consistent with our duty to seek to obtain best execution, occasionally we may cross trades for your account. A cross-trade occurs when we purchase and sell a particular security between two or more accounts under our management by instructing brokers to cross the trade. We generally utilize cross-trades to address account funding issues and when it specifically deems the practice to be advantageous for each participant. In no instance do we receive additional compensation when crossing trades for your account. We seek to ensure that the terms of the transaction, including the consideration to be paid or received, are fair and reasonable, and the transaction is done for the sole benefit of the clients.

We use research and trading services furnished by broker-dealers with respect to the securities markets, the economy, particular industries, individual issuers, and similar topics having broad applications to client accounts. We use research and trading services for the benefit of all our clients, including clients whose securities transactions are not affected by the broker providing such services.

We may recommend that you establish a brokerage account with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, to maintain custody of your assets and to trade in your accounts. Although we may recommend that you establish an account at Schwab, it is your decision to custody assets with Schwab.

For Meridian client accounts maintained in Schwab's custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

From time to time we may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with the affected client(s) and the client(s) decides to forgo the gain (due to tax reasons for example). If the gain does not remain in your account and Schwab is the custodian, Schwab will donate any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is

under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors results in both gains and losses in your account they may be netted.

Review of Accounts

We review your account on an ongoing basis to ensure appropriate asset allocation and suitable security holdings based on our assessment of market conditions, your circumstances, the written guidelines we mutually set for your account, and your restrictions, if any. Factors giving rise to a review of your account, and perhaps triggering buy or sell recommendations, include changes in your circumstances, changes in general conditions in the stock and bond markets, changes in investment companies or individual securities in your account, or specific requests by you.

The portfolio manager assigned to your account is responsible for reviewing your account. Nancy Woodall and John Kerns are portfolio managers at Meridian. There is no set minimum or maximum in place with regard to the number of client accounts each portfolio manager will review. You are encouraged to discuss your needs, goals, and objectives with your assigned portfolio manager and to keep them informed of any changes thereto.

If we provide you with ongoing investment-advisory services you will receive a written report from us summarizing account positions, performance, and a billing statement at least quarterly. We shall also generally contact you annually, or more frequently as merited or requested by you, to review our previous services and recommendations and to discuss the effects arising from any changes in your financial situation, investment objectives, and restrictions.

You are provided transaction confirmation notices directly from the broker-dealer and account statements directly from the custodian of your accounts at least quarterly.

Client Referrals and Other Compensation

We may compensate solicitors for referring prospective clients to us. Such solicitors are paid a solicitor fee, which is negotiated on a solicitor-by-solicitor basis. Our payment of a solicitor fee will affect the total fee paid by the Solicited Client. Each solicitor agrees that such solicitor fee arrangement will conform to Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, including that such solicitor fee arrangement is disclosed to prospective Solicited Clients.

While we are independently owned and operated and not affiliated with Schwab, Schwab provides us with access to its institutional trading and custody services which are typically not available to Schwab retail clients or that would require a significantly higher minimum initial investment by you. Schwab also makes available to us other products and services that benefit us but may or may not benefit your

account. These benefits do not depend on the amount of transactions we direct to Schwab or on our referring clients to Schwab.

These benefits may include: free research, discounts on services, client- and adviser-appreciation events, a dedicated service group and an account services manager dedicated to our client accounts, access to a real time order-matching system, ability to execute block trades, electronic download of trades, access to portfolio management software, access to an electronic interface with Schwab's software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), publications and conferences on aspects of the investment advisory business, practice-management and business succession aids, access to employee benefits providers, human capital consultants and insurance providers, pricing information and other market data, access to mutual funds, ability to have loads waived for our clients who invest in certain mutual funds when certain conditions are met and maintained and the ability to have custody fees waived. Schwab also provides us with computer software services whereby we can place orders and obtain up-to-date review of your account.

While a fiduciary, we endeavor to act in your best interests, and our recommendation that you maintain your assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab.

Custody

In December 2009 the SEC adopted an amendment to Rule 206(4)-2 (known as the Custody Rule) of the Investment Advisors Act of 1940. The amended Custody Rule revises the definition of custody to specifically state that advisers have custody if a related person of the adviser holds, "directly or indirectly, client funds or securities, or has any authority to obtain possession of them", in connection with advisory services provided by the adviser.

To comply with the amended rule we use a qualified custodian (in our case a broker-dealer) for your assets and we make efforts to confirm the custodian sends quarterly account statements directly to you (known as the "due inquiry" obligation).

Even though the custodian maintains actual custody of your assets at all times, under the original and amended rule we are deemed to have custody of your assets solely because we are authorized to deduct fees from your account. Because this is the only way we hold custody we are exempt from additional requirements of the rule.

Whether you use Schwab or another broker-dealer to custody your assets, you enter into an account agreement directly with the broker-dealer/custodian. We do not open your account although we may

assist you in doing so. You should receive your account statements directly from the custodian at least quarterly. Further, you should be aware of your responsibility to carefully review the information found in your account statement promptly and to compare them with those received from us. Differences can arise from accounting procedures, reporting dates or valuation methodologies related to certain securities.

Investment Discretion

Meridian accepts client accounts with limited discretionary management authority. This means you give us permission in advance to buy and sell securities on your behalf in your account.

When you agree to discretionary management authority you do so through the execution of our advisory contract and a limited power of attorney authorization provided by the broker-dealer acting as custodian for your account. After written authority is granted by you, we become responsible for selecting the nature and amount of securities to be bought and sold, subject to investment guidelines we mutually set for your account. Restrictions on our investment authority are those imposed in writing by you. Examples of restrictions include not selling a specific security you hold in your account or not buying a specific security for your account.

In the course of providing our services to you, we will execute trades for you through broker-dealers. When you give us broker-dealer discretion, there is no restriction on the broker-dealers we may select to execute transactions in your account.

Voting Client Securities

The voting of your proxies is among the services we provide you. Our policy is to vote proxies consistent with the recommendation of the Board and senior management of the issuer, absent mitigating circumstances and/or conflicts of interest. We monitor corporate actions of individual issuers and investment companies consistent with our fiduciary duty to vote proxies in your best interests. With respect to individual issuers, we may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans, and matters involving social issues and corporate responsibility. With respect to investment companies, we may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers.

We have currently identified no conflicts of interest between our client interests and our own within our proxy voting process. If we determine that we are facing a material conflict of interest in voting a proxy for you, our procedure is to contact you to determine how you want to vote your interest in the proxy.

Our complete proxy voting policy and procedures are memorialized in writing and are available for your review upon written request. In addition, information pertaining to how we voted on any specific proxy in your account is available to you, upon written request.

In the event we do not exercise proxy-voting authority over your securities then the obligation to vote client proxies shall at all time rest with you. If you make this choice, you are welcome to contact us for advice or information about a particular proxy vote. However, we shall not be deemed to have proxy-voting authority solely as a result of providing such advice to you. Should we inadvertently receive proxy information for a security held in your account for which you retain proxy-voting authority, then we will timely forward such information to you, but will not take any further action with respect to the voting of such proxy. Upon termination of our Agreement with you, we shall make a good-faith and reasonable attempt to forward you any proxy that we inadvertently receive on your behalf.

Although we are authorized to provide investment-advisory services and vote your proxies, we will not file proofs of claim in securities class action settlements ("claim") unless at your request and if all required claim information is readily and timely available to us. You assume the sole responsibility of evaluating the merits and risks associated with any claim. Therefore, you are responsible for filing proofs of claims. We cannot provide legal advice and you are encouraged to consult with your legal adviser when filing a claim. Your response to a settlement notice will impact your legal rights. In no way are you precluded from contacting us for information about a particular claim. Should we inadvertently receive proofs of claim for securities class action settlements on your behalf, we will forward such information to you and we will not take any further action with respect to the claim unless at your request.

Financial Information

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition. Meridian has no financial condition that impairs our ability to meet our contractual and fiduciary commitments to you and we have never been the subject of a bankruptcy proceeding.