IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION	§	
	§	
Plaintiff,	§	
	§	
v.	§	Case No. 3:09-CV-0298-N
	§	
STANFORD INTERNATIONAL BANK, LTD.,	§	
STANFORD GROUP COMPANY,	§	
STANFORD CAPITAL MANAGEMENT, LLC,	§	
R. ALLEN STANFORD, JAMES M. DAVIS, and	§	
LAURA PENDERGEST-HOLT,	§	
	§	
Defendants.	§	

APPENDIX TO RECEIVER'S MOTION TO APPROVE SALE OF INVESTMENT INTERESTS IN INSOUND AND MBV

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ATTORNEYS FOR RECEIVER
RALPH S. JANVEY

CERTIFICATE OF SERVICE

On September 9, 2009 I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served all counsel and/or pro se parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Kevin Sadler
Kevin Sadler

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	Case No.: 3-09-CV-0298-N
v.	§	
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STANFORD INTERNATIONAL BANK, LTD., STANFORD GROUP COMPANY, STANFORD CAPITAL MANAGEMENT, LLC, R. ALLEN STANFORD, JAMES M. DAVIS, and LAURA PENDERGEST-HOLT,	§	
	§	
Defendants.	§	

DECLARATION OF SAMUEL COOPER

STATE OF TEXAS §
§
COUNTY OF HARRIS §

1. "My name is Samuel Cooper. I am legally competent to make this declaration. I have personal knowledge and am familiar with the matters stated in this declaration, and all of the facts and statements contained herein are true and correct.

2. I am a partner with the law firm of Baker Botts L.L.P. Baker Botts L.L.P. is counsel of record for the Receiver, Ralph S. Janvey, in the above-styled cause of action.

3. Attached as Exhibit 1 is a true and correct copy of the Memorandum of Terms for the Private Placement of Securities received from InSound Medical, Inc. ("InSound").

4. Attached as Exhibit 2 is a true and correct copy of the recommendation made by Park Hill Group ("PHG") pertaining to InSound.

5. Attached as Exhibit 3 is a true and correct copy of the Purchase and Sale Agreement between Stanford Venture Capital Holdings, Inc. ("SVCH") and SightLine Healthcare Opportunity Fund, LLC., executed on September 3, 2009.

6. Attached as Exhibit 4 is a true and correct copy of the Subscription Agreement of Memphis Biomed Ventures II, LP ("MBV"), executed on August 23, 2006.

7. Attached as Exhibit 5 is a true and correct copy of a letter dated April 6, 2009 from MB Venture Partners, LLC to SVCH regarding the pending capital call.

8. Attached as Exhibit 6 is a true and correct copy of the Agreement of Limited Partnership for MBV.

9. Attached as Exhibit 7 is a true and correct copy of the recommendation made by PHG pertaining to MBV.

10. Attached as Exhibit 8 is a true and correct copy of the Purchase and Sale Agreement between Shelby County Retirement Board and SVCH, executed on September 3, 2009.

11. I declare under penalty of perjury that the foregoing is true and correct."

EXECUTED on September 9, 2009.

Samuel Cooper

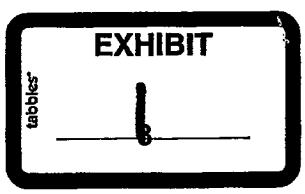
MEMORANDUM OF TERMS FOR

THE PRIVATE PLACEMENT OF SECURITIES OF

INSOUND MEDICAL, INC.

THIS MEMORANDUM SUMMARIZES THE PRINCIPAL TERMS OF THE PROPOSED FINANCING OF INSOUND MEDICAL, INC. (THE "COMPANY"). THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY; THERE IS NO OBLIGATION ON THE PART OF ANY NEGOTIATING PARTY UNTIL A DEFINITIVE NOTE PURCHASE AGREEMENT IS SIGNED BY ALL PARTIES. THE COMPLETION OF THE TRANSACTIONS CONTEMPLATED BY THIS TERM SHEET IS SUBJECT TO THE SATISFACTORY COMPLETION OF DUE DILIGENCE. THIS TERM SHEET DOES NOT CONSTITUTE EITHER AN OFFER TO SELL OR AN OFFER TO PURCHASE SECURITIES.

Type of Security:	Convertible promissory note (the "Note").
Amount to be Raised:	Up to $4,500,000.
Closings:	Up to $4,500,000 in aggregate principal amount of Notes may be issued in two tranches ("First Tranche" and "Second Tranche," respectively), with $3,000,000 in the First Tranche and up to $1,500,000 in the Second Tranche. The anticipated date of closing of the First Tranche will be September 1, 2009. The Company, with the approval of majority of the Executive Committee of the Board and the approval of at least three of the four "Major Investors" (as defined below), may draw down the Second Tranche. At least 15 days' written notice shall be given by the Company prior to the closing of the Second Tranche. "Major Investors" means De Novo Ventures, CMEA Ventures, Psilos Group and Johnson & Johnson Development Corporation. The Investors' rights and obligation to close any tranche will expire upon the occurrence of a Qualified Equity Financing (as defined below).
Investors:	The Investors will include the current holders of Preferred Stock of the Company, who will be offered the opportunity to participate in the $4.5 million financing on a pro rata basis (calculated based on their ownership of the total shares of Preferred Stock, as set forth in Exhibit A attached hereto). Any portion of the financing that is unsubscribed by the holders of Preferred Stock shall be offered to participating Investor proportionately based on their participation, until the full amount of the financing is subscribed. All securities held or acquired by an Investor and its affiliated entities (including affiliated investment funds) shall be aggregated for purposes of



	determining the rights and obligations of such Investor under this term sheet.
Special Mandatory Conversion:	If any Investor that is a holder of Preferred Stock of the Company fails to purchase its full pro rata portion (based on shares outstanding of Preferred Stock) of Notes in the First Tranche or the Second Tranche, then all of the Preferred Stock then held by such Investor shall be converted into Common Stock at the then current conversion price.
Interest:	8% per annum, compounded annually. In the event that the outstanding principal and accrued interest is not repaid on or before the Maturity Date (as defined below), the outstanding balance will continue to accrue interest at the same rate.
Maturity:	The outstanding principal and accrued interest under each Note will be due and payable upon demand by holders of Notes representing at least a majority of the principal amount under all Notes then outstanding (the "Requisite Majority"), at any time eight months following the closing of the first tranche (the "Maturity Date"). The Notes may not be prepaid without the consent of the Requisite Majority.
Conversion:	In the event that the Company completes a Qualified Equity Financing (as defined below) prior to the repayment or conversion of all amounts under the Notes, then the outstanding principal amount and the accrued interest under each Note will be converted into the same equity securities sold in such Qualified Equity Financing at a price per share equal to 75% of the price per share of the equity securities sold in such Qualified Equity Financing. For purposes of this Agreement, a "Qualified Equity Financing" means the first equity financing of the Company following the date of the note purchase agreement that (a) results in cash proceeds to the Company (excluding the conversion of the Notes) of at least $15 million and (b) is led by an investor that is not a Major Investor. The Requisite Majority may waive either of the foregoing criteria.
Change of Control:	In the event of a change of control of the Company prior to the conversion or repayment of the Notes, the Notes will be redeemed for an amount equal to two times the outstanding principal amount, together with any unpaid accrued interest, which amount will be paid upon the closing of the change of control transaction.
Note Purchase Agreement:	The sale of the Notes will be made pursuant to a note purchase agreement reasonably acceptable to the Company and the Investors. The agreement will provide for, among other things, customary representations and warranties of the Company and the Investors and customary conditions to closing.

Subordination:	The notes will be subordinate in right of payment to all current indebtedness to Lighthouse Capital.
Security Interest:	The Notes will be secured by all of the assets of the Company, which security interest will be junior in priority to the Lighthouse Capital security interest.
Default:	Each Note will provide that it will be considered an *"Event of Default"* if the Company: (i) fails to pay any principal or interest due and payable under such Note on the date the same becomes due and payable; (ii) makes any assignment for the benefit of its creditors under applicable state law; (iii) is the subject of an involuntary petition for bankruptcy under any federal or state insolvency laws and such petition is not dismissed within 90 days after the filing thereof; (vi) voluntarily files a petition for bankruptcy under any federal or state insolvency law; or (v) defaults under or fails to perform with respect to any agreements with third parties to the extent that such defaults or failures to perform result in the right of such third parties to accelerate the maturity of any indebtedness in an amount in excess of $250,000 in the aggregate. Upon the occurrence of any such Event of Default, the Requisite Holders may, at their option: (x) accelerate repayment of all outstanding principal and accrued interest under all Notes then outstanding; and/or (y) pursue any other legal or equitable remedies available to the holders of the Notes.
Fees and Expenses:	The Company and each Investor will bear its own fees and expenses in connection with this bridge financing, provided, that, at the Initial Closing the Company shall pay the reasonable fees and expenses incurred by a single counsel to the Investors, up to a maximum of $15,000.

Exhibit A

PREFERRED SHAREHOLDERS	Total Preferred Owned	Percentage of Preferred	Bridge based on all Preferred Stock
De Novo Ventures II, L.P.	5,970,975	16.962%	**$763,312.28**
CMEA Ventures	3,955,716	11.237%	**$505,687.36**
J & J Development Corporation	3,445,007	9.787%	**$440,399.79**
Psilos/InSound Co-Investment, LP	936,239	2.660%	**$119,686.10**
Psilos Group Partners II SBIC, LP	2,838,581	8.064%	**$362,876.03**
Kenneth Rainin Trust	1,829,658	5.198%	**$233,898.22**
Kenneth Rainin	49,572	0.141%	**$6,337.14**
Essex Woodlands Health Ventures Fund IV	1,633,669	4.641%	**$208,843.55**
Adnan Shennib	34,000	0.097%	**$4,346.46**
Fataneh Omidvar	67,500	0.192%	**$8,629.01**
SightLine Healthcare Fund III	1,372,375	3.899%	**$175,440.47**
California Technology Partners II, L.P.	1,802,183	5.120%	**$230,385.89**
Novo A/S	2,177,095	6.185%	**$278,313.57**
East Gate Private Equity Fund III, L.P.	1,220,164	3.466%	**$155,982.26**
SightLine Vinatage Fund	1,416,304	4.023%	**$181,056.23**
Gund Investment, LLC	1,097,711	3.118%	**$140,328.22**
Robert Schindler Trust	812,505	2.308%	**$103,868.30**
Robert Schindler	15,790	0.045%	**$2,018.55**
Stanford Venture Capital Holdings	765,028	2.173%	**$97,798.98**
Northlea Partners Ltd.	207,484	0.589%	**$26,524.16**
Pacific Asset Partners	342,895	0.974%	**$43,834.71**
Aphelion Medical Fund, LP	362,575	1.030%	**$46,350.55**
Edward G Roach	257,150	0.731%	**$32,873.32**
Jemison Investment Co, Inc.	251,043	0.713%	**$32,092.62**
Piper Jaffray Direct Fund II	296,677	0.843%	**$37,926.33**
Thomas Mancino SEP IRA	23,337	0.066%	**$2,983.33**
Thomas E Mancino	221,060	0.628%	**$28,259.67**
James T Rybicki Trust	186,448	0.530%	**$23,834.98**
Gold Hill Venture Lending 03, LP	148,337	0.421%	**$18,962.98**
Larry Haimovitch Trust	95,473	0.271%	**$12,204.99**
Al-Midani Investment Company	133,229	0.378%	**$17,031.61**
Group Outcome Investors, LLC	107,913	0.307%	**$13,795.29**
JT Murray/WC Heaton Palm Beach ENT	93,490	0.266%	**$11,951.49**
Jesse Kramer	46,845	0.133%	**$5,988.53**
Jesse Kramer (Interest)	390	0.001%	**$49.86**
Gordon Nye	71,942	0.204%	**$9,196.86**
NTC & Co FBO Janet Schindler	94,577	0.269%	**$12,090.45**
Mandato Family Trust	58,800	0.167%	**$7,516.82**

Michael Scherl	54,235	0.154%	**$6,933.25**
Michael Trokel	47,829	0.136%	**$6,114.32**
Edward P Weinsoff	100,739	0.286%	**$12,878.18**
Frederic H Moll, MD	35,971	0.102%	**$4,598.43**
Timothy J Barberich	35,971	0.102%	**$4,598.43**
Ameena K Jandali	34,000	0.097%	**$4,346.46**
Paul A Grossberg Trust	30,744	0.087%	**$3,930.22**
Noel & Abby Maxam	27,500	0.078%	**$3,515.52**
Noel Maxam	3,236	0.009%	**$413.68**
Sari E Staver	29,131	0.083%	**$3,724.02**
PABA Ltd Partnership	27,500	0.078%	**$3,515.52**
Theodore H Barnett	25,000	0.071%	**$3,195.93**
William W Hutchins	25,000	0.071%	**$3,195.93**
Richard L Lindstrom	20,000	0.057%	**$2,556.74**
Schindler MD Pension Plan	25,536	0.073%	**$3,264.45**
Alexandra McIntyre	15,000	0.043%	**$1,917.56**
Ross G Baker, Jr.	15,000	0.043%	**$1,917.56**
David E Farber	12,500	0.036%	**$1,597.96**
Jeffrey Davidson	12,500	0.036%	**$1,597.96**
Joseph Sweeney Trust	12,500	0.036%	**$1,597.96**
Lee D Eisenberg	12,500	0.036%	**$1,597.96**
Brian Schindler, MD	22,393	0.064%	**$2,862.66**
Heath Lukatch as separate property	6,044	0.017%	**$772.65**
Heath and Carrie Lukatch	6,044	0.017%	**$772.65**
B.Schindler & D. Schindler TTEE, FBO B Schindler	18,944	0.054%	**$2,421.75**
B.Schindler & D. Schindler TTEE, FBO D Schindler	18,943	0.054%	**$2,421.62**
B.Schindler & D. Schindler TTEE, FBO J Johnson	18,943	0.054%	**$2,421.62**
Schindler, Schindler, Johnson MPPP	4,426	0.013%	**$565.81**
Stephen Blumenreich	13,661	0.039%	**$1,746.38**
Shawn Cross	13,661	0.039%	**$1,746.38**
Brent Milner	13,661	0.039%	**$1,746.38**
David Stubbs	13,661	0.039%	**$1,746.38**
James Buckley	2,981	0.008%	**$381.08**
Kevin Schindler	2,500	0.007%	**$319.59**
Michael Schindler	2,500	0.007%	**$319.59**
Bernard Kramer	551	0.002%	**$70.44**
Total	**35,201,042**	**100.000%**	**$4,500,000.00**

InSound Medical, Inc.

Company Address:	39660 Eureka Drive Newark, CA 94560	**Industry:**	Healthcare Equipment
		Contacts:	David Thrower (CEO) Dan Saccani (CFO)

Business Summary

InSound Medical, Inc. ("InSound" or the "Company") develops and manufactures hearing devices. It offers Lyric, an invisible extended wear hearing device. Lyric is a non-surgical solution that works with the ear's anatomy to provide clear, natural sound quality and can be used 24 hours a day, seven days a week, for months at a time. InSound Medical, Inc. was formerly known as InSonus Medical, Inc. The company was founded in 1998 and is based in Newark, California.

Current Status

Stanford Venture Capital Holdings ("Stanford") invested $1,500,000 in September 2008 for 765,028 shares of Series E-3 Preferred Stock, which represents a 1.69% fully-diluted ownership interest in InSound, 1.95% of the total outstanding capital stock and 2.17% of the Preferred stock. Since 2H 2008, InSound has known that it would run out of cash in late 2009 or early 2010 depending on spending levels and the impact of the economic downturn on its operations. The Company initially explored an IPO in early 2009 as a path towards liquidity; however, the plan was abandoned in Q2 2009 when it became clear IPOs were not getting completed in the medical technology space. At that point, the Company focused on approaching both strategic buyers in the hearing aid space and outside venture capital firms that could potentially lead a new round of financing.

InSound is expected to end August 2009 with roughly $1.5 million in cash on hand, which is about a one month supply. Moreover, none of the fundraising initiatives will close quickly enough to avoid running out of cash at the end of September 2009. As a result, the Company has been forced to do a bridge financing (the "Bridge") to get it to a point where its financing alternatives have been clearly delineated (a process that could still take 2 – 3 additional months or more). In the financing agreement, the Company opted to include pay to play language and the existing shareholders have waived their Right of First Refusal as it relates to the purchase of the Stanford shares.

The Bridge will to raise $4.5 million in two tranches, the first of which should close on or about September 1, 2009. Yet, even if the Bridge is completed as expected, there remains a great deal of uncertainty surrounding the Company's ability to raise the additional capital it needs to see the business through to break even, which is estimated at $25 - $30 million. If Stanford does not participate in the current Bridge ($97,799), its preferred stake will be converted to common, severely diluting the minimal value of its stake. To prevent significant future dilution, it would also need to participate in future financing rounds that are likely to continue well into the future.

Marketing Process

By its nature, the private equity asset class is illiquid, intended to be a long-term investment for buy-and-hold accredited investors. For the vast majority of private equity investments, there is no active public market; however, a limited secondary market exists, where holders of these interests may be able to achieve liquidity through a sales process. The interest in the secondary market for a specific asset is determined by a number of factors including the type and quality of the products / technology, the industry and regional focus, the track record of management, the size of the investment, the capital needs of the company, and the availability of financing and exit options available to the company.

PHG and Company management solicited interest from strategic investors, venture capital firms and secondary buyers (collectively "Investors"). Six (6) strategic buyers in the hearing aid space were approached to evaluate the opportunity; however, as a group, these strategic players have historically provided only stepwise innovations, so a disruptive technology such as that of the Lyric hearing aid have been overlooked in many cases. To date, none of these discussions with the strategic investors have resulted in term sheets. The Company is still determining the final number of venture capital firms approached, but it is confirmed that at least ten (10) venture firms were contacted, of which two are existing investors in the company; however, no formal term sheet has been received to date. Three (3) secondary buyers, who specialize in venture capital, were introduced to the opportunity but did not show interest given the capital needs of the company and unproven technology.

Conclusion

Private Equity Investors, Inc. and SightLine Partners LLC have offered to purchase the 765,028 Series E-3 preferred shares held by Stanford Venture Capital Holdings ("Stanford") for $0.27 per share or $206,557.56. Given the high risks of the Company's inability to reach break even and the marketing efforts conducted, the offer from Private Equity Investors, Inc. and SightLine Partners LLC represent the highest dollar value for the Stanford Estate.

EXHIBIT 2

Execution Version

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is made this 3rd day of September, 2009 (the "Effective Date"), by and between Stanford Venture Capital Holdings, Inc., a Delaware corporation ("Seller"), and SightLine Healthcare Opportunity Fund, LLC, a Delaware limited liability company ("Buyer") (Seller and Buyer being sometimes hereinafter referred to, collectively, as the "Parties," and each, individually, as a "Party").

WITNESSETH:

WHEREAS, Seller owns certain equity securities ("Securities") of Insound Medical, Inc., a Delaware corporation (the "Company"), which are set forth on Schedule 1 hereto;

WHEREAS, the Court (as defined below) entered an order on February 17, 2009, appointing Ralph S. Janvey as Receiver (the "Receiver") for the assets of Stanford International Bank, Ltd., Stanford Group Company, Stanford Capital Management, LLC, R. Allen Stanford, James M. Davis and Laura Pendergest-Holt and the entities they own or control, including Seller; and

WHEREAS, Seller desires to sell and convey to Buyer, and Buyer desires to accept and purchase from Seller, for the Purchase Price (as defined below), all of Seller's right, title and interest in the Securities upon the terms and conditions hereinafter set forth in this Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, Seller and Buyer hereby agree as follows:

1. **DEFINED TERMS:** Capitalized terms and expressions used in this Agreement shall have the meanings set forth in the Recitals above or as follows:

   A. Affiliates: means with respect to any specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. For purposes of this definition, "control" (including the correlative terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of a voting equity interest, by contract or otherwise.

   B. Assignment of Ownership Interest: means the stock certificates evidencing the Securities, together with blank stock powers and any other documentation reasonably necessary to cause the Securities and Seller's interest in all Financing Documents to be transferred to Buyer and re-registered in Buyer's name.

   C. Bridge Financing: means that certain private placement of Convertible Promissory Notes currently being offered by the Company.

   D. Closing: means the closing of the transactions set forth in this Agreement, including the performance by Seller and Buyer of their respective obligations set forth herein.

   E. Closing Date: unless otherwise mutually agreed by the Parties, the Closing Date means the later of (i) the date five (5) business days following approval of this Agreement by the Court as herein provided or (ii) September 30, 2009; provided, however that if the final

closing of the Bridge Financing occurs prior to the Closing, then the Closing will be automatically cancelled and all rights and obligations of the Parties hereunder shall automatically terminate.

F. Court: means the United States District Court for the Northern District of Texas, Dallas Division, which is the court with exclusive jurisdiction in Case No. 3-09CV0298-L (the "Case Number").

G. Financing Documents: means all purchase, shareholder, investor rights, voting or other agreements which Seller is party to relating to the Securities.

H. Person: means any individual, firm, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, government or agency or subdivision thereof or any other entity.

I. Purchase Price: means Two Hundred and Six Thousand, Five Hundred and Fifty-Seven and 56/100 Dollars ($206,557.56) in immediately available funds.

J. Shareholder Rights: means all rights of first offer, rights of first refusal, pre emptive rights, rights to acquire, transfer restrictions, and all other rights, restrictions or limitations on sale of the Securities contemplated by this Agreement.

2. **SALE AND CONVEYANCE OF SECURITIES:**

A. Subject to the terms and conditions of this Agreement, and for the Purchase Price contemplated herein, with effect from the Closing, the Seller hereby sells and conveys the Securities to Buyer, and Buyer hereby purchases and accepts the Securities from Seller.

B. In addition to the Securities, each Party hereby agrees to deliver at Closing all documents required by this Agreement and perform any other acts as may be reasonably required by the other party to successfully effect the transactions contemplated in this Agreement.

3. **BUYER'S CONDITIONS TO CLOSING:** In addition to all other conditions set forth herein, the obligation of Buyer to consummate the transactions contemplated hereunder is subject to the following conditions (each, a "Buyer Closing Condition"), all of which may be waived by Buyer in its sole discretion. In the event any Buyer Closing Condition remains unfulfilled at Closing, Buyer may terminate this Agreement or waive such condition and proceed with Closing as provided for in this Agreement:

A. The representations and warranties of Seller set forth herein are true and correct as of the date hereof and as of the Closing Date.

B. Seller shall have delivered to Buyer evidence reasonably satisfactory to Buyer of all consents and authorizations necessary to authorize Seller to consummate the transactions contemplated by this Agreement, including without limitation, approval by the Court of this Agreement, and authorization of Seller by the Court to convey the Securities to Buyer in accordance with the terms hereof. In connection therewith, Seller hereby covenants and agrees that as soon as reasonably possible after the execution of this Agreement by Buyer (and in no event more than five (5) business days thereafter), Seller shall apply to the Court for approval of the transactions contemplated hereby and use all reasonable efforts to obtain such approval as soon as reasonably possible.

C. Seller shall have delivered the Assignment of Ownership Interest, fully executed by Seller.

D. Buyer shall have the right to participate pro rata in the Bridge Financing on the same terms as the other participants therein.

E. Buyer shall have received evidence satisfactory to Buyer confirming that all Shareholder Rights with respect to the Securities have been waived and that the Company has consented to and acknowledged the transfer of the Securities to the Buyer.

4. **SELLER'S CONDITIONS TO CLOSING:** In addition to all other conditions set forth herein, the obligation of Seller to consummate the transactions contemplated hereunder is subject to the following conditions (each, a "Seller Closing Condition"), all of which may be waived by Seller in its sole discretion. In the event any Seller Closing Condition remains unfulfilled at Closing, Seller may terminate this Agreement or waive such condition and proceed with Closing as provided for in this Agreement:

A. The representations and warranties of Buyer set forth herein are true and correct as of the date hereof and as of the Closing Date.

B. Buyer shall have delivered to Seller evidence reasonably satisfactory to Seller of all consents and authorizations necessary to authorize Buyer to consummate the transactions contemplated by this Agreement.

C. Seller shall have received approval by the Court of this Agreement and authorization of Seller by the Court to convey the Securities to Buyer in accordance with the terms hereof.

D. Buyer shall have delivered the Assignment of Ownership Interest, fully executed by Buyer, to the extent required.

5. **CLOSING:**

A. The Closing shall be on or before the Closing Date, and shall occur in the offices of Baker Botts L.L.P., 910 Louisiana St., Houston, Texas 77002, unless otherwise agreed to by the Parties.

B. At Closing, Buyer and Seller shall perform the obligations set forth in, respectively, subparagraphs (i) and (ii) below, the performance of which obligations shall be concurrent conditions:

(i) Buyer shall deliver, or cause to be delivered, to Seller:

(a) the Assignment of Ownership Interest, fully executed by Buyer, if required;

(b) the Purchase Price in the form of immediately available funds by wire transfer to an account or accounts specified by Receiver;

(c) an officer's certificate certifying that the conditions described in Section 4A and Section 4B have been satisfied; and

(d) any other documents reasonably requested by Seller to evidence Buyer's authority to enter into and comply with all of the terms and conditions contained in this Agreement.

(ii) Seller shall deliver, or cause to be delivered, to Buyer:

(a) the Assignment of Ownership Interest, fully executed by Seller;

(b) a certificate from the Receiver, on behalf of Seller, certifying that the conditions described in Section 3A and Section 3B have been satisfied; and

(c) any other documents reasonably requested by Buyer to evidence Seller's authority to enter into and comply with all of the terms and conditions contained in this Agreement.

C. Each Party shall bear its own expenses with respect to the performance of its obligations under this Agreement and providing all of the documents required under this Agreement in connection with Closing.

6. **SELLER'S REPRESENTATIONS:** Seller makes the following representations and warranties, which shall be true as of the Effective Date and at Closing and which shall survive Closing:

A. Organization. Seller is (i) duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and (ii) subject to the approval of the Court, has full power and authority to execute, deliver and perform its obligations under this Agreement and all agreements, contracts and documents contemplated hereby, and subject to Court approval, all activity of Seller necessary for such execution, delivery and performance has been duly taken.

B. Authorization of Agreement and Enforceability: Subject to Court approval, this Agreement is a valid and legally binding obligation of Seller enforceable against it in accordance with its terms and, subject to Court approval, each document and instrument of transfer contemplated by this Agreement, when executed and delivered by Seller in accordance with the provisions hereof, shall be valid and legally binding upon Seller in accordance with its terms. As of the Closing, all such Court approvals have been obtained by Seller.

C. Ownership of the Securities: Seller is the sole and exclusive registered and beneficial owner of the Securities and Seller has good, valid and marketable title thereto, free and clear of any liens, charges, pledges, encumbrances, security agreements, voting agreements, equitable options, claims, charges or restrictions of any nature whatsoever (other than transfer restrictions that may be imposed under applicable securities laws) (together, "Encumbrances"). Upon delivery of the Purchase Price, as provided for in this Agreement, Buyer will receive good, valid and marketable title to the Securities, free and clear of any Encumbrances. The Securities constitute all of Seller's interests in the Company and, on the Closing Date, Seller shall cease to have any interest in the Company, whether direct or indirect, actual or contingent.

D. No Conflicts; Consents and Approvals: Seller has not granted to any Person any current rights in the Securities that will survive the Closing or any rights to acquire all or any part

of the Securities that remain in effect and there is no outstanding agreement by Seller to sell all or any part of the Securities to any other Person. No consent, approval, waiver, authorization or other order of or filing with any person is required on the part of Seller in connection with Seller's execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for consent from the Court, which will be delivered to Buyer prior to Closing.

E. Litigation: There is no action, lawsuit, arbitration, claim or proceeding, pending, or, to the knowledge of the Receiver, threatened, against Seller that involves any of the transactions described in this Agreement, or the Securities, or could reasonably be expect to impede, frustrate the purpose of, hinder or delay the transactions contemplated by this Agreement, except for those matters within the jurisdiction of the Court and consolidated under the Case Number.

F. Prior Obligations. To the Receiver's knowledge, there are no outstanding or unfulfilled commitments or obligations of Seller under any Financing Document or charter document of the Company. There are no Shareholder Rights of any kind applicable to the sale and purchase of the Securities hereunder that have not been previously waived. To the Receiver's knowledge, Seller has not defaulted on any of its obligations under the Financing Documents.

G. Contravention. Neither the execution, delivery and performance of this Agreement by Seller nor the consummation of the transactions described herein by Seller will (with or without notice or lapse of time or both) (a) violate or breach any provision of Seller's organizational or governing documents, (b) violate or breach any statute, law, rule, regulation or order by which Seller or any of its properties, including, without limitation, the Securities, may be bound or affected, or (c), to the Receiver's knowledge, breach, or result in a default under, any material contract or other material agreement to which Seller is a party or by which Seller or any of its properties, including, without limitation, the Securities, may be bound or affected.

H. Securities Laws. Seller has not offered to sell any portion of the Securities or any interest therein in a manner which violates any applicable securities law or would require the sale hereunder to be registered under the Securities Act of 1933, as amended (the "Securities Act") or any other applicable securities laws.

I. Affiliate Status. To the Receiver's knowledge, Seller is not, and has not in the last three (3) months been, an "Affiliate" of the Company under the meaning of the Securities Act.

J. Financing Documents. Attached hereto as Schedule 2 is a list of each of the Financing Documents as currently in effect as of the date hereof.

7. **BUYER'S REPRESENTATIONS:** Buyer makes the following representations and warranties, which shall be true as of the Effective Date and at Closing and which shall survive Closing:

A. Organization; Authority: Buyer has the legal authority to enter into and to consummate the transactions contemplated by this Agreement.

B. Authorization of Agreement: The execution, delivery and performance of this Agreement have been duly and validly authorized within Buyer's organization. This Agreement is a valid and legally binding obligation of Buyer enforceable against it in

accordance with its terms and each document and instrument of transfer contemplated by this Agreement, when executed and delivered by Buyer in accordance with the provisions hereof, shall be valid and legally binding upon Buyer in accordance with its terms.

C. Consents and Approvals: No consent, approval, waiver, authorization or other order of or filing with any person is required on the part of Buyer in connection with Buyer's execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for consent from the Court, which will be delivered prior to Closing.

D. Purchase for Investment: Subject to Buyer's right of assignment pursuant to Section 10, Buyer is acquiring the Securities for its own account, for investment purposes and not with a view to any distribution or resale thereof, except in compliance with the Securities Act of 1933, as amended, and applicable state securities laws.

8. **REMEDIES:** In the event of a default by Buyer hereunder, which default remains uncured for a period of ten (10) business days after written notice thereof is received by Buyer, Seller shall be entitled to all remedies available to Seller at law or in equity, including without limitation, the right to maintain an action for monetary damages or for specific performance of the terms of this Agreement. In the event of a default by Seller hereunder, which default remains uncured for a period of ten (10) business days after written notice thereof is received by Seller, Buyer shall be entitled to all remedies available to Buyer at law or in equity, including without limitation, the right to maintain an action for monetary damages or for specific performance of the terms of this Agreement.

9. **TERMINATION:** If the Closing has not occurred by October 31, 2009, then this Agreement may be terminated by either party hereto (except, any party which is in default of its obligations may not terminate this Agreement), in which case such party will be relieved of its obligations hereunder.

10. **ASSIGNMENT:** Buyer shall have the right to assign its rights and obligations under this Agreement to an Affiliate without the prior consent or knowledge of Seller. Seller shall not assign any interest in this Agreement to any other party without the prior written consent or knowledge of Buyer.

11. **BROKERS:** Except as set forth on Schedule 3, which includes the name of each Party's broker opposite the name of the Party responsible for such broker's fees, to the extent a Party has a broker in connection with this transaction, each Party represents to the other Party that (i) there are no finders' fees or brokers' fees that have been or will be incurred in connection with this Agreement or the transfer of the Securities, and (ii) such Party has not authorized any broker or finder to act on such Party's behalf in connection with the sale and purchase hereunder. Each Party hereto agrees to indemnify, defend, and hold harmless the other Party from and against any and all claims, losses, damages, costs or expenses of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such Party with any broker or finder in connection with this Agreement or the transactions contemplated hereby. This obligation shall survive the Closing or earlier termination of this Agreement.

12. **FURTHER ASSURANCES:** Each Party shall from time to time, before and after Closing, at the other Party's request, execute and deliver such further instruments of conveyance, assignment and transfer and shall take such further action as either Party may reasonably require for the

conveyance and transfer of the Securities and to consummate the transactions contemplated by this Agreement.

13. **NOTICES:** All notices and other communications from one Party to the other pertaining to this Agreement shall be given in written form and shall be served either (i) by personal delivery, or (ii) by depositing the same with the United States Postal Service addressed to the Party to be notified, postage prepaid and in registered or certified form, with return receipt requested, or (iii) by deposit with FedEx or other recognized courier for overnight delivery, or (iv) by email or facsimile, and in any event addressed as set forth below. Notice given as aforesaid shall be deemed delivered on the date actually received at the address to which such notice was sent, or if delivery is refused or not accepted, such notice shall be deemed delivered on the date of such refusal or failure to accept delivery. For purposes of notice, the addresses of the Parties shall be as follows:

If to Seller or the Receiver:

Ralph S. Janvey
Receiver for the Stanford Financial Group
2100 Ross Avenue, Suite 2600
Dallas, TX 75201
Email: info@stanfordfinancialreceivership.com
Phone: 214-397-1912
Fax: 214-220-0230

With copy to:

Baker Botts L.L.P.
2001 Ross Avenue
Dallas, TX 75201
Attn: Craig N. Adams
Email: Craig.Adams@BakerBotts.com
Phone: 214-953-6819
Fax: 214-661-4819

If to Buyer:

SightLine Healthcare Opportunity Fund, LLC
50 South Sixth Street, Suite 1390
Minneapolis, MN 55402
Attn: Mr. Archie Smith
Email: asmith@sightlinepartners.com
Phone: 612-465-0600
Fax: 612-465-0620

With copy to:

Robins, Kaplan, Miller & Ciresi L.L.P.
2800 LaSalle Plaza
800 LaSalle Avenue
Minneapolis, MN 55402-2015
Attention: John R. Houston, Esq.
Email: JRHouston@rkmc.com
Phone: (612) 349-8500
Fax: (612) 339-4181

Either Party may change its address to another location in the continental United States upon five (5) days' prior written notice thereof to the other Party; provided, however, a notice of change of address shall not become effective unless actual receipt thereof by the Party to be notified.

14. MISCELLANEOUS:

A. This Agreement shall be construed in accordance with the laws of the State of Texas notwithstanding any contrary "choice of laws" provisions of that or any other State. Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement, whether in tort or contract or at law or in equity, exclusively in the Court.

B. This Agreement may be executed in multiple counterparts, including emailed as PDF or faxed counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

C. If the final day of any period of time set out in any provision of this Agreement falls upon a Saturday or Sunday or a legal holiday under the laws of the State of Texas, then, and in such event, the time of such period shall be extended to the next business day that is not a Saturday, Sunday or legal holiday. The term "business day" shall mean a day that is not a Saturday, Sunday or national bank holiday in Houston, Texas.

D. Time is of the essence in the performance of this Agreement.

E. Subject to any limitations on an assignment by Buyer or Seller set forth in this Agreement, this Agreement shall bind and benefit the Parties and their respective representatives, successors and assigns.

F. This Agreement may not be amended except in writing, executed by the Party against whom enforcement of any waiver, change, or discharge is sought.

G. Entire Agreement. This Agreement, its Schedules and Exhibits and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the Parties with regard to the subjects hereof and no Party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.

H. Absence of Third-Party Beneficiaries. Except as otherwise set forth herein, no provisions of this Agreement are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any client, customer, affiliate,

stockbroker, partner or any other Party hereto or any other person or entity unless specifically provided otherwise herein, and, except as so provided, all provisions hereof will be personal solely between the Parties to this Agreement.

I. Severability. If any provision of this Agreement, or the application thereof, will for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the Parties hereto. The Parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the greatest extent possible, the economic, business and other purposes of the void or unenforceable provision.

J. Survival. The representation, warranties and covenants of Seller and Buyer contained in this Agreement shall survive for two years following the execution and delivery of this Agreement.

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

BUYER:

SIGHTLINE HEALTHCARE OPPORTUNITY FUND, LLC, a Delaware limited liability company

By: SIGHTLINE OPPORTUNITY MANAGEMENT, LLC,
its Managing Member

By: SIGHTLINE PARTNERS LLC,
its Managing Director

By: _____
Name: Buzz Benson
Title: Managing Director

SELLER:

STANFORD VENTURE CAPITAL HOLDINGS, INC., a Delaware corporation

By: _____
Name: Ralph S. Janvey
Title: Receiver

IN WITNESS WHEREOF, the signatories hereto have executed this Agreement as of the Effective Date.

BUYER:

SIGHTLINE HEALTHCARE OPPORTUNITY FUND, LLC, a Delaware limited liability company

By: SIGHTLINE OPPORTUNITY MANAGEMENT, LLC, its Managing Member

By: SIGHTLINE PARTNERS LLC, its Managing Director

By: _____
Name: Buzz Benson
Title: Managing Director

SELLER:

STANFORD VENTURE CAPITAL HOLDINGS, INC., a Delaware corporation

By: Ralph S. Janvey
Name: Ralph S. Janvey
Title: Receiver

Schedule 1

SECURITIES

Type of Security	**# of Shares**
Series E Preferred Stock	765,028

Schedule 2

Financing Documents

1. InSound Medical, Inc. Amended and Restated Investors' Rights Agreement dated September 26, 2008
2. InSound Medical, Inc. Series E-3 Preferred Stock Purchase Agreement dated September 26, 2008
3. InSound Medical, Inc. Amended and Restated Right of First Refusal and Co-Sale Agreement dated September 26, 2008
4. InSound Medical, Inc. Amended and Restated Voting Agreement dated September 26, 2008

Schedule 3

Brokers

1. Seller - Park Hill Group LLC
2. Buyer - None

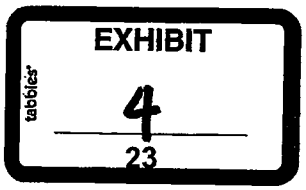
SUBSCRIPTION DOCUMENTS

MEMPHIS BIOMED VENTURES II, L.P.
(A Delaware Limited Partnership)

Units of Limited Partnership Interest
Being Offered at $50,000 per Unit

THE LIMITED PARTNERSHIP INTERESTS REFERRED TO HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). SUCH INTERESTS ARE BEING OFFERED AND SOLD UNDER THE EXEMPTION PROVIDED BY SECTION 4(2) OF THE 1933 ACT, AND/OR PURSUANT TO RULE 506 OF REGULATION D THEREUNDER. A PURCHASER OF ANY INTEREST MUST BE PREPARED TO BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND, THEREFORE, CANNOT BE SOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THERE IS NO OBLIGATION OF THE ISSUER TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT.

ARTICLE IX OF THE AGREEMENT OF LIMITED PARTNERSHIP PROVIDES FOR FURTHER RESTRICTIONS ON TRANSFER OF THE INTERESTS. ACCORDINGLY, PURCHASE OF THE INTERESTS IS ONLY SUITABLE FOR INVESTORS WILLING AND ABLE TO ACCEPT THE ECONOMIC RISK OF THE INVESTMENT AND LACK OF LIQUIDITY.



MEMPHIS BIOMED VENTURES II, L.P.

NUMBER OF UNITS 100

TOTAL INVESTMENT $5,000,000.00

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

MEMPHIS BIOMED VENTURES II, L.P.

A Delaware Limited Partnership

To be Completed in Full by Each Prospective Limited Partner

THIS EXECUTED SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY (the "Subscription Agreement"), when and if accepted by the General Partner, shall constitute a subscription for units of limited partnership interest (the "Units"), in the amount set forth above, in MEMPHIS BIOMED VENTURES II, L.P., a Delaware limited partnership (the "Partnership"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement of Limited Partnership.

This Subscription Agreement (including all Appendices) must be completed in its entirety by the Subscriber and the Subscriber, by the execution hereof, acknowledges that he/she understands that the Partnership and the General Partner are relying upon the accuracy and completeness hereof in complying with their obligations under applicable securities laws, the terms of the Agreement of Limited Partnership, and this Subscription Agreement. Subject to the terms and conditions hereof, the undersigned hereby tenders this Subscription Agreement for Units in the Partnership in the amount of $50,000 per Unit. **[MINIMUM INVESTMENT: TEN UNITS OR $500,000 FOR INDIVIDUAL INVESTORS, FORTY UNITS OR $2,000,000 FOR INSTITUTIONAL INVESTORS.]**

The Subscriber, as evidenced by his execution of this Subscription Agreement, warrants, represents and covenants that:

1. Such Subscriber has received and read the Private Placement Memorandum dated July 1, 2005 (the "Memorandum") which accompanies this Subscription Agreement, including the Agreement of Limited Partnership attached to the Memorandum as Exhibit A (the "Agreement of Limited Partnership"), and is familiar with all the terms and provisions thereof. The Subscriber hereby adopts, accepts and agrees, provided this Subscription is accepted by the General Partner, to be bound by all the terms and provisions of the Agreement of Limited Partnership and to perform all obligations and duties therein imposed upon a Limited Partner with respect to the Units subscribed for hereby, including the obligation to contribute to the capital of the Partnership as set out below. Further, provided this Subscription is accepted by the General Partner, the Subscriber specifically authorizes such General Partner to execute on his/her behalf the Agreement of Limited Partnership pursuant to the Power of Attorney included in this Subscription Agreement.

2. Such Subscriber has such knowledge and experience in business and financial matters, or competent professional advice concerning the Partnership, that the Subscriber is capable of evaluating the merits and risks of the prospective investment in the Units.

3. Such Subscriber has had and continues to have the opportunity to obtain from the General Partner any additional information, to the extent possessed or obtainable without unreasonable effort and expense, necessary to evaluate the merits and risks of this proposed investment and the Subscriber has concluded, based on the information presented to the undersigned, his/her own understanding of investments of this nature and of this investment in particular, and the advice of such professional advisors and consultants as the Subscriber has deemed appropriate, that the Subscriber wishes to subscribe for the number of Units indicated on the first page hereof.

4. (a) The Subscriber is an "Accredited Investor" in that the Subscriber meets the requirements of at least one of the subparagraphs listed below **[PLEASE CHECK APPLICABLE PARAGRAPHS)]**:

□ (i) Any natural person who had individual income in excess of $200,000 in each of the most recent two (2) years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year. No precise formula exists for calculating "income" for purposes of this subparagraph, although it may include amounts normally excluded from "adjusted gross income" such as the following: (a) the amount of any tax-exempt interest income received, (b) any deduction claimed for depletion, (c) amounts contributed to an IRA or Keough retirement plan, (d) any losses of a partnership allocated to the individual limited partner, and (e) any deduction for long term capital gains. "Income," however, is not necessarily synonymous with "revenue." For example, a self-employed person should deduct operating expenses to give an accurate indication of income;

☐ (ii) Any natural person whose individual net worth, or joint net worth with that person's spouse, is in excess of $1,000,000. For this purpose, "individual (or joint) net worth" means the excess of total assets at fair market value, including home and personal property, over total liabilities;

☐ (iii) Any director, executive officer or general partner of the Partnership or of the General Partner or of the Special Limited Partner;

☐ (iv) Any trust with total assets in excess of $5,000,000 not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as defined in Regulation D; OR

(b) It is an "Institutional Investor" in that it meets the requirements of at least one of the subparagraphs listed below:

☐ (i) Any bank as defined in Section 3(a)(2) of the Securities Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 or any business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ (ii) Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940; or

☒ (iii) Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

(c) Regardless of which paragraph under (a) or (b) above was checked, the Subscriber is a person who has such knowledge and experience in financial and business matters that the Subscriber is capable of evaluating the merits and risks of his/her

purchase of the Units, who is able to bear the substantial economic risks of the investment and who can afford the complete loss of the investment.

(d) Initial the appropriate box below which correctly describes the application of the following statement to Subscriber's situation: the undersigned (i) was not organized or reorganized for the specific purpose of acquiring the Units and (ii) has made investments prior to the date hereof, and each beneficial owner thereof has and will share in the same proportion in each investment:

_X_ True

_____ False

If the "False" box is checked, name below (or on a separate sheet as necessary) the partners, shareholders or other persons participating in the entity and the percentage interest which each such person has in such entity. Each participating person will be required to fill out a subscription booklet and to make the representation as to investor status set forth in this paragraph 4.

_____

_____

_____

In all cases, the General Partner has the right, in its sole discretion, to refuse a subscription for Units for any reason, including, but not limited to, its belief that the prospective investor does not meet the applicable suitability requirements or that such an investment is otherwise unsuitable for such investor.

The General Partner recommends that a prospective investor subscribe for Units only if he/she is capable of holding his/her investment for the term of the Partnership (expected to continue until December 31, 2015, subject to extension at the sole discretion of the General Partner) even in the event of an emergency or other urgent circumstances.

5. Such Subscriber understands that the Units being acquired hereby have not been registered under the Securities Act, or under the Blue Sky or other securities laws of certain states except as provided in the Memorandum, and, therefore, that the Subscriber must bear the economic risk of the investment for an indefinite period of time as the Units cannot be sold or offered for sale unless the Units are subsequently so registered or an exemption from registration is available. The Subscriber further understands that his/her ability to transfer the Units is also severely restricted by the Agreement of Limited Partnership and, under most circumstances, the Subscriber cannot sell, assign, pledge, create a security interest in or otherwise transfer the Units, whether or not such transfer is in compliance with federal or state securities laws. The Subscriber also understands that there is no market for the resale of the Units and that none will develop, so that any realization of the value of his/her investment will, in all probability, be solely through eventual withdrawal of his/her capital from the Partnership in accordance with the provisions of the Agreement of Limited Partnership. In the event the General Partner determines to accept this Subscription, the undersigned agrees that he/she will not dispose of any of his

Units except in a manner and fashion which is in total compliance with the Agreement of Limited Partnership, specifically including the consent of the General Partner.

6. Such Subscriber is the sole party in interest in his/her participation and in this Subscription and is acquiring the Units solely for investment for his/her own account; the Subscriber has no present agreement, understanding, intent or arrangement to subdivide, sell, assign or transfer any part or all of his/her Units, or any interest therein, to any other person. The Subscriber further represents that he/she has sufficient and adequate means to provide for his/her current needs and personal contingencies and has no need for liquidity with respect to his/her investment in the Partnership.

7. If the undersigned is (a) a partnership, consisting of one or more trusts and/or one or more individuals and/or one or more corporations, each of the partners will sign below and, by signing below, each such partner represents and warrants that (i) each one of the representations or agreements or understandings set forth herein applies to that partner, and (ii) the person who has signed on behalf of the partnership identified as the Purchaser is authorized to so sign; in the case of any partner that is a trust, a trustee (or co-trustee) of the trust is authorized by the trust agreement to make this investment and to enter into the Agreement of Limited Partnership and this Subscription Agreement; and in the case of any partner that is a corporation, the corporate officer so signing is authorized to sign on behalf of the corporation and will, upon request of the General Partner or counsel of the Partnership, furnish to the Partnership not only the appropriate language of the articles of incorporation or bylaws, or both, authorizing the corporation to make such investment, but also appropriate corporate minutes authorizing the specific investment; and (b) a corporation, trust or other entity, the undersigned is authorized and otherwise duly qualified to purchase and hold Units in the Partnership, such entity has its principal place of business as set forth on the signature page hereof, and such entity has not been formed for the specific purpose of acquiring Units in the Partnership.

8. The Subscriber understands and agrees that this Subscription is subject to each of the following terms and conditions:

(a) the General Partner has the right to accept or reject this Subscription, in whole or in part, for any reason, without being obligated to specify any cause for his action whatsoever;

(b) any Units issued and delivered on account of this Subscription will be issued in the name of and delivered only to the Subscriber; and

(c) this Subscription may not be terminated or revoked by the Subscriber.

9. Such Subscriber is aware of and understands that the Partnership has only recently been organized and has no financial or operating history and that the Units are speculative investments which involve a risk of loss by the undersigned of his/her investment. The Subscriber understands the Partnership's future operations are subject to many significant risks. In this connection, the undersigned has carefully considered the contents of the Memorandum, noting specifically the "RISK FACTORS" set forth therein. In addition, the Subscriber acknowledges (i) no federal or state agency has passed upon the Units or made any finding or

determination as to the fairness of this investment; (ii) the undersigned has reviewed and understands the risks and other considerations set forth under "Federal Income Tax Considerations" in the Memorandum; and (iii) the undersigned has obtained the advice of his own investment advisers, counsel and accountants in connection with this investment.

10. The fiscal year of the Subscriber for federal income tax purposes ends on December 31 unless a different fiscal year ending date is filled in on the line below:

_____

(PLEASE ENTER DATE OF FISCAL YEAR-END, IF OTHER THAN DECEMBER 31)

11. Such Subscriber understands and intends that the Partnership and the General Partner will rely upon the representations made by the undersigned in this Subscription Agreement and related documents and that they are fully entitled to rely upon each and all of the same without further inquiry. The undersigned agrees to indemnify and save and hold the Partnership and the General Partner harmless from any loss or expense incurred by any of them by reason of their reliance hereupon.

12. Such Subscriber has not been furnished any offering literature or materials upon which the undersigned has relied in making the decision to purchase Units other than the Memorandum and the documents attached thereto, and the undersigned has relied only on the information contained in the Memorandum and those attached documents in connection with the purchase of Units. Specifically, the undersigned acknowledges that he/she has not relied on any representation by any person, whether such representation was made directly or indirectly, regarding the amount, percentage or type of profit or loss to be realized, if any, from an investment in the Units. The Subscriber further acknowledges that the prior experience of the General Partner or any other person is not in any way a prediction of the results which the Subscriber may obtain as a result of his/her investment in the Units.

13. The undersigned understands that if he/she shall fail to make any payment of his/her Committed Capital Contribution within ten (10) days of its due date, the undersigned may, in the sole and absolute discretion of the General Partner, be declared in breach and the amount due will accrue interest from the due date at an amount equal to the then applicable prime rate as published by the Wall Street Journal. Upon the continuation of such breach for more than twenty (20) days, his/her Units and interest in the Partnership shall be forfeited without any payment to him/her and, at the sole option of the General Partner, may be reissued or reassigned to another investor or transferred to all non-breaching Partners (other than the Special Limited Partner) in proportion to the balances of their respective capital accounts as of the first day of the fiscal year in which such default occurs.

14. By execution of this Subscription Agreement, the Subscriber hereby irrevocably designates and appoints the General Partner, and its duly authorized agents and successors and assigns, each with power of substitution and resubstitution, his/her true and lawful agent and attorney-in-fact in his/her name, place and stead to do any ministerial act necessary to qualify the Partnership to do business under the laws of any jurisdiction in which it is necessary to file any instrument in writing in connection with such qualification, and to make, execute, swear to and

acknowledge, amend, file, record, deliver and publish (i) any original certificate of limited partnership, amended certificate of limited partnership or amendments to any certificate of limited partnership required or permitted to be filed or recorded under the statutes relating to limited partnerships under the laws of any jurisdiction in which the Partnership shall engage or seek to engage in business; (ii) a counterpart of or amendment to the Agreement of Limited Partnership for the purpose of admitting additional Limited or Special Limited Partners or substituting as Limited or Special Limited Partner an assignee or successor to a Limited or Special Limited Partner's Interest pursuant to the Agreement of Limited Partnership or withdrawing a Tax-Exempt Limited Partner pursuant to Section 4.12 of the Agreement of Limited Partnership or admitting an additional or successor general partner pursuant to Sections 4.6 or 5.6 thereof; (iii) a counterpart of the Agreement of Limited Partnership or of any amendment thereto for the purpose of filing or recording such counterpart in any jurisdiction in which the Partnership may own property or transact business; (iv) all certificates and other instruments necessary to qualify or continue the Partnership as a limited partnership or partnership wherein the Limited Partners and the Special Limited Partner have limited liability in any jurisdiction where the Partnership may own property or be doing business; (v) any fictitious or assumed name certificate required or permitted to be filed by or on behalf of the Partnership; (vi) any other instrument that is now or may hereafter be required by law to be filed for or on behalf of the Partnership; (vii) a certificate or other instrument evidencing the dissolution or termination of the Partnership when such shall be appropriate in each jurisdiction in which the Partnership shall own property or do business; (viii) any amendment to the Agreement of Limited Partnership pursuant to Section 14.6 thereof; and (ix) any other instruments necessary to conduct the operation of the Partnership.

The Subscriber hereby further appoints the General Partner and its duly authorized agents and successors and assigns, each with power of substitution and resubstitution, his/her/its true and lawful agent and attorney-in-fact in his/her/its name, place and stead to (i) consent to any sale of substantially all the assets of the Partnership pursuant to Section 4.15 and 5.3 thereof, if a Majority in Interest of the Limited Partners, acting on their own behalf, have affirmatively consented to such sale; (ii) consent to the admission of any additional or Substituted Limited Partner or Substituted Special Limited Partner pursuant to Section 2.5 or 9.2 of the Agreement of Limited Partnership; (iii) consent to the admission of a new general partner pursuant to Section 4.6 or 5.6 of the Agreement of Limited Partnership; (iv) consent to the withdrawal of a Tax-Exempt Limited Partner pursuant to Section 4.12 of the Agreement of Limited Partnership; (v) to extend the term of the Partnership to the extent permitted by Section 2.6 of the Agreement of Limited Partnership; (vi) to consent to the continuation of the Partnership if the requisite number of Limited Partners and/or the Special Limited Partner have elected so to do under Section 2.6 thereof; and (vii) consent to the amendment of the Agreement of Limited Partnership pursuant to Section 14.6 thereof.

The existence of this Power of Attorney shall not preclude execution of any such instrument by any undersigned Subscriber individually on any such matter. This Power of Attorney shall not be revoked and shall survive the assignment or transfer by any undersigned Limited Partner or the Special Limited Partner of all or part of his/her/its Units and, being coupled with an interest, shall survive the death or incapacity of any Limited Partner. Any person dealing with the Partnership may conclusively presume and rely upon the fact that any such instrument executed by such agent and attorney-in-fact is authorized and binding without

further inquiry. Each Limited Partner and the Special Limited Partner shall execute and deliver to the General Partner or each successor general partner within five (5) days after receipt of a request therefor by the General Partner or such successors, such further designations, powers of attorney and other instruments as the General Partner or such successor shall reasonably deem necessary.

The Subscriber hereby confers upon and grants to his/her/its said attorney-in-fact full power and authority to do and perform all and every act and thing whatsoever requisite, necessary or appropriate to be done by or in connection with this Power of Attorney as fully to all intents and purposes as the Subscriber might or could do it personally present, hereby ratifying all that his/her/its said attorney-in-fact shall lawfully do or cause to be done by virtue of this Power of Attorney.

15. The undersigned agrees that he/she cannot cancel, terminate or revoke this Subscription Agreement or any agreement of the undersigned made hereunder and that this Subscription Agreement shall survive the death or disability of the undersigned.

16. All notices or other communications given or made hereunder shall be in writing and shall be delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, to the undersigned at his/her address set forth below and to the General Partner at 17 West Pontotoc, Suite 200, Memphis, Tennessee 38103.

17. Notwithstanding the place where this Subscription Agreement may be executed by any of the parties hereto the parties agree that the teams and provisions hereof shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to conflict of laws rules.

18. This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties.

IN WITNESS WHEREOF, this Subscription Agreement has been executed by the undersigned on this 23 day August, 2006.

TYPE OF OWNERSHIP (Check One)

☐ INDIVIDUAL OWNERSHIP

(One Signature Required)

☒ CORPORATION

(Please include certified corporate resolution signature)

☐ TRUST

(Please include name of Trust, name of Trustee, date Trust was formed and a copy of the trust Agreement or other authorization)

☐ PARTNERSHIP

(Please include a copy of the certificate of partnership or partnership agreement authorizing signature)

_____ _____ [*]
Individual Investor Signature

OR

STANFORD VENTURE CAPITAL HOLDINGS, INC. [*]
(Entity)(Print Name of Entity)

X By: _____

Print Name: JAMES M. DAVIS

Title: PRESIDENT

STANFORD VENTURE CAPITAL HOLDINGS, INC.
(Print or Type Name desired on Partnership records)

76-0619955
Social Security or Tax I.D.#

6075 POPLAR AVENUE, STE. 300
Address (Residence for Individuals; Principal Business for Others)

MEMPHIS, TN 38119
City State Zip Code

[*] ALL SIGNATURES MUST BE ACKNOWLEDGED BY A NOTARY PUBLIC IN THE APPROPRIATE SPACES ON PAGE B-10.

FOR INDIVIDUAL ACKNOWLEDGMENT

STATE OF
COUNTY OF

Personally appeared before me, _____, a Notary Public in and for said State and County, _____, the within named bargainor(s), with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he/she executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and seal at office, on this ____ day of _____, ____.

_____
Notary Public

My Commission Expires:

_____

OR

FOR ENTITY ACKNOWLEDGMENT

STATE OF Mississippi
COUNTY OF Alcorn

Before me, Kenneth Allen Weeden, a Notary Public in and for the State and County aforesaid, personally appeared James M. Davis, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself (or herself) to be the President of Stanford Venture Capital Holdings, Inc., the within named bargainor, an entity, and that he as such President, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the entity by himself as such President.

WITNESS my hand and seal at office, on this the 23rd day of August, 2006.

Kenneth Allen Weeden
Notary Public

My Commission Expires:

June 21, 2008

_____

-B-10-

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LIMITED PARTNER SIGNATURE PAGE

The Subscriber, desiring to become a Limited Partner of MEMPHIS BIOMED VENTURES II, L.P., a Delaware limited partnership, hereby agrees to all of the terms and provisions of the Agreement of Limited Partnership, and agrees to be bound by the terms and provisions of this Limited Partner Signature Page which, together with other Limited Partner Signature Pages, is hereby incorporated into the said Agreement of Limited Partnership. The Subscriber hereby joins and executes the said Agreement of Limited Partnership, hereby authorizing this Limited Partner Signature Page to be attached thereto. The place of residence of the Subscriber is as shown below.

IN WITNESS WHEREOF, the undersigned has signed and sworn to this Limited Partner Signature Page and to the Agreement of Limited Partnership of Memphis Biomed Ventures II, L.P., on the date set forth hereinafter.

Dated: 8/23, 2006

NUMBER OF UNITS 100

TOTAL INVESTMENT $5,000,000.00

INDIVIDUAL LIMITED PARTNER:

1. _____
(Signature of Limited Partner)

2. _____
(Name of Limited Partner - printed)

3. _____
(Residence: Street Address)

*See Note Below

4. _____
(City, State and Zip Code)

OR

ENTITY LIMITED PARTNER

1. STANFORD VENTURE CAPITAL HOLDINGS, INC.
(Name of Entity - Printed)

X 2. _____
(Signature of Officer)

3. JAMES M. DAVIS, JR.
(Name of Officer - Printed)

4. ~~Trustee~~ PRESIDENT
(Title of Officer)

5. 6075 POPLAR AVE. STE. 300
MEMPHIS, TN 38119
(Principal Address, City, State & Zip Code)

*Note: This address given above must be the residence address of the Limited Partner. POST OFFICE BOXES AND OTHER ADDRESSES WILL NOT BE ACCEPTED.

FOR INDIVIDUAL ACKNOWLEDGMENT

STATE OF
COUNTY OF

Personally appeared before me, _____, a Notary Public in and for said State and County, _____, the within named bargainor(s), with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he/she executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and seal at office, on this ____ day of _____ _____, ____.

_____
Notary Public

My Commission Expires:

OR

FOR ENTITY ACKNOWLEDGMENT

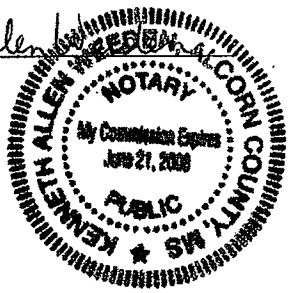
STATE OF Mississippi
COUNTY OF Alcorn

Before me, Kenneth Allen Weeden, a Notary Public in and for the State and County aforesaid, personally appeared James M. Davis, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself (or herself) to be the President of Stanford Venture Capital Holdings, Inc., the within named bargainor, an entity, and that he as such President, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the entity by himself as such President.

WITNESS my hand and seal at office, on this the 23rd day of August, 2006.

Kenneth Allen Weeden
Notary Public

My Commission Expires:



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2790420-000001 01/05/05

[TO BE EXECUTED BY GENERAL PARTNER ONLY]

ACCEPTANCE

This Subscription Agreement is hereby accepted on behalf of the Partnership.

Date: August 25, 2006.

MEMPHIS BIOMED VENTURES II, L.P.

BY: MB VENTURE PARTNERS, LLC,
General Partner

By: [signature]
Title: President

APPENDIX 1

Form **W-9**
(Rev. December 2000)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Please print or type

Name (See Specific Instructions on page 2.)
STANFORD VENTURE CAPITAL HOLDINGS, INC.

Business name, if different from above. (See Specific Instructions on page 2.)

Check appropriate box: ☐ Individual/Sole proprietor ☒ Corporation ☐ Partnership ☐ Other ▶

Address (number, street, and apt. or suite no.)
6075 POPLAR AVE. STE. 300

Requester's name and address (optional)

City, state, and ZIP code
MEMPHIS TN 38119

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). **However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 2.** For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 2.

Note: *If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.*

Social security number

or

Employer identification number
76-0619955

List account number(s) here (optional)

Part II For U.S. Payees Exempt From Backup Withholding (See the instructions on page 2.)

▶

Part III Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

Sign Here — Signature of U.S. person ▶ [signature] Date ▶ 8-23-06

Purpose of Form

A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

If you are a foreign person, use the appropriate Form W-8. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

Note: *If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.*

What is backup withholding? Persons making certain payments to you must withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, payments you receive will not be subject to backup withholding. **Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part III instructions on page 2 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the Part II instructions and the separate **Instructions for the Requester of Form W-9.**

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Cat. No. 10231X — Form **W-9** (Rev. 12-2000)

Specific Instructions

Name. If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first and then circle the name of the person or entity whose number you enter in Part I of the form.

Sole proprietor. Enter your individual name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, **enter the owner's name on the "Name" line.** Enter the LLC's name on the "Business name" line.

Caution: *A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.*

Other entities. Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Part I—Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box.

If you are a **resident alien** and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to get a TIN** below.

If you are a **sole proprietor** and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are an **LLC** that is **disregarded as an entity** separate from its owner (see ***Limited liability company (LLC)*** above), and are owned by an individual, enter your SSN (or "pre-LLC" EIN, if desired). If the owner of a disregarded LLC is a corporation, partnership, etc., enter the owner's EIN.

Note: *See the chart on this page for further clarification of name and TIN combinations.*

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get **Form SS-5,** Application for a Social Security Card, from your local Social Security Administration office. Get **Form W-7,** Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN or **Form SS-4,** Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS's Internet Web Site at **www.irs.gov.**

If you do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: *Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.*

Part II—For U.S. Payees Exempt From Backup Withholding

Individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. For more information on exempt payees, see the separate Instructions for the Requester of Form W-9.

If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "Exempt" in Part II, and sign and date the form.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

Part III—Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 3, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required).

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified state tuition program payments, IRA or MSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account [1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee [1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner [1]
5. Sole proprietorship	The owner [3]
For this type of account:	**Give name and EIN of:**
6. Sole proprietorship	The owner [3]
7. A valid trust, estate, or pension trust	Legal entity [4]
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name, but you may also enter your business or "DBA" name. You may use either your SSN or EIN (if you have one).

[4] List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: *If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.*

MB Venture Partners, LLC

17 West Pontotoc, Suite 200
Memphis, Tennessee 38103
(901) 322-0330

Gary D. Stevenson
Managing Partner

Mobile Phone: (901) 230-5303
Email: gstevenson@mbventures.com

April 6, 2009

Jim Davis
Stanford Venture Capital Holdings
6075 Poplar #300
Memphis, TN 38119

Dear Jim,

Re: 2Q09 Capital Call for Memphis Biomed Ventures II, L.P.

We will be conducting our next capital call equaling four percent (4%) of your total commitment. The capital call is due April 20, 2009. The capital call instructions have been attached for your reference.

Thank you again for your commitment to Fund II. We look forward to a successful partnership together.

Sincerely,

Gary D. Stevenson

Enclosures: Capital Call Instructions

MB Venture Partners, LLC

17 West Pontotoc, Suite 200
Memphis, Tennessee 38103
(901) 322-0330

Gary D. Stevenson
Managing Partner

Mobile Phone: (901) 230-5303
Email: gstevenson@mbventures.com

April 6, 2009

Jim Davis
Stanford Venture Capital Holdings
6075 Poplar #300
Memphis, TN 38119

Dear Jim,

Memphis Biomed Ventures II, L.P. is making a capital call of four percent (4%) of your investment commitment as provided for in the partnership agreement. You can choose to issue a check or you may wire transfer the money.

Your total investment commitment is:	$5,000,000
Therefore, your payment due is:	$200,000
Payment is due by:	April 20, 2009

To pay by check: Make your check payable to Memphis Biomed Ventures II, L.P. and send to:

Gary D. Stevenson
Memphis Biomed Ventures II, L.P.
17 West Pontotoc, Suite 200
Memphis, TN 38103

To pay by wire transfer: Use the following instructions to send funds by wire transfer:

ABA #	084000026 First Tennessee Bank, Memphis
Account:	Memphis Biomed Ventures II, L.P. # 171840894
Reference:	Stanford Venture Capital Holdings
Contact:	Karen Young (901) 681-2505

AGREEMENT OF LIMITED PARTNERSHIP

FOR

MEMPHIS BIOMED VENTURES II, L.P.

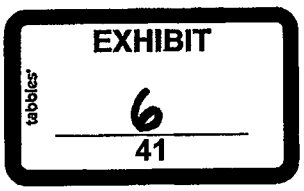


TABLE OF CONTENTS

THIS AGREEMENT OF LIMITED PARTNERSHIP, dated as of the 1st day of July, 2005, is made by MB Venture Partners, LLC, a Delaware limited liability company, as General Partner, and MBV General Partners II, a Tennessee general partnership, as Special Limited Partner.

The Partners hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS

Capitalized terms used herein without definition have the meanings ascribed to them in Appendix A annexed hereto.

ARTICLE II
THE PARTNERSHIP

2.1 Partnership Name and Office. The name of the Partnership is "Memphis Biomed Ventures II, L.P.," provided that Partnership business may be conducted under such other names as the General Partner deems appropriate. The principal place of business of the Partnership is located at 17 W. Pontotoc, Suite 200, Memphis, Tennessee 38103. The Partnership may maintain such additional offices as may be designated from time to time by the General Partner for the purpose of carrying out the business of the Partnership.

2.2 General Partner. The name of the General Partner is MB Venture Partners, LLC, a Delaware limited liability company. The address of the General Partner is 17 W. Pontotoc, Suite 200, Memphis, Tennessee 38103.

2.3 Limited and Special Limited Partner. The name and residence or principal place of business of each Limited and Special Limited Partner shall be set forth on a schedule maintained by the General Partner at its principal place of business.

2.4 Character of the Business. (a) The Partnership is organized for the principal purpose of locating, analyzing, purchasing, selling and investing in securities, as that term is defined in Section 2(1) of the Act. The Partnership's investment philosophy will emphasize primarily investments in substantial equity or other positions in a diversified portfolio of high-growth health care companies ("Portfolio Companies"). The Partnership will seek to be the lead investor in seed or early stage financings, although later stage investment opportunities will also be considered. The Partnership may make investments of Partnership capital, at the discretion of the General Partner, that offer liquidity and safety of principal (i) pending investment of Partnership funds in Portfolio Companies, (ii) to provide liquidity from which to pay expenses of the Partnership, and (iii) to hold funds pending distribution. The power to invest in securities shall include the power to invest in any or all issues of the debt or equity securities of any one Portfolio Company, as determined in the discretion of the General Partner. Subject to the terms and provisions of this Agreement, the Partnership shall be entitled to engage in any lawful activity for which limited partnerships may be organized under the laws of the State of Delaware.

(b) The Partnership may execute, deliver and perform all contracts and other undertakings and engage in all activities and transactions as may, in the opinion of the General Partner, be necessary or advisable to carry out the foregoing objectives and purposes. Without limiting the above, but subject to Section 4.8, the Partnership may:

(i) purchase, invest in, sell, transfer, mortgage, pledge or otherwise exercise all rights, powers, privileges and other incidents of ownership or possession with respect to securities;

(ii) acquire securities on the basis of investment representations and/or subject to transfer restrictions;

(iii) invest or have investments in any partnership, corporation, joint venture or other entity formed for the primary purpose of making capital investments and enter into joint ventures or partnerships with other persons or entities for the purpose of investing in Portfolio Companies;

(iv) make and perform all contracts and engage in all activities and transactions necessary or advisable to carry out the purposes of the Partnership, including, without limitation, such items as set forth in subparagraph (i) through (iii) above; open, maintain and close bank and brokerage accounts and draw checks or other orders for the payment of money; and borrow or raise money and secure the payment of any obligations of the Partnership by mortgage upon, or hypothecation or pledge of, all or a part of the property of the Partnership, subject to the limitations set forth in Sections 3.4 and 4.2; and

(v) have all the powers available to it as a limited partnership under the laws of the State of Delaware.

2.5 Offering to Limited Partners. (a) Through the Final Closing Date, the General Partner may offer and sell Units in the Partnership and admit, from time to time on or before the Final Closing Date, such purchasers as Limited Partners of the Partnership. If subscriptions for purchases of Interests in the Partnership in the aggregate minimum amount of $10,000,000 have not been received by the initial Closing Date, none of the subscriptions will be accepted and all subscription agreements will be returned promptly to subscribers. Pursuant to each subscription agreement to be executed by each purchaser, and the General Partner's power of attorney contained therein, the General Partner may amend this Agreement or may attach and subsequently amend a schedule hereto from time to time to reflect the admission of such purchasers as Limited Partners of the Partnership.

(b) Except as otherwise provided herein, for the purposes of defining and ascertaining the rights and powers accruing to, the restrictions and obligations imposed upon, and the status of Limited Partners admitted pursuant to this Section 2.5, the use of the term "Limited Partner" in this Agreement shall include all Limited Partners admitted pursuant to this Section 2.5.

(c) Each Limited or Special Limited Partner hereby admitted consents to the execution on his behalf by the General Partner under the authority granted to the General Partner (under the power of attorney contained herein and in each Limited Partner's subscription agreement) of an amendment hereto for the purpose of admitting additional Limited or Special Limited Partners and the General Partner is hereby granted the right to admit additional Limited or Special Limited Partners.

2.6 Term of the Partnership. The term of the Partnership shall commence with the filing of the Partnership's certificate of limited partnership with the Office of the Secretary of State of Delaware and shall continue until June 30, 2015, unless earlier terminated as provided in any applicable provision hereof. The term of the Partnership may be extended for up to three (3) additional one year periods with the consent of the General Partner and 66 2/3% in interest of the Limited Partners.

2.7 Certificates. The General Partner shall promptly execute and file with the proper offices in each jurisdiction in which the Partnership conducts business one or more certificates as are required by any such jurisdiction.

2.8 Title to Property. Legal title to all Partnership Property shall be taken and at all times held in the name of the Partnership and shall constitute Partnership Property.

ARTICLE III
CAPITALIZATION

3.1 Capital Contribution of the General Partner. The General Partner shall contribute to the capital of the Partnership an amount equal to Fifty Thousand Dollars ($50,000.00) in exchange for one (1) Unit in the Partnership.

3.2 Capital Contributions of Limited Partners. (a) The Partnership Interests of the Limited Partners in the Partnership shall be divided into not fewer than _____ equal units of Limited Partnership Interests herein referred to as "Units," each Unit representing a proportionate part of the Interests of all of the Partners in the Partnership.

Except as the General Partner may otherwise permit, (i) each Limited Partner which is an Institutional Investor shall be required to purchase a minimum of forty (40) Units (minimum Committed Capital Contribution of $2,000,000); (ii) each Limited Partner which is not an Institutional Investor shall be required to purchase a minimum of ten (10) Units (minimum Committed Capital Contribution of $500,000); and (iii) each purchase must be in whole Units.

(b) Each Limited Partner shall, by execution of the subscription agreement, agree, undertake, and become obligated, subject only to the acceptance of the subscription by the General Partner, to contribute to the capital of the Partnership as a Committed Capital Contribution the sum of $50,000 for each Unit subscribed for, which sum shall be due and payable to the Partnership under the terms of the subscription agreement with interest payable upon a breach of such agreement (as determined in Section 3.2(e)) not to exceed the maximum lawful contract rate of interest permitted by Delaware law.

(c) Each Limited Partner shall make capital contributions (which shall automatically reduce the amount due under the subscription agreement, provided, however, that the General Partner may, in its discretion, return any unapplied capital contribution to the Limited Partners, and, if any unapplied capital contribution is in fact so returned to the Limited Partners, then the amount due under the subscription agreement shall automatically be increased by an amount equal to the amount of such returned capital contribution, and the return of any unapplied capital contribution shall not be a distribution under Section 6.3) upon no less than ten (10) business days prior written notice from the General Partner, until the aggregate amount of that Limited Partner's contributions to the Partnership shall be an amount equal to the Committed Capital Contribution. Each contribution notice shall set forth the date on which the related additional capital contribution is due. A Limited Partner may not make less than the full amount of the capital contribution, and all capital contributions shall be made in cash (by check or wire transfer) in United States dollars. Each Limited Partner will be deemed to have made his entire Committed Capital Contribution for purposes of determining each Limited Partner's Allocation Percentage, but his Capital Account shall be credited only as, when and to the extent payments due under his subscription agreement are actually received by the Partnership as capital contributions. Capital calls may be required from time to time until the earlier of (a) the sixth anniversary of the Final Closing Date, or (b) the date on which all of the Partnership's Committed Capital Contributions have been invested (the "Commitment Period"). After the Commitment Period, capital calls can only be made to: (a) cover the expenses of the Partnership, including but not limited to Management Fees; (b) complete investments by the Partnership in respect of transactions agreed to by the Partnership prior to the end of the Commitment Period; and (c) make follow-on investments in Portfolio Companies.

(d) Each Newly Admitted Limited Partner admitted to the Partnership following the initial Closing Date shall upon admission make a capital contribution to the Partnership equal to the product of (x) the new or increased Committed Capital Contribution, as applicable, of the Newly Admitted Limited Partner and (y) a fraction, where the numerator equals the aggregate amount of all the actual capital contributions that have been made per Unit prior to such admission and the denominator equals $50,000. In addition, such Newly Admitted Limited Partner shall pay interest, at a floating rate equal to the then applicable prime rate as published in the Wall Street Journal, to the Partnership calculated from (i) the due date of the initial capital contribution of any Limited Partner to the Partnership with respect to the portion (if any) of such Newly Admitted Limited Partner's capital contribution made pursuant to this Section 3.2(d) that is based on the amount of such initial capital contributions, and (ii) the due date of any other capital contributions to the Partnership by the Limited Partners with respect to the portion (if any) of such Newly Admitted Limited Partner's capital contribution made pursuant to this Section 3.2(d) that is based on the amount of capital contributions made by the Limited Partners on (or with respect to) such due dates, to the date of the Newly Admitted Limited Partner's Admission.

(e) If any Limited Partner shall fail to make any payment of his Committed Capital Contribution to the Partnership on its due date pursuant to the Limited Partner's subscription agreement, such Limited Partner may at any time following such breach, in the sole and absolute discretion of the General Partner, be declared in breach of his subscription agreement with the Partnership and given written notice thereof by the General Partner. In the

event a Limited Partner fails to make any payment of his Committed Capital Contribution within ten (10) days of its due date as set forth in the notice pursuant to Section 3.2(c), the amount due shall accrue interest payable to the Partnership by the Limited Partner from the due date at a floating rate equal to the then applicable prime rate, as published in the Wall Street Journal. Payment of such interest shall be made in conjunction with payment of the amount set forth in the contribution notice. Upon the continuation of any such breach for more than twenty (20) days, all of the breaching Limited Partner's Interest in the Partnership (including his Capital Account and interest in profits and losses) shall, at the sole option of the General Partner, (I)(A) be either sold to another investor who shall be admitted as a Limited Partner or (B) be transferred to all non-breaching Partners (Limited and General, but not Special Limited) in proportion to their respective Allocation Percentages as of the first day of the fiscal period in which such breach occurs or (II) be reserved for the breaching Limited Partner upon payment of his Committed Capital Contribution plus accrued interest. Such sale or transfer shall result in cancellation of any Interest in the Partnership of the breaching Limited Partner without any payment to such Limited Partner, and (except in the event of II above) the breaching Limited Partner's obligation to make any further capital contributions to the Partnership shall thereupon likewise be canceled. Nothing contained in this Section 3.2(e) shall relieve any Limited Partner of any obligation to the Partnership or of the responsibility to respond in damages or otherwise, except as expressly provided herein, and the General Partner shall have the authority to pursue an action against such breaching Limited Partner for damages caused by the breach.

(f) The General Partner may at any time, by written notice to the Limited Partners, terminate in whole or in part the obligations of the Limited Partners to make the additional capital contributions and, upon the giving of such notice, each Limited Partner's subscription shall be reduced accordingly as of the date that written notice of such termination is delivered to the Limited Partners.

(g) After the full payment of each Partner's Committed Capital Contribution, assessments may not be levied on any Limited Partner (other than the Special Limited Partner) for any purpose.

(h) The General Partner and its Affiliates may purchase Limited Partnership interests on the same basis and terms as a Limited Partner.

(i) Notwithstanding the foregoing, if, at any time before a capital contribution becomes due, a Regulated Industry Partner or Foundation Limited Partner shall obtain and deliver to the Partnership an opinion of counsel (which counsel shall be reasonably acceptable to the General Partner) to the effect that, as a result of any change in the Regulated Industry Laws or the laws applicable to Foundation Limited Partners that occurs after the date of such Partner's admission to the Partnership, the payment by such Regulated Industry Partner or Foundation Limited Partner of any portion of the capital contribution will be a prohibited transaction or unlawful, then (a) such Regulated Industry Partner or Foundation Limited Partner shall have no further right or obligation to pay such portion; (b) such Regulated Industry Partner's or Foundation Limited Partner's Committed Capital Contribution shall be reduced by an amount equal to such portion; (c) such Regulated Industry Partner or Foundation Limited Partner shall not, by reason of its failure to pay such portion, be deemed to be a breaching Partner for purposes

of this Section 3.2; and (d) the General Partner in its sole discretion may adjust subsequent Partnership allocations and distributions as necessary to ensure that, to the extent possible, the aggregate amounts allocated and distributed by the Partnership to such Regulated Industry Partner or Foundation Limited Partner over the term of the Partnership are equal to the aggregate amounts that would have been so allocated and distributed if such Regulated Industry Partner's or Foundation Limited Partner's initial Committed Capital Contribution had at all times been equal to its Capital Commitment as adjusted pursuant to this Section 3.2(i).

3.3 Capital Contribution of the Special Limited Partner. The Special Limited Partner shall contribute a nominal amount to the capital of the Partnership and shall receive a limited Partnership Interest equal to twenty percent (20%) of the Interests.

3.4 Borrowings. In order to provide interim financing to consummate an investment by the Partnership in a Portfolio Company prior to the receipt of capital contributions, the Partnership may borrow funds from the General Partner or third parties and pledge or mortgage Partnership Property and revenues attributable to such property, including, without limitation, the Limited Partners' subscription agreements. Except as otherwise provided herein, any loans to the Partnership from the General Partner or its Affiliates shall bear interest at a rate not to exceed the rate of interest such lending General Partner or its Affiliates are then paying for borrowed funds or the maximum legally permissible interest, whichever is less. The General Partner shall not receive points or other financing charges or fees on such loans to the Partnership, regardless of the amount. The General Partners may give any Tax Exempt Limited Partner the opportunity on three days notice to make a capital contribution in the amount equal to such Tax Exempt Limited Partner's pro rata share of the borrowing, in which case the borrowing will not be allocated to such Tax Exempt Limited Partner.

ARTICLE IV
RIGHTS AND OBLIGATIONS OF THE GENERAL PARTNER

4.1 Management. The General Partner shall have full, exclusive and complete discretion in the management and control of the affairs of the Partnership and shall make, or cause to be made, all decisions affecting Partnership affairs. Without limiting the generality of the foregoing, the General Partner shall (a) provide or cause to be provided management services to the Partnership, including providing office space for the Partnership and provide professional personnel for the analysis of and investment in investment opportunities; maintain the books and records of the Partnership; make periodic progress and portfolio reports to the Limited Partners; and generally provide overhead and required support for the Partnership; and (b) pay those expenses consistent with the provisions of Section 10.2, including legal and accounting fees and out-of-pocket disbursements and expenses, incurred by the General Partner on behalf of the Partnership.

4.2 Authority and Obligations of the General Partner. The General Partner will actively manage and conduct the business of the Partnership, devoting such time and attention to such management as shall be necessary from time to time. Subject to the restrictions set forth in Sections 4.8 and 4.9, the General Partner shall have the full and complete power to do any and all things by and on behalf of the Partnership necessary or incident to the management and

conduct of the Partnership's business and may, without limitation of any other power or authority, do the following by and on behalf of the Partnership if, as and when it deems necessary, appropriate or advisable:

(a) provide services or take action required by this Agreement;

(b) engage investment banking firms for advisory services and/or for the sale and placement of the Limited Partnership Interests and engage such independent agents, attorneys, accountants, custodians and consultants as it may deem necessary or advisable for the management and operation of the Partnership;

(c) receive, buy, sell, exchange, trade and otherwise deal in and with securities and other property of the Partnership;

(d) open, conduct and close accounts with brokers on behalf of the Partnership and pay the customary fees and charges applicable to transactions in all such accounts;

(e) open, maintain and close bank accounts and custodial accounts for the Partnership and draw checks and other orders for the payment of money;

(f) make all elections for the Partnership that are permitted under tax or other applicable laws and file, on behalf of the Partnership, all required local, state and federal tax returns and other documents relating to the Partnership;

(g) cause the Partnership to purchase or bear the cost of any insurance covering the potential liabilities that may be incurred in connection with the conduct of the Partnership's affairs, of the General Partner, its officers, directors and any employees thereof, as well as the potential liabilities of any person serving at the request of the General Partner as a director of a Portfolio Company, subject, however, to the limitations of Section 4.7(c);

(h) commence or defend litigation that pertains to the Partnership or any Partnership asset;

(i) borrow money and secure the payment thereof in accordance with Section 3.4;

(j) subject to the other provisions of this Agreement, enter into, make and perform such contracts, agreements and other undertakings, and do such other acts, as it may deem necessary or advisable for, or as may be incidental to, the conduct of the business contemplated by Section 2.4, including, subject to Section 4.3, contracts, agreements, undertakings and transactions with any Partner or with any other person, firm or corporation having any business, financial or other relationship with any Partner or Partners;

(k) possess, without limitation, all of the powers and rights of a general partner in a partnership under DRULPA to the extent not inconsistent with the express provisions of this Agreement;

(l) execute, acknowledge and deliver any and all instruments to effectuate the foregoing; and

(m) do all acts, undertake such proceedings and exercise such rights and privileges not specifically mentioned herein as the General Partner may deem necessary or incidental to the conduct of the business and to carry out the purposes of the Partnership. These rights and powers are included not by way of limitation but as illustration of rights and powers appropriate to the management of the Partnership.

4.3 Contracts with General Partner and Affiliates. Affiliates of the General Partner may provide financial and other consulting services to the Partnership and the Portfolio Companies; provided, however, that any such services provided to the Partnership that are within the reasonable scope of the General Partner's obligations and responsibilities as set forth in this Agreement shall be paid for by the General Partner from its management fee received pursuant to Section 10.1.

4.4 Preparation and Filing of Income Tax Returns and Other Writings. The General Partner shall cause the preparation and timely filing of all Partnership tax returns, shall on behalf of the Partnership make such tax elections and determinations as appear to be appropriate and shall timely file all other writings required by any governmental authority having jurisdiction to require such filing, the cost of which shall be borne by the Partnership. No election shall be made by the Partnership or any Partner to be excluded from the application of the provisions of subchapter K of the Code or from any similar provision of state tax laws. Upon the transfer of all of a Limited or Special Limited Partner's Interest (subject to the provisions of the Agreement), or upon the death of an individual Limited or Special Limited Partner, or upon the distribution of any Partnership Property to any Partner hereto, the Partnership, in the General Partner's sole discretion, may file an election in accordance with applicable Treasury regulations to cause the basis of the Partnership Property to be adjusted for federal income tax purposes as provided in Sections 734, 743 and 754 of the Code. By executing this Agreement, each Limited and Special Limited Partner hereby designates the General Partner as the "tax matters partner" of the Partnership pursuant to Section 6231(a)(7) of the Code, and, accordingly, agrees that the actions taken by the General Partner in connection with tax audits and tax litigation are binding upon all Partners.

4.5 Permissible Activities of General Partner and Affiliates. (a) Subject to Section 4.8, the General Partner and its Affiliates are not prevented from engaging in other activities for profit, including, without limitation, forming or participating as general partners, limited partners, advisors, fund managers, officers, directors, employees, members or shareholders of another partnership, corporation, limited liability company, joint venture or other entity engaged in making private investments. Notwithstanding the foregoing, the General Partner and its Affiliates shall not form any partnership or other investment structure with investment objectives and strategies substantially similar to those of the Partnership until the earliest of (i) the date on which 65% of the aggregate Committed Capital Contributions have been drawn and invested in or committed to invest in or reserved (as approved by the Financial Advisory Board) for investment in Portfolio Companies or are otherwise unavailable to be so invested as a result of obligations of the Partnership and (ii) the date on which the consent thereto of a Majority in

Interest of the Limited Partners has been obtained; provided, however, the foregoing restriction shall not apply to investment entities that commenced their activities prior to the initial Closing. Any compensation, including directors fees, paid by a Portfolio Company to the General Partner or any of its principals or its Affiliates will be retained by the General Partner, such principals or such Affiliates, but the management fee payable to the General Partner pursuant to Section 10.1 will be reduced by such amount. However, the General Partner will not have its Capital Account increased or otherwise receive credit therefor, except as hereinafter provided.

(b) Each of the Limited or Special Limited Partners hereby acknowledges and agrees that the General Partner may offer, to one or more other individual investors, groups, partnerships, or corporations (including any or all of the Limited or Special Limited Partners) the right to participate in investment opportunities made available to the Partnership whenever the General Partner, in its discretion, so determines. Notwithstanding anything set forth above, neither the General Partner nor any of its Affiliates will invest in securities of Portfolio Entities in which the Partnership holds an investment or is investing unless such investment is approved in advance by a majority of those voting members of the Advisory Committee who are not Affiliates of the General Partner.

4.6 Assignment, Transfer or Disposition by General Partner. (a) The General Partner shall not sell, assign or otherwise dispose of a controlling interest in its Interest as a general partner without the written consent or affirmative vote of a Majority in Interest of the Limited Partners (excluding Affiliates of the Partnership); provided, however, that the foregoing restriction shall not apply if such sale or assignment is to an Affiliate of the General Partner. The General Partner shall not have the right to voluntarily withdraw from the Partnership and any such withdrawal shall be a breach of this Agreement unless approved by a Majority in Interest of the Limited Partners (excluding Affiliates of the Partnership).

(b) By execution of this Agreement or a counterpart hereof, or by authorizing such execution on his behalf, each Limited and Special Limited Partner consents and agrees that any assignee of the General Partner pursuant to Section 4.6(a) may be admitted as a successor or additional general partner by the General Partner through use of the power of attorney granted under Article XII, without the necessity of any further action by or consent of the Limited or Special Limited Partners.

(c) Assignment, transfer or other disposition by the General Partner of all of its general partnership Interest in the Partnership pursuant to Section 4.6(a) shall not dissolve the Partnership, but the Partnership shall continue by and between the Limited and Special Limited Partners and any remaining general partner and/or any assignee general partner. Voluntary withdrawal of the General Partner or removal of the General Partner as set forth in Section 5.6 shall effect a dissolution of the Partnership; provided, however, that the business of the Partnership shall not thereupon be wound up and liquidated if Limited Partners owning one hundred percent (100%) of the Interests in the Partnership agree within ninety (90) days thereafter to continue the business of the Partnership as a limited partnership under all the terms of this Agreement and elect a successor general partner who shall succeed to the general partnership Interest of the General Partner upon the purchase of such general partnership Interest pursuant to Section 5.6(c).

4.7 Indemnity of General Partner and Other Persons. (a) The General Partner, its officers, directors, partners, agents and employees, any Affiliate of the General Partner and each member of the Financial Advisory Board and Scientific Advisory Board engaged in the performance of services on behalf of the Partnership, as well as any affiliated person serving as a director of a Portfolio Company at the request of the General Partner (the "Indemnified Person" or collectively the "Indemnified Persons") shall be indemnified by the Partnership for any claim, demand, controversy, dispute, cost, loss, damage, expense (including attorneys' fees and costs of investigation), judgment or liability incurred by or imposed upon the Indemnified Persons and shall have no liability to the Partnership or to any Partner for any liability or loss suffered by the Partnership which arises out of any action or inaction of any Indemnified Person (including, without limitation, any liability or damage incurred by reason of treatment under ERISA of Partnership assets as assets of an employee benefit plan or trust (a "Plan") or treatment of the General Partner as a "fiduciary" or a "party in interest" under ERISA) if (1) the General Partner has determined, in good faith, that such course of conduct was in the best interests of the Partnership and (2) such liability or loss was not the result of gross negligence or willful misconduct by the Indemnified Person. The foregoing right of indemnification shall inure to the benefit of the executors, administrators, personal representatives and successors or assigns of each such Indemnified Person.

(b) Any amounts payable to an Indemnified Person pursuant to the foregoing are recoverable only out of the assets of the Partnership and not from the Partners. The General Partner, on behalf of the Partnership, may cause the Partnership to purchase and maintain insurance with such limits or coverages as the General Partner reasonably deems appropriate, at the expense of the Partnership, and to the extent available, for the protection of any Indemnified Person against any liability incurred by such person in any such capacity arising out of such person's status as an Indemnified Person, whether or not the Partnership has the power to indemnify such person against such liability. The General Partner may purchase and maintain insurance on behalf of the Partnership for the protection of any officer, director, employee, consultant or other agent of any other organization in which the Partnership owns or has owned an interest or of which the Partnership is or has been a creditor against similar liabilities, whether or not the Partnership has the power to indemnify him or it against such liability.

(c) Following a determination by the General Partner that the facts then known would not preclude indemnification under this Section 4.7, the Partnership shall pay the expenses incurred by an Indemnified Person in defending a civil or criminal action, suit or proceeding, or in opposing any claim arising in connection with any potential or threatened civil or criminal action, suit or proceeding, in advance of the final disposition of such action, suit or proceeding, upon receipt of an enforceable undertaking by such Indemnified Person to repay such payment if such Indemnified Person shall be determined to be not entitled to indemnification therefor as provided herein.

(d) If the General Partner or the Partnership is subject to any federal or state law, rule or regulation which restricts the extent to which any person may be exonerated or indemnified by the Partnership, then the indemnification and related provisions set forth herein shall be deemed to be amended, automatically and without further action by the General Partner or the Limited Partners, to conform to such restrictions on exoneration or indemnification as set

forth in such applicable federal or state law, rule or regulation. The rights to indemnification and advancement of expenses conferred herein shall not be exclusive of any other right which any Indemnified Person may have or hereafter acquire under any law, statute, rule, regulation, contract or other agreement.

4.8 Prohibited Transactions. The following transactions shall be prohibited:

(a) Partnership funds shall not be commingled with funds of any other natural person, partnership, corporation, association or other legal entity except as permitted in Section 2.4(b)(iii);

(b) The Partnership may not make any loans to the General Partner or its Affiliates and the rate of interest on any loan by the General Partner to the Partnership may not exceed that rate specified in Section 3.4; and

(c) Neither the General Partner nor any Affiliate thereof shall receive a rebate for its own account in connection with goods, services or securities purchased for or on behalf of the Partnership, or participate in any reciprocal business arrangement that would enable it or one of its Affiliates to receive such rebate.

(d) The Partnership shall not make investments in companies in which Memphis Biomed Ventures I, L.P. is investing or is an existing investor.

4.9 Limitation of Authority. Anything in this Agreement to the contrary notwithstanding, the General Partner shall not have authority, without the written consent of a Majority in Interest of the Limited Partners, to:

(a) take any act in contravention of this Agreement;

(b) change the designation of the Partnership as holder of record title to any Property owned by the Partnership or possess Partnership Property or assign rights in Partnership Property for other than a Partnership purpose;

(c) make an assignment for the benefit of creditors of the Partnership or file a voluntary petition under the United States Bankruptcy Code or any state insolvency law on behalf of the Partnership;

(d) confess any judgment against the Partnership;

(e) admit any new general partner except as provided in Sections 4.6 or 5.6;

(f) invest more than ten percent (10%) of the Partners' Committed Capital Contributions in companies in which an Affiliate of the Partnership is an investor immediately prior to such initial proposed investment by the Partnership, provided, however, that this Section 4.9(f) shall not prohibit co-investments with Affiliates (other than Memphis Biomed Ventures I, L.P.) of the Partnership in companies in which Affiliates of the Partnership are not investors immediately prior to such initial proposed investment by the Partnership; or

(g) purchase more than seventy-five percent (75%) of any debt or equity offering by any one Portfolio Company without the prior approval of the Financial Advisory Board.

4.10 Establishment of Reserves. To the extent funds are available therefor, the General Partner, in its sole discretion, may establish reserves for operating expenses of the Partnership in such amounts as reasonably may be deemed necessary or appropriate by the General Partner for the conduct of the Partnership's business.

4.11 Safekeeping of Partnership Property. The General Partner shall have a fiduciary responsibility for the safekeeping and use of the funds and assets of the Partnership, whether or not in its immediate possession and control. The General Partner shall not employ or permit another to employ such funds or assets in any manner except for the benefit of the Partnership.

4.12 General Partner's Right to Remove Tax-Exempt Limited Partner. (a) If because of the existence of any Limited Partner that is a Tax-Exempt Limited Partner, the Partnership, the General Partner or such Tax-Exempt Limited Partner becomes subject to any adverse consequences under ERISA, as determined by the General Partner, including, without limitation, treatment under ERISA of all or a portion of Partnership assets as "plan assets" under the Plan Assets Regulations or treatment of the General Partner as a "fiduciary" or a "party in interest" (as defined in ERISA) with respect to any such Tax-Exempt Limited Partner, the General Partner may require that such Tax-Exempt Limited Partner withdraw in part or in total from the Partnership in accordance with the provisions hereof. The Tax-Exempt Limited Partner shall be paid by the Partnership an amount equal to the value of its Interest, as determined by the General Partner in consultation with the Financial Advisory Board, as of the date of such demand by the General Partner. Any payment pursuant to this Section 4.12 shall be, in the sole discretion of the General Partner, either in cash or Partnership Property. Upon notice from the General Partner and payment for its Interest as provided above, the Tax-Exempt Limited Partner shall be withdrawn in part or in total from the Partnership.

(b) Each Tax-Exempt Limited Partner, by execution of its subscription agreement and admission as a Limited Partner, hereby consents (i) to withdraw from the Partnership in the event of a demand by the General Partner pursuant to Section 4.12(a), and (ii) to the execution on its behalf by the General Partner under the authority granted to the General Partner (under the power of attorney contained herein) of all documents and instruments necessary or appropriate to effect the withdrawal of such Tax-Exempt Limited Partner pursuant to Section 4.12(a).

4.13 Financial Advisory Board. (a) The General Partner shall appoint three (3) to seven (7) individuals to serve as a Financial Advisory Board to the Partnership, a majority of whom must be Limited Partners or representatives thereof. The Financial Advisory Board will provide advice to the General Partner in connection with the Partnership's operations, potential conflicts of interests and certain other matters and shall be subject in all respects to the provisions of Section 5.2. Any individual selected to serve on the Financial Advisory Board may be removed therefrom by the General Partner in its sole discretion for any reason and at any time.

(b) The Financial Advisory Board will (1) review annually the audited financial report of the Partnership; (2) consult with the General Partner regarding any extensions of the term of the Partnership as set forth in Section 2.6; and (3) provide general advice and counsel to the General Partner on matters brought before it by the General Partner. The Financial Advisory Board will meet a minimum of one time per year. The General Partner is under no obligation to follow the advice offered by the Financial Advisory Board, except in certain circumstances listed below:

(i) The Financial Advisory Board (excluding Affiliates of the Partnership) will select, subject to the General Partner's approval, the independent certified public accountants to be employed by the Partnership.

(ii) The Financial Advisory Board must review and either reject or approve in writing the General Partner's valuation of the Partnership's assets or Interests pursuant to Section 4.12 of this Agreement.

(iii) The Financial Advisory Board (excluding Affiliates of the Partnership) must review and either reject or approve in writing in advance any proposed Partnership action which constitutes a conflict of interest with the General Partner or its Affiliates.

(iv) The Financial Advisory Board (excluding Affiliates of the Partnership) must either reject or approve any investment the Company makes in a Portfolio Company in which an Affiliate of the Partnership is co-investing or is already an investor.

(v) In any event and subject to Section 4.8(d), not more than ten percent (10%) of the Committed Capital Contributions will be invested in any single Portfolio Company without the prior approval of the Financial Advisory Board.

(vi) The Financial Advisory Board must review and either reject or approve in writing the General Partner's determination of the appropriate level of reserves for investing in existing Portfolio Companies referred to in Section 4.5(a)(i).

(vii) The Partnership shall not purchase more than seventy-five (75%) of any debt or equity offering by any one Portfolio Company without the prior approval of the Financial Advisory Board.

(c) Each member of the Financial Advisory Board shall be entitled to indemnification by the Partnership to the extent provided in Section 4.7.

4.14 Scientific Advisory Board. (a) The General Partner shall appoint at least three (3) individuals to serve as a Scientific Advisory Board to the Partnership. The Scientific Advisory Board shall be purely advisory in nature and shall be subject in all respects to the provisions of Section 5.2. Any individual selected to serve on the Scientific Advisory Board may be removed therefrom by the General Partner in its sole discretion for any reason and at any time.

(b) The Scientific Advisory Board will assist the General Partner in the evaluation of potential Portfolio Company investments. Members of the Scientific Advisory Board will be consulted individually from time to time on areas within their scientific expertise and will meet periodically as a group, when necessary, to discuss areas of potential interest to the Fund.

(c) Each member of the Scientific Advisory Board shall be entitled to indemnification by the Partnership to the extent provided in Section 4.7.

4.15 Sale of Substantially All of the Partnership's Assets. The General Partner, with the approval of the Limited Partners holding sixty-six and two-thirds percent (66 ⅔%) of the Allocation Percentage, may sell all or substantially all of the assets of the Partnership in one transaction or in a series of related transactions. By execution of the signature page hereto, each Limited Partner hereby consents to and approves any sale of substantially all the assets of the Partnership otherwise affirmatively approved by Limited Partners owning the requisite Interests in the Partnership.

4.16 Investment Suspension. If, during the Commitment Period, either (a) Gary D. Stevenson alone has or (b) both Timothy E. Davis, Jr. and Stephen Snowdy have ceased to devote substantially all of his or their business time to managing the affairs of the General Partner, whether by virtue of departure, retirement, disability or other means, the General Partner shall promptly notify the Limited Partners of the occurrence of such event and shall not permit the Partnership to invest in securities issued by any entity that was not a Portfolio Company (including any successors to such Portfolio Company, and direct or indirect parents or subsidiaries thereof and any other entities which, directly or indirectly, were majority-owned by parents thereof) on the date such event occurred, except to the extent required under any agreement legally binding on the Partnership on such date. The foregoing limitation shall not apply if (a) the General Partner hires a replacement key person or persons, as the case may be, with the approval of the Financial Advisory Board, or (b) a majority in interest of the Limited Partners vote (or elect by written consent) to waive or forego such limitation.

ARTICLE V
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

5.1 Limited Liability. No Limited or Special Limited Partner (in its capacity as such) shall be personally liable for any of the debts of the Partnership or any of the losses thereof in excess of such Limited or Special Limited Partners' share of Partnership Property and such Limited or Special Limited Partners' Committed Capital Contribution.

5.2 No Management Responsibility. No Limited or Special Limited Partner (in its capacity as such) shall (i) take part in the management of the business of (except to the extent of service on the Financial Advisory Board) or transact any business for the Partnership, (ii) have a drawing account or receive interest on his capital contributions, except as provided in Article VI, or (iii) otherwise have the authority to bind the Partnership. Each Limited Partner may have returned to him his capital contributions by distributions made by the General Partner, or upon dissolution of the Partnership, to the extent provided for in this Agreement. All management responsibility is vested in the General Partner.

5.3 No Authority to Act. As more fully set forth in this Agreement, including Sections 5.6 and 11.1, the Limited Partners may, without the concurrence of the General Partner, vote (i) to dissolve the Partnership or (ii) to remove the General Partner and elect a new general partner. In addition, the approval of Limited Partners holding sixty-six and two-thirds percent (66 ⅔%) of the Allocation Percentages is required in connection with the sale of all or substantially all of the assets of the Partnership in one transaction or a series of related transactions. Otherwise, no Limited Partner, as such, shall have the power to sign for or to bind the Partnership. All authority to act on behalf of the Partnership is vested in the General Partner.

5.4 Examination of the Partnership Records. Any Limited or Special Limited Partner or its representative may, during regular business hours, examine the records of the Partnership (where such records are maintained) or Partnership Property or otherwise make reasonable inquiry of the General Partner as to Partnership affairs.

5.5 Limited Rights of Withdrawal from Partnership. (a) Except as provided in Section 4.12, subsection (b) below, or Articles IX or XI, no Limited or Special Limited Partner shall have a right to withdraw from the Partnership, or in any other manner terminate its Interest in the Partnership.

(b) Notwithstanding any provision in this Agreement to the contrary, any Limited Partner which is a Regulated Industry Partner or Foundation Limited Partner may elect, upon written notice of such election to the General Partner, to withdraw from the Partnership, or upon written demand by the General Partner shall withdraw from the Partnership, at the time and in the manner hereinafter provided, if either such Regulated Industry Partner or Foundation Limited Partner, on the one hand, or the General Partner, on the other, shall obtain and deliver to the other an opinion of counsel (which counsel shall be reasonably acceptable to both such Regulated Industry Partner or Foundation Limited Partner and the General Partner) to the effect that, in the case of a Regulated Industry Partner (i) such Regulated Industry Partner is or will be in violation of the Regulated Industry Laws by reason of such Regulated Industry Partner's continuing as a Limited Partner, or (ii) the Partnership or the General Partner is or will be in violation of the Regulated Industry Laws by continuing to have such Regulated Industry Partner as a Limited Partner or in the case of a Foundation Limited Partner, (iii) such Foundation Limited Partner is or will be in violation of applicable laws by reason of such Foundation Limited Partner's continuing as a Limited Partner, or (iv) the Partnership or the General Partner is or will be in violation of applicable law by continuing to have such Foundation Limited Partner as a Limited Partner. In the event of the issuance and delivery of such opinion of counsel, the General Partner shall promptly provide to each Partner a copy thereof, together with a copy of the written notice of the election of such Regulated Industry Partner or Foundation Limited Partner to withdraw or the written demand of the General Partner for withdrawal, as the case may be.

(c) The General Partner shall have, in its sole discretion, a period of 90 days following receipt of such counsel's opinion to attempt to eliminate the necessity for such withdrawal to the reasonable satisfaction of such Regulated Industry Partner or Foundation Limited Partner, as the case may be, and the General Partner, whether by correction of the condition giving rise to the necessity of such Regulated Industry Partner's or Foundation Limited

Partner's withdrawal, by amendment of this Agreement, by effectuation of a transfer of such Regulated Industry Partner's or Foundation Limited Partner's interest in the Partnership to a substituted Limited Partner at a fair and reasonable price (provided such Regulated Industry Partner or Foundation Limited Partner, as the case may be, consents to such transfer, which consent shall not be unreasonably withheld), or otherwise. If such cause for withdrawal is not cured within such 90-day period, then such Regulated Industry Partner or Foundation Limited Partner, as the case may be, shall withdraw from the Partnership as of the date following the expiration of such 90-day period (or, if the General Partner elects in writing not to attempt so to cure, as of the date following such election) which is the earlier of (a) the last day of the fiscal year of the Partnership during which such 90-day period expires or during which the General Partner so elects not to attempt a cure, as the case may be, and (b) the last day of the fiscal quarter of the Partnership during which such 90-day period expires or during which the General Partner so elects not to attempt a cure, as the case may be, provided that the last day of such fiscal quarter is recommended for withdrawal by counsel in such opinion (the earlier of (a) and (b) being herein referred to as the "Deemed Withdrawal Date"). The reasonable costs of obtaining or seeking an opinion of counsel for purposes of this Section 5.5(b), whether or not such opinion is to the effect specified above or results in the withdrawal of the Regulated Industry Partner or Foundation Limited Partner, shall be borne by the Regulated Industry Partner or Foundation Limited Partner, as the case may be.

(d) Effective upon the Deemed Withdrawal Date, such Regulated Industry Partner or Foundation Limited Partner shall cease to be a Partner of the Partnership for all purposes and, except for its right to receive payment for its Partnership interest as hereinafter provided, shall no longer be entitled to the rights of a Partner under this Agreement. As promptly as practicable following the Deemed Withdrawal Date, the General Partner shall, where necessary, file and record any required amendment to the Partnership's Certificate of Limited Partnership reflecting such withdrawal.

(e) As promptly as practicable following the Deemed Withdrawal Date, there shall be distributed to such Regulated Industry Partner or Foundation Limited Partner, as the case may be, in full payment and satisfaction of its interest in the Partnership, an amount equal to the amount which such Regulated Industry Partner or Foundation Limited Partner would have been entitled to receive pursuant to Article XI if the Partnership had been liquidated on and as of the Deemed Withdrawal Date and all of the Partnership's assets had been sold on such date for their values as determined in accordance with Section 13.1. No approval of the Partners shall be required prior to the making of such distribution. For purposes of determining the amount of the distribution to be made to such Regulated Industry Partner or Foundation Limited Partner, and the value of each of the Partnership's assets, the Partnership's annual or quarterly financial statements, as the case may be, prepared in accordance with Section 13.1 for the period ending on the Deemed Withdrawal Date shall be deemed to be conclusive. Such distribution to the withdrawing Regulated Industry Partner or Foundation Limited Partner, as the case may be, shall be payable in cash, cash equivalents and/or securities of Portfolio Companies, with each separate group of cash, cash equivalents, securities of Portfolio Companies and/or other assets being distributed to the withdrawing Regulated Industry Partner or Foundation Limited Partner in proportion to such Regulated Industry Partner's or Foundation Limited Partner's interest in the Partnership to the extent practicable, unless otherwise required by law or contract.

(f) Upon the withdrawal of any Regulated Industry Partner or Foundation Limited Partner from the Partnership pursuant to this Section 5.5, each Limited Partner, by execution of its subscription agreement and admission as a Limited Partner, hereby consents to the execution on its behalf by the General Partner under the authority granted to the General Partner (under the power of attorney contained herein) of all documents and instruments necessary or appropriate to effect the withdrawal of the Regulated Industry Partner or Foundation Limited Partner, including without limitation the provisions regarding allocations and distributions during the term of the Partnership and upon its liquidation, as may be appropriate, so that the intent, spirit, operation and effect of such allocation, distribution and other provisions shall, to the maximum extent possible, be preserved after taking into account the withdrawal of such Regulated Industry Partner or Foundation Limited Partner.

5.6 Removal or Withdrawal of the General Partner. (a) The General Partner may be removed (i) for any reason by an affirmative vote or written consent of Limited Partners having Allocation Percentages equal to at least ninety percent (90%) of the Allocation Percentages of all Limited Partners (other than Affiliates of the Partnership) or (ii) as a result of its gross negligence, breach of fiduciary duty or intentional fraud by an affirmative vote or written consent of Limited Partners having Allocation Percentages equal to at least seventy-five percent (75%) of the Allocation Percentages of all Limited Partners (other than Affiliates of the Partnership) in the Partnership.

(b) In the event the Limited Partners vote to remove the General Partner, or if the General Partner withdraws, the Partnership shall be dissolved; provided, however, that the Limited Partners owning one hundred percent (100%) of the limited Partnership Interests and the Special Limited Partner may, within ninety (90) days thereafter, elect to continue the business of the Partnership as a successor limited partnership under all the terms of this Agreement, and a new general partner may be substituted for the outgoing General Partner by the affirmative vote or written consent of Limited Partners having Allocation Percentages equal to at least seventy-five percent (75%) of the Allocation Percentages of all Limited Partners in the Partnership.

(c) In the event the General Partner withdraws or is removed by the Limited Partners and the Partnership is continued by a new general partner, such new general partner shall be required to purchase all of the general partnership Interest of the General Partner and the Interest of the Special Limited Partner. The purchase price shall be equal to the then fair market value of the Interests being purchased, as determined by the agreement of the General Partner, the Special Limited Partner and the successor general partner or, if they cannot agree, by arbitration in accordance with the then current rules of the American Arbitration Association. The purchase price of the Interests being purchased shall be payable in cash, or, at the option of the new general partner, when the General Partner withdraws, the payment may be made by a non-interest bearing, unsecured promissory note with principal payable, if at all, from distributions which the General Partner and Special Limited Partner otherwise would have received under the Partnership Agreement, and where the General Partner is removed, payment may be made by an interest-bearing promissory note coming due in no less than five (5) years with equal installments each year. Expense of arbitration will be borne by the General Partner if it is withdrawing, or, in the case the General Partner is being removed by the Limited Partners,

the expense of arbitration shall be borne equally by the General Partner and the Partnership. The new general partner shall specifically assume all of the obligations and liabilities of the outgoing General Partner and Special Limited Partner arising out of or in any way connected with the Partnership, but only to the extent such obligations and liabilities arise upon or after the substitution of the new general partner, and the Partnership shall repay any loans previously made to the Partnership by the outgoing General Partner and Special Limited Partner.

5.7 Limited Partners' Right to Request Meeting of Limited Partners. Within ten (10) days after receipt of a request submitted in writing and delivered in person or by certified mail for a meeting of the Partnership by Limited Partners who collectively own at least twenty-five percent (25%) of the Interests, the General Partner shall call such a meeting and shall notify all Limited Partners in person or by certified mail of the date, time, place and the purpose thereof. Any meeting requested by the Limited Partners pursuant to this section shall be held on a date not less than fifteen (15) days nor more than sixty (60) days after the receipt of the request for the meeting. The General Partner shall mail a list of all Limited Partners, their addresses and Interests held to any Limited Partner who shall request it for purposes of calling a meeting of the Partnership, the cost thereof to be borne by the Limited Partner requesting it. Partners may vote at any such meeting, either in person or by proxy.

5.8 Restrictions on Voting Rights. For the purposes of any vote, consent or taking action hereunder, any Limited Partner that is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") whose Allocation Percentage is in excess of 5.0%, shall be deemed to hold only a 5.0% Allocation Percentage (after giving effect to the limitations imposed by this sentence on all such Limited Partners) solely for the purposes of such voting, consenting or taking action and shall be entitled to vote, give consent or take action to only such an extent, and such Allocation Percentage in excess thereof shall not be deemed to be outstanding for the purposes of any such vote, consent or action to be taken; provided that this limitation shall not apply to such Limited Partner's participating in, giving or withholding consent under any provision herein or under applicable law or to any amendment hereto that in any of the foregoing cases would adversely affect the rights of such Limited Partner thereunder. All above specified percentages are subject to change in accordance with the BHCA. Except as specifically stated herein, a Limited Partner that is subject to the BHCA shall not be entitled to exercise any right to vote or consent to any action to be taken with respect to the Partnership, including any right conferred by any applicable law.

ARTICLE VI
MAINTENANCE OF CAPITAL ACCOUNTS; ALLOCATION OF PARTNERSHIP ITEMS OF INCOME, GAIN, LOSS, DEDUCTION AND CREDIT; DISTRIBUTION OF CASH FLOW

6.1 Maintenance of Capital Accounts. A Capital Account shall be maintained for each Partner which Account shall be increased (credited) by (i) the cash and fair market value of property contributed by him to the Partnership (net of any liabilities assumed by the Partnership with respect to such contributed property, or to which any such contributed property is subject), and (ii) the share of items of income (including income exempt from tax) and gain allocated to such Partner, and shall be decreased (debited) by (x) the cash and the fair market value of the Partnership's property distributed to such Partner (net of liabilities assumed by such Partner and liabilities to which such distributed property is subject), (y) the amount of all items of loss and deduction allocated to such Partner, and (z) such Partner's allocable share of expenditures of the Partnership not deductible in computing the Partnership's taxable income. In addition, a Partner's Capital Account shall be adjusted as provided in Section 11.2(b) of this Agreement. No interest shall accrue or be paid on funds held in the Capital Accounts and no Partner shall have the right to withdraw funds from any Capital Account other than as provided herein.

6.2 Allocation of Income, Gain, Loss, Deduction and Credit. Except as otherwise provided in Sections 6.4 and 6.6, all items of income, gain, loss, deduction and credit for each fiscal year of Partnership operations (except for the Year of Termination), shall be allocated to and among the Partners as follows:

(a) If there is Net Income for the fiscal year, such Net Income shall be allocated in the following order:

(i) First, to the General Partner and Limited Partners in proportion to their respective Allocation Percentages until the cumulative Net Income allocated pursuant to this Section 6.2(a)(i) is equal to the cumulative Net Losses allocated to the General Partner and Limited Partners pursuant to Section 6.2(b)(ii) for all prior fiscal years (without duplication) in reverse order to which such prior Net Losses were allocated;

(ii) Second, twenty percent (20%) to the Special Limited Partner and eighty percent (80%) to the General Partner and Limited Partners in proportion to their respective Allocation Percentages.

(b) If there is a Net Loss for the fiscal year, such Net Loss shall be allocated in the following order:

(i) First, to the extent the Special Limited Partner has a positive Capital Account balance, then such portion of the Net Loss shall be allocated twenty percent (20%) to the Special Limited Partner and eighty percent (80%) to the General Partner and Limited Partners in proportion to their respective Allocation Percentages;

(ii) Second, once the Capital Account balance of the Special Limited Partner is reduced to zero, any remaining Net Loss shall be allocated to the General Partner and Limited Partners in proportion to their respective Allocation Percentages.

6.3 Distributions. Distributions of cash or securities or other assets of the Partnership shall be made at such times and in such amounts as may be determined in the discretion of the General Partner, subject to the following rules:

(a) As investments in Portfolio Companies are Disposed of, the amount of the proceeds therefrom shall be distributed (i) first, one hundred percent (100%) to the Partners (other than the Special Limited Partner) until such time as such Limited Partners have received pursuant to this subsection (i) cumulative distributions equal to such Limited Partners' capital contributions; and (ii) second, eighty percent (80%) to the Partners (other than the Special Limited Partner) in accordance with their Allocation Percentages and twenty percent (20%) to the Special Limited Partner.

(b) The Partnership shall, prior to any distribution pursuant to Section 6.3(a), make distributions to the Partners in amounts equal to the Assumed Income Tax Rate times the amounts allocated to the Partners, and otherwise based on such reasonable assumptions as the General Partner determines in good faith to be appropriate. The amount distributable to any Partner pursuant to Section 6.3(a) shall be reduced by the amount distributed to such Partner pursuant to this Section 6.3(b).

(c) Notwithstanding anything to the contrary contained in the foregoing provisions of this Section 6.3 and Section 6.5, the General Partner may, in the reasonable exercise of its judgment, determine to reduce the total amount to be distributed and retain the amount of any such reduction as a reserve to cover Partnership expenses or other contingencies.

(d) Upon termination of the Partnership, distributions will be made in accordance with Section 11.2.

(e) If securities or other assets are distributed in kind, the General Partner shall determine the fair market value as provided in Section 13.2, and each Partner's Capital Account shall be charged or credited, as the case may be, as if such securities or assets had been sold at such fair market value and the items of income, gain, loss, deduction and credit realized thereby had been allocated in accordance with Sections 6.2, 6.4, 6.6 and 6.7.

6.4 Allocations with Respect to Transferred Interests. If any Interest in the Partnership is transferred during any calendar year, or if any Limited Partner's or Special Limited Partner's Allocation Percentage changes during any calendar year, all items of income, gain, loss, deduction and credit attributable to such Interest for such calendar year will be divided and allocated proportionately between the transferor and the transferee based upon the number of days during such calendar year for which each party was the owner of the Interest transferred, or based upon the varying Allocation Percentages of the Partners in question, as the case may be.

6.5 Reinvestment of Returned Capital. Proceeds from the disposition of investments in Portfolio Companies will not be subject to reinvestment, except in limited circumstances

approved by the General Partner. The General Partner shall not have authority to approve such reinvestments after such time as the Partnership has invested or committed to invest the entirety of the Capital Commitments.

6.6 Special Allocations. Prior to the allocations pursuant to Sections 6.2 and 6.7, items of income, gain, loss and deduction for the fiscal year shall be allocated in accordance with the provisions of this Section 6.6 to the extent applicable, and any items so allocated shall not be taken into account in determining the allocation of Net Income or Net Loss pursuant to Sections 6.2 and 6.7 (but such specially allocated items shall not affect distributions pursuant to Section 6.3);

(a) If any Partner, after all allocations and distributions pursuant to this Article VI (disregarding this Section 6.6), would have a deficit balance in his Capital Account at the end of any fiscal year which deficit would be in excess of the amount that such Partner is obligated to restore to the Partnership under Treasury Regulation Section 1.704-1(b)(2)(ii)(c), then that Partner shall receive a special allocation of items of Partnership income (including gross income) and gain for such calendar year in a manner to eliminate such excess as quickly as possible.

(b) If any Partner unexpectedly receives any adjustment, allocation or distribution described in clauses (4), (5) and (6) of Treasury Regulation Section 1.704-1(b)(2)(ii)(d), which creates or increases a deficit balance in such Partner's Capital Account, then such Partner shall be allocated items of Partnership income and gain (consisting of a pro rata portion of each item of Partnership income, including gross income, and gain for such calendar year) in an amount and manner sufficient to eliminate as quickly as possible, the deficit balance of such Partner's Capital Account, if any, to the extent required by the relevant Treasury Regulations. The provisions of this Section 6.6(b) are intended to comply with the "qualified income offset" requirement of Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(3) and shall be interpreted in accordance therewith for all purposes under this Agreement.

(c) The allocations set forth in Sections 6.6(a) and 6.6(b) (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulations Section 1.704-1(b) and 1.704-2. The parties intend that the Regulatory Allocations and other allocation provisions of this Article VI shall produce Capital Account balances of the Partners that will permit liquidating distributions that are made in accordance with final Capital Account balances under Section 11.2 to be made to the Partners so that the Special Limited Partner will receive cumulative distributions equal to its Special Limited Partner's Share. To the extent that the tax allocation provisions of this Article VI are determined by the accountants for the Partnership at any time to be producing Capital Account balances that fail to stand in the proper ratio, the accountants may allocate Net Income or Net Loss for any fiscal year in such a manner as to produce the desired ratio of Capital Account balances; provided, however, that any such revised allocations shall be calculated to produce as nearly as possible distributions to the Special Limited Partner over the full term of the Partnership equal to its Special Limited Partner's Share. This Section 6.6(c) shall control notwithstanding any reallocation or adjustment of taxable income, taxable loss, or items thereof by the Internal Revenue Service or any other taxing authority.

6.7 Allocations for Year of Termination. Net Income or Net Loss for the Year of Termination, and each item of income, gain, loss, deduction and credit related thereto, shall be allocated to all Partners in such a manner as to produce, as nearly as possible, Capital Account balances that will permit liquidating distributions that are made in accordance with final Capital Account balances under Section 11.2 to be made in such a manner that the Special Limited Partner will receive cumulative distributions equal to its Special Limited Partner's Share.

6.8 Annual Clawback. If the Special Limited Partner has received distributions pursuant to Section 6.3, the Partnership shall determine within sixty (60) days after the end of the fiscal year, to what extent, if any, the Special Limited Partner has received on a cumulative basis an amount in excess of the Special Limited Partner's Share (determined as if the end of the fiscal year were the end of the term of the Partnership). Such excess, if any, will be returned to the Partnership through a special contribution by the Special Limited Partner for distribution to the General Partner and the Limited Partners in proportion to their Allocation Percentages; provided, however, that the amount which must be repaid by the Special Limited Partner to the Partnership shall not exceed the amount distributed to the Special Limited Partner.

ARTICLE VII
ACCOUNTING PROCEDURE

The General Partner will keep or cause to be kept accurate, complete and proper books, records and accounts pertaining to the Partnership's affairs. The Partnership's books and records shall be maintained, and all allocations made, on a calendar year basis using the accrual method of accounting in accordance with applicable federal income tax statutes and regulations in effect from time to time. All books, records and accounts of the Partnership will be kept at its principal office, or such other office as the General Partner may designate for such purpose. The expenses incurred by the General Partner in the preparation of such books and records and in the furnishing of the reports and information specified in Section 13.4 shall be borne by the Partnership.

ARTICLE VIII
REPRESENTATIONS AND COVENANTS OF THE PARTNERS

8.1 Representations. Each Limited and Special Limited Partner represents and warrants that the following statements are true: (a) he will not offer or sell any Partnership Interest unless, in the opinion of counsel for the Partnership, registration of such offer or sale under applicable federal and state securities laws is not required; (b) he has thoroughly read this Agreement and the Private Offering Memorandum and understands the nature of the risks of an investment in the Partnership; (c) he is experienced in investment and business matters; (d) he recognizes that the Partnership will be newly organized and has no history of operations or earnings and is a speculative venture; (e) he understands that the transferability of his Interest in the Partnership is restricted and that he cannot expect to be able to liquidate his investment readily in case of emergency; (f) unless otherwise indicated on his subscription agreement, he is the sole party in interest in his Interests and as such is vested with all legal and equitable rights in such Interests; and (g) he is an Accredited Investor or Institutional Investor.

8.2 Change of Beneficial Ownership. In the event that the representation contained in Section 8.1 shall become untrue at any time with respect to a Limited or Special Limited Partner, such Limited or Special Limited Partner shall immediately file with the General Partner, (i) a statement signed by the Limited or Special Limited Partner and the other interested parties setting forth the nature and the extent of the interest of each, the nature of the agreement between them, if oral, and accompanied by a copy of the agreement, if written, and (ii) such other information, statements and grants of power of attorney as may be requested by the General Partner.

8.3 Violation of Representations. (a) In the event that any of the representations made by a Limited or Special Limited Partner in Section 8.1 are untrue at the time of his acquisition of an Interest, the General Partner shall have the right within sixty (60) days after the receipt of knowledge of such untruth to buy such Limited or Special Limited Partner's Interest in the Partnership at a purchase price equal to the book value of such Interest as determined by the General Partner in consultation with the Partnership's independent certified public accountants. Such purchase by the General Partner shall result in the cancellation of any Interest in the Partnership of such Limited or Special Limited Partner, and such Limited Partner's obligation to make any further capital contributions to the Partnership shall thereupon likewise be canceled.

(b) The effective date of any purchase made pursuant to this Section shall be the first day of the calendar month during which the General Partner gives notice to the Limited or Special Limited Partner of its desire to enforce its right of purchase hereunder.

8.4 Representations and Covenants of the General Partner. (a) The General Partner represents and warrants to the Partnership and to each Limited and Special Limited Partner that it is duly organized, validly existing and in good standing under the laws of the State of Delaware and is registered, and will register, in each jurisdiction in which registration of foreign partnerships is required, and has full authority and power to act as general partner and conduct the business of the Partnership as set forth in this Agreement.

(b) The General Partner further represents and warrants to each Limited and Special Limited Partner that the organization and operation of the Partnership will be in accordance with this Agreement.

ARTICLE IX
ASSIGNABILITY OF INTERESTS

9.1 Limitation on Transfer of Interests in Partnership. The Interest of a Limited or Special Limited Partner may not be assigned, sold, transferred or otherwise disposed of (a "Transfer"), whether voluntarily or by operation of law, unless the General Partner shall have consented in writing to such sale, assignment or transfer. The General Partner will not permit any Transfer by a Limited or Special Limited Partner which will result in the Partnership being required to register as an investment company under the Investment Company Act of 1940 as amended (" '40 Act"). Without limiting the generality of the foregoing, any purported transfer of any Interest to a person who is not eligible to hold an interest in a company excluded from the definition of an investment company under Section (3)(c)(7) of the '40 Act shall be null and void. A Limited or Special Limited Partner may pledge or mortgage his Interest only if such person or

pledgee takes the Interest subject to the restrictions of this Section 9.1. By executing this Agreement, each Limited and Special Limited Partner shall be deemed to have consented to any assignment consented to by the General Partner and the admission of any substitute or additional Limited or Special Limited Partner resulting therefrom.

9.2 Substituted Limited or Special Limited Partners. (a) An assignee, heir, or legatee of a Limited or Special Limited Partner or transferee permitted under Section 9.1, shall be entitled to receive the share of Partnership income, gains, losses, deductions, credits and distributions to which his immediate predecessor would have been entitled. The assignee of any Partnership Interest shall not, however, become a substituted Limited Partner or substituted Special Limited Partner of the Partnership unless: (i) the instrument of assignment so provides; (ii) the General Partner, in its sole discretion consents to the admission of such person as a substituted Limited Partner or substituted Special Limited Partner; and (iii) the assignee executes with reasonable promptness instruments in form and substance satisfactory to the General Partner substituting the assignee as a Limited or Special Limited Partner, and the assignee agrees to the same power of attorney required by the subscription agreement and further agrees to be bound by the terms of this Agreement. Upon becoming a substituted Limited Partner or substituted Special Limited Partner, such assignee, heir or legatee shall have all of the rights and powers of, shall be subject to all of the restrictions applicable to, shall assume all of the obligations of, and shall attain the status of, his predecessor, and shall in all respects be a Limited or Special Limited Partner as the case may be, under and pursuant to this Agreement. The substitution or addition as a Limited or Special Limited Partner of an assignee, heir, legatee or other successor to a Limited or Special Limited Partner shall require and shall be effected by an amendment to this Agreement or to any schedule attached to this Agreement, as then in effect, and such amendment shall be the responsibility of the General Partner, shall be in the form designated by the General Partner and shall be executed by the General Partner and all of the Limited and Special Limited Partners (or by the General Partner on behalf of all of the Limited and Special Limited Partners) and the assignee, heirs, legatees or other successor (or by the General Partner on behalf of such assignee, heir, legatee or other successor).

(b) Each Limited and Special Limited Partner hereby consents to the execution on his behalf by the General Partner under the authority granted to the General Partner (under the power of attorney contained herein and in the subscription agreement) of an amendment hereto for the purpose of substituting Limited or Special Limited Partners, and the General Partner is hereby granted the right to admit substituted Limited or Special Limited Partners in conformity with the provisions of this Article IX.

9.3 Opinion of Counsel. Any Transfer may be conditioned by the General Partner upon receipt by the Partnership of a written opinion of counsel for the Partnership or of other counsel reasonably satisfactory to the Partnership (which opinion shall be obtained at the expense of the transferor) that such Transfer will not result in (a) the Partnership, the General Partner, a partner of the General Partner or the Service Provider being subjected to any additional regulatory requirements (including those imposed by the Investment Company Act of 1940 (including Section 3(c)(7) thereof), the Investment Advisers Act of 1940, the Securities Act or ERISA), (b) a violation of DRULPA or this Agreement, (c) the Partnership being treated as a

corporation pursuant to Section 7704 of the Code, or (d) the Partnership being deemed terminated pursuant to Section 708 of the Code.

9.4 Expenses. The transferor of any interest in the Partnership hereby agrees to reimburse the Partnership, at the request of the General Partner, for any expenses reasonably incurred by the Partnership in connection with the consummation of such Transfer, including any legal, accounting and other expenses.

ARTICLE X
COMPENSATION, FEES AND REIMBURSEMENTS

10.1 Management Fee. (a) Commencing on the first date of admission of Limited Partners to the Partnership, the Partnership shall compensate the General Partner for services rendered to the Partnership by the payment in cash to the General Partner of an annual management fee, computed as set forth in subsection (b) below.

(b) The annual management fee shall be paid quarterly in advance, during the term of the Partnership with payments due and payable on the first day of each January, April, July and October. The annual management fee for each twelve (12) month period from July 1 to June 30 (beginning July 1, 2005), and ending on or before the termination of the Partnership shall be as follows: (i) from July 1, 2005 until the end of the quarter in which the Commitment Period ends, two and one-half percent (2-1/2%) of the Committed Capital Contributions of all Partners; and (ii) from that date until the termination of the Partnership, two and one-half percent (2 ½%) of the aggregate capital of the Partnership which remains invested in Portfolio Companies determined as of the beginning of each quarter. The management fee shall be reduced in accordance with Section 4.5(a), as applicable.

(c) The management fee shall be treated for federal income tax purposes as a guaranteed payment described in Section 707(c) of the Code.

10.2 Expenses to be Borne by General Partner and the Partnership. (a) The General Partner shall bear all ordinary costs and expenses incurred by it in connection with its management of the Partnership, except for those expenses borne directly by the Partnership set forth in Sections 10.2(b), (c) and (d). Such ordinary operating expenses to be borne by the General Partner shall include (but not by way of limitation) expenditures on account of salaries, wages, travel, entertainment and other expenses of the General Partner's officers and employees, rentals payable for space used by the General Partner or the Partnership, preparation of quarterly and other reports to the Partners, and certain expenses incurred in investigating and evaluating investment opportunities and disposing of investments in Portfolio Companies.

(b) The Partnership shall bear all Organization and Offering Costs incurred by the General Partner in connection with the formation and organization of the Partnership, including legal, and accounting fees incident to the organization and funding of the Partnership (but not the General Partner), up to a maximum amount equal to $250,000. The General Partner shall bear any Organization and Offering Costs in excess of such amount.

(c) The Partnership shall bear all costs and expenses incurred in the purchase, holding, sale or exchange of Portfolio Company securities not otherwise borne by the Portfolio Companies, including, but not by way of limitation, private placement fees and finder's fees, attorneys' and accounting fees, and valuations and property appraisals on actual or potential investments in Portfolio Companies. The Partnership shall also pay all interest on borrowed money, brokerage fees, studies and reports commissioned by the General Partner (other than those to be paid by the General Partner from its management fee in accordance with Section 4.3) taxes applicable to the Partnership on account of its operations, fees incurred in connection with the maintenance of bank or custodian accounts, legal, audit and other expenses incurred in the registration of the Partnership's securities in Portfolio Companies under the Act, the qualification of the Partnership's securities in Portfolio Companies under applicable state securities laws, premiums for insurance, including, but not limited to, officers, and directors' liability and investment advisor's insurance, protecting the Partnership, the General Partner and all officers, directors and employees of the General Partner and persons designated by the General Partner to serve as directors of Portfolio Companies, from liability to third parties, including legal fees and expenses, except in the case where the conduct of any such persons has been determined by a court of law or equity to have not been undertaken in good faith to promote the best interests of the Partnership or to have constituted negligence or misconduct. The Partnership shall also bear all other reasonable legal and accounting fees and expenses, all reasonable fees and expenses of members of the Financial Advisory Board and Scientific Advisory Board and all reasonable expenses which are not ordinary operating expenses, including all legal fees and expenses incurred in prosecuting or defending administrative or legal proceedings brought by or against the Partnership, including all costs and expenses arising out of or resulting from the Partnership's indemnification pursuant to Section 4.7 and subject to the limitations imposed therein.

(d) The Partnership shall bear all costs and expenses incurred by the General Partner on behalf of the Partnership during the term of this Agreement in disposing of Partnership assets, specifically including, but not limited to, legal, accounting and investment banking fees. In addition, in the event of a transaction to acquire securities in which the Partnership elects not to participate and the Partnership has incurred fees of third party professionals and/or consultants engaged by the General Partner (to assist in evaluating such investment in securities), the Partnership, rather than the General Partner, shall pay such fees and expenses.

10.3 Financial Advisory Board Fees. Any fees paid to the members of the Financial Advisory Board, plus reimbursement of travel expenses, shall be paid by the Partnership.

10.4 Scientific Advisory Board Fees. Any fees paid to the members of the Scientific Advisory Board, plus reimbursement of travel expenses, shall be paid by the Partnership.

ARTICLE XI
DURATION AND DISSOLUTION

11.1 Dissolution. (a) The Partnership will continue in existence until the earliest to occur of (i) a written election by the General Partner or the vote to dissolve the Partnership by Limited Partners having Allocation Percentages equal to at least seventy-five percent (75%) of

the Allocation Percentages of all Limited Partners; (ii) the dissolution, removal or withdrawal of the last remaining General Partner, (iii) the bankruptcy of the last remaining General Partner or the occurrence of any other event that would permit a trustee or receiver to acquire control of the General Partner's affairs; (iv) the sale, forfeiture or abandonment of substantially all of the Partnership's Property; or (v) the expiration of the term of the Partnership described in Section 2.6. Notwithstanding the foregoing, the business of the Partnership shall be continued after the occurrence of an event specified in (ii) or (iii) above if, within ninety (90) days of such event, Limited Partners owning one hundred percent (100%) of the limited partnership Interests in the Partnership and all Special Limited Partners elect to continue the business of the Partnership under all of the terms of this Agreement and, if the General Partner voluntarily withdraws or is removed, the General Partner's Interest is purchased in the manner provided under Section 5.6(c).

(b) Neither the death, insanity, incompetency or bankruptcy of any Limited or Special Limited Partner shall dissolve the Partnership. The successor to the rights of a deceased, insane, incompetent or bankrupt Limited or Special Limited Partner shall have all the rights of a Limited or Special Limited Partner for the purpose of settling or administering the estate or affairs of such Limited or Special Limited Partner; provided, however, that no such successor shall become a Substituted Limited Partner or Substituted Special Limited Partner except in accordance with Section 9.2. Neither the expulsion of any Limited or Special Limited Partner nor the admission or substitution of a Limited or Special Limited Partner shall work a dissolution of the Partnership. The estate of a deceased, insane, incompetent or bankrupt Limited or Special Limited Partner shall be liable for all his liabilities as a Limited or Special Limited Partner.

(c) In the event of a seizure and sale of a Limited or Special Limited Partner's Interest by a creditor of such Limited or Special Limited Partner, such seizure and sale, even though legal, shall not operate as a dissolution of the Partnership, and the party acquiring such Limited or Special Limited Partner's Interest by virtue of such seizure and sale shall not become a Substituted Limited Partner or Substituted Special Limited Partner except in accordance with Section 9.2. In the event such successor is not acceptable to the General Partner or if for any other reason such successor does not become a Substituted Limited Partner or Substituted Special Limited Partner, the General Partner may, at the General Partner's sole option and within sixty (60) days from the date of such seizure and sale or within thirty (30) days after the General Partner receives actual notice of such seizure and sale, whichever is later, buy such Limited or Special Limited Partner's Interest at a price equal to the book value of the Interest on the date of purchase.

11.2 Liquidation. (a) Except as otherwise provided herein, upon the dissolution of the Partnership no further business shall be conducted except for the taking of such action as shall be necessary for the winding up of the affairs of the Partnership and the distribution of its assets to the Partners pursuant to the provisions of this Section. The General Partner shall act as liquidating trustee or may appoint in writing one or more liquidating trustees who shall have full authority to wind up the affairs of the Partnership and to make final distribution as provided herein; provided, however, if the Partnership is dissolved for any reason set forth in Section 11.1(a)(ii) or (iii) with respect to the General Partner, any remaining general partner or its designee shall act as liquidating trustee, or if there is no remaining general partner, the Limited

Partners shall, by a vote of a Majority in Interest of the Limited Partners, designate a party to act as the liquidating trustee.

(b) The liquidating trustee may sell all of the Property of the Partnership at the best price available, or it may distribute those assets in kind; provided, however, that the liquidating trustee shall ascertain the fair market value by appraisal or other reasonable means of all Partnership Property to be distributed in kind, and each Partner's Capital Account shall be charged or credited, as the case may be, as if such assets had been sold at such fair market value and the items of income, gain, loss, deduction and credit realized thereby had been allocated to and among the Partners in accordance with Sections 6.2 and 6.6. All of the assets of the Partnership shall be applied and distributed, with reference to the fair market value thereof, by the liquidating trustee in the following order:

(i) to the creditors of the Partnership, including to the General Partner with respect to any loans or advances (including accrued interest) made by it to the Partnership;

(ii) to setting up any reserves that the General Partner may deem necessary for contingent or unforeseen liabilities or obligations of the Partnership, or of the General Partner arising out of or in connection with the Partnership or its liquidation. Such reserves may be paid over by the liquidating trustee to an escrow agent selected by the trustee to be disbursed in payment of any aforementioned liabilities or contingencies and, if any balance remains, the same shall be distributed by the escrow agent in the manner hereinafter provided; then

(iii) to the Partners in proportion to the credit balances of their respective Capital Accounts.

If, after all of the assets of the Partnership have been applied and distributed as described above, the total distributions to the Special Limited Partner (as adjusted in Section 6.8) for the full term of the Partnership are in excess of the Special Limited Partner's Share, the excess will be returned to the Partnership through a special contribution by the Special Limited Partner for distribution to the General Partner and Limited Partners in proportion to their respective Allocation Percentages.

(c) A Limited Partner shall look solely to the assets of the Partnership for the return of his capital contributions and, if the Partnership Property remaining after the payment or discharge of the debts and liabilities of the Partnership is insufficient to return his capital contributions, he shall have no recourse against the General Partner or any of its partners or any other Partner for that purpose. Except to the extent of the special contribution described in Section 11.2(b), neither the General Partner nor the Special Limited Partner shall have any obligation to restore any part of a deficit in their final Capital Account balances.

(d) The liquidating trustee shall comply with any requirements of DRULPA or other applicable law, except as modified by this Agreement, pertaining to the winding up of a limited partnership, at which time the Partnership shall stand liquidated.

ARTICLE XII
POWER OF ATTORNEY

12.1 Authority to Execute Documents. Each Limited and Special Limited Partner hereby irrevocably designates and appoints the General Partner, and its duly authorized agents, successors and assigns, each with power of substitution, his agent and attorney-in-fact in his name, place and stead to do any ministerial act necessary to qualify the Partnership to do business under the laws of any jurisdiction in which it is necessary to file any instrument in writing in connection with such qualification, and to make, execute, swear to and acknowledge, amend, file, record, deliver and publish (i) any original certificate of limited partnership, amended certificate of limited partnership or amendments to any certificate of limited partnership required or permitted to be filed or recorded under the statutes relating to limited partnerships under the laws of any jurisdiction in which the Partnership shall engage or seek to engage in business; (ii) a counterpart of or amendment to this Agreement for the purpose of admitting additional Limited or Special Limited Partners or substituting as Limited or Special Limited Partner an assignee or successor to a Limited or Special Limited Partner's Interest pursuant to this Agreement or withdrawing a Tax-Exempt Limited or Special Limited Partner pursuant to Section 4.12 of this Agreement or admitting an additional or successor general partner pursuant to Sections 4.6 or 5.6; (iii) a counterpart of this Agreement or of any amendment hereto for the purpose of filing or recording such counterpart in any jurisdiction in which the Partnership may own property or transact business; (iv) all certificates and other instruments necessary to qualify or continue the Partnership as a limited partnership or partnership wherein the Limited Partners and Special Limited Partners have limited liability in any jurisdiction where the Partnership may own property or be doing business; (v) any fictitious or assumed name certificate required or permitted to be filed by or on behalf of the Partnership; (vi) any other instrument that is now or may hereafter be required by law to be filed for or on behalf of the Partnership; (vii) a certificate or other instrument evidencing the dissolution or termination of the Partnership when such shall be appropriate in each jurisdiction in which the Partnership shall own property or do business; (viii) any amendment to this Agreement pursuant to Section 14.6; and (ix) any other instruments necessary to conduct the operation of the Partnership.

12.2 Authority to Approve Certain Acts. Provided that Limited and Special Limited Partners owning the requisite Interests in the Partnership have consented as provided in this Agreement, each Limited and Special Limited Partner further appoints the General Partner and its duly authorized agents and successors and assigns, each with power of substitution, his agent and attorney-in-fact in his name, place and stead to (i) consent to any sale of substantially all the assets of the Partnership; (ii) consent to the admission of any additional Limited or Special Limited Partner or Substituted Limited Partner or Substituted Special Limited Partner pursuant to Sections 2.5 or 9.2, respectively; (iii) consent to the admission of a new general partner pursuant to Sections 4.6 or 5.6; (iv) consent to the withdrawal of a Tax-Exempt Limited or Special Limited Partner pursuant to Section 4.12; (v) to extend the term of the Partnership to the extent permitted by Section 2.6; (vi) to consent to the continuation of the Partnership under Sections 4.6(c), 5.6(b) or 11.1 and (vii) consent to the amendment of the Partnership Agreement pursuant to Section 14.6.

12.3 Survival of Power. The existence of this power of attorney shall not preclude execution of any such instrument by any undersigned Limited or Special Limited Partner individually on any such matter. This power of attorney shall not be revoked and shall survive the assignment or transfer by any undersigned Limited or Special Limited Partner of all or part of his Interest in the Partnership and, being coupled with an interest, shall survive the death or incapacity of any Limited or Special Limited Partner. Any person dealing with the Partnership may conclusively presume and rely upon the fact that any such instrument executed by such agent and attorney-in-fact is authorized, regular and binding without further inquiry. Each Limited or Special Limited Partner shall execute and deliver to the General Partner or each successor general partner within five (5) days after receipt of a request therefor by the General Partner or such successors, such further designations, powers of attorney and other instruments as the General Partner or such successor shall reasonably deem necessary.

ARTICLE XIII
VALUATIONS; FISCAL MATTERS; REPORTS

13.1 Reports and Statements. As soon as practicable after the end of each calendar year of the Partnership but no later than one hundred twenty (120) days thereafter, the General Partner shall cause to be delivered to the Partners a report containing a detailed list of the assets and liabilities of the Partnership. A tax basis balance sheet of the Partnership as of the end of such calendar year, and a tax basis profit and loss statement for such calendar year shall be included in the annual report and shall be audited by certified public accountants selected by the Financial Advisory Board, subject to the approval of the General Partner. In addition, quarterly investment reports will be provided to the Partners within the seventy-five (75) days after the end of each of the first three (3) calendar quarters of each fiscal year, as well as informational releases as situations warrant as determined by the General Partner. Further, as promptly as practicable after the close of each calendar year and no later than ninety (90) days thereafter, the General Partner shall supply all other information necessary to enable each Partner to prepare his federal and state income tax returns, and the General Partner shall supply such other information as each Partner may reasonably request for the purpose of enabling him to comply with any reporting requirements imposed by any United States or state governmental agency or authority.

13.2 Valuation of Distributions. The value of any distributions made by the Partnership pursuant to Sections 6.3 or 11.2 shall be determined using the following principles:

(a) Cash, cash-equivalent assets, securities of a class for which market quotations are readily available, and securities convertible into, exchangeable for or exercisable to purchase securities of a class for which market quotations are readily available shall be valued as follows: (i) cash and cash equivalent assets shall be valued at face value; (ii) securities for which market quotations are readily available shall be valued at the last trade on the exchange or if trade quotes are not available, generally at the closing bid price (or average of bid prices), last quoted by established over-the-counter quotation services; and (iii) securities convertible into, exchangeable for or exercisable to purchase securities for which market quotations are readily available shall be valued at the prices for the underlying securities, determined in the same manner. Securities subject to investment letter or other restrictions on free marketability shall be

valued by the General Partner by making an appropriate adjustment to the value determined hereunder to reflect the effect of the restrictions on transfer.

(b) Assets of the Partnership other than cash, cash-equivalent assets, securities of a class for which market quotations are readily available and securities convertible into, exchangeable for or exercisable to purchase securities of a class for which market quotations are readily available shall be valued by the General Partner with the assistance of such investment bankers or other professionals as the General Partner deems necessary or appropriate (at the cost and expense of the Partnership) .

13.3 Accounting Period. The accounting period and fiscal year of the Partnership will be the twelve (12) months ending on December 31 of each year.

ARTICLE XIV
MISCELLANEOUS PROVISIONS

14.1 Entire Contract. This Agreement shall constitute the entire contract between the parties, and there are no other or further agreements outstanding not specifically mentioned herein; provided, however, that the parties may by agreement amend and supplement this Agreement in writing from time to time.

14.2 Notices. Notices, reports and payments hereunder shall be in writing, shall be given by personal service or by mailing, and shall be deemed to be given and received when placed in the United States mail, if properly posted with postage prepaid, first class, certified or registered mail (as may be specifically required herein) in an envelope properly addressed (i) if to the General Partner, to 17 W. Pontotoc, Suite 200, Memphis, Tennessee 38103, or (ii) if to a Limited or Special Limited Partner, to the address set forth in the permanent records of the Partnership, or to such other address as the General Partner may specify in a written notice to the Limited or Special Limited Partner or any Limited or Special Limited Partner may specify in a written notice to the General Partner.

14.3 Nature of Interest of Limited Partners. The Interest of each Partner in this Partnership is personal property.

14.4 Execution in Counterparts. This Agreement may be executed in multiple counterparts, each to constitute an original, but all in the aggregate to constitute one agreement as executed.

14.5 Severability. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and unenforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

14.6 Amendments. (a) The General Partner may, without the consent of any Limited or Special Limited Partner, amend any provision of this Agreement, or consent to and execute any amendment of this Agreement, with respect to any one or more provisions hereof if, in the opinion of the General Partner, such amendment does not have a material adverse effect upon the

Limited or Special Limited Partners or the Partnership, as the case may be, or to cure any ambiguity, to correct or supplement any provisions herein that may be inconsistent with any other provisions herein, or to add any other provisions with respect to matters or questions arising under this Agreement that will not be inconsistent with the provisions of this Agreement.

(b) If the General Partner proposes an amendment to the Limited or Special Limited Partners which the General Partner determines may have a material adverse effect upon the Limited or Special Limited Partners or the Partnership, the General Partner shall deliver to the Limited or Special Limited Partners a verbatim statement of the proposed amendment and a statement of the purpose thereof. Each such amendment shall become effective upon the General Partner's receipt of written approval of such amendment from a Majority in Interest of the Limited Partners, in the case of a proposed amendment that may have a material adverse effect upon the Limited Partners or the Partnership, and from the Special Limited Partner in the case of a proposed amendment that may have a material adverse effect upon such Special Limited Partner.

(c) The foregoing notwithstanding, this Agreement shall not be amended without the consent of all Limited or Special Limited Partners adversely affected by a proposed amendment if the effect of any such amendment would be to (i) increase their personal liability; (ii) change the contributions required of them; (iii) change their rights and interests in gains and losses of the Partnership (except for a change in the method of tax allocations to comply with applicable provisions of the Code, Treasury Regulations or rulings of the Internal Revenue Service); or (iv) change their rights upon liquidation of the Partnership.

14.7 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

14.8 Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

14.9 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

14.10 Waiver of Right to Partition. Each of the Partners irrevocably waives during the term of the Partnership any right that it may have to maintain any action for partition with respect to Partnership Property.

14.11 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

14.12 Use of Pronouns. All pronouns used herein shall be read broadly and inclusively with regard to number and gender; feminine or neuter pronouns shall be substituted for those of masculine form or vice versa, and the plural shall be substituted for the single number or vice versa in any place or places in which the context may require such substitution.

14.13 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

GENERAL PARTNER:

MB VENTURE PARTNERS, LLC, a Delaware limited liability company

By: _____

Title: _____

SPECIAL LIMITED PARTNER:

MBV GENERAL PARTNERS II, a Tennessee general partnership

By: _____

Title: _____

By: _____

Title: _____

APPENDIX A

For purposes of this Agreement, the following terms shall have the meaning set forth below (such meaning to be equally applicable to both singular and plural forms of the temps so defined). Additional defined terms are set forth in the Sections of the Agreement to which they relate.

1. Accredited Investor. Any investor who comes within any of the following categories, or who the General Partner reasonably believes comes within any of the following categories, at the time of the sale of the Interest to that investor;

(a) Any director, executive officer or general partner of the Partnership, or any director, executive officer or general partner of the General Partner;

(b) Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of his purchase, exceeds $1,000,000;

(c) Any natural person who had an individual income in excess of $200,000 in each of the two (2) most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(d) Any trust with total assets in excess of $5,000,000 not formed for the specific purpose of acquiring the securities offered, whose purpose is directed by a sophisticated person as described in Reg. § 230.506(b)(2)(ii) of the Act;

(e) Any entity in which all of the equity owners are Accredited Investors; or

(f) Any Institutional Investor.

2. Act. The Securities Act of 1933, as amended.

3. Affiliate. A person or entity that directly or indirectly, through one or more intermediaries controls, is controlled by, or is under common control with another person or entity.

4. Allocation Percentage. The percentage ownership of the Partnership owned by a Partner calculated by dividing the amount of the Committed Capital Contribution made by such Partner by the aggregate Committed Capital Contributions made by all such Partners to the Partnership. If the General Partner purchases limited partnership Interests, the General Partner shall have two Allocation Percentages determined, respectively, by its Committed Capital Contribution as the General Partner and by its Committed Capital Contribution for its limited partnership Interest.

5. Assumed Income Tax Rate. The highest effective marginal combined federal, state and local income tax rate for a fiscal year prescribed for any individual resident in Delaware (taking into account the character of income and the deductibility of state and local

income taxes for federal income tax purposes and the rates applicable to income of the relevant character).

6. Capital Account. A financial account to be established and maintained by the Partnership for each Partner as computed from time to time in accordance with Section 6.1.

7. Closing Date. The date, as determined by the General Partner, on which the Partnership first closes on Units subscribed for by Limited Partners.

8. Code. The Internal Revenue Code of 1986, as amended, and any successor legislation thereto.

9. Committed Capital Contribution. The contribution that each General Partner, Limited Partner or Special Limited Partner has committed to make to the Partnership in accordance with Article III.

10. Disposition (Dispose). The sale, exchange, redemption, assignment, transfer, repayment, repurchase or other disposition by the Partnership of all or any portion of a Portfolio Company for cash or for property which can be distributed to the Partners pursuant to Section 6.3 and shall include the receipt by the Partnership of a liquidating dividend, distribution upon a sale of all or substantially all of the assets of a Portfolio Company or other like distribution for cash or property or any portion thereof which can be distributed to the Partners pursuant to Section 6.3 and shall also include a distribution in kind to the Partners of all or any portion of a Portfolio Company as permitted hereby.

11. ERISA. Employee Retirement Income Security Act of 1974, as amended.

12. DRULPA. Delaware Revised Uniform Limited Partnership Act, as the same may be amended from time to time.

13. Final Closing Date. The date set by the General Partner for the final closing of additional capital commitments which shall be on or before _____.

14. Financial Advisory Board. The board appointed by the General Partner pursuant to Section 4.13 to carry out the review and advisory functions described in Section 4.13(b).

15. Foundation Limited Partner. A Limited Partner that is a private foundation within the meaning of Section 509(a) of the Code or a charitable remainder trust within the meaning of Section 664(d) of the Code.

16. General Partner. MB Venture Partners, LLC, a Delaware limited liability company.

17. Institutional Investor.

(a) Any bank as defined in Section 3(a)(2) of the Act or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker dealer registered pursuant to Section 15

of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency of instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of ERISA, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors (as defined in Regulation D promulgated under the Act.

(b) Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940; or

(c) Any organization described in Section 501(c)(3) of the Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.

18. Interest or Partnership Interest. All of the interest of a Partner in the Partnership, including the Partner's right to receive allocations and distributions hereunder and the right to receive a distributive share of the assets of the Partnership.

19. Limited Partner. Each of the parties who will execute this Partnership Agreement, an amendment hereto or a counterpart hereof as a limited partner, or any other person or entity who succeeds it in such capacity, including, without limitation, a Substituted Limited Partner pursuant to Section 9.2. Such term does not include any Special Limited Partner.

20. Majority in Interest of the Limited Partners. Those Limited Partners whose Allocation Percentages exceed fifty percent (50%) of the total Allocation Percentages of the Limited Partners.

21. Net Income or Net Loss. The excess or deficit, as the case may be, for any fiscal year or other period of the Partnership's taxable income or loss (including any capital gain or loss from sale or disposition of securities or other assets) for such fiscal year or period determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(a) Expenditures described in Section 705(a)(2)(B) of the Code (relating to expenditures that are not deductible for federal income tax purposes and not properly

chargeable to capital) shall be included as an expense in the determination of Net Income and Net Loss;

(b) Income exempt from taxation shall be included in the determination of Net Income and Net Loss;

(c) Items resulting from a deemed sale upon distribution of securities or other assets pursuant to Section 6.3(f) shall be included in the determination of Net Income or Net Loss; and

(d) The guaranteed payment to the General Partner described in Section 10.1 (the management fee) shall be subtracted as an expense of the Partnership in determining Net Income and Net Loss.

22. Newly Admitted Limited Partner. The purchaser of additional limited partnership Interests, either as a new Limited Partner or through an increase in such purchaser's Committed Capital Contribution at any time after the Closing Date.

23. Organization and Offering Costs. All costs and expenses (except financial advisory fees) incurred in connection with the offer and sale of the Interests, including, without limitation, the costs of preparing and printing any private placement memorandum, organizing the Partnership, legal and accounting fees, tax advice and blue sky filing fees.

24. Partner or Partners. Individually, any person or entity which is either a Limited, Special Limited or General Partner, and cumulatively, all of the then Limited and Special Limited Partners and the General Partner.

25. Partnership Agreement. This Second Amended and Restated Agreement of Limited Partnership for Memphis Biomed Ventures I, L.P., sometimes also referred to herein as the "Agreement".

26. Partnership Property. All assets, interests, properties and rights of any type owned by the Partnership.

27. Plan Assets Regulations. The regulations concerning the definition of "Plan Assets" under ERISA adopted by the United States Department of Labor and codified in 29 C.F.R. §2510.3-101.

28. Regulated Industry Law. The state laws, regulations, case law, administrative interpretations and policies or similar authority governing the conduct of the Arkansas Institutional Fund, LLC.

29. Regulated Industry Partner. A Limited Partner subject to Regulated Industry Laws.

30. Scientific Advisory Board. The board appointed by the General Partner pursuant to Section 4.14 to carry out the review and advisory functions described in Section 4.14(b).

31. Special Limited Partner. MBV General Partners II, or any other person or entity which succeeds it in such capacity, including, without limitation, a Substituted Special Limited Partner pursuant to Section 9.2.

32. Special Limited Partner's Share. The portion of total distributions for the full term of the Partnership that are intended to be distributed to the Special Limited Partner on account of its Interest determined as follows:

(a) If there is cumulative Net Income for the full term of the Partnership, the Special Limited Partner's Share shall equal the sum of (i) the capital contributions actually made by the Special Limited Partner, and (ii) twenty percent (20%) of the cumulative Net Income.

(b) If there is cumulative Net Loss for the full term of the Partnership, the Special Limited Partner's Share shall equal the excess, if any, of (i) the capital contributions actually made by the Special Limited Partner, over (ii) twenty percent (20%) of the cumulative Net Loss.

33. Tax-Exempt Limited Partner. With reference to any Limited Partner, a tax-exempt organization under the Code.

34. Unit. A Limited Partnership Interest in the Partnership evidencing a $50,000 Committed Capital Contribution to the Partnership.

35. Year of Termination. The fiscal year of the Partnership during which the final distribution of assets is completed pursuant to Section 11.2(b).

Memphis Biomed Ventures II, L.P.

Stanford Investment as of 3/31/09

Region:	United States	**Commitment:**	$5,000,000	**Distributions:**	$0
Fund Type:	Venture	**NAV:**	$1,992,985	**Paid-In %:**	49.0%
Vintage:	2006	**Unfunded:**	$2,550,000	**Multiple of Cost (x)**	0.81x

Current Status

Since inception, Stanford has contributed $2,450,000 of its $5,000,000 commitment in Memphis Biomed Ventures II, L.P. As of March 31, 2009, the reported fair market value, as determined by the General Partner ("GP"), of Stanford's interest has been written down by approximately 20% from cost. Based on discussions with the GP, there is significant uncertainty surrounding the future success of the investments in the Fund portfolio. The GP confirmed that the Fund is likely to continue to draw capital on Stanford's outstanding $2.5 million of unfunded commitments to invest in new companies and support existing investments well into 2010 and beyond with limited visibility on distributions given the lack of viable exit options and the early stage of the investments in the Fund. Currently there is a $200,000 capital call which has not been met by Stanford.

Firm Overview

MB Venture Partners is a venture capital firm specializing in investments in all stages of development. The firm typically invests in the life sciences sector including biotechnology and medical device companies with a focus on: product solutions for musculoskeletal diseases, products to alleviate human suffering, and molecular therapeutics. The firm seeks to invest in opportunities across the United States for musculoskeletal related investments and Southeast and Midwest regions for investments in biotechnology, medical devices companies, and non-musculoskeletal investments. MB Venture Partners was founded in 2001 and is based in Memphis, Tennessee.

Schedule of Investments – as of March 31, 2009

Company Name	Industry	Common Share Equivalent (CSE)	Fund Cost	Fund Valuation	Multiple of Cost
Anulex Technologies	Healthcare Equipment	1,103,873	$3,500,001		
Kereos	Biotechnology	733,759	2,236,683		
Cayenne Medical	Healthcare Equipment	1,853,926	4,347,804		
Applied Spine	Healthcare Equipment	1,244,813	2,999,999		
Spinal Restoration	Healthcare Equipment	1,149,961	2,541,414		
Expanding Orthopedics	Healthcare Equipment	3,840,839	3,130,630		
Calosyn Pharma, Inc.	Biotechnology	1,294,643	517,857		
Zyga Technology, Inc.	Healthcare Equipment	800,000	800,000		
Protein Discovery, Inc.	Life Sciences Tools and Services	1,956,622	847,248		
Visioneering Technologies	Healthcare Equipment	816,771	600,000		
PORTFOLIO VALUATION			$21,521,636	$17,507,060	0.81x
STANFORD VALUATION (Portfolio Ownership is 9.30%)			$2,450,000	$1,992,985	0.81x

Default Analysis

If Stanford does not meet its current and future funding obligations it could be subjected to the default remedies available to the GP as detailed in the limited partnership agreement (See Exhibit A). The possible default remedies are outlined in the following table:

(All figures in US$)

				Default Remedies[1]							
Fund	Current NAV	Capital Call Due	Capital Call Due Date	Max Default Penalty %	Max Default Penalty	Annual Int. Rate on Outstanding Call	Acc. Int. Amt. through 12/31/09	Remaining NAV from Default[1]	Est. Roll Fwd Secondary Value	Value Preserved	Value Preserved as % of NAV
Memphis Biomed Ventures II	1,992,985	200,000	4/20/2009	(100.0%)	(1,992,985)	3.25%	(4,593)	(4,593)	490,000	494,593	24.8%

(1) Represents the impact of the capital account balance at the time of default and does not reflect the future deterioration in value

EXHIBIT 4 tabbies

Marketing Process

By its nature, the private equity asset class is illiquid, intended to be a long-term investment for buy-and-hold accredited investors. For the vast majority of private equity investments, there is no active public market; however, a limited secondary market exists, where holders of private equity limited partnership interests may be able to achieve liquidity through a sales process. The interest in the secondary market for a specific limited partnership interest is determined by a number of factors including the type and quality of the assets in the portfolio, the funds' industry and regional focus, the track record of the GP, the size of the fund, the size of the interest for sale, the amount of unfunded capital, the capital needs of the portfolio companies, the supply of similar interests in the market, and the availability of exit options available to the portfolio companies.

All of the aforementioned factors limit the universe of potential buyers for Memphis Biomed Ventures II significantly which is the reason that the marketing efforts were focused on potential investors who knew the GP and the portfolio best.

PHG in conjunction with the general partner of the fund conducted preliminary discussions with investor groups in order to prescreen bidders and determine which investors had strong interest in the partnership.

- The marketing process involved discussions with an original group of 40 investors, which were comprised of 30 existing Fund II investors, six (6) prospective Fund III investors and four (4) dedicated secondary investors.
- The majority of the potential purchasers included in the process were selected given their familiarity with the firm, the fund's assets or the venture asset class
- The majority of the potential purchasers cited capacity constraints and the low likelihood of being competitive as the primary factors for not submitting a bid
- Two out of the 40 bidders invited into the process submitted bids
  - Shelby County Retirement Board submitted a proposal to acquire the interest for $490,000 plus assume $200,000 of outstanding funding obligations
  - The alternative offer is approximately 35% lower than the highest bid

Conclusion

After an extensive marketing process, the offer from Shelby County represents the highest dollar value for the Stanford Estate.

Exhibit A

Default Language Per Limited Partnership Agreement

If any Limited Partner shall fail to make any payment of his Committed Capital Contribution to the Partnership on its due date pursuant to the Limited Partner's subscription agreement, such Limited Partner may at any time following such breach, in the sole and absolute discretion of the General Partner, be declared in breach of his subscription agreement with the Partnership and given written notice thereof by the General Partner. In the event a Limited Partner fails to make any payment of his Committed Capital Contribution within ten (10) days of its due date as set forth in the notice pursuant to Section 3.2(c), the amount due shall accrue interest payable to the Partnership by the Limited Partner from the due date at a floating rate equal to the then applicable prime rate, as published in the Wall Street Journal. Payment of such interest shall be made in conjunction with payment of the amount set forth in the contribution notice. Upon the continuation of any such breach for more than twenty (20) days, all of the breaching Limited Partner's Interest in the Partnership (including his Capital Account and interest in profits and losses) shall, at the sole option of the General Partner, (I)(A) be either sold to another investor who shall be admitted as a Limited Partner or (B) be transferred to all non-breaching Partners (Limited and General, but not Special Limited) in proportion to their respective Allocation Percentages as of the first day of the fiscal period in which such breach occurs or (II) be reserved for the breaching Limited Partner upon payment of his Committed Capital Contribution plus accrued interest. Such sale or transfer shall result in cancellation of any Interest in the Partnership of the breaching Limited Partner without any payment to such Limited Partner, and (except in the event of II above) the breaching Limited Partner's obligation to make any further capital contributions to the Partnership shall thereupon likewise be canceled. Nothing contained in this Section 3.2(e) shall relieve any Limited Partner of any obligation to the Partnership or of the responsibility to respond in damages or otherwise, except as expressly provided herein, and the General Partner shall have the authority to pursue an action against such breaching Limited Partner for damages caused by the breach.

Note: All information was provided by MB Venture Partners, the general partner of Memphis Biomed Ventures II, L.P.

Execution Version

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is made and entered into this 3rd day of September, 2009 by and between the Shelby County Retirement Board, Division of Shelby County Government ("Buyer"), and Stanford Venture Capital Holdings, Inc., a Delaware corporation ("Seller").

WITNESSETH

WHEREAS, Seller is a limited partner in Memphis Biomed Ventures, II, LP, a Delaware limited partnership (the "Partnership"), and owns approximately 9.3% of the Partnership's issued and outstanding units (the "Partnership Interests"); and

WHEREAS, the United States District Court for the Northern District of Texas, Dallas Division (the "Court"), Case No. 3-09CV0298-L, entered an order on February 17, 2009 (the "Order") appointing Ralph S. Janvey (the "Receiver") as receiver for the assets of Stanford International Bank, Ltd., Stanford Group Company, Stanford Capital Management, LLC, R. Allen Stanford, James M. Davis and Laura Pendergest-Holt and the entities they own or control (the "Receivership Estate"), including Seller; and

WHEREAS, the Receiver, pursuant to the terms of the Order, controls the Seller and its assets, including the Partnership Interests; and

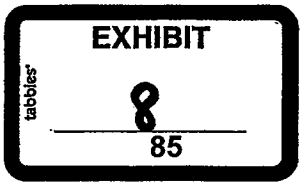
WHEREAS, Seller desires to sell, and Buyer desires to purchase, the Partnership Interests subject to the following terms and conditions;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, Seller and Buyer hereby agree as follows:

1. In accordance with and subject to the terms and conditions of this Agreement, at the Closing (as defined below), Seller shall sell, assign, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, all of Seller's right, title and interest in and to the Partnership Interests.

2. The aggregate purchase price for the Partnership Interests shall be the sum of $490,000 (the "Purchase Price").

3. As additional consideration for the Partnership Interests, Buyer will assume all of Seller's obligations under the Partnership's Agreement of Limited Partnership, dated as of July 1, 2005 (the "Partnership Agreement"), including the Seller's obligation to make any capital contributions for its unfunded commitment as required by the terms of Section 3.2(c) of the Partnership Agreement.



4. Seller will not retain any interest, residual or otherwise, in and to the Partnership.

5. Buyer agrees to waive any and all present or future claims against the Receivership Estate related to Seller's future capital obligations and commitments.

6. Buyer agrees to relieve Seller from any and all present or future capital obligations and commitments in connection with its investment in the Partnership.

7. MB Venture Partners, LLC, the General Partner of the Partnership (the "General Partner"), as evidenced by its signature below, agrees as follows:

   a. The General Partner consents to the transfer contemplated herein.

   b. The General Partner will forbear from exercising any remedies available to it with respect to the Seller under the Partnership Agreement for a period (the "Forbearance Period") commencing on the date of this Agreement through and including the date of the Closing (defined herein), and will not seek to enforce the default provisions with respect to the Seller as contained in the Partnership Agreement; provided, however, that the Forbearance Period shall terminate, and the General Partner shall be permitted to enforce or exercise any remedies available to it under the Partnership Agreement with respect to any default by the Seller thereunder, on the earlier of (i) the date that the Court denies the motion filed with the Court seeking approval of the transactions contemplated by this Agreement or (ii) the date that is five (5) business days after this Agreement is approved by the Court if the Closing has not occurred.

   c. The General Partner waives any and all present or future claims against the Receivership Estate related to Seller's future capital obligations and commitments; provided, however, that the General Partner's waiver under this Section 7(c) shall be effective only in the event the Closing has occurred and the Partnership Interests have been purchased by, and assigned to, Buyer.

8. It is expressly understood by all the parties that this Agreement is subject to Court approval.

9. The closing of the transactions set forth in this Agreement (the "Closing") shall occur no later than five (5) business days after this Agreement is approved by the Court or on such date as the Buyer and Seller shall agree. At the Closing, the following shall occur:

   a. Buyer shall deliver the Purchase Price to the Receivership Estate in the form of immediately available funds by wire transfer to an account or accounts designated by the Receiver; and

   b. Each party shall deliver such duly executed transfer documents required to transfer the Partnership Interests, each in form and substance reasonably acceptable to, and as may be requested by, such party.

10. Neither party hereto shall assign its rights or obligations under this Agreement without first obtaining the written consent of the other party.

11. This Agreement and the documents delivered pursuant hereto constitute the entire Agreement and understanding among the Seller and the Buyer and supersedes any prior agreement and understanding relating to the subject matter of this Agreement. Only a written instrument executed by the Seller and the Buyer may modify this Agreement.

12. With the exception of Park Hill Group LLC, who was retained by the Receiver, each party represents and warrants that no agent or broker has been employed by it in connection with this transaction, and each agrees to indemnify the other party against any damages, expenses or costs arising out of claims for fees or commissions of brokers, or agents alleged to have been employed by such party.

13. Each party shall pay its own costs and expenses incurred herein or required to perform its obligations hereunder, including attorneys, accountants, and consultant fees and expenses, whether or not this transaction closes.

14. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and received when delivered by hand or courier, when received by facsimile transmission, or three (3) business days after the date when posted by air mail, with postage prepaid, addressed as follows:

    a. If to Seller or the Receiver:

    Ralph S. Janvey, Receiver
    2100 Ross Avenue, Suite 2600
    Dallas, Texas 75201
    Fax: (214) 220-0230
    Email: info@stanfordfinancialreceivership.com

    with copies to:

    Baker Botts L.L.P.
    2001 Ross Avenue
    Dallas, Texas 75201
    Attn: Craig N. Adams
    Fax: (214) 661-4819
    Email: craig.adams@bakerbotts.com

b. If to Buyer:

Shelby County Retirement Board
160 North Main Street, Suite 660
Memphis, Tennessee 38103
Fax: (901) 545-4687

with copies to:

Harris Shelton Hanover Walsh, PLLC
One Commerce Square, Suite 2700
Memphis, Tennessee 38103
Attn: John L. Ryder
Fax: (901) 526-4084
Email: jryder@harrisshelton.com

15. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Tennessee. Each of the parties hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement, whether in tort or contract or at law or in equity, exclusively in the Court.

16. The parties in one or more counterparts may separately execute this Agreement and all of the separate counterparts shall together constitute the binding agreement of the parties.

17. The parties agree and acknowledge that this Agreement is being voluntarily executed by each of the parties.

18. This Agreement shall not be construed against the party or parties preparing it. It shall be construed as if all the parties and each of them jointly prepared this Agreement, and any uncertainty or ambiguity shall not be interpreted against one or more parties.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names as of the date first above written.

SHELBY COUNTY RETIREMENT BOARD

By: _____
Name: DAVID H. PONTIUS
Title: Manager of Pension Investments

STANFORD VENTURE CAPITAL HOLDINGS, INC.

By: _____
Name: Ralph S. Janvey
Title: Receiver

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names as of the date first above written.

SHELBY COUNTY RETIREMENT BOARD

By: _____
Name:
Title:

STANFORD VENTURE CAPITAL HOLDINGS, INC.

By: Ralph S. Janvey
Name: Ralph S. Janvey
Title: Receiver

This Agreement and the transfer of Partnership Interests from Seller to Buyer is hereby approved by MB Venture Partners, LLC, the General Partner of Memphis Biomed Ventures II, L.P., as required by the Partnership Agreement:

MB VENTURE PARTNERS, LLC

By: _____
Name: Gary D. Stevenson
Title: Member