



## STATEMENT OF ADDITIONAL INFORMATION

November 1, 2011

MERIDIAN FUND, INC.<sup>®</sup>

-----  
MERIDIAN EQUITY INCOME FUND<sup>®</sup> - MEIFX  
MERIDIAN GROWTH FUND<sup>®</sup> - MERDX  
MERIDIAN VALUE FUND<sup>®</sup> - MVALX

This Statement of Additional Information is not a prospectus, and it should be read in conjunction with the Prospectus dated November 1, 2011, as supplemented from time to time, which includes Meridian Equity Income Fund<sup>®</sup>, Meridian Growth Fund<sup>®</sup> and Meridian Value Fund<sup>®</sup>. Copies of the Prospectus may be obtained at no charge by writing to Meridian Fund, Inc.<sup>®</sup>, P.O. Box 9792, Providence, RI 02940, or by calling (800) 446-6662. In this Statement of Additional Information the Meridian Equity Income Fund<sup>®</sup>, Meridian Growth Fund<sup>®</sup> and Meridian Value Fund<sup>®</sup> may be referred to collectively as the "Funds" or individually as a "Fund". Aster Investment Management Co., Inc. (the "Investment Adviser") is the investment adviser to the Funds. Each Fund is a separate, diversified series of Meridian Fund, Inc.<sup>®</sup> ("Meridian"). Incorporated by reference herein are the financial statements of the Funds contained in the Funds' Annual Report to shareholders for the fiscal year ended June 30, 2011, including the Auditors' Report dated August 16, 2011. Copies of the Funds' Annual and Semi-annual Reports to shareholders are available, upon request, by calling (800) 446-6662, at our website at [www.meridianfund.com](http://www.meridianfund.com) or by writing to Meridian Fund, Inc.<sup>®</sup>, P.O. Box 9792, Providence, RI 02940.

## TABLE OF CONTENTS

	Page
MERIDIAN FUND, INC. ® .....	1
INVESTMENT STRATEGIES, NON-PRINCIPAL POLICIES AND PORTFOLIO MANAGEMENT TECHNIQUES.....	1
DISCLOSURE OF PORTFOLIO HOLDINGS .....	5
INVESTMENT RESTRICTIONS .....	6
INFORMATION ABOUT THE DIRECTORS AND OFFICERS OF MERIDIAN FUND, INC. ® .....	8
CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES.....	14
INVESTMENT MANAGEMENT.....	15
EXECUTION OF PORTFOLIO TRANSACTIONS .....	19
PURCHASE, REDEMPTION AND PRICING OF SHARES.....	21
FEDERAL INCOME TAXES.....	23
FURTHER INFORMATION ABOUT MERIDIAN .....	31
ADDITIONAL INFORMATION .....	31
FINANCIAL STATEMENTS.....	32
EXHIBIT A .....	33
EXHIBIT B .....	35
APPENDIX A .....	38

## MERIDIAN FUND, INC.®

Meridian was incorporated in Maryland as an open-end diversified management investment company on March 5, 1984. The authorized capital stock of Meridian consists of 1,500,000,000 shares of common stock (par value \$.01 per share), with 500,000,000 shares presently allocated to Meridian Equity Income Fund®, 500,000,000 shares presently allocated to Meridian Growth Fund® and 500,000,000 shares to Meridian Value Fund®. Each of the Funds corresponds to a distinct series of Meridian's common stock with a separate and distinct diversified investment portfolio. Each of the Fund's shares has equal dividend, distribution, redemption, liquidation and noncumulative voting rights. In the future, from time to time, Meridian's Board of Directors (the "Board of Directors" or "Board") may, in its discretion, increase the amount of authorized shares and/or establish additional funds and issue shares of additional series of Meridian's common stock.

### INVESTMENT STRATEGIES, NON-PRINCIPAL POLICIES AND PORTFOLIO MANAGEMENT TECHNIQUES

The Prospectus presents each Fund's principal investment strategies, policies and portfolio management techniques, and contains a list of each Fund's principal investment risks. The following discussion provides information on certain non-principal policies and portfolio management techniques of the Funds, and provides a description of certain non-principal investment strategies and risks of the Funds in addition to providing information that supplements the information in the summaries of the principal investment strategies and risks that are provided in the Prospectus.

Security Loans - Consistent with applicable regulatory requirements, each Fund may lend its portfolio securities to brokers, dealers and other financial institutions. These loans are callable at any time, on reasonable notice, by a Fund and must be secured fully at all times by cash or cash equivalents. Such loans allow a Fund to receive income on the loaned securities while earning interest on the collateral. This collateral will be invested in short-term obligations. A Fund will not lend portfolio securities which, when valued at the time of the loan, have a value in excess of 10% of the Fund's total assets. Each Fund will seek to negotiate loan terms requiring that the value of the collateral always be maintained at some level relative to the value of the loaned securities. When a security loan is made, the collateral and loaned securities will be valued each business day, and the borrower may be required to increase the amount of collateral if the market value of the loaned securities increases. A loan may be terminated by the borrower or by the Fund at any time on reasonable notice. The borrower, on termination of the loan, is required to return the securities to the Fund. Any gain or loss in the market price during the period of the loan would accrue to the Fund. If the borrower fails to deliver the loaned securities within four days after receipt of notice, the Fund could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. When loaned securities grant voting or consent rights, which pass to the borrower, the Fund will call the securities to exercise such rights if the matters involved would have a material effect on the Fund's investment in the securities.

As with any extensions of credit, there are risks of delay in recovery and, in some cases, even loss of rights in the collateral should the borrower of the securities fail financially. However, these loans of portfolio securities will be made only to firms deemed by the Investment Adviser to be creditworthy and when the Investment Adviser believes the income which can be earned from such loans justifies the attendant risks. The Funds will pay reasonable finder's, administrative and custodial fees in connection with a loan of their securities.

Cash-Equivalent Instruments - Other than as described under "Investment Restrictions" below, the Funds are not restricted with regard to the types of cash-equivalent investments they may make. When the Investment Adviser believes that such investments are an appropriate part of a Fund's overall investment strategy, the Fund may hold or invest a portion of its assets in any of the following, denominated in U.S. dollars, foreign currencies, or multinational currencies: cash; short-term U.S. or foreign government securities; commercial paper rated at least A-2 by Standard & Poor's Corporation ("Standard & Poor's") or P-2 by Moody's Investors Service, Inc. ("Moody's"), certificates of deposit or other deposits of banks

deemed creditworthy by the Investment Adviser pursuant to standards adopted by the Board of Directors; time deposits and bankers' acceptances (but the Funds may not enter into repurchase agreements related to any of the foregoing). A certificate of deposit is a short-term obligation of a commercial bank. A bankers' acceptance is a time draft drawn on a commercial bank by a borrower, usually in connection with international commercial transactions.

Non-U.S. Securities - Investing in foreign companies involves certain risk considerations, including those set forth in the Prospectus and below, which are not typically associated with investing in United States companies. There may be less government supervision and regulation of foreign stock exchanges, brokers and listed companies than exists in the United States.

The Funds could incur additional costs in connection with their investment activities outside the U.S. The maintenance of assets in certain jurisdictions may result in increased custodian costs as well as administrative difficulties (for example, delays in clearing and settling portfolio transactions or in receiving payment of dividends). Dividends or interest paid by non-U.S. issuers and proceeds from the disposition of foreign securities may be subject to withholding and other foreign taxes, which may decrease the net return on such investments as compared to returns on U.S. securities. A Fund will incur costs in connection with foreign exchange transactions that are necessary for the purchase and sale of non-U.S. securities and the receipt of dividends and interest.

The Funds will not hold currencies other than U.S. dollars or invest in securities not denominated in U.S. dollars if such currencies are not fully exchangeable into U.S. dollars, without legal restriction, at the time of investment. The Funds may purchase securities that are issued by an issuer of one nation but denominated in the currency of another nation (or a multinational currency unit).

The Funds may hold foreign equity securities in the form of American Depository Receipts or Shares ("ADRs"), European Depository Receipts ("EDRs"), Continental Depository Receipts ("CDRs") or securities convertible into foreign equity securities. These securities may not necessarily be denominated in the same currency as the securities into which they may be converted. ADRs are receipts typically issued by a United States bank or trust company evidencing ownership of the underlying securities. Generally, ADRs, in registered form, are designed for use in the U.S. securities markets.

Debt Securities - There are a number of risks generally associated with investments in debt securities, including convertible securities. As described for certain Funds in the Prospectus, debt securities are subject to credit risk, interest rate risk and liquidity risk. Credit risk is the risk that the entity that issued a debt security may become unable to make payments of principal and interest when due and includes the risk of default. Interest rate risk is the risk of losses due to changes in interest rates. Liquidity risk is the risk that the Fund may not be able to sell portfolio securities, including medium- and lower-grade securities, because there are too few buyers for them. Yields on short-, intermediate- and long-term securities generally depend on a variety of factors, including the general condition of the money and bond markets, the size of a particular offering, the maturity of the obligation, and the rating of the issue. Debt securities with longer maturities tend to produce higher yields and are generally subject to greater potential capital appreciation and depreciation than obligations with shorter maturities and lower yields. The Prospectus describes the permissible range of credit ratings for the securities in which each Fund is permitted to invest. Exhibit A to this SAI describes the ratings. Credit ratings evaluate the perceived safety of principal and interest payment of securities, not their market value. The rating of an issuer is also heavily weighted by past developments and does not necessarily reflect probable future conditions. There is frequently a lag between the time a rating is assigned and the time it is updated.

After its purchase by one of the Funds, a security may be assigned a lower rating or cease to be rated by Moody's, Standard & Poor's or any other rating organization. This would not require the Fund to sell the security, but the Investment Adviser will consider such an event in determining whether the Fund should continue to hold the security in the Fund's portfolio.

**CERTAIN RISK FACTORS RELATING TO HIGH-YIELD, HIGH-RISK BONDS**  
(Meridian Equity Income Fund<sup>®</sup> and Meridian Value Fund<sup>®</sup> only)

Sensitivity to Interest Rate and Economic Change - High-yield, high-risk bonds are very sensitive to adverse economic changes and corporate developments. During an economic downturn or substantial period of rising interest rates, highly leveraged issuers may experience financial stress that would adversely affect their ability to service their principal and interest payment obligations, to meet projected business goals, and to obtain additional financing. If the issuer of a bond defaults on its obligations to pay interest or principal or enters into bankruptcy proceedings, a Fund may incur losses or expenses in seeking recovery of amounts owed to it. In addition, periods of economic uncertainty and changes can be expected to result in increased volatility of market prices and yields of high-yield, high-risk bonds and a Fund's net asset value.

Payment Expectations - High-yield, high-risk bonds may contain redemption or call provisions. If an issuer exercises these provisions in a declining interest rate market, a Fund may have to replace the security with a lower yielding security, resulting in a decreased current return for investors. Conversely, a high-yield, high-risk bond's value will decrease in a rising interest rate market, as will the value of a Fund's assets.

Liquidity and Valuation - There may be little trading in the secondary market for particular bonds, which may affect adversely a Fund's ability to value accurately or dispose of those bonds. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of high-yield, high-risk bonds, especially in a thin market.

Legislation or Regulation - Future legislation or regulation may limit the issuance of high-yield, high-risk bonds, which could have a negative effect on the market for high-yield, high-risk bonds.

**OTHER INVESTMENT STRATEGIES, NON-PRINCIPAL  
POLICIES AND PORTFOLIO MANAGEMENT TECHNIQUES**

Variable, Floating Rate and Synthetic Obligations - Each Fund may invest in fixed income securities with interest rates which fluctuate based upon changes in market rates. Variable and floating rate obligations bear coupon rates that are adjusted at designated intervals, based on the then-current market rates of interest on which the coupon rates are based. Variable and floating rate obligations permit a Fund to "lock in" the current interest rate for only the period until the next scheduled rate adjustment, but the rate adjustment feature tends to limit the extent to which the market value of the obligation will fluctuate. Each Fund may also invest in "synthetic" securities whose value depends on the level of currencies, commodities, securities, securities indexes, or other financial indicators or statistics. For example, these could include fixed-income securities whose value or interest rate is determined by reference to the value of a foreign currency relative to the U.S. dollar, or to the value of different foreign currencies relative to each other. The value or interest rate of these securities may increase or decrease as the value of the underlying instrument changes.

Convertible Securities and Warrants - Each Fund may invest in convertible securities and warrants. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have the conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The credit standing of the issuer and other factors may also affect the investment value of a convertible security. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value.

A warrant gives the holder a right to purchase, at any time during a specified period, a predetermined number of shares of common stock at a fixed price. Unlike convertible debt securities or

preferred stock, warrants do not pay a fixed dividend. Investments in warrants involve certain risks, including the possible lack of a liquid market for resale of the warrants, potential price fluctuations as a result of speculation or other factors, and failure of the price of the underlying security to reach or have reasonable prospects of reaching a level at which the warrant can be prudently exercised (in which event the warrant may expire without being exercised) resulting in a loss of the Fund's investment.

Temporary Defensive Investments - When a Fund adopts a temporary defensive posture, as described in the Prospectus, a portion or all of the Fund's investments during that period may be held in corporate debt obligations, preferred stocks, cash or money market instruments, including, but not limited to, obligations issued or guaranteed as to principal or interest by the U.S. government, its agencies or instrumentalities, certificates of deposit, bankers' acceptances and other obligations of domestic banks, and short-term commercial paper of U.S. corporations. Investment income may increase during that period.

Preferred Stock - Preferred stock, unlike common stock, offers a stated dividend rate payable from a corporation's earnings. Such preferred stock dividends may be cumulative or non-cumulative, participating, or auction rate. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing the price of preferred stocks to decline. Preferred stock may have mandatory sinking fund provisions, as well as call/redemption provisions prior to maturity, a negative feature when interest rates decline. Dividends on some preferred stock may be "cumulative," requiring all or a portion of prior unpaid dividends to be paid prior to payment of dividends on the issuer's common stock. Preferred stock also generally has a preference over common stock on the distribution of a corporation's assets in the event of liquidation of the corporation, and may be "participating," which means that it may be entitled to a dividend exceeding the stated dividend in certain cases. The rights of the holders of preferred stock on the distribution of a corporation's assets in the event of a liquidation are generally subordinate to the rights associated with a corporation's debt securities.

Investment in Illiquid Securities - Each Fund may invest up to 10% of the value of its net assets in illiquid securities. Securities may be considered illiquid if a Fund cannot reasonably expect to receive approximately the amount at which the Fund values those securities within seven days. The Investment Adviser has the authority to determine whether certain securities held by a Fund are liquid or illiquid pursuant to standards adopted by the Board of Directors.

The Investment Adviser takes into account a number of factors in reaching liquidity decisions, including, but not limited to: the listing of the security on an exchange or national market system; the frequency of trading in the security; the number of dealers who publish quotes for the security; the number of dealers who serve as market makers for the security; the apparent number of other potential purchasers; and the nature of the security and how trading is effected (e.g., the time needed to sell the security, how offers are solicited, and the mechanics of transfer).

Each Fund's investments in illiquid securities may include securities that are not registered for resale under the Securities Act of 1933, as amended (the "Securities Act"), and therefore are subject to restrictions on resale. When a Fund purchases unregistered securities, it may, in appropriate circumstances, obtain the right to register those securities at the expense of the issuer. In such cases, there may be a lapse of time between the Fund's decision to sell the security and the registration of the security permitting sale. During that time the price of the security will be subject to market fluctuations.

The fact that there are contractual or legal restrictions on resale of certain securities to the general public or to certain institutions may not be indicative of the liquidity of those investments. If the securities are subject to purchase by institutional buyers in accordance with Rule 144A under the Securities Act, the Investment Adviser may determine in particular cases, pursuant to standards adopted by the Board of Directors, that the securities are not illiquid securities notwithstanding the legal or contractual restrictions on their resale. Investing in Rule 144A securities could have the effect of increasing a Fund's illiquidity to the extent that qualified institutional buyers become, for a time, uninterested in purchasing those securities.

Portfolio Turnover - The Funds do not intend to engage in short-term trading of portfolio securities as a means of achieving their investment objectives. However, a Fund may sell portfolio

securities regardless of the length of time they have been held whenever the sale, in the Investment Adviser's opinion, will strengthen the Fund's position and contribute to its investment objective. Changes in a Fund's portfolio will be made whenever the Investment Adviser believes they are advisable (e.g., as a result of securities having reached a price objective, or by reason of developments not foreseen at the time of the investment decision such as changes in the economics of an industry or a particular company). These investment changes will be made usually without reference to the length of time a security has been held and, therefore, there may be a significant number of short-term transactions.

Each Fund, as a result of the investment policies described above may at times engage in a substantial number of portfolio transactions. Each Fund's annual portfolio turnover rate may exceed 100%, but in the case of the Meridian Equity Income Fund<sup>®</sup> is not expected to exceed 200%, in the case of the Meridian Growth Fund<sup>®</sup> is not expected to exceed 100%, and in the case of the Meridian Value Fund<sup>®</sup> is not expected to exceed 200%. A 100% turnover rate would occur, for example, if the lesser of the value of purchases or sales of portfolio securities for a year (excluding all securities whose maturities at acquisition were one year or less) were equal to 100% of the average monthly value of the securities held by the Fund during that year. A higher portfolio turnover rate will increase aggregate brokerage commission expenses, which must be borne directly by the Fund and ultimately by the Fund's shareholders and may result in adverse tax consequences to Fund shareholders through larger distributions of capital gains. (See "Execution of Portfolio Transactions.")

Additional Considerations - Investments by a Fund in equity securities are subject to stock market risks. The U.S. stock market tends to be cyclical, with periods when stocks generally rise and periods when stock prices generally decline.

## **DISCLOSURE OF PORTFOLIO HOLDINGS**

The Board of Directors has approved the Portfolio Disclosure Policy adopted by the Funds and has delegated to the officers of the Funds the responsibility for the implementation of the Policy and for ongoing monitoring and supervision to ensure compliance with the Policy. The Funds' Chief Compliance Officer shall report any violations of the Policy deemed to be a "Material Compliance Matter" within the meaning of Rule 38a-1 under the Investment Company Act of 1940, as amended (the "1940 Act"), to the Board of Directors.

*Public Disclosure Policy.* The Funds will disclose complete portfolio holdings on a quarterly basis in the Annual, Semi-Annual and first and third quarter reports, which are mailed to existing shareholders and prospective shareholders on request, and are available over the internet at [www.sec.gov](http://www.sec.gov) and at [www.meridianfund.com](http://www.meridianfund.com). The Funds will satisfy any request for holdings reports by providing the requested holdings report as of the most recent quarter-end, but in no case earlier than the holdings report is posted on the [www.meridianfund.com](http://www.meridianfund.com) website. This posting usually coincides with the filing of the holdings reports with the SEC, which usually occurs between 30 and 60 days after quarter-end.

*Non-Public Disclosure Policy.* For business purposes, the Funds may disclose holdings more frequently to the Funds' Board of Directors, outside counsel and independent registered public accounting firm as frequently as necessary to enable such persons or entities to provide services to the Funds. Portfolio holdings are also made available to the Funds' Transfer Agent, accounting services provider, and Custodian (the "Service Providers") as frequently as necessary to enable such persons or entities to provide services to the Funds, typically on a daily basis. Additionally, holdings information (whether a partial listing of portfolio holdings or a complete listing of portfolio holdings) shall be disclosed to any person as required by applicable law, rules and regulations. More frequent disclosure to parties not mentioned above and not meeting the conditions outlined above would require the authorization of the Funds' Chief Executive Officer, in consultation with the Funds' Board of Directors, and would require a determination that such disclosure would be in the best interest of shareholders. The Funds, the Investment Adviser and their affiliates receive no compensation or other consideration with respect to any such disclosures.

Each of the Service Providers is subject to an agreement to keep the disclosed portfolio holdings information confidential and to use it only for legitimate business purposes. Employees of the Service

Providers are subject to professional standards under codes of ethics that bar them from using the confidential client information for other than legitimate business purposes. Outside counsel and the Funds' independent registered public accounting firm are subject to professional standards with respect to the confidentiality of the Funds' portfolio information. The Board of Directors has a fiduciary duty to act in the best interests of the Funds and the Funds' shareholders. The Funds' and the Investment Adviser's Code of Ethics set forth the policies and procedures for addressing potential conflicts of interest that may arise through disclosure of portfolio holdings. Employees and officers of the Funds and the Investment Adviser are subject to restrictions on trading subject securities under the Funds' and Investment Adviser's Code of Ethics. There can be no assurance, however, that the Funds' policies and procedures with respect to conflicts of interest and to the selective disclosure of Fund portfolio holdings will prevent the misuse of such information by individuals or firms that receive such information.

## INVESTMENT RESTRICTIONS

Each Fund has adopted the following fundamental investment policies and investment restrictions in addition to the policies and restrictions discussed in the Prospectus. These policies and restrictions cannot be changed as to a Fund without approval by the holders of a majority of the outstanding voting securities of the Fund. The "vote of a majority of the outstanding voting securities" of the Fund, as defined in Section 2(a)(42) of the 1940 Act, means the vote: (i) of 67% or more of the voting securities of the Fund present or represented at any meeting, if the holders of more than 50% of the outstanding voting securities of the Fund are present or represented by proxy, or (ii) of more than 50% of the outstanding voting securities of the Fund, whichever is less. The only voting security of each Fund is its common stock. These restrictions provide that a Fund may not:

- (1) invest more than 25% of the value of its assets in the securities of a single issuer, nor may the remaining 75% of the assets contain any investments in any other single issuer, which, immediately after such purchase, exceed 5% of the value of the assets (except for obligations issued or guaranteed by the U.S. government, its agencies and instrumentalities);
- (2) purchase the securities of companies in a particular industry if, thereafter, more than 25% (for Meridian Value Fund<sup>®</sup> and Meridian Equity Income Fund<sup>®</sup> 25% or more) of the value of the Fund's total assets would consist of securities issued by companies in that industry, (this restriction does not apply to obligations issued and guaranteed by the U.S. government, its agencies or instrumentalities);<sup>1</sup>
- (3) acquire more than 10% of the outstanding voting securities, or 10% of all of the securities, of any one issuer;
- (4) purchase the securities of any other investment company, except by purchase in the open market where, to the best information of the Fund, no commission or profit to a sponsor or dealer (other than the customary broker's commission) results from such purchase and, after such purchase, not more than 5% of the value of the Fund's total assets would consist of such securities, or except when such purchase is part of a merger, consolidation, acquisition of assets, or other reorganization approved by the Fund's shareholders;
- (5) invest in companies for the purpose of exercising control or management;
- (6) purchase or sell real estate; provided that the Fund may invest in readily marketable securities secured by real estate or interest therein or issued by companies which invest in real estate or interests therein (including real estate investment trusts);

---

<sup>1</sup> The SEC staff has taken the position that the investment of 25% or more of the assets of a fund in a particular issuer or group of issuers within a particular industry constitutes a "concentration" by such fund in that particular industry.

(7) purchase or sell commodities or commodities contracts, or interests in oil, gas, or other mineral exploration or development programs;

(8) enter into repurchase agreements or make loans of its funds or assets to any other person, which shall not be considered as including: (i) the purchase of debt securities, including the purchase of bank obligations such as certificates of deposit and bankers' acceptances, and (ii) lending portfolio securities with a value not in excess of 10% of total assets at the time of the loan;

(9) make short sales of securities;

(10) purchase securities on margin, but it may obtain such short-term credit from banks as may be necessary for the clearance of purchases and sales of securities;

(11) underwrite the securities of other issuers, except to the extent that, in connection with the disposition of portfolio securities, the Fund may be deemed an underwriter under Federal or State securities laws;

(12) invest in the securities of any issuer which shall have a record of less than three years of continuous operation (including the operation of any predecessor) if, immediately after and as a result of such investment, the value of the Fund's holdings of such securities exceeds 25% of the value of the Fund's total assets. This restriction does not apply to any obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities;

(13) borrow for investment purposes or issue senior securities. The Fund, however, may borrow from banks an amount not to exceed 5% of the Fund's total assets, determined immediately after the time of the borrowing, as a temporary measure for extraordinary or emergency purposes;

(14) participate on a joint or a joint-and-several basis in any trading account in securities (the aggregation of orders for the sale or purchase of marketable portfolio securities with other accounts under the management of the Investment Adviser to save brokerage costs or average prices among them is not deemed to result in a securities trading account);

(15) knowingly purchase from or sell portfolio securities to its officers, directors, or other "interested persons" (as defined in the 1940 Act) of the Fund, other than otherwise unaffiliated broker-dealers;

(16) purchase or retain the securities of an issuer if, to the Fund's knowledge, one or more of the Directors, officers or employees of the Fund or the Investment Adviser individually own beneficially more than 1/2 of 1% of the securities of such issuer and together own beneficially more than 5% of such securities;

(17) purchase or write put or call options; or

(18) invest more than 10% of its net assets in securities and other assets for which there is no ready market.

For investment restriction (2) with respect to Meridian Growth Fund<sup>®</sup>, a nonfundamental policy provides that the Fund will not purchase securities in any one industry equaling 25% or more of the Fund's total net assets.

To the extent a Fund is subject to Rule 35d-1 under the 1940 Act (the "Names Rule"), and does not otherwise have a fundamental investment policy in place to comply with the Names Rule, it has adopted the following non-fundamental policy: Shareholders will receive at least 60 days' notice of any change to a Fund's investment objective or principal investment strategies made in order to comply with the Names Rule. The notice will be provided in plain English in a separate written document, and will

contain the following prominent statement or similar statement in bold face type: “Important Notice Regarding Change in Investment Policy.”

Determination of Portfolio Percentage Restrictions - If a percentage restriction on investment or utilization of assets set forth under “Investment Restrictions” and other fundamental restrictions is adhered to at the time an investment is made, a later change in percentage resulting from changing market values or a similar type of event will not be considered a violation of a Fund’s fundamental restrictions (except with respect to the limitation on borrowing and illiquid securities).

## INFORMATION ABOUT THE DIRECTORS AND OFFICERS OF MERIDIAN FUND, INC.®

The individuals listed below serve as Directors or Officers of the Funds. Each Director of the Funds serves until a successor is elected and qualified or until resignation. Each Officer of the Funds is appointed annually by the Board of Directors. All officers of the Funds are employees of the Investment Adviser. The address of all Officers and Directors is 60 East Sir Francis Drake Blvd., Suite 306, Larkspur, CA 94939.

The general operations of each Fund are under the direction of the Board of Directors. The Board establishes each Fund’s policies and oversees the management of each Fund and the performance of the Officers. The Officers are primarily responsible for the day-to-day operations of the Funds.

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
<b><u>INTERESTED DIRECTORS *</u></b>					
Richard F. Aster, Jr. (71)	President, Chairman of the Board and Portfolio Manager	Indefinite term since May 3, 1985	President, Aster Investment Management Co., Inc., 1977 to present.	3	None
Michael Stolper (66)	Director	Indefinite term since May 3, 1985	President, Stolper & Company, Inc. (an investment adviser and broker-dealer), September 1975 to present.	3	Window Pane Funds (one portfolio)
<b><u>INDEPENDENT DIRECTORS</u></b>					
John S. Emrich, CFA (43)	Director	Indefinite term since October 6, 2010	Co-Founder and Portfolio Manager, Ironworks Capital Management (investment adviser), April 2005 to present.	3	None

Michael S. Erickson (59)	Director	Indefinite term since May 3, 1985	Private Investor, August 2007 to present; Chairman and CFO, AeroAstro (spacecraft parts and systems), September 1998 to August 2007; Trustee, The Marin School, September 2005 to June 2008.	3	None
James Bernard Glavin (76)	Director and Vice Chairman of the Board	Indefinite term since May 3, 1985	Retired; previously Chairman of the Board, Orchestra Therapeutics, Inc.	3	None
Ronald Rotter (68)	Director	Indefinite term since May 2, 2007	Private Investor, January 2008 to present; Retired; Co-Founder, Managing Partner and portfolio manager, RBR Capital Management (a long/short consumer sector equity hedge fund), January 2005 to December 2007.	3	None

**OFFICERS**

Gregg B. Keeling, CPA (56)	Chief Financial Officer, Treasurer, and Secretary	Indefinite term since April 1999	Vice President of Operations, Principal Financial and Accounting Officer and Chief Compliance Officer, Aster Investment Management Co., Inc., April 1999 to present.	N/A	N/A
	Chief Compliance Officer, AML Officer	Indefinite term since 2004			

\* Aster Investment Management Co., Inc. is the investment adviser to the Funds. Mr. Aster owns substantially all the shares of Aster Investment Management Co., Inc. and serves as its President and as a Director. Mr. Stolper is a minority owner of Aster Investment Management Co., Inc.

Meridian pays no salaries or other compensation to its Directors or Officers other than fees to Directors who are unaffiliated with the Investment Adviser. For fiscal year ended June 30, 2011, Director compensation was a base of \$6,000 with an adjustment calculated using the difference between an average of the share prices of the three series Funds taken at the beginning and the end of the Funds' fiscal year. Compensation was paid, at each Director's election, in either cash or Fund shares. An additional \$1,000 was paid to each unaffiliated Director for each Board of Directors meeting attended other than the annual meeting.

Effective for fiscal year ending June 30, 2012, total compensation for each unaffiliated Director is set at \$13,000, paid at each Director's election in either cash or Fund shares.

The table below includes certain information with respect to compensation of the Directors of Meridian for the fiscal year ended June 30, 2011. Compensation of the Officers of Meridian is paid by the Investment Adviser.

Name of Director	Total Compensation from Meridian Growth Fund	Total Compensation from Meridian Value Fund	Total Compensation from Meridian Equity Income Fund	Total and Aggregate Compensation from Meridian Fund, Inc.®	Pension or Retirement Benefits accrued as part of Funds Expenses	Estimated Annual Benefits upon retirement
Richard Aster <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Michael Stolper <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
John S. Emrich <sup>3</sup>	\$3,508	\$3,292	\$200	\$7,000	N/A	N/A
Michael S. Erickson	\$4,065	\$3,815	\$200	\$8,080	N/A	N/A
James Glavin	\$4,065	\$3,815	\$200	\$8,080	N/A	N/A
Herbert C. Kay <sup>4</sup>	\$4,065	\$3,815	\$200	\$8,080	N/A	N/A
Ronald Rotter	\$4,065	\$3,815	\$200	\$8,080	N/A	N/A

<sup>1</sup> As a Director who is also an officer of the Investment Adviser, Mr. Aster received no compensation for his services as a Director.

<sup>2</sup> As a Director who holds a minority interest in the Investment Adviser, Mr. Stolper received no compensation for his services as a Director.

<sup>3</sup> Mr. Emrich was elected to serve as a Director effective October 6, 2010.

<sup>4</sup> Mr. Kay retired from the Board on October 5, 2011.

The following table provides the dollar range of equity securities beneficially owned by each Director in each Fund of Meridian Fund, Inc.® and in all Funds overseen by the Director as of December 31, 2010.

#### INTERESTED DIRECTORS

Name of Director	Dollar Range of Equity Securities in Meridian Fund, Inc.®	Aggregate Dollar Range of Equity Securities in Meridian Fund, Inc.®
Richard Aster	Meridian Equity Income Fund® – Over \$100,000 Meridian Growth Fund® – Over \$100,000 Meridian Value Fund® – Over \$100,000	Over \$100,000
Michael Stolper	Meridian Equity Income Fund® - \$10,001-\$50,000 Meridian Growth Fund® – Over \$100,000 Meridian Value Fund® – Over \$100,000	Over \$100,000

#### INDEPENDENT DIRECTORS

Name of Director	Dollar Range of Equity Securities in Meridian Fund, Inc.®	Aggregate Dollar Range of Equity Securities in Meridian Fund, Inc.®
John S. Emrich	Meridian Equity Income Fund® – None Meridian Growth Fund® – None Meridian Value Fund® – None	None

Michael S. Erickson	Meridian Equity Income Fund <sup>®</sup> – Over \$100,000 Meridian Growth Fund <sup>®</sup> – None Meridian Value Fund <sup>®</sup> - \$50,001 to \$100,000	Over \$100,000
James Glavin	Meridian Equity Income Fund <sup>®</sup> - Over \$100,000 Meridian Growth Fund <sup>®</sup> – Over \$100,000 Meridian Value Fund <sup>®</sup> – \$10,001 to \$50,000	Over \$100,000
Herbert C. Kay <sup>1</sup>	Meridian Equity Income Fund <sup>®</sup> – None Meridian Growth Fund <sup>®</sup> – \$10,001 to \$50,000 Meridian Value Fund <sup>®</sup> – None	\$10,001-\$50,000
Ronald Rotter	Meridian Equity Income Fund <sup>®</sup> - Over \$100,000 Meridian Growth Fund <sup>®</sup> – None Meridian Value Fund <sup>®</sup> – None	Over \$100,000

<sup>1</sup> Mr. Kay retired from the Board on October 5, 2011.

For additional information related to the ownership of shares by officers and Directors of Meridian, see below under “Control Persons and Principal Holders of Securities.”

## OTHER INFORMATION CONCERNING THE BOARD OF DIRECTORS AND OFFICERS

### *Leadership Structure*

As noted above, the Board supervises and oversees the management and operations of the Funds in accordance with the provisions of the 1940 Act, applicable provisions of state and other laws and the company’s Amended and Restated Articles of Incorporation and By-Laws. In so doing, the Board has a duty to act in the best interest of Fund shareholders. The Board meets at regularly scheduled meetings at least twice each year. In addition, the Board may hold special meetings or informal conference calls to discuss specific matters that may arise or require action between regular meetings.

Currently, the Board consists of six Directors who have extensive and varied experiences and skills. Four of the six Directors are “Independent Directors,” meaning that they are non-“interested” persons of the Funds (as defined in the 1940 Act). The Independent Directors meet in executive session at each regular Board meeting. The two remaining Directors are “Interested Directors” due to their ownership interests in the Investment Adviser. Mr. Aster, an Interested Director, has been appointed by the Board to serve as its Chairman. Mr. Aster also serves as the President, Chief Executive Officer and Portfolio Manager of each of the Funds. The Chairman’s role is to preside at all meetings of the Board and to act as liaison with the Investment Adviser, other Directors, service providers, and counsel. The Chairman may also perform such other functions as may be delegated by the Board from time to time. As further described below, the Board has established an Audit Committee, a Governance Committee, and a Qualified Legal Compliance Committee, each composed of all of the Independent Directors of the company, as well as an Executive Committee that consists of one Independent Director and one Interested Director. The Board does not currently have a lead Independent Director.

Generally, the company believes it is advantageous to have a single leader who is seen by shareholders, business partners and other stakeholders as providing strong leadership. The company believes that its Chairman, the full Board, including the Independent Directors, and each of the committees, are adequately constituted to permit the Board to exercise informed judgment over matters under its purview and allow it to allocate areas of responsibility in a manner that enhances oversight and provides effective leadership that is appropriate for the company, its Funds and their shareholders.

### *Standing Committees*

As discussed above, the Board has established an Audit Committee and a Governance Committee, each composed of all the Independent Directors of the company, and an Executive Committee, composed of Mr. Aster and Mr. Erickson. The Audit Committee approves the engagement and monitors the

performance of the Funds' independent certified public accountants and reviews the audit plan and results of audits. The Governance Committee makes recommendations to the Board on issues related to the Independent Directors and the composition and operation of the Board, and is responsible for those duties normally performed by a nominating committee.

As it deems appropriate, the Governance Committee considers recommendations for candidates in Director elections that may be submitted by shareholders or from other sources. The Governance Committee is solely responsible for the selection and recommendation of candidates to the Board. Recommendations must be submitted to Meridian at the principal address shown on the cover page of this Statement of Additional Information. Any submission should include at a minimum the following information: as to each individual proposed for election or re-election as Director, the name, age, business address, residence address and principal occupation or employment of such individual, the class, series and number of shares of stock of any Fund that are beneficially owned by such individual, the date such shares were acquired and the investment intent of such acquisition, whether such stockholder believes such individual would or would not qualify as an Independent Director, and information regarding such individual that is sufficient, in the discretion of the Governance Committee, to make such determination, and all other information relating to such individual that is required to be disclosed in solicitation of proxies for election of board members in an election contest (even if an election contest is not involved) or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended, and the rules thereunder (including such individual's written consent to being named in the proxy statement as a nominee and to serving as a Director (if elected)).

In the case of any meeting of shareholders for the election of Directors, shareholder submissions will be considered for inclusion in a Fund's proxy statement only if submitted by a date not earlier than the 365<sup>th</sup> calendar day before, and not later than the 60<sup>th</sup> calendar day before, the date on which the Board has set a meeting date for the shareholder meeting at which the election of Directors is to be considered. Any such submission must also contain such information as may be required by all applicable rules and regulations.

Meetings of the Board are held before each Annual or Special Shareholders Meeting and from time to time as the Board deems necessary. There were two regular meetings of the Board during the fiscal year ended June 30, 2011. The Executive Committee meets, as necessary, when the full Board does not meet, for the purpose of reviewing a Fund's investment portfolio. The Executive Committee has the authority to exercise all of the powers of the Board at any time when the Board is not in session, except the power to declare dividends or distributions, to authorize the issuance of securities, to amend Meridian's Bylaws, to recommend to shareholders of a Fund any action requiring their approval, or as otherwise required by the 1940 Act. The Audit Committee meets from time to time with Meridian's independent accountants to exchange views and information and to assist the full Board in fulfilling its responsibilities relating to corporate accounting and reporting practices. There were two Audit Committee meetings held during the last fiscal year. The Executive Committee held no meetings during the last fiscal year and the Governance Committee met twice during the last fiscal year.

The Board has also established a Qualified Legal Compliance Committee ("QLCC"), composed of the members of the Audit Committee of Meridian. The QLCC reviews and investigates any material violations reported by an attorney in connection with the "up the ladder" reporting requirements. This reporting requirement includes requiring an attorney to report evidence of a material violation of securities law, breach of fiduciary duty or similar violation. The QLCC held no meetings during the last fiscal year.

#### *Board Risk Oversight*

The Funds are subject to certain risks, including investment, compliance, operational and valuation risks. Like most mutual funds, the day-to-day business of the Funds, including the management of risk, is performed by third-party service providers such as the Investment Adviser. The Board is responsible for overseeing the Funds' service providers and, thus has oversight responsibility with respect to risk management performed by those service providers. Risk oversight is addressed as part of the various activities of the Board and its committees. The full Board regularly engages in discussions of risk

management and receives, among other reports and information, compliance reports that inform its oversight of risk management from the Funds' Chief Compliance Officer ("CCO") at each meeting and on an ad hoc basis, when and if necessary. In addition, the Board and the Independent Directors have access to the CCO, the company's independent registered public accounting firm and legal counsel for consultation to assist them in performing their oversight responsibilities. Also, the Audit Committee, which receives reports from the independent registered public accounting firm, considers financial and reporting risk within its area of responsibilities. From its review of reports and discussions with the Investment Adviser, the CCO, the independent registered public accounting firm and other service providers, the Board and the Audit Committee are informed in detail about the material risks of the Funds, thereby facilitating a dialogue about how management and service providers identify and mitigate those risks.

The Board recognizes that not all risks that may affect the Funds can be identified and/or quantified, that it may not be practical or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks (such as investment-related risks) in pursuit of the Funds' goals, and that the processes, procedures and controls employed to address various risks may be limited in their effectiveness. Moreover, reports received by the Directors as to risk management matters are typically summaries of the pertinent information. Most of the Funds' investment management and business affairs are carried out by or through the Funds' Investment adviser and other service providers, each of which has an independent interest in risk management but whose policies and the methods by which one or more risk management functions are carried out may differ from the Funds' and each other's in the setting of priorities, the resources available or the effectiveness of relevant controls. As a result, the Board's ability to monitor and manage risk, as a practical matter, is subject to certain limitations.

#### *Director Qualifications*

The company believes that each Director is competent to serve because of his individual overall merits, including: (i) experience, (ii) qualifications, (iii) personal attributes and (iv) individual skills. Mr. Aster has over three decades of business experience in the investment management and financial services industry, including as President of the Investment Adviser. In addition to his more than 25 years of experience serving as Chairman of the Board of the company, he has significant experience in portfolio and risk management functions serving as portfolio manager to each of the Funds. Mr. Emrich also has significant experience in the investment management and financial services industry. Over the past 13 years, Mr. Emrich has served as a financial analyst or portfolio manager for various investment advisory firms. Prior to such positions he also performed business valuations and appraisal analyses at KPMG Peat Marwick, an accounting firm. Mr. Erickson has significant leadership and financial management experience, previously serving as Chairman of the Board and Chief Financial Officer of AeroAstro for nearly 20 years, and as a Director on the Board of Directors of Decimal, Inc., an online IRA administration company. He has served as a certified public accountant for Coopers & Lybrand, an accounting firm, and has served as Chief Financial Officer for several companies. Mr. Erickson holds a Master of Business Administration degree from Stanford Graduate School of Business. Mr. Glavin also provides the Board with strong management acumen as he has served as CEO and Chairman of Orchestra Therapeutics, Inc. (formerly known as Immune Response Corp.), a biopharmaceutical company and as a board member for Althea Tech, a privately held biotechnology company. Mr. Rotter provides business and investment management expertise to the Board, previously serving as Managing Partner and founder of RBR Capital Management, a long/short consumer sector equity hedge fund. In addition, he has extensive experience serving as a securities analyst at various brokerage firms for over 19 years. Mr. Stolper provides broad financial advisory and brokerage business experience serving as the President of Stolper & Co., Inc., an investment adviser for over 35 years. Based upon his years of experience, he possesses a keen understanding of the securities industry and the regulatory framework applicable to it, including the Funds. He also holds a Master of Arts degree in Finance. The company does not believe that any one factor is determinative in assessing a Director's qualifications, but that the collective experience of each Director makes them highly qualified.

## CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

As of October 3, 2011, the Directors and Officers of Meridian individually and as a group owned beneficially 72.32% of the outstanding shares of the Meridian Equity Income Fund<sup>®</sup>, 1.61% of the Meridian Growth Fund<sup>®</sup> and 3.15% of the Meridian Value Fund<sup>®</sup>.

The persons listed in the tables below are deemed to be control persons or principal owners of the Funds, as defined in the 1940 Act. Control persons own of record or beneficially 25% or more of a Fund's outstanding securities and are presumed to control a Fund for purposes of voting on matters submitted to a vote of shareholders. Principal holders own of record or beneficially 5% or more of a Fund's outstanding voting securities.

As of October 3, 2011, the following persons were known to own, beneficially or of record, 5% or more of the Meridian Growth Fund<sup>®</sup>'s outstanding shares:

Name and Address	Percentage Ownership	Capacity
National Financial Services Corp. FEBO Our Customers One World Financial Center 200 Liberty St. New York, NY 10281-1003	27.43%	Record
Charles Schwab Reinvest Acct. 101 Montgomery St. San Francisco, CA 94104-4122	21.09%	Record
Pershing LLC Mutual Fund Trading One Pershing Plaza 14 <sup>th</sup> Floor Jersey City, NJ 07399-2000	7.00%	Record
TD Ameritrade Inc. For The Exclusive Benefit Of Our Clients PO Box 2226 Omaha, NE 68103-2226	6.47%	Record
Vanguard Marketing Corp. 100 Vanguard Blvd. Malvern, PA 19355-2331	5.81%	Record

As of October 3, 2011, the following persons were known to own, beneficially or of record, 5% or more of the Meridian Value Fund<sup>®</sup>'s outstanding shares:

Name and Address	Percentage Ownership	Capacity
Charles Schwab Reinvest Acct. 101 Montgomery St. San Francisco, CA 94104-4122	21.86%	Record
National Financial Services Corp. For Exclusive Benefit Of Our Customers Church Street Station PO Box 3908 New York, NY 10008-3908	20.70%	Record
TD Ameritrade Inc. For The Exclusive Benefit Of Our Clients PO Box 2226 Omaha, NE 68103-2226	5.56%	Record

Pershing LLC Mutual Fund Trading One Pershing Plaza 14 <sup>th</sup> Floor Jersey City, NJ 07399-2000	5.27%	Record
--	-------	--------

As of October 3, 2011, the following persons were known to own, beneficially or of record, 5% or more of the Meridian Equity Income Fund<sup>®</sup>'s outstanding shares:

<b>Name and Address</b>	<b>Percentage Ownership</b>	<b>Capacity</b>
Richard F. Aster Jr. Trust 60 E. Sir Francis Drake Blvd., Ste. 306 Larkspur, CA 94939-1714	49.79%	Record
Aster Investment Management Co. Inc. Profit Sharing Plan Richard Aster Jr., Trustee 60 E. Sir Francis Drake Blvd., Ste. 306 Larkspur, CA 94939-1714	13.63%	Record
Charles Schwab Reinvest Acct. 101 Montgomery St. San Francisco, CA 94104-4122	7.27%	Record
Richard F. Aster Jr. Foundation 60 E. Sir Francis Drake Blvd., Ste. 306 Larkspur, CA 94939-1714	6.63%	Record

## **INVESTMENT MANAGEMENT**

Meridian has retained as investment adviser for each Fund, Aster Investment Management Co., Inc., 60 E. Sir Francis Drake Blvd., Wood Island, Suite 306, Larkspur, California 94939. The Investment Adviser is a registered investment adviser initially incorporated in 1977 and currently organized as a Subchapter S corporation. Richard F. Aster, Jr. owns approximately 96% of the Investment Adviser and as a result may be deemed to be "in control" of the Investment Adviser. Mr. Aster is President and a Director of Meridian and of the Investment Adviser. Mr. Aster also owned substantially all of Aster Capital Management, Inc., which served as the Funds' investment adviser until the end of October 2000, when it was merged into the Investment Adviser. This merger did not affect the fees or terms of the advisory engagement, and did not involve a change in actual control or management of the Investment Adviser.

Management Agreements - The Investment Management Agreement, Power of Attorney and Service Agreement with the Investment Adviser, dated November 1, 2000 (for Meridian Growth Fund<sup>®</sup> and Meridian Value Fund<sup>®</sup>) and the Investment Management Agreement dated January 31, 2005 (for Meridian Equity Income Fund<sup>®</sup>), (together, the "Management Agreements"), provide that the Investment Adviser will advise each Fund with respect to its investments and will determine the securities purchased or sold by the Funds.

Under the Management Agreements, the Investment Adviser, in addition to providing investment advisory services, provides persons to perform the executive, administrative, clerical, and bookkeeping functions of Meridian, and provides suitable office space, necessary small office equipment and utilities, and general purpose accounting forms, supplies and postage used at the offices of the Funds. The costs of sales and advertising materials and ordinary operating expenses not assumed by the Funds are borne by the Investment Adviser. Each Fund's expenses include, but are not limited to: custodian, stock transfer, and dividend disbursing fees and expenses; costs of the designing, printing and mailing of reports, proxy statements and notices to shareholders; cost of the printing and distributing of prospectuses of the Funds and supplements thereto to the Fund's shareholders; taxes; expenses of the issuance and redemption of shares of the Funds (including stock certificates, registration and qualification fees and expenses); legal and auditing expenses; compensation, fees, and expenses paid to Meridian Directors unaffiliated with the

Investment Adviser; association dues; and costs of stationery and forms prepared exclusively for the Funds. Expenses which relate to all of the Funds (such as, for example, the fees and expenses paid to the Board of Directors) are allocated among Funds by the Investment Adviser in a reasonable manner.

The Management Agreements continue in effect from year to year if that continuance is approved as to a particular Fund at least annually by: (i) either the Board of Directors or the vote of a majority (as defined in the 1940 Act) of the outstanding voting securities of the Fund, and (ii) the vote of a majority of the directors of Meridian who are not parties to the Management Agreements or interested persons (as that term is defined in the 1940 Act) of any such party to the Management Agreements, cast in person at a meeting called for the purpose of voting on such approval.

The Management Agreements are non-assignable and will terminate automatically upon assignment. Either party may terminate either of the Management Agreements at any time, without penalty, on 60 days' written notice. Amendments to the Management Agreements require the approval of a majority (as defined in the 1940 Act) of the outstanding voting securities of the Funds. The Investment Adviser shall not be liable under the Management Agreements to Meridian or to shareholders of a Fund for any error of judgment, mistake of law, or for any loss arising out of its obligations to Meridian not involving willful misfeasance, bad faith, gross negligence, or reckless disregard of its obligations and duties under the Management Agreements.

As compensation for the services the Investment Adviser provides to the Funds under the Management Agreements, each Fund pays management fees at an annualized rate of its average daily assets, as described in the Prospectus. For the fiscal years ended June 30, 2011, 2010 and 2009, the amounts of the advisory fees earned by the Investment Adviser were:

	<b>Fiscal Year Ended June 30, 2011</b>	<b>Fiscal Year Ended June 30, 2010</b>	<b>Fiscal Year Ended June 30, 2009</b>
	<b>Contractual Advisory Fees*</b>	<b>Contractual Advisory Fees*</b>	<b>Contractual Advisory Fees*</b>
Meridian Equity Income Fund <sup>®</sup>	\$284,003	\$236,999	\$226,686
Meridian Growth Fund <sup>®</sup>	\$15,602,035	\$10,743,457	\$9,034,950
Meridian Value Fund <sup>®</sup>	\$8,885,478	\$9,163,068	\$9,950,349

\*The Investment Adviser has contractually agreed in the Management Agreement to limit the operating expenses of the Meridian Growth Fund<sup>®</sup> and the Meridian Value Fund<sup>®</sup> as described in the Prospectus. For the fiscal years ended June 30, 2011, 2010 and 2009, no reductions in fees or reimbursement of expenses were required by the terms of that agreement. The Investment Adviser has voluntarily agreed to limit the operating expenses of the Meridian Equity Income Fund<sup>®</sup> as described in the Prospectus. The Investment Adviser may change or terminate this voluntary reimbursement for the Equity Income Fund<sup>®</sup> at any time. For the fiscal years ended June 30, 2011, June 30, 2010 and June 30, 2009, the Investment Adviser reimbursed the Meridian Equity Income Fund<sup>®</sup> \$1,193, \$12,855 and \$44,638, respectively.

## **PORTFOLIO MANAGEMENT**

Richard Aster, Jr. is the lead portfolio manager of all three Meridian Funds. James England, CFA is assistant portfolio manager of the Meridian Value Fund<sup>®</sup> and is assisted by research analyst James O'Connor, CFA. Research analyst William Tao, CFA assists Mr. Aster with the identification and analysis of suitable portfolio investments for the Meridian Growth Fund<sup>®</sup>, but he is not responsible for the day-to-day management of the Meridian Growth Fund<sup>®</sup>. Mr. Aster has responsibility for the day-to-day management of the Meridian Equity Income Fund<sup>®</sup> and is assisted by research analyst James O'Connor.

The following tables provide information about funds and accounts, other than the Funds, for which the Funds' portfolio managers are primarily responsible for the day-to-day portfolio management as of June 30, 2011.

**Richard F. Aster Jr.**

<u>Type of Accounts</u>	<u>Total # of Accounts Managed</u>	<u>Total Assets (millions)</u>	<u># of Accounts Managed with Performance- Based Advisory Fee</u>	<u>Total Assets with Performance-Based Advisory Fee (millions)</u>
Registered Investment Companies:	0	\$0	0	\$0
Other Pooled Investment Vehicles:	0	\$0	0	\$0
Other Accounts:	21	\$58.3	0	\$0

**James England, CFA**

<u>Type of Accounts</u>	<u>Total # of Accounts Managed</u>	<u>Total Assets (millions)</u>	<u># of Accounts Managed with Performance-Based Advisory Fee</u>	<u>Total Assets with Performance-Based Advisory Fee (millions)</u>
Registered Investment Companies:	0	\$0	0	\$0
Other Pooled Investment Vehicles:	0	\$0	0	\$0
Other Accounts:	0	\$0	0	\$0

**James O'Connor, CFA**

<u>Type of Accounts</u>	<u>Total # of Accounts Managed</u>	<u>Total Assets (millions)</u>	<u># of Accounts Managed with Performance- Based Advisory Fee</u>	<u>Total Assets with Performance-Based Advisory Fee (millions)</u>
Registered Investment Companies:	0	\$0	0	\$0
Other Pooled Investment Vehicles:	0	\$0	0	\$0
Other Accounts:	0	\$0	0	\$0

**William Tao, CFA**

<u>Type of Accounts</u>	<u>Total # of Accounts Managed</u>	<u>Total Assets (millions)</u>	<u># of Accounts Managed with Performance- Based Advisory Fee</u>	<u>Total Assets with Performance-Based Advisory Fee (millions)</u>
Registered Investment Companies:	0	\$0	0	\$0
Other Pooled Investment Vehicles:	0	\$0	0	\$0
Other Accounts:	0	\$0	0	\$0

## **Description of Compensation**

Compensation for portfolio managers and analysts is designed to link the performance of each investment professional to shareholder objectives. All investment management compensation is paid by the Investment Adviser.

Each member of the Meridian Fund, Inc.<sup>®</sup> management team of analysts receives compensation that is set annually and is a combination of a fixed base salary (which is competitive, but average to below average for the industry), along with a bonus that may be earned on annual pre-tax fund performance that exceeds tiered performance benchmark index targets. For the Meridian Value Fund<sup>®</sup>, the benchmark index is comprised of a composite of the Lipper Mid Cap Core and Lipper Multi Cap Value indexes. For the Meridian Growth Fund<sup>®</sup>, the benchmark index is comprised of a composite of the Lipper Mid Cap Core and the Lipper Mid Cap Growth indexes. If Fund investment performance meets or exceeds index targets, especially during cycles of rising assets under management, annual bonus compensation may be expected to exceed base salary compensation; if Fund investments underperform, the opposite may be true.

Mr. Aster, the lead portfolio manager of the Funds, is compensated based on an annual fixed base salary, and may include an annual bonus paid at the discretion of the Investment Adviser based largely on long-term Fund performance, with consideration given to quality of overall management.

## **Potential Conflicts of Interest**

The portfolio manager's management of other Investment Adviser client accounts may give rise to potential conflicts of interest in connection with management of the Funds' investments, on the one hand, and the investments of the Investment Adviser client accounts, on the other. Potential conflicts of interest may arise when allocating and/or aggregating trades, where a client account has the same investment objective as an individual Fund, whereby the portfolio manager could favor one account over another. Other potential conflicts could include the portfolio manager's knowledge about the size, timing and possible market impact of Fund trades, whereby the portfolio manager could use this information to the advantage of other accounts and to the disadvantage of a Fund. A Fund's portfolio managers may be able to select or otherwise influence the selection of the brokers and dealers that are used to execute securities transactions for a Fund. In addition to executing trades, some brokers and dealers provide managers with brokerage research services, which may result in the payment of higher brokerage fees than might have otherwise been available. These services may be more beneficial to certain Funds or accounts than to others. Although the payment of brokerage commissions is subject to the requirement that the portfolio manager determine in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided to a Fund, a portfolio manager's decision as to the selection of brokers and dealers could potentially yield disproportionate costs and benefits among the individual Funds and/or other managed accounts.

The Funds' portfolio manager and analysts may also face other potential conflicts of interest in managing the Funds, and the description above is not a complete description of every conflict that could be deemed to exist in managing both the Funds and other accounts. In addition, the portfolio manager or analysts may also manage other accounts (including their personal assets or the assets of family members) in their personal capacity. The management of these accounts may also involve certain of the potential conflicts described above. Investment personnel, including the portfolio manager and analysts, are subject to restrictions on engaging in personal securities transactions pursuant to a Code of Ethics adopted by the Investment Adviser and the Funds. Although the potential for conflicts of interest may exist, the Funds and the Investment Adviser believe that they have established policies and procedures that seek to minimize potential conflicts of interest and to ensure that the purchase and sale of securities among all managed accounts are fairly and equitably executed and allocated.

**Ownership of Securities** – The following table sets forth the dollar range of equity securities beneficially owned by each portfolio manager in the Funds they manage as of June 30, 2011.

<u>Name of Portfolio Manager or Analyst</u>	<u>Dollar Ranges of equity Securities Beneficially Owned by Portfolio Manager or Analyst</u>
Richard F. Aster Jr.	Meridian Growth Fund® (Over \$1,000,000) Meridian Value Fund® (Over \$1,000,000) Meridian Equity Income Fund® (Over \$1,000,000)
James England	Meridian Growth Fund® (\$10,001-\$50,000) Meridian Value Fund® (\$500,001-\$1,000,000) Meridian Equity Income Fund® (\$1-\$10,000)
James O'Connor	Meridian Growth Fund® (\$1-\$10,000) Meridian Value Fund® (\$100,001-\$500,000) Meridian Equity Income Fund® (\$1-\$10,000)
William Tao	Meridian Growth Fund® (\$50,001-\$100,000)

The Funds and the Investment Adviser have adopted a personal investing policy (“Code of Ethics”, or “Code”) consistent with the rules and regulations under the 1940 Act and the Investment Company Institute guidelines. This Code includes: a ban on acquisitions of securities pursuant to an initial public offering; restrictions on acquisitions of private placement securities; pre-clearance and transaction reporting requirements; review of duplicate confirmation statements; annual certification of compliance with the Code of Ethics; disclosure of personal holdings by certain investment personnel prior to recommendation for purchase for the fund; blackout periods on personal investing for certain investment personnel; ban on short-term trading profits for investment personnel; limitations on service as a director of publicly traded companies; and disclosure of personal securities transactions. The Code of Ethics is on file with the Securities and Exchange Commission as an exhibit to the Funds’ registration statement.

The Board has adopted Proxy and Corporate Action Voting Policies and Procedures (“Policies”) on behalf of the Funds which delegate the responsibility for voting proxies to the Funds’ Investment Adviser, subject to the Board’s continuing oversight. The Investment Adviser will vote such proxies in accordance with the Policies, which have been reviewed by the Board of Directors, and which are found in Exhibit B. Any material changes to the Policies will be submitted to the Board of Directors for approval.

Meridian is required to file on Form N-PX the Funds’ complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. Form N-PX for each Fund is available without charge, upon request, by calling toll-free at 1-800-446-6662, on the Meridian Fund website at [www.meridianfund.com](http://www.meridianfund.com) and on the SEC’s website at [www.sec.gov](http://www.sec.gov).

## **EXECUTION OF PORTFOLIO TRANSACTIONS**

Orders for a Fund’s portfolio securities transactions are placed by the Investment Adviser. The objective of each Fund is to obtain the best available prices in its portfolio transactions, taking into account a broker’s services, costs and promptness of executions. There is no agreement or commitment to place orders with any broker-dealer and the Investment Adviser expects that a number of broker-dealers will be used in various transactions. The Investment Adviser evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions, including but not limited to the broker’s commission rate, execution capability, positioning and distribution capabilities, back-office efficiency, ability to handle difficult trades, financial stability, and prior performance in serving the Investment Adviser and its clients.

When circumstances relating to a proposed transaction indicate that a particular broker-dealer is in a position to obtain the best execution of the transaction, the order is placed with that broker-dealer. This may or may not be a broker-dealer which has provided research, statistical or other related services to the Investment Adviser. Subject to the requirement of seeking the best available prices and executions, the Investment Adviser may give preferences, in circumstances in which two or more broker-dealers are in a position to offer comparable prices and execution, to broker-dealers which have provided research, statistical, and other related services to the Investment Adviser for the benefit of the Fund and/or of other

accounts served by the Investment Adviser if, in its judgment, the Fund will obtain prices and executions comparable with those available from other qualified firms. Substantially all of the total brokerage commissions paid by the Funds during the period July 1, 2010 through June 30, 2011 were paid to brokers so selected.

The Board of Directors will monitor executions of portfolio transactions periodically to ensure that the best execution objective continues to be paramount in the selection of executing broker-dealers. Meridian does not consider that it has an obligation to obtain the lowest available commission rate to the exclusion of price, service and other qualitative considerations. Nevertheless, the personnel of the Investment Adviser are authorized to negotiate payment only for brokerage services rendered and not for research, statistical, or other related services. Meridian does not authorize the payment of commissions to brokers, in recognition of their having provided research, statistical or other related services, in excess of commissions other qualified brokers would have charged for handling comparable transactions.

The Investment Adviser may perform investment management services for various clients. There may be occasions in which portfolio transactions for a Fund may be executed as part of concurrent authorizations to purchase or sell the same security for other accounts served by the Investment Adviser. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to a Fund, they will be effected only when the Investment Adviser believes that to do so will be in the best interest of its clients, including the Funds. When such concurrent authorizations occur, the objective will be to allocate the executions in a manner which is deemed equitable to the accounts involved, including the Funds.

A Fund, in some instances, may deal in securities which are not listed on a national securities exchange but are traded in the over-the-counter (“OTC”) market. Each Fund, in all cases, will attempt to negotiate the best market price and execution for such transactions.

The foreign and domestic debt securities and money market instruments in which the Funds may invest are generally traded in the OTC markets. Fixed-income securities are generally traded on a “net” basis with a dealer acting as principal for its own account without a stated commission, although the price of the security usually includes a profit to the dealer. In underwritten offerings, securities are usually purchased at a fixed price which includes an amount of compensation to the underwriter, generally referred to as the underwriter’s concession or discount. On occasion, securities may be purchased directly from an issuer, in which case no commissions or discounts are paid.

Each Fund contemplates purchasing most foreign equity securities in OTC markets or stock exchanges located in the countries in which the respective principal offices of the issuers of the various securities are located, if that is the best available market. The fixed commissions paid in connection with most foreign stock transactions generally are higher than negotiated commissions on U.S. transactions. There generally is less government supervision and regulation of foreign stock exchanges and brokers than in the U.S. Foreign security settlements may, in some instances, be subject to delays and related administrative uncertainties.

A Fund may hold foreign equity securities in the form of ADRs, EDRs, CDRs or securities convertible into foreign equity securities. ADRs, EDRs and CDRs may be listed on stock exchanges, or traded in the OTC markets in the U.S. or Europe, as the case may be. ADRs, like other securities traded in the United States, will be subject to negotiated commission rates.

For the fiscal years ended June 30, 2011, 2010 and 2009, the Funds paid total brokerage commissions as follows:

	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Meridian Equity Income Fund <sup>®</sup>	\$13,318	\$17,625	\$21,073
Meridian Growth Fund <sup>®</sup>	\$966,427	\$764,282	\$877,838
Meridian Value Fund <sup>®</sup>	\$680,027	\$817,503	\$2,027,494

## Directed Brokerage

The Funds or the Investment Adviser, through an agreement or understanding with a broker/dealer, or otherwise through an internal allocation procedure, may direct, subject to applicable legal requirements, the Funds' brokerage transactions to a broker-dealer because of the research services or other allowable services it provides to the Funds or the Investment Adviser.

During the fiscal year ended June 30, 2011, the Funds directed certain brokerage transactions. The amounts of such transactions and their related commissions were as follows:

	Amount of Transactions	Related Commissions
Meridian Equity Income Fund <sup>®</sup>	\$6,643,105	\$6,644
Meridian Growth Fund <sup>®</sup>	\$76,570,005	\$71,664
Meridian Value Fund <sup>®</sup>	\$66,572,191	\$63,306

As of June 30, 2011, none of the Funds held an investment in securities of broker-dealer(s) utilized by the Funds.

## PURCHASE, REDEMPTION AND PRICING OF SHARES

The Prospectus provides general information concerning the purchase and redemption of each Fund's shares. The following discussion explains further some of that information and discloses certain policies not presented in the Prospectus.

Price of Shares - Each Fund calculates the net asset value per share in the following manner:

1. Securities listed or traded on the New York Stock Exchange ("NYSE") are valued at the last sale price or, if no sale, at the last-reported bid price. Securities listed on the NASDAQ Stock Market, Inc. ("NASDAQ") are valued at the NASDAQ Official Closing Price ("NOCP"), and if no NOCP is available, then at the last-reported sales price. If no sale is shown on NASDAQ, the last reported bid price is used. Non-convertible bonds and debentures, and other long-term debt securities normally are valued at prices obtained for the day of valuation from a major dealer in bonds. However, when such prices are unavailable or in circumstances where the Investment Adviser deems it appropriate to do so, another bond pricing service or an over-the-counter or exchange quotation may be used. U.S. Treasury Bills, and other obligations issued or guaranteed by the United States government, its agencies or instrumentalities, certificates of deposit issued by banks, corporate short-term notes and other short-term investments with original or remaining maturities in excess of 60 days, normally are valued at the mean of representative quoted bid and asked prices or, if such prices are not available, quoted bid and asked prices for securities of comparable maturity, quality and type. Short-term securities with 60 days or less to maturity are amortized to maturity based on their cost to the Fund if acquired within 60 days of maturity or, if already held by the Fund on the 60th day, based on the value determined on the 61st day, unless the Board determines that this does not represent the securities' fair value. Other securities are valued on the basis of last sale or bid prices in what is, in the opinion of the Investment Adviser, the broadest and most representative market, which may be either a securities exchange or the over-the-counter market. Where quotations are not readily available, securities are valued at fair value as determined in good faith by or under the direction of the Board of Directors, as described more fully in the Funds' Prospectus. The fair value of all other assets is added to the value of securities to derive the Fund's total assets.

2. The NYSE and Meridian's Transfer Agent will be closed, and the Funds will not compute the respective net asset values of their shares, on the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day,

and Christmas Day. Also, none of the Funds are required to compute their net asset value on any day on which no order to purchase or redeem their shares is received.

3. The liabilities of a Fund, including proper accruals of taxes and other expense items, are deducted from the Fund's total assets to derive the Fund's net asset value.

4. The net asset value is divided by the total number of shares outstanding, and the result, rounded to the nearest cent, is the net asset value per share.

Rejection of Orders - Any purchase order may be rejected by Meridian.

The Open Account - When you make an initial investment in a Fund, a shareholder account is opened in accordance with your registration instructions. Each time there is a transaction in your account, such as an additional investment or the reinvestment of a dividend or distribution, you will receive from the Transfer Agent a confirmation statement showing the current transaction in your account along with a summary of the status of the account as of the transaction date.

Authorized Broker Transactions - Each Fund has authorized certain third parties to receive on its behalf purchase and redemption orders. Such persons are authorized to designate other intermediaries to receive purchase and redemption orders on the Fund's behalf. A Fund will be deemed to have received a purchase or redemption order when an authorized person or, if applicable, that person's authorized designee, receives the order. Customer orders will be priced at the Fund's Net Asset Value next computed after receipt of a customer's order by an authorized person or their authorized designee.

Automatic Reinvestment of Distributions - You may indicate at any time a choice of certain elections with respect to distributions. You may elect to have distributions of both net investment income and realized capital gains declared on your shares of a Fund reinvested automatically in additional shares of the Fund at the closing net asset value per share on the reinvestment date determined by the Board of Directors. You also may elect to receive investment income distributions in cash while accepting capital gain distributions in additional shares of the Fund. Alternatively, you may elect to receive distributions of both net investment income and realized capital gains in cash. If you make no election, all distributions will be applied automatically to the purchase of shares of the Fund at net asset value per share. You may change these elections at any time by written notification to the Fund's Transfer Agent, but, to be effective as to a particular distribution, the change must be received by the Transfer Agent sufficiently in advance of the reinvestment date (approximately 10 business days) to permit the change to be entered in your record. The Federal income tax status of distributions is the same whether taken in cash or reinvested in shares of a Fund.

Distributions on all shares in your account are reinvested in full and fractional shares at the net asset value per share unless you instruct the Fund to do otherwise.

Suspension of Redemption - The redemption price of redeemed shares of a Fund will be paid on or before the seventh day following proper tender, except a postponement may be permissible under the 1940 Act when (a) the NYSE is closed (other than for weekends and holidays) or trading on the NYSE is restricted, (b) an emergency exists making disposal of portfolio securities or the valuation of net assets of the Fund not reasonably practicable, or (c) the SEC has by order permitted suspension of redemptions for the protection of the Funds' shareholders. The Commission, by rules and regulations, determines the conditions under which trading of securities are restricted and the conditions under which an emergency exists. Investment dealers handling redemption transactions may make a service charge. There is no charge as described in the foregoing paragraphs for redemption of shares tendered directly to the Transfer Agent.

Mandatory Redemption - The Board of Directors has established a policy, which is subject to change, to require redemption of accounts of a Fund that drop as a result of redemptions to a value of less than \$750 (determined, for this purpose only, as the greater of the shareholder's cost or the current net asset value of the shares, including any shares acquired through the reinvestment of income dividends and capital gains distributions). A shareholder will be given notice of at least 60 days within which to bring the

account up to the minimum determined, as set forth above, before the involuntary redemption provision is made effective with respect to the shareholder's account.

## **FEDERAL INCOME TAXES**

The following information supplements and should be read in conjunction with the section in the Prospectus entitled "Federal Income Taxes." The Prospectus generally describes the federal income tax treatment of distributions by the Funds. This section of the SAI provides additional information concerning federal income taxes. It is based on the Internal Revenue Code of 1986, as amended (the "Code"), applicable Treasury Regulations, judicial authority, and administrative rulings and practice, all as of the date of this SAI and all of which are subject to change, including changes with retroactive effect. Except as specifically set forth below, the following discussion does not address any state, local or foreign tax matters.

A shareholder's tax treatment may vary depending upon the shareholder's particular situation. This discussion applies only to shareholders holding Fund shares as capital assets within the meaning of the Code. Except as otherwise noted, it may not apply to certain types of shareholders who may be subject to special rules, such as insurance companies, tax-exempt organizations, shareholders holding Fund shares through tax-advantaged accounts (such as 401(k) Plan Accounts or IRAs), financial institutions, broker-dealers, entities that are not organized under the laws of the United States or a political subdivision thereof, persons who are neither citizens nor residents of the United States, shareholders holding Fund shares as part of a hedge, straddle or conversion transaction, and shareholders who are subject to the federal alternative minimum tax.

Meridian has not requested and will not request an advance ruling from the Internal Revenue Service (the "IRS") as to the federal income tax matters described herein. The IRS could adopt positions contrary to those discussed below and such positions could be sustained. In addition, the following discussion and the discussions in the Prospectus applicable to each shareholder address only some of the federal income tax considerations generally affecting investments in the Funds. Prospective shareholders are urged to consult their own tax advisers and financial planners regarding the federal tax consequences of an investment in a Fund, the application of state, local or foreign laws, and the effect of any possible changes in applicable tax laws on their investment in the Funds.

Qualification as a Regulated Investment Company. It is intended that each Fund qualify as a regulated investment company ("RIC") under Subchapter M of Subtitle A, Chapter 1 of the Code. Each Fund will be treated as a separate entity for federal income tax purposes. Thus, the provisions of the Code applicable to RICs generally will apply separately to each Fund even though each Fund is a series of Meridian. Furthermore, each Fund will separately determine its income, gains, losses and expenses for federal income tax purposes.

In order to qualify for the special tax treatment accorded RICs and their shareholders, each Fund must, among other things, derive at least 90% of its gross income each taxable year generally from (i) dividends, interest, certain payments with respect to securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, and other income attributable to its business of investing in such stock, securities or foreign currencies (including, but not limited to, gains from options, futures or forward contracts) and (ii) net income derived from an interest in a qualified publicly traded partnership, as defined in the Code. Future Treasury Regulations may (possibly retroactively) exclude from qualifying income foreign currency gains that are not directly related to a Fund's principal business of investing in stock, securities or options and futures with respect to stock or securities. In general, for purposes of this 90% gross income requirement, income derived from a partnership will be treated as qualifying income only to the extent such income is attributable to items of income of the partnership which would be qualifying income if realized directly by the RIC. However, 100% of the net income derived from an interest in a qualified publicly traded partnership will be treated as qualifying income.

Each Fund must also diversify its holdings so that at the end of each quarter of the Fund's taxable year: (i) at least 50% of the fair market value of its total assets consists of (A) cash and cash items (including receivables), U.S. government securities and securities of other RICs, and (B) securities of any one issuer (other than those described in clause (A)) to the extent such securities do not exceed 5% of the value of the Fund's total assets and do not exceed 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of the Fund's total assets consists of the securities of any one issuer (other than those described in clause (i)(A)), the securities of two or more issuers the Fund controls and which are engaged in the same, similar or related trades or businesses, or the securities of one or more qualified publicly traded partnerships. In addition, for purposes of meeting this diversification requirement, the term "outstanding voting securities of such issuer" includes the equity securities of a qualified publicly traded partnership. The qualifying income and diversification requirements (described above) may limit the extent to which it can engage in transactions in options, futures contracts, forward contracts and swap agreements.

In addition, each Fund generally must distribute to its shareholders at least 90% of its investment company taxable income for the taxable year, which generally includes its ordinary income and the excess of any net short-term capital gain over net long-term capital loss, and at least 90% of its net tax-exempt interest income (if any) for the taxable year. If a Fund qualifies as a RIC that is accorded special tax treatment it generally will not be subject to federal income tax on any of the investment company taxable income and net capital gain (*i.e.*, the excess of net long-term capital gain over net short-term capital loss) it distributes to its shareholders. For this purpose, a Fund generally must make the distributions in the same year that it realizes the income and gain, although in certain circumstances, a Fund may make the distributions in the following taxable year. Shareholders generally are taxed on any distributions from a Fund in the year they are actually distributed. If a Fund declares a distribution to shareholders of record in October, November or December of one year and pays the distribution by January 31 of the following year, however, the Fund and its shareholders will be treated as if the Fund paid the distribution by December 31 of the first year. Each Fund intends to distribute or be deemed to have distributed a sufficient amount of its investment company taxable income (as described above) and net tax-exempt interest income, if any, in a timely manner to maintain its status as a RIC and eliminate fund-level federal income taxation of such distributed income. However, no assurance can be given that a Fund will not be subject to federal income tax.

Moreover, a Fund may determine to retain for investment all or a portion of its net capital gain. If a Fund retains any net capital gain, it will be subject to a tax at corporate rates on the amount of net capital gain retained, but may report the retained amount as undistributed capital gain in a written statement to its shareholders, who (i) will be required to include in income for federal income tax purposes, as long-term capital gain, their shares of such undistributed amount, and (ii) will be entitled to credit their proportionate shares of the tax paid by the Fund on such undistributed amount against their federal income tax liabilities, if any, and to claim refunds to the extent the credit exceeds such liabilities. For federal income tax purposes, the tax basis of shares owned by a shareholder of the Fund will be increased by an amount equal to the difference between the amount of undistributed capital gain included in the shareholder's gross income under clause (i) of the preceding sentence and the tax deemed paid by the shareholder under clause (ii) of the preceding sentence.

If, for any taxable year, a Fund fails to qualify as a RIC accorded special tax treatment under the Code, it will be taxed in the same manner as an ordinary corporation without any deduction for its distributions to shareholders, and all distributions from the Fund's current and accumulated earnings and profits (including any distributions of its net tax-exempt income and net long-term capital gain) to its shareholders will be taxable to shareholders as dividend income. Certain provisions may be available to a Fund to prevent such disqualification.

**Equalization Accounting.** Each Fund may use the so-called "equalization method" of accounting to allocate a portion of its "accumulated earnings and profits," which generally equals a Fund's undistributed net investment income and realized capital gains, with certain adjustments, to redemption proceeds. This method permits a Fund to achieve more balanced distributions for both continuing and redeeming shareholders. Although using this method generally will not affect a Fund's total returns, it may reduce the amount that the Fund would otherwise distribute to continuing shareholders by reducing the effect of

redemptions of Fund shares on Fund distributions to shareholders. However, the IRS has not expressly sanctioned the particular equalization method used by a Fund, and thus the Fund's use of this method may be subject to IRS scrutiny.

Capital Loss Carry Forwards. Capital losses realized by a Fund during taxable years beginning before December 22, 2010 may be carried forward for eight years following the year of the loss. All other capital losses may be carried forward indefinitely. If future capital gains are offset by carried-forward capital losses, such future capital gains are not subject to Fund-level federal income tax, regardless of whether they are distributed to shareholders. However, future capital gains offset by carried-forward capital losses are generally subject to taxation as ordinary dividends to shareholders if distributed. Accordingly, the Funds do not expect to distribute any capital gains offset by carried-forward capital losses. The Funds cannot carry back or carry forward any net operating losses.

The following table lists the capital loss carry forwards available to the Meridian Equity Income Fund<sup>®</sup>, and Meridian Value Fund<sup>®</sup> as of June 30, 2011.

<u>Fund Name</u>	<u>Amount</u>	<u>Expires</u>
Meridian Equity Income Fund <sup>®</sup>	\$5,605,965	2018
Meridian Value Fund <sup>®</sup>	\$225,567,072	2018

If a Fund engages in a reorganization, either as an acquiring fund or acquired fund, its capital loss carry forwards (if any), its unrealized losses (if any), and any such losses of other funds participating in the reorganization may be subject to severe limitations that could make such losses substantially unusable.

Excise Tax. If a Fund fails to distribute by December 31 of each calendar year at least the sum of 98% of its ordinary income for that year (excluding capital gains and losses), 98.2% of its capital gain net income (adjusted for certain net ordinary losses) for the 12-month period ending on October 31 of that year, and any of its ordinary income and capital gain net income from previous years that were not distributed during such years, the Fund will be subject to a nondeductible 4% excise tax on the undistributed amounts (other than to the extent of its tax-exempt interest income, if any). For these purposes, a Fund will be treated as having distributed any amount on which it has been subject to corporate income tax in the taxable year ending within the calendar year. Each Fund generally intends to actually distribute or be deemed to have distributed substantially all of its net income and gain, if any, by the end of each calendar year and thus expects not to be subject to the excise tax. However, no assurance can be given that a Fund will not be subject to the excise tax. Moreover, each Fund reserves the right to pay an excise tax rather than make an additional distribution when circumstances warrant (for example, the amount of excise tax to be paid is deemed de minimis by a Fund).

Taxation of Fund Investments. In general, realized gains or losses on the sale of securities held by a Fund will be treated as capital gains or losses, and long-term capital gains or losses if the Fund has held or is deemed to have held the securities for more than one year at the time of disposition.

If a Fund purchases a debt obligation with original issue discount ("OID") (generally, a debt obligation with an issue price less than its stated principal amount, such as a zero-coupon bond), the Fund may be required to annually include in its income a portion of the OID as ordinary income, even though the Fund will not receive cash payments for such discount until maturity or disposition of the obligation. Inflation-protected bonds generally can be expected to produce OID income as their principal amounts are adjusted upward for inflation. A portion of the OID includible in income with respect to certain high-yield corporate discount obligations may be treated as a dividend for federal income tax purposes. In general, gains recognized on the disposition of a debt obligation (including a municipal obligation) purchased by a Fund at a market discount, generally at a price less than its principal amount, will be treated as ordinary income to the extent of the portion of market discount which accrued, but was not previously recognized pursuant to an available election, during the term that the Fund held the debt obligation. A Fund generally will be required to make distributions to shareholders representing the OID income on debt obligations that

is currently includible in income, even though the cash representing such income may not have been received by the Fund. Cash to pay such distributions may be obtained from borrowing or from sales proceeds of securities held by a Fund which the Fund otherwise might have continued to hold; obtaining such cash might be disadvantageous for the Fund.

In addition, payment-in-kind securities similarly will give rise to income which is required to be distributed and is taxable even though a Fund receives no cash interest payment on the security during the year.

If a Fund invests in debt obligations that are in the lowest rating categories or are unrated, including debt obligations of issuers not currently paying interest or who are in default, special tax issues may exist for the Fund. Tax rules are not entirely clear about issues such as when a Fund may cease to accrue interest, OID, or market discount, when and to what extent deductions may be taken for bad debts or worthless securities, and how payments received on obligations in default should be allocated between principal and income. These and other related issues will be addressed by a Fund when, as, and if it invests in such securities, in order to seek to ensure that it distributes sufficient income to preserve its status as a RIC and does not become subject to federal income or excise tax.

Foreign currency gains and losses realized by a Fund in connection with certain transactions involving foreign currency-denominated debt obligations, certain options, futures contracts, forward contracts, and similar instruments relating to foreign currency, foreign currencies, or payables or receivables denominated in a foreign currency are subject to Section 988 of the Code, which generally causes such gains and losses to be treated as ordinary income or loss and may affect the amount and timing of recognition of the Fund's income. Under future Treasury Regulations, any such transactions that are not directly related to a Fund's investments in stock or securities (or its options contracts or futures contracts with respect to stock or securities) may have to be limited in order to enable the Fund to satisfy the 90% qualifying income test described above. If the net foreign currency loss exceeds a Fund's net investment company taxable income (computed without regard to such loss) for a taxable year, the resulting ordinary loss for such year will not be deductible by the Fund or its shareholders in future years.

A Fund may invest in REITs. Investments in REIT equity securities may require a Fund to accrue and distribute income not yet received. To generate sufficient cash to make the requisite distributions, the Fund may be required to sell securities in its portfolio (including when it is not advantageous to do so) that it otherwise would have continued to hold. The Fund's investments in REIT equity securities may at other times result in the Fund's receipt of cash in excess of the REIT's earnings; if the Fund distributes these amounts, these distributions could constitute a return of capital to Fund shareholders for federal income tax purposes. Dividends received by the Fund from a REIT generally will not constitute qualified dividend income and will not qualify for the dividends-received deduction.

A Fund may invest directly or indirectly (e.g., through a REIT) in residual interests in real estate mortgage investment conduits ("REMICs") or in REITs or qualified REIT subsidiaries that are taxable mortgage pools ("REIT TMPs"). Under an IRS notice, a Fund must allocate "excess inclusion income" received directly or indirectly from REMIC residual interests or REIT TMPs to its shareholders in proportion to dividends paid to such shareholders, with the same consequences as if the shareholders had invested in the REMIC residual interests or REIT TMPs directly.

In general, excess inclusion income allocated to shareholders (i) cannot be offset by net operating losses (subject to a limited exception for certain thrift institutions), (ii) constitutes unrelated business taxable income ("UBTI") to Keogh, 401(k) and qualified pension plans, as well as IRAs and certain other tax-exempt entities, thereby potentially requiring such an entity, which otherwise might not be required to file a tax return, to file a tax return and pay tax on such income, and (iii) in the case of a foreign shareholder, does not qualify for any reduction, by treaty or otherwise, in the 30% federal withholding tax. In addition, if at any time during any taxable year a "disqualified organization" (as defined in the Code) is a record holder of a share in a Fund, then the Fund will be subject to a tax equal to that portion of its excess inclusion income for the taxable year that is allocable to the disqualified organization, multiplied by the highest federal corporate income tax rate. To the extent permitted under the 1940 Act, a Fund may elect to specially allocate any such tax to the applicable disqualified organization, and thus reduce such

shareholder's distributions for the year by the amount of the tax that relates to such shareholder's interest in the Fund. The Funds have not yet determined whether such an election will be made.

"Passive foreign investment companies" ("PFICs") are generally defined as foreign corporations with respect to which at least 75% of their gross income for their taxable year is income from passive sources (such as interest, dividends, certain rents and royalties, or capital gains) or at least 50% of their assets on average produce such passive income. If a Fund acquires any equity interest in a PFIC, the Fund could be subject to federal income tax and interest charges on "excess distributions" received from the PFIC or on gain from the sale of such equity interest in the PFIC, even if all income or gain actually received by the Fund is timely distributed to its shareholders. Excess distributions and gain from the sale of equity interests in PFICs may be characterized as ordinary income even though, absent the application of PFIC rules, these amounts may otherwise have been classified as capital gain.

A Fund will not be permitted to pass through to its shareholders any credit or deduction for taxes and interest charges incurred with respect to PFICs. Elections may be available that would ameliorate these adverse tax consequences, but such elections could require a Fund to recognize taxable income or gain without the concurrent receipt of cash. Investments in PFICs could also result in the treatment of associated capital gains as ordinary income. The Funds may attempt to limit and/or manage their holdings in PFICs to minimize their tax liability or maximize their returns from these investments but there can be no assurance that they will be able to do so. Moreover, because it is not always possible to identify a foreign corporation as a PFIC in advance of acquiring shares in the corporation, a Fund may incur the tax and interest charges described above in some instances. Dividends paid by PFICs will not be eligible to be treated as qualified dividend income.

In addition to the investments described above, prospective shareholders should be aware that other investments made by a Fund may involve complex tax rules that may result in income or gain recognition by a Fund without corresponding current cash receipts. Although each Fund seeks to avoid significant non-cash income, such non-cash income could be recognized by a Fund, in which case the Fund may distribute cash derived from other sources in order to meet the minimum distribution requirements described above. In this regard, a Fund could be required at times to liquidate investments prematurely in order to satisfy its minimum distribution requirements, which may accelerate the recognition of gain and adversely affect the Fund's total return.

Foreign Taxes. Amounts realized by a Fund from sources within foreign countries may be subject to withholding and other taxes imposed by such countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes. If more than 50% of the value of a Fund's total assets at the close of its taxable year consists of securities of foreign corporations, the Fund will be eligible to file an annual election with the IRS pursuant to which the Fund may pass-through to its shareholders on a pro rata basis certain foreign income and similar taxes paid by the Fund and such taxes may be claimed, subject to certain limitations, either as a tax credit or deduction by the shareholders. However, none of the Funds expect to qualify for this election.

Taxation of Distributions. Distributions paid out of a Fund's current and accumulated earnings and profits, whether paid in cash or reinvested in the Fund, generally are deemed to be taxable distributions and must be reported by each shareholder who is required to file a federal income tax return. Dividends and distributions on a Fund's shares are generally subject to federal income tax as described herein to the extent they do not exceed the Fund's realized income and gains, even though such dividends and distributions may economically represent a return of a particular shareholder's investment. Such distributions are likely to occur in respect of shares purchased at a time when the Fund's net asset value reflects either unrealized gains, or realized but undistributed income or gains. For federal income tax purposes, a Fund's earnings and profits, described above, are determined at the end of the Fund's taxable year and are allocated pro rata to distributions paid over the entire year. Distributions in excess of a Fund's current and accumulated earnings and profits will first be treated as a return of capital up to the amount of a shareholder's tax basis in the shareholder's Fund shares and then as capital gain. A return of capital is not taxable, but it reduces a shareholder's tax basis in the shareholders' Fund shares, thus reducing any loss or increasing any gain on a

subsequent taxable disposition. A Fund may make distributions in excess of its earnings and profits to a limited extent, from time to time.

For federal income tax purposes, distributions of investment income are generally taxable as ordinary income, and distributions of gains from the sale of investments that a Fund owned (or is deemed to have owned) for one year or less will be taxable as ordinary income. Distributions properly reported by a Fund as capital gain dividends will be taxable to shareholders as long-term capital gain (to the extent such distributions do not exceed the Fund's actual net long-term capital gain for the taxable year), regardless of how long a shareholder has held Fund shares, and do not qualify as dividends for purposes of the dividends-received deduction or as qualified dividend income. Each Fund will report capital gain dividends, if any, in a written notice mailed by the Fund to its shareholders.

Some states will not tax distributions made to individual shareholders that are attributable to interest a Fund earned on direct obligations of the U.S. government if the Fund meets the state's minimum investment or reporting requirements, if any. Investments in Government National Mortgage Association or Federal National Mortgage Association securities, bankers' acceptances, commercial paper and repurchase agreements collateralized by U.S. government securities generally do not qualify for tax-free treatment. This exemption may not apply to corporate shareholders.

Sales and Exchanges of Fund Shares. If a shareholder sells, pursuant to a cash or in-kind redemption, or exchanges the shareholder's Fund shares, subject to the discussion below, the shareholder generally will realize a taxable capital gain or loss on the difference between the amount received for the shares (or deemed received in the case of an exchange) and the shareholder's tax basis in the shares. This gain or loss will be long-term capital gain or loss if the shareholder has held such Fund shares for more than one year at the time of the sale or exchange, and short-term otherwise.

If a shareholder realizes a loss on a disposition of Fund shares, the loss will be disallowed under the "wash sale" rules to the extent the shareholder purchases substantially identical shares within the 61-day period beginning 30 days before and ending 30 days after the disposition. Any disallowed loss generally will be reflected in an adjustment to the tax basis of the purchased shares.

If a shareholder receives or is deemed to receive a capital gain dividend with respect to any Fund share and such Fund share is held for six months or less, then (unless otherwise disallowed) any loss on the sale or exchange of that Fund share will be treated as a long-term capital loss to the extent of the capital gain dividend. If such loss is incurred from the redemption of shares pursuant to a periodic redemption plan then Treasury Regulations may permit an exception to this six-month rule. No such regulations have been issued as of the date of this SAI.

Federal Income Tax Rates. As of the date of this SAI, the maximum stated federal income tax rate applicable to individuals generally is 35% for ordinary income and 15% for net long-term capital gain.

Current federal income tax law also provides for a maximum individual federal income tax rate applicable to "qualified dividend income" (defined below) equal to the highest net long-term capital gains rate, which generally is 15%. In general, "qualified dividend income" is income attributable to dividends received by a Fund in taxable years beginning on or before December 31, 2012 from certain domestic and foreign corporations, as long as certain holding period and other requirements are met by the Fund with respect to the dividend-paying corporation's stock and by the shareholders with respect to the Fund's shares. It is currently unclear whether Congress will extend the provision for the years beginning after January 1, 2013. If 95% or more of a Fund's gross income (excluding net long-term capital gain over net short-term capital loss) constitutes qualified dividend income, all of its distributions (other than capital gain dividends) will be generally treated as qualified dividend income in the hands of individual shareholders, as long as they have owned their Fund shares for at least 61 days during the 121-day period beginning 60 days before the Fund's ex-dividend date (or, in the case of certain preferred stock, 91 days during the 181-day period beginning 90 days before such date) and meet certain other requirements specified in the Code. In general, if less than 95% of a Fund's income is attributable to qualified dividend income, then only the portion of the Fund's distributions that is attributable to qualified dividend income and reported as such in a timely manner will

be so treated in the hands of individual shareholders. The rules attributable to the qualification of Fund distributions as qualified dividend income are complex, including the holding period requirements. Individual Fund shareholders therefore are urged to consult their own tax advisers and financial planners.

Actual marginal tax rates may be higher for some shareholders, for example, through reductions in deductions. Naturally, the amount of tax payable by any taxpayer will be affected by a combination of tax laws covering, for example, deductions, credits, deferrals, exemptions, sources of income and other matters. Federal income tax rates may increase in future years under various “sunset” provisions of federal income tax laws.

**Backup Withholding.** A Fund is generally required to withhold and remit to the U.S. Treasury, subject to certain exemptions (such as for certain corporate or foreign shareholders), an amount equal to 28% of all distributions and redemption proceeds (including proceeds from exchanges and redemptions in-kind) paid or credited to a Fund shareholder if (i) the shareholder fails to furnish the Fund with a correct “taxpayer identification number” (“TIN”), (ii) the shareholder fails to certify under penalties of perjury that the TIN provided is correct, (iii) the shareholder fails to make certain other certifications, or (iv) the IRS notifies the Fund that the shareholder’s TIN is incorrect or that the shareholder is otherwise subject to backup withholding. Backup withholding is not an additional tax imposed on the shareholder. The shareholder may apply amounts withheld as a credit against the shareholder’s federal income tax liability and may obtain a refund of any excess amounts withheld, provided that the required information is furnished to the IRS. If a shareholder fails to furnish a valid TIN upon request, the shareholder can also be subject to IRS penalties. A shareholder may generally avoid backup withholding by furnishing a properly completed IRS Form W-9. The rate of backup withholding is set to increase for amounts distributed or paid after December 31, 2012.

**Corporate Shareholders.** Subject to limitations and other rules, a corporate shareholder of a Fund may be eligible for the dividends-received deduction on Fund distributions attributable to dividends received by the Fund from domestic corporations, which, if received directly by the corporate shareholder, would qualify for such a deduction. For eligible corporate shareholders, the dividends-received deduction may be subject to certain reductions, and a distribution by a Fund attributable to dividends of a domestic corporation will be eligible for the deduction only if certain holding period and other requirements are met. These requirements are complex; therefore, corporate shareholders of the Funds are urged to consult their own tax advisers and financial planners.

A portion of the interest paid or accrued on certain high-yield discount obligations owned by a Fund may not be deductible to the issuer. If a portion of the interest paid or accrued on certain high-yield discount obligations is not deductible, that portion will be treated as a dividend for purposes of the corporate dividends-received deduction if certain requirements are met. In such cases, if the issuer of the obligation is a domestic corporation, dividend payments by a Fund may be eligible for the dividends-received deduction to the extent of the dividend portion of such interest.

**Foreign Shareholders.** For purposes of this discussion, “foreign shareholders” include: (i) nonresident alien individuals, (ii) foreign trusts (*i.e.*, a trust other than a trust with respect to which a U.S. court is able to exercise primary supervision over administration of that trust and one or more U.S. persons have authority to control substantial decisions of that trust), (iii) foreign estates (*i.e.*, the income of which is not subject to U.S. tax regardless of source), and (iv) foreign corporations.

Generally, subject to certain exceptions described below, distributions made to foreign shareholders will be subject to non-refundable federal income tax withholding at a 30% rate (or such lower rate provided under an applicable income tax treaty) even if they are funded by income or gains (such as portfolio interest, short-term capital gains, or foreign-source dividend and interest income) that, if paid to a foreign person directly, would not be subject to withholding. However, for taxable years of a Fund beginning before January 1, 2012, distributions made to foreign shareholders and properly reported by a Fund as “interest-related dividends” will be exempt from federal income tax withholding. Interest-related dividends are generally attributable to the Fund’s net interest income earned on certain debt obligations and paid to foreign shareholders. In order to qualify as an interest-related dividend, the Fund must report a distribution

as such in a written notice mailed to its shareholders. Notwithstanding the foregoing, if any distribution described above is “effectively connected” with a U.S. trade or business (or, if an applicable income tax treaty so requires, is attributable to a permanent establishment) of the recipient foreign shareholder, neither federal income tax withholding nor the exemption for interest-related dividends will apply, the distribution will be subject to the tax, withholding, and reporting requirements generally applicable to U.S. shareholders and an additional branch profits tax may apply if the foreign shareholder is a foreign corporation.

In general, a foreign shareholder’s capital gains realized on the disposition of Fund shares, capital gain dividends and, with respect to taxable years of a Fund beginning before January 1, 2012, “short-term capital gain dividends” (defined below) are not subject to federal income or withholding tax, provided that the Fund obtains a properly completed and signed certificate of foreign status, unless: (i) such gains or distributions are effectively connected with a U.S. trade or business (or, if an applicable income tax treaty so requires, are attributable to a permanent establishment) of the foreign shareholder; (ii) in the case of an individual foreign shareholder, the shareholder is present in the U.S. for a period or periods aggregating 183 days or more during the year of the disposition of Fund shares or the receipt of capital gain dividends and certain other conditions are met; or (iii) the Fund shares on which the foreign shareholder realized gain constitute U.S. real property interests (“USRPIs,” defined below) or, in certain cases, distributions are attributable to gain from the sale or exchange of a USRPI. If clause (i) is applicable the tax, withholding, and reporting requirements applicable to U.S. shareholders generally will apply to the foreign shareholder and an additional branch profits tax may apply if the foreign shareholder is a foreign corporation. If clause (i) is inapplicable and clause (ii) is applicable, such gains and distributions will be subject to federal income tax at a 30% rate (or such lower rate provided under an applicable income tax treaty). If clause (iii) is applicable, the foreign shareholder may be subject to certain tax, withholding, and/or reporting requirements, depending in part on whether the foreign shareholder holds (or has held in the prior 12 months) more than a 5% interest in the Fund. While the Funds do not expect Fund shares to constitute USRPIs, a portion of a Fund's distributions may be attributable to gain from the sale or exchange of USRPIs.

For purposes of the rules described above, “short-term capital gain dividends” are distributions attributable to a Fund’s net short-term capital gain in excess of its net long-term capital loss and reported as such by the Fund in a written notice mailed by the Fund to its shareholders not later than 60 days after the close of the Fund’s taxable year. Subject to certain exceptions, a “USRPI” is generally defined as (i) an interest in real property located in the United States or the Virgin Islands, or (ii) any interest (other than solely as a creditor) in a domestic corporation that was a U.S. real property holding corporation (as defined in the Code) at any time during the shorter of the five-year period ending on the testing date or the period during which the interest was held.

It is currently unclear whether Congress will extend the exemptions from withholding for interest-related dividends and short-term capital gain dividends for tax years beginning after January 1, 2012.

In order to qualify for any exemptions from withholding described above or for lower withholding tax rates under income tax treaties and to establish an exemption from backup withholding, a foreign shareholder must comply with applicable certification requirements relating to its foreign status (including, in general, furnishing an IRS Form W-8BEN or substitute form). Foreign shareholders should consult their tax advisers in this regard.

In the case of shares held through an intermediary, even if a Fund makes a designation with respect to a payment, no assurance can be made that the intermediary will respect such a designation. Foreign shareholders should contact their intermediaries regarding the application of these rules to their accounts.

Even if permitted to do so, the Funds provide no assurance that they will report any distributions as interest-related dividends or short-term capital gain dividends.

Special rules apply to foreign partnerships and those holding Fund shares through foreign partnerships.

As mentioned earlier, distributions and redemption proceeds paid or credited to a foreign shareholder are generally exempt from backup withholding. However, a foreign shareholder may be required to establish that exemption by providing certification of foreign status on an appropriate IRS Form W-8.

Tax-Deferred Plans. Shares of the Funds may be available for a variety of tax-deferred retirement and other tax-advantaged plans and accounts. Prospective investors should contact their tax advisers and financial planners regarding the tax consequences to them of holding Fund shares through such plans and/or accounts.

Tax-Exempt Shareholders. Tax-exempt shareholders should contact their tax advisers and financial planners regarding the tax consequences to them of an investment in the Funds. Special tax consequences apply to charitable remainder trusts (“CRTs”) (as defined in Section 664 of the Code) that invest in RICs that invest directly or indirectly in residual interests in REMICs or equity interests in REIT TMPs. CRTs are urged to consult their own tax advisers and financial planners concerning these special tax consequences.

Tax Shelter Reporting Regulations. Under Treasury Regulations, if an individual shareholder recognizes a loss of \$2 million or more or if a corporate shareholder recognizes a loss of \$10 million or more, the shareholder must file with the IRS a disclosure statement on Form 8886. Direct shareholders of securities are in many cases exempt from this reporting requirement, but under current guidance, shareholders of a RIC are not exempt. Future guidance may extend the current exemption from this reporting requirement to shareholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer’s treatment of the loss is proper. Shareholders should consult their own tax advisers to determine the applicability of these regulations in light of their individual circumstances.

## **FURTHER INFORMATION ABOUT MERIDIAN**

Description of Common Stock - There are no conversion or preemptive rights in connection with any shares of the Funds. All shares of each Fund when duly issued will be paid in full and non-assessable. The rights of the holders of shares of common stock of a Fund may not be modified except by vote of the majority of the outstanding voting securities of that Fund. Certificates are not issued unless requested and are never issued for fractional shares. Fractional shares are liquidated at net asset value per share at the time a shareholder account is closed.

Shares have non-cumulative voting rights, which means that the holders of more than 50% of the shares of the Funds (in the aggregate) voting for the election of directors can elect 100% of the directors if they wish to do so. In such event the holders of the remaining less than 50% of the shares voting for the election of directors will not be able to elect any person or persons to the Board of Directors.

## **ADDITIONAL INFORMATION**

Shareholder Reports - The fiscal year of each Fund ends on June 30 of each year. Each Fund will issue to its shareholders semi-annual and annual reports; each annual report will contain a schedule of the Fund’s portfolio securities and audited annual financial statements. Shareholders, in addition, will receive unaudited quarterly statements of the status of the Fund. The Federal income tax status of shareholders’ distributions also will be reported to shareholders after the end of each calendar year.

Legal Opinions - The validity of the issuance and sale of the shares offered under the current Registration Statement has been passed upon by Goodwin Procter LLP, 901 New York Avenue, N.W., Washington D.C. 20001. Goodwin Procter acts as counsel to Meridian and to the Investment Adviser in various matters.

Independent Registered Public Accounting Firm - PricewaterhouseCoopers, LLP, 3 Embarcadero Center, San Francisco, California 94111, have been appointed as the Independent Registered Public

Accounting Firm for Meridian. The financial statements of the Funds as of June 30, 2011 incorporated by reference in the Statement of Additional Information have been so included in reliance on the report of PricewaterhouseCoopers, LLP, given on the authority of said firm as experts in accounting and auditing.

Administration Assistance Services – BNY Mellon Investment Servicing (US) Inc., 760 Moore Road, King of Prussia, PA 19406 provides administration assistance services to the Funds, including assistance in preparing annual and semi-annual shareholder reports, calculating performance data, and assisting with filing various SEC reports. With respect to the Meridian Growth Fund<sup>®</sup>, BNY Mellon Investment Servicing (US) Inc. received administration assistance fees of \$9,000, \$9,000 and \$8,250 for the fiscal years ended June 30, 2011, June 30, 2010 and June 30, 2009, respectively. With respect to the Meridian Value Fund<sup>®</sup>, BNY Mellon Investment Servicing (US) Inc. received administration assistance fees of \$9,000, \$9,000 and \$8,250 for the fiscal years ended June 30, 2011, June 30, 2010 and June 30, 2009, respectively. With respect to the Meridian Equity Income Fund<sup>®</sup>, BNY Mellon Investment Servicing (US) Inc. received administration assistance fees of \$9,000, \$9,000 and \$8,250 for the fiscal years ended June 30, 2011, June 30, 2010 and June 30, 2009, respectively. Fees for administration assistance services are paid by the Investment Adviser.

Shareholder Services and Transfer Agent – BNY Mellon Investment Servicing (US) Inc. provides the Funds with shareholder services under a shareholder services agreement and serves as transfer agent for the Funds.

Custodian – The Bank of New York Mellon is located at One Wall Street, New York, New York, 10286, and serves as the Funds' custodian pursuant to a Custodian Services Agreement. In such capacity, the custodian holds or arranges for the holding of all portfolio securities and other assets of the Funds.

Accounting Services - BNY Mellon Investment Servicing (US) Inc. provides the Funds with accounting services under an Accounting Services Agreement. With respect to the Meridian Growth Fund<sup>®</sup>, BNY Mellon Investment Servicing (US) Inc. received accounting fees of \$143,326, \$142,785 and \$149,110 for the fiscal years ended, June 30, 2011, June 30, 2010 and June 30, 2009, respectively. With respect to the Meridian Value Fund<sup>®</sup>, BNY Mellon Investment Servicing (US) Inc. received accounting fees of \$93,859, \$91,307 and \$148,503 for the fiscal years ended June 30, 2011, June 30, 2010 and June 30, 2009, respectively. With respect to the Meridian Equity Income Fund<sup>®</sup>, BNY Mellon Investment Servicing (US) Inc. received accounting fees of \$31,154, \$22,409 and \$34,685 for the fiscal years ended June 30, 2011, June 30, 2010 and June 30, 2009, respectively.

Registration Statement - The Prospectus and this SAI, together, do not contain all of the information set forth in the Fund's registration statement and related forms filed with the Securities and Exchange Commission. Certain information is omitted in accordance with rules and regulations of the Commission. The registration statement and related forms may be inspected at the Public Reference Room of the Commission at 100 F Street, NE, Room 1580, Washington, D.C. 20549, and copies thereof may be obtained from the Commission at prescribed rates. It is also available on the SEC's Internet Web site at <http://www.sec.gov>. Statements contained in the Prospectus or this SAI as to the contents of any contract or other document referred to herein or in the Prospectus are not necessarily complete, and, in each instance, reference is made to the copy of such contract or other document filed as an exhibit to Meridian's registration statement, each such statement being qualified in all respects by such reference.

## **FINANCIAL STATEMENTS**

Audited financial statements and the accompanying Report of PricewaterhouseCoopers, LLP, the Independent Registered Public Accounting Firm for the fiscal year ended June 30, 2011 for the Meridian Equity Income Fund<sup>®</sup>, Meridian Growth Fund<sup>®</sup> and Meridian Value Fund<sup>®</sup>, as contained in the Annual Report to Shareholders for the fiscal year ended June 30, 2011, are incorporated herein by reference to that report.

---

## EXHIBIT A

---

### DESCRIPTION OF BOND RATINGS

MOODY'S INVESTORS SERVICE, INC. rates the long-term debt securities issued by various entities from "Aaa" to "C," according to quality as described below:

"Aaa -- Best quality. These securities carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large, or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues."

"Aa -- High quality by all standards. They are rated lower than the best bond because margins of protection may not be as large as in Aaa securities, fluctuation of protective elements may be of greater amplitude, or there may be other elements present which make the long-term risks appear somewhat greater."

"A -- Upper medium grade obligations. These bonds possess many favorable investment attributes. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future."

"Baa -- Medium grade obligations. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and, in fact, have speculative characteristics as well."

"Ba -- Have speculative elements; future cannot be considered as well assured. The protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Bonds in this class are characterized by uncertainty of position."

"B -- Generally lack characteristics of the desirable investment; assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small."

"Caa -- Of poor standing. Issues may be in default or there may be present elements of danger with respect to principal or interest."

"Ca -- Speculative in a high degree; often in default or have other marked shortcomings."

"C -- Lowest rated class of bonds; can be regarded as having extremely poor prospects of ever attaining any real investment standing."

STANDARD & POOR'S CORPORATION RATINGS GROUP rates the long-term securities debt of various entities in categories ranging from "Aaa" to "D" according to quality as described below:

"Aaa -- Highest rating. Capacity to pay interest and repay principal is extremely strong."

"Aa -- High grade. Very strong capacity to pay interest and repay principal. Generally, these bonds differ from Aaa issues only in a small degree."

"A -- Have a strong capacity to pay interest and repay principal, although they are somewhat more susceptible to the adverse effects of change in circumstances and economic conditions, than debt in higher rate categories."

“Bbb -- Regarded as having adequate capacity to pay interest and repay principal. These bonds normally exhibit adequate protection parameters, but adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for debt in higher rated categories.”

“Bb, B, Ccc, Cc, C -- Regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates the lowest degree of speculation and C the highest degree of speculation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.”

“C1 -- Reserved for income bonds on which no interest is being paid.”

“D -- In default and payment of interest and/or repayment of principal is in arrears.”

---

## EXHIBIT B

---

### MERIDIAN FUND, INC.

#### PROXY AND CORPORATE ACTION VOTING POLICIES AND PROCEDURES

July 1, 2003

#### I. INTRODUCTION

Meridian Fund, Inc. (the "Fund") is the beneficial owner of its portfolio securities. Accordingly, the Fund's Board of Directors (the "Board"), acting on behalf of the Fund and each of its series (collectively, the "Funds"), has the right and the fiduciary obligation to vote proxies relating to the Funds' portfolio securities in a manner consistent with the best interests of the Funds and their shareholders. Accordingly, the Board has approved the adoption of these Proxy and Corporate Action Voting Policies and Procedures with respect to voting proxies relating to portfolio securities held by the Funds (these "Policies and Procedures").

#### II. POLICY

##### A. Delegation to the Adviser.

1. The policy of the Fund is to delegate the responsibility for voting proxies relating to portfolio securities held by the Funds to Aster Investment Management Co., Inc. (the "Adviser") as a part of the Adviser's general management of the Funds, subject to the Board's continuing oversight.

#### III. FIDUCIARY DUTY

The right to vote proxies with respect to portfolio securities held by the Funds is an asset of the Fund. The Adviser acts as a fiduciary of the Funds and must vote proxies in a manner consistent with the best interest of the Funds and their shareholders. In discharging this fiduciary duty, the Adviser must maintain and adhere to its policies and procedures for addressing conflicts of interest and must vote proxies in a manner substantially consistent with its policies, procedures and guidelines, as presented to the Board.

#### IV. PROXY VOTING PROCEDURES

A. Annual Presentation of Proxy Voting Policies to the Board. At least annually, the Adviser shall present to the Board for its review the Adviser's Policies and Procedures. In addition, the Adviser shall notify the Board promptly of material changes to the Adviser's Policies and Procedures (Appended hereto as Appendix A). The Adviser is not required to notify the Board of changes relating to any guidelines for voting specific types of proxies except as part of the annual presentation. The Board shall review the policies, procedures and other guidelines presented by the Adviser to determine that they are consistent with these policies and procedures. Upon request, the Adviser shall provide the Fund with a copy of its policies, procedures and other guidelines or a description of such policies, procedures and guidelines for the purpose of filing such document(s) in the Fund's statement of additional information or as otherwise required by the Investment Company Act of 1940 and the rules promulgated thereunder.

B. Resolution of Conflicts of Interest. With respect to those proxies that the Adviser has identified as involving a conflict of interest, the Adviser shall submit to the Board, at least annually, a separate report indicating the nature of the conflict of interest and how that conflict was resolved with

respect to the voting of the proxy. For this purpose, a “conflict of interest” shall be deemed to occur when the Adviser, or an affiliated person of the Adviser has an interest in a matter presented by a proxy to be voted on behalf of a Fund, other than the obligation the Adviser incurs as investment adviser to that Fund, which may compromise the Adviser’s independence of judgment and action in voting the proxy.

Where a proxy proposal raises a material conflict of interest between the interests of the Adviser or an affiliated person of the Adviser and that of one or more Funds, the Adviser shall resolve such conflict in the manner described below.

1. Vote in Accordance with a Predetermined Specific Policy. To the extent that the Adviser’s Policies and Procedures include a pre-determined voting policy for various types of proposals and the Adviser *has little or no discretion* to deviate from such policy with respect to the proposal in question, the Adviser shall vote in accordance with such pre-determined voting policy.
2. Notify and Obtain Consent of the Board. To the extent that the Adviser’s Policies and Procedures include a pre-determined voting policy for various proposals and the Adviser *has discretion* to deviate from such policy, the Adviser shall disclose the conflict to the Board and obtain the Board’s consent to the proposed vote prior to voting on such proposal.
  - a. Detailed Disclosure to the Board. To enable the Board to make an informed decision regarding the vote in question, such disclosure to the Board shall include sufficient detail regarding the matter to be voted on and the nature of the conflict. When the Board does not respond to such a conflict disclosure request or denies the request, the Adviser shall abstain from voting the securities held by the relevant Funds.

#### **V. REVOCATION OF AUTHORITY TO VOTE**

The delegation by the Board of the authority to vote proxies relating to portfolio securities held by the Funds may be revoked by the Board, in whole or in part, at any time.

#### **VI. ANNUAL FILING OF PROXY VOTING RECORD**

The Fund shall file an annual report of each proxy voted with respect to portfolio securities held by the Funds during the twelve-month period ended June 30 on Form N-PX not later than August 31 of each year.<sup>2</sup>

#### **VII. PROXY VOTING DISCLOSURES**

- A. The Fund shall include in its Form N-1A registration statement:
  1. A description of these Policies and Procedures and of the Adviser’s Policies and Procedures; and
  2. A statement disclosing that information regarding how the Fund voted proxies relating to portfolio securities held by the Funds during the most recent twelve-month period ended June 30 is available without charge, upon request, by calling the Fund’s toll-free telephone number, on the Fund’s website and on the SEC website.<sup>3</sup>

---

<sup>2</sup> The first report on Form NP-X shall be for the twelve month period ended June 30, 2004 and shall be filed on or before August 31, 2004.

<sup>3</sup> This disclosure shall be included in the registration statement next filed on behalf of the Funds after August 31, 2004.

- B. The Fund shall include in its Annual and Semi-Annual Reports to shareholders:
1. A statement that a description of these Policies and Procedures is available without charge, upon request, by calling the Fund's toll-free telephone number, on the Fund's website, and on the SEC website.<sup>4</sup>
  2. A statement that information regarding how the Fund voted proxies relating to portfolio securities held by the Funds during the most recent 12-month period ended June 30 is available without charge, upon request, by calling the Fund's toll-free telephone number, on the Fund's website and on the SEC website.<sup>5</sup>

---

<sup>4</sup> This disclosure shall be included in the report next filed on behalf of the Funds after July 1, 2003.

<sup>5</sup> This disclosure shall be included in the report next filed on behalf of the Funds after August 31, 2004.

APPENDIX A

**ASTER INVESTMENT MANAGEMENT COMPANY, INC.**

---

**PROXY AND CORPORATE ACTION VOTING  
POLICIES AND PROCEDURES**

**I. POLICY**

Aster Investment Management Co., Inc. (the “Adviser”) acts as discretionary investment adviser for various clients, which may include clients governed by the Employee Retirement Income Security Act of 1974 (“ERISA”) and registered open-end investment companies (“mutual funds”). The Adviser’s authority to vote proxies or act on other shareholder actions is established under the delegation of discretionary authority under its investment advisory contracts. Therefore, unless a client (including a “named fiduciary” under ERISA) specifically reserves the right, in writing, to vote its own proxies or to take shareholder action in other corporate actions, the Adviser will vote all proxies or act on all other actions received in sufficient time prior to their deadlines as part of its full discretionary authority over the assets in accordance with these Proxy and Corporate Action Voting Policies and Procedures (these “Policies and Procedures”). Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings, and class actions.

When voting proxies or acting on corporate actions for clients, the Adviser’s utmost concern is that all decisions be made solely in the best interest of its clients (in the case of ERISA accounts plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). The Adviser will act in a manner deemed prudent and diligent and which is intended to enhance the economic value of the assets of its clients’ account.

**II. PURPOSE**

The purpose of these Policies and Procedures is to memorialize the procedures and policies adopted by the Adviser to enable it to comply with its accepted responsibilities and the requirements of Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended (“Advisers Act”). These Policies and Procedures also reflect the fiduciary standards and responsibilities set forth by the Department of Labor for ERISA accounts.

**III. PROCEDURES**

The Proxy Manager is ultimately responsible for ensuring that all proxies received by the Adviser are voted in a timely manner and voted consistently across all portfolios. Although many proxy proposals can be voted in accordance with the Adviser’s established guidelines (see Section V, below)(the “Guidelines”), the Adviser recognizes that some proposals require special consideration, which may dictate that the Adviser makes an exception to the Guidelines. In situations where a proposal does not clearly fall within the guidelines, or where the Proxy Manager determines that consultation is prudent, the Proxy Manager will consult with the Portfolio Manager of the account holding the relevant security to determine how to cast the vote.

The Proxy Manager is also responsible for ensuring that all corporate actions received by the Adviser are addressed in a timely manner and consistent action is taken across all portfolios.

**A. Conflicts of Interest**

The Proxy Manager is responsible for monitoring situations where the voting of proxies may present actual or perceived conflicts of interest between the Advisor and clients. Where a proxy proposal raises a material conflict of interest between the Adviser's interests and that of one or more its clients, including a mutual fund client, the Adviser shall resolve such conflict in the manner described below:

1. Vote in Accordance with the Guidelines. To the extent that the Adviser *has little or no discretion* to deviate from the Guidelines with respect to the proposal in question, the Adviser shall vote in accordance with such pre-determined voting policy.
2. Obtain Consent of Clients. To the extent the Adviser *has* discretion to deviate from the Guidelines with respect to the proposal in question, the Adviser shall disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities. The disclosure to the clients will include sufficient detail regarding the matter to be voted on and the nature of our conflict that the clients would be able to make an informed decision regarding the vote. When a client does not respond to such a conflict disclosure request or denies the request, the Adviser will abstain from voting the securities held by that client's account.

**B. Limitations**

In certain circumstances, in accordance with a client's investment advisory contract (or other written directive) or where the Adviser has determined that it is in the client's best interest, the Adviser will not vote proxies received. The following are some circumstances where the Adviser will limit its role in voting proxies received on client securities:

1. Client Maintains Proxy Voting Authority: Where client specifies in writing that it will maintain the authority to vote proxies itself or that it has delegated the right to vote proxies to a third party, the Adviser will not vote the securities and will direct the relevant custodian to send the proxy material directly to the client. If any proxy material is received by the Adviser, it will promptly be forwarded to the client.
2. Terminated Account: Once a client account has been terminated with the Adviser in accordance with its investment advisory agreement, the Adviser will not vote any proxies received after the termination. However, the client may specify in writing that proxies should be directed to the client for action.
3. Limited Value: If the Proxy Manager concludes that the value on a client's economic interest or the value of the portfolio holding is indeterminable or insignificant, the Adviser will abstain from voting a client's proxies. The Adviser does not vote proxies received for securities which are no longer held by the client's account. In addition, the Adviser generally does not vote securities where the economic value of the securities in the client account is less than \$500.
4. Unjustifiable Costs: In certain circumstances, after doing a cost-benefit analysis, the Adviser may abstain from voting where the cost of voting a client's proxy would exceed any anticipated benefits of the proxy proposal.

#### IV. RECORD KEEPING

In accordance with Rule 204-2 under the Advisers Act, the Adviser will maintain for the time periods set forth in the Rule (i) these proxy voting procedures and policies, and all amendments thereto; (ii) all proxy statements received regarding client securities (provided however, that the Adviser may rely on the proxy statement filed on EDGAR as its records); (iii) a record of all votes cast on behalf of clients; (iv) records of all client requests for proxy voting information; (v) any documents prepared by the Adviser that were material to making a decision how to vote or that memorialized the basis for the decision; and (vi) all records relating to requests made to clients regarding conflicts of interest in voting the proxy.

The Adviser will describe in its Part II of Form ADV (or other brochure fulfilling the requirement of Rule 204-3) its proxy voting policies and procedures and advise clients how they may obtain information on how the Adviser voted their securities. Clients may obtain information on how their securities were voted or a copy of the Policies and Procedures by written request addressed to the Adviser. The Adviser will enter into arrangements with all mutual fund clients to provide any information required to be filed by such mutual fund on Form N-PX, and will provide information as requested by the client mutual funds' board of directors.

#### V. GUIDELINES

Each proxy issue will be considered individually. The following guidelines are a partial list to be used in voting proposals contained in the proxy statements, but will not be used as rigid rules and these guidelines may be revised from time to time. Proxy issues not covered by these guidelines will be voted on a case-by-case basis. In voting such proxies, the Adviser will act prudently, taking into consideration those factors that may affect the value of the security and will vote such proxies in a manner in which, in its opinion, is in the best interests of clients. The Adviser reserves the right to override this policy and these guidelines with the approval of the manager of the affected client portfolio(s). In such cases where the guidelines are not followed, it will be appropriately documented by the Adviser in accordance with the record keeping requirements of Section III., above.

##### A. VOTE AGAINST

1. Issues regarding Board entrenchment and anti-takeover measures such as the following:
  - a. Proposals to stagger board members' terms (*Unless voting on continuing an existing policy that has staggered terms. Then vote on case-by-case basis*);
  - b. Proposals to limit the ability to call special meetings by shareholders (*However, vote against proposals to enable less than 25% of shareholders to call special meetings*);
  - c. Proposals to require super majority votes in Board elections (*Proposals to require super majority votes related to other corporate matters, vote on case-by-case basis*);
  - d. Proposals requesting excessive increases in authorized common or preferred shares where management provides no reasonable explanation for the use or need of these additional shares;
  - e. Proposals regarding "poison pill" provisions;
  - f. Permitting "green mail";

- g. Providing cumulative voting rights;
  - h. Limitation of shareholder rights to remove directors, amend by-laws, call special meetings, nominate directors, or other actions to limit or abolish shareholder rights to act independently such as acting by written consent (*also refer to b. and c. above*);
  - i. Proposals to vote unmarked proxies in favor of management;
  - j. Proposals to eliminate existing pre-emptive rights;
  - k. Proposals to issue "blank check preferred stock" , i.e., preferred stock all or many of whose rights, preferences and designations, (e.g.; dividend and voting rights) can be established by the Board of Directors acting alone.
2. Executive and board compensation
    - a. Incentive plans which become effective in the event of hostile takeovers or mergers, e.g. "golden parachutes";
    - b. Proposals for shareholder "say on executive pay "in excess of the requirements for a non-binding vote with a three year frequency in accordance with SEC guidelines under the Dodd-Frank Act, passed on July 21, 2010 and amended rule 14a-21(a) of the '34 Exchange Act (*shareholders remain empowered to vote against directors who are responsible for setting and reviewing executive compensation*);
    - c. Retention of equity related to bonuses paid after termination;
    - d. Long-term incentive plans with embedded options provisions;
    - e. Amendments to existing incentive plans that increase shares available for options;
    - f. Option grants to management and directors;
  3. Proposals authorizing the company's board of directors to adopt, amend or repeal by-laws without shareholders' approval.
  4. Proposals authorizing the company's management or board of directors to buy back shares at premium prices without shareholders' approval.
  5. Adoption of a stock purchase plan at less than 85% of fair market value.
  6. Requiring and independent Chairman.
  7. Requiring the separation of the offices of Chairman and CEO.
  8. Shareholder proposals setting corporate policy for political, environmental and social issues, where the directors are not in favor of the proposal.
  9. Limiting directors' liability.

**B. VOTE FOR**

1. Election of directors recommended by management, except if there is a proxy fight or contested election, in which case voting may be on a case-by-case basis.
2. Majority voting standard for elections of directors when there is a “carve out” for plurality voting standard in cases where there are more nominees than open board seats.
3. Election of auditors recommended by management, unless seeking to replace if there exists a dispute over policies.
4. Date and place of annual meeting.
5. Limitation on charitable contributions or fees paid to lawyers.
6. Ratification of directors’ actions on routine matters since previous annual meeting.
7. Confidential voting.
8. Majority independent board.
9. Declassification of Boards.
10. Stock repurchase plans.
11. Name changes.
12. Shareholder approval of severance compensation that is greater than 200% of salary and bonus.
13. Proposals with resulting financial benefit at shareholder level.
14. Expensing stock options.

**C. VOTE ON CASE-BY-CASE BASIS**

1. Pay directors solely in stock.
2. Stock grants to management and directors (*including restricted stock units with vesting*).
3. Mandatory retirement age for directors.
4. Rotate annual meeting location/date.
5. Management compensation tied to performance.
6. Management compensation paid in “phantom stock”, but only if paid in cash and not paid in stock options.
7. Fundamental investment policy changes for registered investment vehicles.
8. Reduce management compensation or control

9. Limiting directors tenure
10. Proposals regarding “fair price” provisions.
11. Shareholder proposals, except as identified elsewhere in these guidelines.
12. Business Combinations or Restructuring