

**H&Q Healthcare Investors**  
**2010 Tax Information**  
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 Boston, Massachusetts 02109  
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For the calendar year 2010, **H&Q Healthcare Investors (the “Fund”)** distributed a total of \$0.66 per share as per the Fund’s Distribution Policy which currently permits the Fund to make quarterly distributions at a rate of 2% of the Fund’s net assets to shareholders of record. The **estimated** breakdown of the distributions for the year ended December 31, 2010 is below.

Record Date	Payable Date	Distribution Rate per Share	Percent of Distribution classified as:		Total Percent
			Long-Term Capital Gain	Ordinary Income	
5/24/2010	6/30/2010	\$0.20	100.00%	00.00%	100.00%
8/23/2010	9/30/2010	\$0.17	93.52%	6.48%	100.00%
11/22/2010	12/31/2010	\$0.29	100.00%	00.00%	100.00%

This is not intended to be tax advice. Please consult your tax adviser on how to report these amounts.