

INVESTMENT POLICY

ALABAMA HOSPITAL ASSOCIATION AND SUBSIDIARIES

GENERAL OBJECTIVES

- Invest all available funds to earn a return on funds.
- Invest in a manner that provides sufficient liquidity to meet corporate needs.
- Invest in securities that provide safety of principal and a return on investment.
- Establish a one year reserve in operating expenses by adding one week per annum.

RESPONSIBILITIES

- The Board of Directors delegates to the Finance Committee responsibility for security investments.
- The Finance Committee shall establish investment portfolio policies and guidelines.
- The Chief Executive Officer, Chief Operating Officer and Chief Financial Officer will be responsible for implementing the investment policy and reporting investment activities to the Finance Committee.

ACCEPTABLE INVESTMENTS

- U.S. Government Securities
- Federal Agency obligations.
- Commercial paper and or Corporate Debt Instruments of A1P1 rating or better.
- Certificates of Deposit of Commercial Banks with appropriate credit analysis of the issuing bank.
- High Grade Equity Funds (Minimum 3 star rating by Morning Star and Beta of 1 or less).
- Preferred Stock [High grade preferred stock with underlying rating of 'A' or better from either Moody's or Standard & Poor's]
- Protected Growth Funds [Equity or index funds with principal guaranteed by U.S. Treasury obligations or a direct obligation of an 'A' or better rated company]

ACCEPTABLE INSTITUTIONS

- Financial Institutions approved by the Finance Committee include: AmSouth Bank, Regions Bank, Compass Bank, Merrill Lynch et al, Robinson Humphrey (CitiGroup), Sterling Bank, SouthTrust Bank

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(Wachovia-Wells Fargo), Sterne, Agee & Leach, Inc., BancorpSouth (TrustMark).

INVESTMENT GOAL/TARGET

The Chief Financial Officer without prior approval of the Finance Committee, within the guidelines of the Investment Policy, may invest in individual transactions within the following limitations;

<u>TYPE</u>	<u>OPERATING (SHORT-TERM)</u>	<u>INVESTMENT (LONG-TERM)</u>
-Cash	No more than 10%	
-US Government Securities Money Market Certificates of Deposit Commercial Paper	No more than 95% within the group	No more than 100%
-Equities, Equity Funds, Preferred Stock & Protected Growth Funds		No more than 25%

The Chief Financial Officer will assure that total investments at any one financial institution will be limited to \$9 million.

ACCEPTABLE MATURITY RANGES

The following represents maximum maturity limits on new purchases unless identified by the Finance Committee:

- U.S. Government Securities 10 years
- Federal Agencies 10 years
- Corporate Securities 10 years
- Certificates of Deposit 5 years
- Bankers Acceptances 180 days

The maturity structure will be based on market levels and anticipated interest rate trends and anticipated liquidity needs. Longer maturities within the above limits will be purchased during periods of relatively high yields and shorter maturities emphasized during periods of relatively low yields.

Last updated 2/22/07

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