

**HEALTHCARE PARTNERS FUND II, LP
PRINCIPAL TERMS**

This term sheet summarizes the principal terms of the proposed Healthcare Partners Fund II, LP, which will be organized as a Delaware limited partnership under the Delaware Revised Uniform Partnership Act (the “Act”). The rights and obligations of the partners thereof (each a “Partner” and collectively, the “Partners”) will be determined by the Act and the Fund’s Limited Partnership Agreement (the “LPA”).

This term sheet summarizes certain anticipated terms of the LPA and the possible private offering of the Fund’s securities as currently proposed by the Fund’s GP. This term sheet is being provided merely for discussion purpose only, no sale or offer to sell securities in the Fund is intended hereby, and you may not construe this term sheet to be such an offer. Any sale or an offer to sell the Fund’s securities will be made, if at all, pursuant to a confidential private placement memorandum meeting the requirements of applicable laws and regulations.

The Fund Healthcare Partners Fund II, LP, a Delaware limited partnership (the “Fund”).

General Partner NCM Fund II GP, LLC, a Delaware limited liability company, an affiliate of Nueterra Capital Management, LLC and Nueterra Capital, LLC, will serve as the general partner of the Fund (the “GP”). Except as provided herein, the GP will retain ultimate responsibility for making all decisions relating to the operation and management of the Fund. The GP will have a Carried Interest (as discussed below) in the Fund. The GP will commit a minimum of \$500,000 in cash to the Fund.

Manager Nueterra Capital Management, LLC, a Delaware limited liability company (“Management Company”), will render investment advisory, due diligence, negotiation and portfolio monitoring services to the Fund. In addition, the Management Company will furnish services and personnel necessary for the affairs of the Fund. In exchange, the Fund will pay a management fee described below.

Investment Strategy To maximize total return to investors through private equity investments primarily in ambulatory surgery centers, specialty hospitals and other healthcare-related businesses throughout the United States. In addition, the Fund may, on a case-by-case basis, purchase the assets of healthcare businesses and syndicate interests in those businesses to physicians and other investors, with the Fund retaining a minority interest in those businesses. The Fund may also invest in senior, subordinated or convertible debt of portfolio companies.

Track Record

This strategy is the same strategy as Nueterra Capital's first fund, Healthcare Partners Fund I ("**Fund I**"). Fund I made 29 total investments, 20 of which were developed by Nueterra Capital's affiliates. It launched in 2002 and realized a 21% IRR and a 4.9x return on capital for its investors.

The Offering

The Fund is seeking a minimum of \$5 million and a maximum of \$10 million in aggregate capital commitments including the commitment from the GP (the "**Aggregate Capital Commitments**"). However, the GP reserves the right to accept Aggregate Capital Commitments greater than the target amount.

Investors

The Fund expects that its investors will primarily be individuals ("**Individual Investors**") and health systems ("**Health System Investors**") who have or are expected to have a continuing business relationship with Nueterra Capital and/or one of its affiliates. An investor in this offering, if the investor's subscription is accepted, will become a limited partner (an "**LP**") of the Fund, and will be issued limited partnership interests in exchange for an investor's capital commitment to the Fund.

Minimum Commitment

The minimum capital commitment is \$250,000 for an Individual Investor and \$1,000,000 for a Health System Investor. The GP may waive the minimum capital commitment requirement in its sole discretion. The GP may reject any investor for any reason and is not obligated to accept subscriptions in the order in which received.

Co-investment Rights

Each Investor who commits a minimum of \$1,000,000 (a "**Special Investor**") shall be granted co-investment rights. Special Investors will be offered the opportunity to invest additional capital in portfolio companies and on the same terms as the Fund. All co-investment opportunities shall be subject to portfolio company approval.

Closings

The initial closing ("**Initial Closing**") of the Fund will occur as soon as practicable as determined by the GP. Subsequent closings may be held at the discretion of the GP for additional commitments for up to 12 months after the Initial Closing (each such date a "**Subsequent Closing**", and the final such date the "**Final Closing**").

Term

The Fund's term will end on the tenth anniversary of the date of the Final Closing, subject to two one-year extension options exercisable by the GP.

Investment Period

The investment period of the Fund (the "**Investment Period**") will extend from the date of the Initial Closing to the earlier of (i) the date

on which all of the capital commitments of the Fund have been invested or used to pay expenses and liabilities of the Fund or (ii) the fifth anniversary of the date of the Final Closing, unless terminated earlier in accordance with the LPA.

Capital Calls

Commitments will be called on an as-needed basis for investments and expenses (including payment of the Management Fee). Each capital call notice will specify the funding date and the amount and use of proceeds for each drawdown, as well as provide appropriate payment instructions.

Management Fee

From the Initial Closing date through the end of the term (which, for the avoidance of doubt, includes any extensions) of the Fund, the Fund will pay Nueterra Capital Management an annual fee (the “**Management Fee**”), payable quarterly in advance, in an amount equal to 2.5% of the Fund’s Aggregate Capital Commitments.

Distributions

Net proceeds attributable to the disposition of portfolio investments, as well as distributions of securities in kind, together with any dividends or interest income received with respect to portfolio investments will initially be apportioned to the Partners and distributed in the following order of priority:

- (A) Return of Capital: First, 100% to the LPs until they have received, on a cumulative basis, distributions equal to each LP’s aggregate capital contributions to the Fund as of the time of such distribution;
- (B) Catch-Up to 20%: Third, 100% to the GP until it has received an amount equal to 20% of the total amount paid to the LPs in item (A) above; and
- (C) 80/20 Share: Thereafter, (i) 80% to the LPs and (ii) 20% to the GP (the amounts pursuant to this item (C) being referred to as “**Carried Interest**”).

Investor Commitment

Investor hereby commits to invest \$_____ in Healthcare Partners Fund II, LP. This commitment is non-binding until such time Investor executes subscription documents.

Investor

Signature