

**H&Q Healthcare Investors**  
**2009 Tax Information**  
 2 Liberty Square, 9<sup>th</sup> Floor  
 Boston, Massachusetts 02109  
 (617) 772-8500

For the calendar year 2009, **H&Q Healthcare Investors (the “Fund”)** distributed a total of \$0.52 per share as per the Fund’s Distribution Policy which 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, 2009 is below.

Record Date	Payable Date	Distribution Rate per Share	Percent of Distribution classified as:		Total Percent
			Long-Term Capital Gain	Non Taxable Return of Capital	
2/20/2009	3/31/2009	\$0.27	14.60%	85.40%	100.00%
5/22/2009	6/30/2009	\$0.25	14.60%	85.40%	100.00%

Return of Capital can be found in box 3 on Form 1099 DIV and is a non taxable distribution, which reduces the cost basis of your investment.

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