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We at Frontier Medical Ventures are delighted you've considered offering the Artificial Pancreas Treatment® (APT) to your current patient population, as well as to those who will be attracted by the treatment. We're looking forward to providing you with our turnkey entre into the medical information, technical training, and equipment rental necessary to make the treatment available. And we're confident those treated will reap significant health benefits.

Rental of our APT pumps and complete systems is as simple as following the guide below. Most pumps rent for around \$1,650 / pump / month on a 36-month rental contract. Please see our sample 8-chair pro forma revenue model on p. 2 below, the value proposition for the APT. We think you will find the profitability the APT offering quite exciting!

Following are the steps for rolling out your APT treatment center:

1. Return the following information to us at your earliest convenience:
  - a. Rental Application completed (form enclosed).
  - b. Personal Financial Statement (form enclosed).
  - c. Latest 2 years company tax returns and current interim financial statement.
  - d. Latest 2 years personal tax returns.
  - e. Latest 3 months company bank statements (front page only).
2. Your Rental Application will be quickly processed by our underwriting team and your representative will contact you with your approval.
3. You will be presented with Rental Documents for your approval and signature.
4. Upon execution of the Rental Documents, and deposit of first-month's and last-month's rental payments, Frontier Medical Ventures will accept your rental order for your equipment.
5. Once your equipment order has been placed, the APT Training Course will be scheduled.
6. A marketing strategy will be developed if necessary. Marketing materials will be made available.
7. You begin a successful endeavor to improve lives, and enjoy great profitability.

Enclosed in this informative offering you will find the clinical and technical information on our equipment designed to answer all of your questions on usage and efficacy. Please let us know if you have any additional questions, comments, or thoughts. Frontier Medical Ventures is here to serve.

Please call me any time should you have any questions. Once again, we look forward to working with you.

Best regards,

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<b>Frontier Medical Ventures</b>		
<b>8-Chair Revenue Model *</b>		
<b>FMV APT Clinic Pro Forma (8 chairs, 25 days/month)</b>	<b>Max Capacity</b>	<b>Max Capacity</b>
<b>Modeling cost of treatment not incl. cost of clinic operations.</b>		
	<b>2 Sessions/Day</b>	<b>3 Sessions/Day</b>
<b>ANNUAL APT REVENUE</b>	<b>Stabilization (Yr 2)</b>	<b>Stabilization (Yr 2)</b>
<b># of Diabetic Locations</b>	1	1
<b># of Chairs</b>	8	8
<b>Gross Revenue (8 chairs, 25 days/month, 12 months/year)</b>	<b>\$1,992,000</b>	<b>\$2,988,000</b>
<b>Cost of Consumables (\$35 , 8 chairs , 25 days/mo* 12 mo/yr)</b>	<b>\$168,000</b>	<b>\$252,200</b>
<b>ANNUAL NET ADJUSTED REVENUE</b>	<b>\$1,824,000</b>	<b>\$2,735,800</b>
<b>ANNUAL APT OPERATING EXPENSES:</b>		
<b>Technology Royalties (20% of Gross Revenue)</b>	<b>\$398,400</b>	<b>\$597,600</b>
<b>Turnkey Rental Package (8 units * \$1650/unit/mo * 12 months)</b>	<b>158400</b>	<b>\$158,400</b>
<b>ANNUAL TREATMENT EXPENSES</b>	<b>\$556,800</b>	<b>\$756,000</b>
<b>NET OPERATING REVENUE (Net of Treatment Cost)</b>	<b>\$1,267,200</b>	<b>\$1,979,800</b>
<b>Net Margin (Operating Revenue%)</b>	<b>64%</b>	<b>66%</b>

\* (Max. Capacity for 8 chairs \* 2 or 3 sessions/day \* 25 days/mo.)

This study calculates maximum gross and net revenue for delivering APT with 8 pumps, 2 or 3 session/day, 25 days/month, at the average Medicare reimbursement rate of \$415 per treatment. Broadly speaking, 85% of APT treatments are administered to Medicare patients. The study does not include expenses related to clinic operations, space, and marketing, as these expenses may vary significantly among providers.