North American Partners in Anesthesia

Melville, New York

Position Specification

Executive Vice President and Chief Financial Officer

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Overview</td>
<td>1</td>
</tr>
<tr>
<td>• History</td>
<td></td>
</tr>
<tr>
<td>• NAPA’s Value Proposition</td>
<td></td>
</tr>
<tr>
<td>II. Opportunities / Industry Trends</td>
<td>3</td>
</tr>
<tr>
<td>III. Community Description</td>
<td>3</td>
</tr>
<tr>
<td>IV. Position Summary</td>
<td>4</td>
</tr>
<tr>
<td>V. Duties and Responsibilities</td>
<td>4</td>
</tr>
<tr>
<td>VI. Goals and Objectives</td>
<td>7</td>
</tr>
<tr>
<td>VII. Candidate Qualifications</td>
<td>7</td>
</tr>
</tbody>
</table>
I. OVERVIEW

Originally founded in 1986 and headquartered in Melville, New York, North American Partners in Anesthesia (NAPA) is the largest single-specialty anesthesia management company in the country. NAPA has 445 licensed, qualified and trained physicians and 245 certified registered nurse anesthetists (CRNAs). All total, the organization employs or manages about 1,100 people and has revenues of approximately $300 million. As the largest, most progressive anesthesia management company in the US, NAPA physicians and CRNAs touch the lives of thousands of patients each week.

NAPA’s anesthesia management business currently provides services to over 75 practice locations, including 25 leading hospitals, in five states: Maryland, New Hampshire, New Jersey, New York and Pennsylvania.

NAPA’s structure includes NAPA Management Services Corporation (NMSC), a medical practice management services organization which provides healthcare data analysis, health plan negotiation and contracting, physician and CRNA recruitment, billing and collections expertise, business development and other corporate functions.

In addition to providing services to NAPA’s anesthesia business, NMSC provides services for several office based specialties including chronic pain management, and provides full practice management services for over 80 pediatricians in Allied Pediatrics of New York. In addition, the organization founded and manages its own captive insurance company.

NAPA was founded by a group of leaders in anesthesiology whose goal was – and still is – to provide the highest quality service to the patients in the facilities they serve. NAPA is led by a team of practicing anesthesiologists who serve as its Board of Directors. Timothy Dowd, MD board certified in anesthesia, critical care medicine and pediatrics, heads the Board of Directors as Chief Executive Officer and Managing Partner. Lloyd Straus is NAPA’s President and Chief Operating Officer.

In 2011, NAPA announced a recapitalization agreement of NMSC with Moelis Capital Partners. The recapitalization brings new growth capacity to NMSC and will enhance the organization’s ability to pursue opportunities and maintain its leadership position in the expanding anesthesia management market.

For more information please go to:
www.NAPAanesthesia.com
www.moeliscapital.com
History

<table>
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<th>Year</th>
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</tr>
</thead>
</table>
| 1986 | • Manhasset doctors found North Shore Anesthesia Associates (NSAA), NAPA’s predecessor  
• NAPA began to provide billing services in what would evolve into NMSC Corp |
| 1988 | • Glen Cove doctors became Partners. NAPA began to provide anesthesia services at each "new" hospital in NSLIJ  
• NAPA began providing mobile services at independent physicians offices |
| 1995 | • NAPA added chronic pain management through the North Shore Pain Services, LLP (NSPS), NAPPM’s predecessor |
| 1997 | • NAPA expanded outside NSLIJ with contract at Vassar in New York |
| 1998 | • Huntington doctors joined NAPA as Partners |
| 2000 | • Plainview doctors joined NAPA as Partners |
| 2002 | • LIJ Medical Center doctors joined NAPA as Partners  
• NAPA Partners expand outside of New York state  
• NAPA expanded into Maryland and New Hampshire |
| 2006 | • NAPA expanded into Pennsylvania |
| 2007 | • NMSC Corporation became the exclusive practice management and billing organization for Allied Pediatrics of New York  
• NAPA hired a SVP of Business Development to focus on obtaining new hospital contracts |
| 2008 | • NAPA expanded into New Jersey  
• NAPA begins management of its first anesthesia residency program |
| 2010 | • NMSC renews Management Services Contract with Allied Pediatrics of New York for an additional 4 year term  
• NAPA initiates discussions with several high-quality anesthesia groups outside of the Northeast regarding affiliating with NAPA |
| 2011 | • NAPA launches its first marketing campaign  
• NMSC Recapitalization agreement with Moelis Capital Partners |

NAPA’s Value Proposition

NAPA’s value proposition is focused on delivering the highest quality of care and partnering with hospitals to manage the operating room, deliver operational improvements and improve patient experience. NMSC’s value proposition is focused on providing comprehensive management services to support physicians in improving the hospital OR and maximizing the economic benefit to both the hospitals and physicians. NAPA/NMSC partners with hospitals to outsource perioperative management of the hospital’s most critical department, the OR suite, and make it demonstrably better.

- Premier clinical reputation attracts top-tier physicians and prominent hospital clients.
- Expertise in managing operating rooms based on clinical experience and leadership.
- Data-driven approach – proactively measure and drive improvement.
- Approaches each hospital contract as a strategic partnership and aligns interests with hospitals by:
  - Improving OR utilization and turnover time.
  - Lowering canceled case rates.
  - Increasing on-time case starts.
  - Growing surgical volume.
  - Reducing hospital subsidies for anesthesia.

II. OPPORTUNITIES / INDUSTRY TRENDS

Anesthesia is one of the cornerstones of modern medicine and represents over a $15 billion market in the US. Anesthesiologists are required in virtually every surgical procedure. With the aging of the population surgical procedures are anticipated to grow significantly. For example, orthopedics should see dramatic increases in areas such as hip and knee surgery. At the same time, health care reform will put significant cost pressures on providers. A projected shortage of anesthesiologists will also impact providers in a negative way.

These trends present a major opportunity for NAPA. Demand for outsourced staffing and administrative services that can demonstrate lower costs without sacrificing patient care will be attractive to providers nationwide. At present the anesthesia industry is highly fragmented where the largest player has only a 4% market share (Sheridan). NAPA believes that in the short term there will be significant consolidation in the market and that NAPA is one of the few companies well positioned to be one of those consolidators. NAPA also believes there will be significant opportunities to provide outsourced staffing and administrative services to other specialty- and multi-specialty groups.

The Company anticipates that by 2015 it will have expanded strategically nationwide and doubled in size to with revenues in the range of half a billion dollars.

III. COMMUNITY DESCRIPTION

NAPA’s corporate office is located in Melville, New York, in Western Suffolk County, New York. Melville is a suburban community located about 45 minutes from New York City on Long Island. Melville is centrally located to a variety of sports, theater and leisure activities and is about 30 minutes from the ocean. People can chose to live near the ocean or in a number of wonderful suburban communities with excellent schools. The towns of Huntington and Oyster Bay are two good examples of high quality suburban living. In addition to its close proximity to Manhattan, the island is home to a large variety of local theater, minor league baseball and other leisure activities. It is home to Stony Brook and Hofstra Universities and the New York Islanders hockey team.
The office is conveniently located on a major highway, the Long Island Expressway, with strong access to professional and administrative labor markets. The offices are in A+ office space with full service cafeteria, 100 seat auditorium, and high-end gym facilities.

For more information please see:

www.discoverlongisland.com
www.co.suffolk.ny.us
www.nassaucountyny.gov
www.melvillechamber.org
www.huntingtonchamber.com
www.visitoysterbay.com

IV. POSITION SUMMARY

Title: Executive Vice President and Chief Financial Officer

Reports to: President and Chief Operating Officer

Location: Melville, New York

The new Executive Vice President and Chief Financial Officer will serve as a key member of NAPA/NMSC’s executive leadership team and will be expected to play a critical role in the organization’s growth and development. The EVP/CFO will provide strategic management of the functions of finance, information technology (IT), and billing and collections of NAPA/NMSC, managing a total staff of approximately 125. The position will have a significant external focus, interacting with banking, investment banking and private equity communities. This person will also have a major role in any future acquisitions done by NAPA.

The EVP/CFO will assist the President/COO and CEO/Managing Partner in guiding and executing the strategic direction and plan of NAPA/NMSC. The position will require significant interaction and participation with the NAPA/NMSC Board of Directors, Finance Committee, stakeholders and employees. This is a newly created position within the company.

V. DUTIES AND RESPONSIBILITIES

The EVP/CFO will provide supervision and management of the long-term and day-to-day financial and accounting functions, financial planning/strategy/acquisitions, IT, billing and collections and merger/acquisitions activities of NAPA and NMSC, consistent with guidelines established by the President/COO, CEO/Managing Partner, Board of Directors and equity stakeholders. Specific responsibilities of the EVP/COO will include:
Strategic Leadership

- Establishing and executing the strategic direction for NAPA/NMSC, working in coordination with the President/COO, CEO/Managing Partner, Board and equity stakeholders.
- Ensuring the on-going development and implementation of a strategic financial plan that will maximize stakeholder value, profitability and support sustainable growth of NAPA/NMSC.
- Determining future strategic and financial partners, as well as merger and acquisition targets.
- Directing the development of financial policies, standards and systems that meet the highest standards for providing financial information in a manner that allows strategic and operational financial analysis for decision making.
- Developing appropriate measures to respond to economic and regulatory changes.
- Serving as the principle management representative to the Finance Committee and, in that role, working closely with the President/COO and Finance Committee Chairperson in the development of Finance Committee materials.
- Serving as directed on NAPA/NMSC Board committees and sub-committees.
- Recruiting, training, supervising, and evaluating finance, IT and billing and collections departments staff.
- Managing relationships and communication with shareholders, physicians, hospital partners, financial institutions, and other key parties.
- Serving as liaison to all other financial partners including financial institutions, foundation executives and public officials.

Finance and Accounting

Working with a Senior Vice President of Finance, oversee the financial affairs of NAPA/NMSC, and fiscal management including accounting, budgeting, physician compensation formulas, internal controls and timely reporting.

- Overall responsibility for capital formation including debt and private equity; manages investor relations.
- Monitoring to ensure that NAPA/NMSC maintains an appropriate capital structure to support its annual operating and strategic plans. Serves as the primary decision maker on capital expenditures, consistent with Board policies and the overall direction of the President/COO and CEO/Managing Partner.
- Providing assurance that the proper systems are in place to identify and manage business/corporate risks within the guidelines established by the Finance Committee and the board.
- Oversee cash flow planning and ensure availability of funds as needed.
• Ensuring annual internal and external audits are completed in a timely and effective manner with all findings reported to the President/COO, CEO/Managing Partner and the Board Finance Committee.

• Directing development, recommending/implementing annual and multi-year financial budgets and operating plans.

• Establishing and maintaining NAPA/NMSC disclosure controls and procedures through appropriate policies and procedures.

• Overall responsibility for operational cash management, including coordinating the banking needs of NAPA/NMSC, which include short-term investment of excess cash, negotiation of loans and lines of credit.

• Directing the preparation and delivery of financial reporting including budgeting to the President/COO, CEO/Managing Partner, Board of Directors, Board Finance Committee and NAPA stakeholders.

• Directing managerial finance including variance analysis and P & L modeling.

• Analyze the financial implications of proposed new programs, services and capital expenditures.

• Directing expense management and controls as it relates to operating expenditures and costs associated with strategic and capital formation initiatives.

• Through the Senior Vice President of Finance and other Finance leadership, overseeing all accounting functions including those necessary for auditing, budgeting, financial analysis, asset management and payroll in accordance with generally accepted accounting principles and the Board guidelines.

• Preserve and promote an appreciation for NAPA/NMSC’s partnership accounting structure.

• Income tax planning, compliance and filings.

Other Responsibilities

Additional responsibilities of the EVP/CFO will include managing information technology and billing and collections. Directly reporting to the position will be the Chief Information Officer and the Vice President of Operations.

• Provides strategic and tactical planning, development, evaluation, and coordination of the information and technology systems for NAPA/NMSC.

• Responsible for the management of multiple information and communications systems and projects, including voice, data, imaging, and office automation.

• Designs, implements, and evaluates the systems that support end users in the productive use of computer hardware and software.

• Assures that the billing office is state-of-the-art, utilizing emerging and existing technologies that allow for scalability and flexibility of staff.

• Manage NAPA/NMSC’s offsite billing office in Syracuse, New York, staffing 35 people.
• Achieves annual performance goals in cash collections, days in accounts receivables, aging and bad debt.

VI. GOALS AND OBJECTIVES

Over the next 12-18 months the new EVP/CFO will have;

• Successfully executed against the growth and profitability goals set by the Board and equity stakeholders to include:
  • NMSC profit.
  • NMSC growth.
  • NAPA annual income/physician compensation.
  • Operational goals.
• Conducted a thorough assessment of all financial and accounting systems, controls and investment and vendor relationships including implementation of needed changes consistent with sound financial practices.
• Reviewed IT and billing and collections operations including customer service.
• Working with the Board, President/COO and CEO/Managing Partner, assessed and, as appropriate, adjusted the strategic growth plan for the group including capital formation, financial planning and risk management.
• Working with the President/COO and CEO/Managing Partner, will have successfully managed top line growth and margin expansion.
• Established him/her self as a respected leader and liaison to investors, financial institutions and association executives.

VII. CANDIDATE QUALIFICATIONS

The candidate will have a successful record of accomplishment as a chief financial officer or senior finance officer (or number two) in a well-managed, complex, growing healthcare organization. A minimum of ten years of senior level financial management experience is required. Candidates with a Master’s in Business Administration, Accounting or Finance, and/or CPA are preferred. Bachelor’s degree required.

The ideal candidate will be a team player and excellent communicator who is analytical and data driven. He/she will have strong knowledge and success with all aspects of finance in a complex business environment and be able to manage NAPA/NMSC’s significant growth. Experience with the banking/investment communities, initial public offerings and mergers and acquisitions will be a plus. They will have an appreciation for physician practices and possess the ability to communicate well with physicians and employees. Specific selection criteria include:
- Strengths in corporate finance and proven success in, capital formation, long term debt management and restructuring, financial planning and private equity. M&A experience would be a plus.
- Broad finance and accounting experience including cash management, billing and collections management, budgeting, accounting oversight and financial operations. Multi-state experience a plus.
- Strong leadership skills, team builder, collaborative, physician-centric.
- Experience in creation and successful implementation of strategic and operating plans.
- Strong understanding of and appreciation for IT issues.
- Appreciation of partnership accounting.
- Collegial and consensus-driven approach.
- Ability to clearly, confidently and convincingly present analyses and recommendations around major financial decisions.
- Proven ability to work well with senior operating executives and Boards, leveraging strong intellectual, conceptual and analytical skills.
- Analytical skills and a proven ability to develop effective financial analysis and reporting systems. Data driven.
- Ability to communicate effectively and appropriately with varying constituencies, both internal and external.
- Ability to think long-term while still maximizing short-term performance.
- Well-developed management skills and an ability to delegate responsibility and authority, yet remain hands-on with appropriate attention to detail.
- Impeccable personal and professional ethics, integrity and high standards.