

**TERM SHEET FOR NOT-FOR PROFIT MEDICAL FOUNDATION**

**Purpose:**

To use the sum of \$20 million paid by the Company, and any other proceeds contributed to the Foundation in connection with the settlement of In re Managed Care Litigation, MDL Docket No. 1334, in each case in accordance with the guidelines set forth herein, with the stated objective of using annually at least 25% of the \$20 million initially funded by Company and 10% of the additional proceeds contributed to the Foundation per the above.

**Form:**

Not-for profit, private non-stock corporation incorporated in Florida, with no stockholders (the "Foundation"). The Foundation will be established as a tax-exempt foundation under Section 501(c)(3) of the Federal Internal Revenue Code.

**Governance:** The original Executive Board of Directors ("Executive Board") to consist of ten voting members ("Voting Directors") and one non-voting member ("Non-voting Director"). In addition, there will be an "Advisory Board ("Advisory Board") consisting of all Signatory Societies who are not on the Executive Board. The Signatory Societies are the medical associations or societies, of California, Texas, Florida, Louisiana, Georgia, Denton County (Texas), Alaska, Connecticut, Hawaii, Nebraska, New Hampshire, New Jersey, New York, North Carolina, South Carolina, Tennessee, Washington, El Paso County and North Virginia ("Signatory Societies"). The Advisory Board will provide advice and assistance to the Executive Board but will not govern the Foundation. The Executive Board will govern the Foundation and generally will take action by majority vote at a meeting at which a quorum is present (to be decided by the proposed Executive Board).

**Appointment of Directors:**

10 original Voting Directors will be selected by Signatory Societies. Any replacement or future voting directors shall be appointed by Signatory Societies. The original Voting Directors will be named in the articles of incorporation; remaining 1 Non-voting Director to be selected by Company and named in the articles of incorporation. Any replacement or future non-voting directors shall be appointed by the Company

**Election of Officers for the Executive Board:**

To be elected by the majority of the Executive Board.

**Actions Requiring Majority Executive Board.(Voting Directors) Approval:**

- 1) All grant approval and funding;
- 2) Expenditure of Foundation funds in an amount exceeding \$[ ];
- 3) Hiring and firing of management of the Foundation, which management will be responsible for administering the day- to-day operations of the Foundation;

4) Retention of money managers to make appropriate investments of the proceeds held by the Foundation.

**Actions Requiring Consent of All (Voting and Non-Voting) Directors:**

1. Any amendment to the stated Purposes or Mission of the Foundation, the Foundation's tax status, the prohibited Foundation activities (specified below), the Company's right to appoint the Non-voting Director will require approval of all (voting and non-voting) directors or mutual- approval by the Signatory Medical Societies and the Company.

**Removal of Voting and Non-voting Directors:**

No Voting Director or Non-voting Director may be removed once in office, except for cause by, in the case of a Voting Director, a two-thirds majority vote of such directors trust approve and, in the case of the Non-voting Director, the approval of the Company.

**Alternative Structure: IF Company accepts plaintiff's request that the Company director be a non-voting director, the following should be included:**

If Florida law does not permit the effectuation of the rights of the Non-voting Director, as outlined herein, then the Foundation shall instead be established with at least two classes of members. One class of member will be comprised of Company (the "Company Member"). Instead of Company being entitled to appoint the Non-voting Director, the Company Member will be entitled to appoint a non-voting director to the Executive and Advisory Boards who will not be entitled to vote with respect to matters considered by such boards, but who will be entitled to receive advance notice of, and materials prepared in connection with, and to attend and participate in (but not vote at) all meetings of the Executive and Advisory Boards (and any committees thereof).

The consent of the Company Member would be required in order for the Foundation to take any of the actions identified herein under the caption "Actions Requiring Consent of All Directors" and would, also be required to (i) remove of the Company Member's nonvoting director" and (ii) modify of any of the provisions described in the preceding paragraph.

**Investment of Foundation Proceeds:**

Funds held by the Foundation will be invested in [identify requirements that must be satisfied for short-term investments by Foundation - where funds will be "parked" pending decision by Foundation to expend funds in a particular manner].

**Location of Foundation's Offices:**

[To be decided by the Executive Board]

**Termination/ Liquidation of the Foundation:**

[To be decided by the Executive Board]

**Mission Statement:**

The Foundation shall be dedicated to promoting high quality healthcare and shall give particular emphasis to initiatives that assist physicians to improve/enhance the quality of care received by patients.

**Foundation Initiatives:**

To be determined by the Executive Board, in good faith consultation with Company, it being understood that the decision as to the appropriate Foundation initiatives shall be made by the Executive Board.

**Prohibited Foundation Activities**

- 1) Lobbying or political advocacy:
- 2) Activities related to litigation, arbitration or other dispute resolution (other than any such activities that relate directly to the operation of the Foundation):
- 3) Medical research or animal research:
- 4) Research and or development of drugs or medical devices:
- 5) Any activity inconsistent with its status as a 501(c)(3) foundation.