

CHP II, L.P.
FINANCIAL REPORT
3rd QUARTER, 2008

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TO: The Limited Partners of CHP II, L.P.

FROM: John J. Park

DATE: October 15, 2008

SUBJECT: Portfolio Valuations for September 30, 2008

Investment securities held by CHP II, L.P. (the "Partnership") have been valued in accordance with the Amended Standard Valuation Policy of the Partnership. In accordance with the Policy, we propose to value equity and interest-bearing securities for both privately-held and publically-held companies in the portfolio at fair market value. Typically, fair value will be cost initially, with adjustments made according to subsequent events of a significant nature that effect the valuation of the investment asset. Public securities are valued at closing market prices, unless they are subject to legal trading restrictions. This memorandum delineates the portfolio valuation calculations as proposed by the General Partner for investments held by the Partnership as of September 30, 2008.

ALLIANCECARE - On May 31, 2007, AllianceCare completed the acquisition of the home health care division of Sunrise Living (NYSE:SRZ) otherwise known as "Sunrise at Home" (SAH). The acquisition was completed through the issuance of AllianceCare stock to the SAH shareholders coupled with the conversion of all the outstanding convertible notes held by the AllianceCare shareholders into shares of Series C-2 convertible preferred stock priced at \$7.32 per share. As a result, CHP II received 111,210 shares of Series C-2 preferred (\$765,050 note principal, plus \$49,007 accrued interest). Post-transaction, the General Partner believes that on the basis of liquidation preference, cost basis is the best measure of fair value for the preferred equity holdings in AllianceCare.

The proposed valuation for the AllianceCare investment is the respective cost basis of the securities held by CHP II (\$10.00 per share for Series B and Series C preferred and \$7.32 per share for Series C-2 preferred). Additionally, during Q1 2008, CHP II invested \$155,677 in the form of an 8% convertible promissory note that is valued at cost. This produces a total valuation for the AllianceCare investment of \$6,370,864, with no corresponding unrealized gain or loss. This valuation represents no change from the valuation for AllianceCare as of June 30, 2008.

Value Computation:

8% Convertible Promissory Note	=	\$155,677
Series B Convertible Preferred Stock		
400,000 shares x \$10.00	=	4,000,000
Series C Convertible Preferred Stock		
1,401,130 shares x \$10.00	=	1,401,130
Series C-2 Convertible Preferred Stock		
111,210 shares x \$7.32	=	814,057
		<u>\$ 6,370,864</u>

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Portfolio Valuations as of September 30, 2008
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ATHENAHEALTH – On June 29, 2007, PSS World Medical, Inc. made a \$22.5 million investment in Athenahealth, through a purchase of preferred equity from the company's shareholders. The shares were purchased at a price of \$15.30 per share, with CHP II, L.P. selling 172,433 shares of its Series D preferred holdings, receiving \$2,638,225 in proceeds, with a corresponding realized gain of \$2,107,131 from the sale. After this transaction, CHP II continued to hold 1,450,944 shares of Athena Series D convertible preferred stock.

On September 20, 2007, Athenahealth (NASDAQ:ATHN) completed its initial public offering through the sale of 5 million shares at \$18.00 per share. The offering included a secondary component in which CHP II sold 290,000 shares, receiving net proceeds of \$4,854,400 and recording a realized gain of \$3,961,400 from this market transaction. Post-IPO, CHP II held 1,160,944 of Athenahealth common stock.

During 2008, CHP II completed four like-sized distributions of Athenahealth common stock. On April 1, 2008, CHP II distributed 232,190 shares of Athena stock at a value of \$5,786,175 (\$24.92 per share). As a result, we have reduced the cost basis for the investment by \$715,145 and recorded a realized gain of \$5,071,030. On May 7, 2008, CHP II distributed 232,190 shares of Athena stock at a value of \$6,898,365 (\$29.71 per share). As a result, we have further reduced the cost basis for the investment by \$715,145 and recorded a realized gain of \$6,183,220. On June 5, 2008, CHP II distributed 232,190 shares of Athena stock at a value of \$7,917,679 (\$34.10 per share). As a result, we have further reduced the cost basis for the investment by \$715,145 and recorded a realized gain of \$7,202,534. Finally, on August 13, 2008, CHP II distributed 232,190 shares of Athena stock at a value of \$7,687,811 (\$33.11 per share). As a result, we have further reduced the cost basis for the investment by \$715,145 and recorded a realized gain of \$6,972,666.

As of September 30, 2008, CHP II holds 232,184 shares of Athena common stock. All of these shares are unrestricted and freely tradable. In accordance with the CHP II Standard Valuation Policy, these shares are valued at the closing market price on September 30, 2008 for Athenahealth (NASDAQ:ATHN) of \$33.27 per share. This results in an investment valuation of \$7,724,762 with a corresponding unrealized gain of \$7,009,635 on our cost basis of \$715,127 as of September 30, 2008. Taking into account the \$7,687,811 in value distributed this quarter; this valuation represents a decrease of \$6,559,382 from the valuation for the Athenahealth investment as of June 30, 2008.

Value Computation:

$$\begin{array}{rcl} \text{Common Stock} & & \\ 232,184 \text{ shares} \times \$33.27 & = & \underline{\underline{\$7,724,762}} \end{array}$$

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Portfolio Valuations as of September 30, 2008
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ATYR PHARMA – On November 30, 2006, Atyr Pharma completed a \$10.5 million Series B Preferred stock financing priced at \$2.50 per share and valuing the Company at \$6.25 million pre-money. This financing was co-led by new investors, Alta Partners and Polaris Venture Partners. CHP II invested \$3 million in the financing. We propose to value our investment at the Series B price of \$2.50, resulting in an investment valuation of \$5,000,000, with a corresponding unrealized gain of \$1,400,000 on our cost basis of \$3,600,000 as of September 30, 2008. This valuation represents no change from the valuation for the Atyr Pharma investment as of June 30, 2008.

Value Computation:

Series A Convertible Preferred Stock	
800,000 shares x \$2.50	= \$ 2,000,000
Series B Convertible Preferred Stock	
1,200,000 shares x \$2.50	= <u>3,000,000</u>
Total Value	<u>\$5,000,000</u>

AXOGEN – On November 5, 2007, AxoGen completed a \$12.1 million second round financing priced at \$0.7345 per share and valuing the Company at \$37.1 million post-money. This financing was co-led by current investors, Cardinal Partners, Accuitive Medical Ventures and DeNovo Ventures. CHP II invested \$4 million in the financing. The financing was fully negotiated with management and represents an accurate assessment of a current fair market value for the company. Accordingly, we propose to value our investment at the Series C price of \$0.7345, resulting in an investment valuation of \$9,189,402, with a corresponding unrealized gain of \$1,939,402 as of September 30, 2008 on our cost basis of \$7,250,000. This valuation represents no change from the valuation for AxoGen as of June 30, 2008.

Value Computation:

Series B Convertible Preferred Stock	
7,065,217 shares x \$0.7345	= \$ 5,189,402
Series C Convertible Preferred Stock	
5,445,882 shares x \$0.7345	= <u>4,000,000</u>
Total Value	<u>\$9,189,402</u>

CHP II, L.P.**Portfolio Valuations as of September 30, 2008****Page 4 of 6**

CARDIO-OPTICS – During Q4 2006, management reported that sales of the company's lead product had slowed considerably. It was subsequently concluded that the technology in its current state is not capable of producing a sufficient field of vision to be a useful tool in the marketplace. Consequently, we have cut the valuation for the CardioOptics investment to \$375,000, which approximates the CHP II return at a net liquidation value of \$3-\$5 million for the company. At the investment fair value of \$375,000, there is a corresponding unrealized loss of \$5,794,002, on our cost basis of \$6,169,002. This valuation represents no change from the valuation for CardioOptics as of June 30, 2008.

Value Computation:

Series A Convertible Preferred Stock		
1,938,310 shares x \$0.00	=	\$ 0
Series B Convertible Preferred Stock		
1,153,329 shares x \$0.3251	=	<u>375,000</u>
Total Value		<u>\$375,000</u>

CODERYTE - On March 7, 2007, CHP II contributed \$600,000 to a \$6 million addition to the March 2006 Series C preferred financing for CodeRyte. The financing was led by the current investors, with all parties participating together with the founders and members of the management team. The post-money valuation for this financing was \$37 million. In April 2008 CHP II contributed \$813,970 towards a \$4.5 million bridge financing for CodeRyte, in the form of an 8% convertible promissory note. On May 15, 2008, this note, together with \$4,814 in accrued interest, was automatically converted into 85,290 shares of Series C convertible preferred stock.

The General Partner believes that on the basis of liquidation preference, cost basis is the best measure of fair value for the preferred equity holdings in CodeRyte. Accordingly, the proposed valuation is based upon the cost basis for each of the company's respective equity financing rounds (\$8.51/share for Series B and \$9.60/share for Series C). This results in a total valuation for the CodeRyte investment of \$5,844,766, with no corresponding unrealized gain or loss. This valuation represents an increase of \$4,814 from the valuation for CodeRyte as of June 30, 2008, corresponding to the amount of accrued interest that was converted during the period.

Value Computation:

Series B Convertible Preferred Stock		
326,675 shares x \$8.51	=	2,780,004
Series C Convertible Preferred Stock		
319,246 shares x \$9.60	=	<u>3,064,762</u>
		<u>\$5,844,766</u>

CHP II, L.P.**Portfolio Valuations as of September 30, 2008****Page 5 of 6**

MITRAL SOLUTIONS – On October 9, 2007, Mitral Solutions completed a \$2.6 million second round financing priced at \$0.31 per share and valuing the Company at \$15.2 million post-money. This financing was co-led by current investors, Cardinal Partners and Maverick Capital, with CHP II investing \$1.15 million. Subsequent clinical progress has led us to determine that the appropriate current entity value for Mitral is \$20 million. Accordingly, we propose to value the equity investment at 32% premium over the Series C price; or \$0.40925 per share. In addition, during the current quarter, CHP II contributed \$911,430 towards a \$2 million bridge financing in the form of an 8% convertible promissory note. The resulting fair market value for the Mitral investment is \$7,359,073, with a corresponding unrealized gain of \$2,045,143 on our cost basis of \$5,313,930 as of September 30, 2008. This valuation represents an increase of \$911,430 from the valuation for Mitral as of June 30, 2008, representing the amount invested during the period.

Value Computation:

8% Convertible Promissory Note		\$ 911,430
Series B Convertible Preferred Stock		
12,037,037 shares x \$0.40925	=	4,926,157
Series C Convertible Preferred Stock		
3,717,742 shares x \$0.40925	=	<u>1,521,486</u>
Total Value		<u>\$7,359,073</u>

REPLICATION MEDICAL – On July 21, 2005, Abbott Laboratories invested \$12 million at \$5.00 per share, with a corresponding post-money value of \$83 million. In Q3 2007, the company experienced a clinical setback that has resulted in a redesign of the device to ensure better long term stability. Consequently, we have determined that the appropriate basis for the investment is an entity value of ~\$15 million. Taking account of the liquidation preferences, the resulting carrying value for the Replication investment is the cost basis of \$0.9562 per share for each share of Series B preferred and \$1.90 per share for each share of Series C preferred. The result is a total fair current value for the Replication investment as of September 30, 2008 of \$3,068,634, with a corresponding unrealized gain of \$1,875 on our cost basis of \$3,066,759. This valuation represents no change from the valuation for Replication Medical as of June 30, 2008.

Value Computation:

Series B Convertible Preferred Stock		
2,614,516 shares x \$0.9562	=	\$2,500,000
Series C Convertible Preferred Stock		
299,281 shares x \$1.90	=	<u>568,634</u>
Total Value		<u>\$3,068,634</u>

CHP II, L.P.

Financial Report for the Quarter Ended September 30, 2008

CHP II, L.P.**Portfolio Valuations as of September 30, 2008****Page 6 of 6**

RIB-X PHARMACEUTICALS – Since December 2001, Rib-X pharmaceuticals has raised a total of \$124.7 million in three like-priced equity financings. The last financing was completed in June 2006, a \$50 million financing led by Warburg Pincus at a pre-money valuation of \$90 million. Subsequently, the company has continued to make good clinical progress and we believe remains fairly valued at an entity valuation of \$125-\$150 million. Consequently, the general partner's proposed valuation at September 30, 2007 is based upon the \$0.6189 price per shares of the June 2006 equity round, which values the company at \$140 million. The result is a total fair current value for the Rib-X investment of \$7,000,000, with no corresponding unrealized gain or loss on our cost basis of \$7,000,000. This valuation represents no change from the valuation for Rib-X Pharmaceuticals as of June 30, 2008.

Value Computation:

Series A Convertible Preferred Stock		
1,817,741 shares x \$0.6189	=	\$1,125,000
Series B Convertible Preferred Stock		
4,645,339 shares x \$0.6189		2,875,000
Series C Convertible Preferred Stock		
4,847,310 shares x \$0.6189	=	<u>3,000,000</u>
Total Value		<u>\$7,000,000</u>

CHP II, L.P.
Proposed Portfolio Investment Valuation Summary
For the Quarter Ended September 30, 2008

Company	Investment	Fair Value 30-Jun-2008	Fair Value 30-Jun-2008	Change From Last Quarter	Reason For Change
AllianceCare, Inc.	\$6,370,864	\$6,370,864	\$6,370,864	\$0	
AthenaHealth, Inc.	\$715,127	\$7,724,762	\$14,284,144	(\$6,559,382)	Distribution & Market Price Increase. (note 1)
aTyr Pharma, Inc.	\$3,600,000	\$5,000,000	\$5,000,000	\$0	
AxoGen, Inc.	\$7,250,000	\$9,189,402	\$9,189,402	\$0	
Cardio-Optics, Inc.	\$6,169,002	\$375,000	\$375,000	\$0	
CodeRyte, Inc.	\$5,844,766	\$5,844,766	\$5,839,952	\$4,814	Conversion of Bridge Note plus Interest. (note 2)
MitralSolutions, Inc.	\$5,313,930	\$7,359,073	\$6,447,643	\$911,430	Bridge Note Investment. (note 3)
Replication Medical	\$3,066,759	\$3,068,634	\$3,068,634	\$0	
Rib-X Pharmaceuticals	\$7,000,000	\$7,000,000	\$7,000,000	\$0	
Total	\$45,330,448	\$51,932,501	\$57,575,639	(\$5,643,138)	

- (1) During the quarter, CHP II completed one distribution of Athenhealth (Nasdaq:ATHN) common stock. On August 13th, CHP II distributed 232,190 shares of Athenahealth with a total value of \$7,687,811 (\$33.11 per share), and a resulting realized gain of \$6,972,666 from this distribution. As of September 30, 2008, CHP II still holds 232,184 shares of Athenahealth common stock (Nasdaq:ATHN), all of which are unrestricted and freely tradable. The proposed valuation for these remaining Athena shares is thus calculated on the basis of the closing price for ATHN as of September 30, 2008, of \$33.27 per share. The valuation decrease for the period is reflective of the distribution described above, partially offset by the market price increase from the closing price for Athenahealth as of June 30, 2008 of \$30.76 per share.
- (2) During the quarter, the \$813,970 bridge note plus \$4,814 in accrued interest were automatically converted into 85,290 shares of Series C convertible Preferred stock (\$9.60 per share).
- (3) During the quarter, CHP II contributed \$911K towards \$2.0 million of bridge financing for MitralSolutions. The financing took the form of an 8% subordinated convertible promissory note.

CHP II, L.P.
Income Statement
For the Period Ended September 30, 2008

	Three Months Ended 9/30/2008	Nine Months Ended 9/30/2008
Revenue:		
Non Portfolio Income	\$7,763	\$21,739
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	433,548	1,009,569
Professional Fees	9,862	30,550
NVCA Dues & Annual Meeting	0	4,408
Miscellaneous Expenses	704	2,461
Consulting & Diligence Expenses	0	0
Total Expenses	444,114	1,046,988
Net Operating Expense	(436,351)	(1,025,249)
Investment Income	8,343	36,813
Net Income Before Gains (Losses)	(428,008)	(988,436)
Realized Gains (Losses)	6,972,666	64,032,501
Unrealized Gains (Losses)	(5,844,237)	(39,006,236)
Net Income (Loss)	\$700,421	\$24,037,829

CHP II, L.P.
Balance Sheet
As of September 30, 2008

ASSETS:	Period Ended 09/30/08	Period Ended 06/30/08
Cash and Short-Term Investments	\$2,223,852	\$3,641,675
Cash Held in Escrow	0	0
Accrued Interest	24,071	20,542
Venture Capital Investments	51,932,501	57,575,639
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	750	750
	<u>\$54,181,174</u>	<u>\$61,238,606</u>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$48,257	\$118,299
Partners' Accounts	54,132,917	61,120,307
Total Liabilities and Capital	<u>\$54,181,174</u>	<u>\$61,238,606</u>

CHP II, L.P.
Footnotes
As of September 30, 2008

Note 1 - CHP II, L.P. is a Limited Partnership and as such is not subject to income taxes at the partnership level.

Note 2 - Accrued Interest:	9/30/2008	6/30/2008
General Partners Promissory Notes	\$0	\$0
AllianceCare 8% Convertible Note	7,490	4,307
CodeRyte 8% Convertible Note	0	16,235
MitralSolutions 8% Convertible Note	16,581	0
Total	<u>\$24,071</u>	<u>\$20,542</u>

Note 3 - Net Organization Costs:	9/30/2008	6/30/2008
Organization Costs	\$183,232	\$183,232
Accumulated Amortization	(183,232)	(183,232)
Total	<u>\$0</u>	<u>\$0</u>

Note 4 - Other Assets:	9/30/2008	6/30/2008
GP Promissory Note Principal	\$0	\$0
Prepaid Management Fees	0	0
Prepaid State Filing Fees	750	750
Total	<u>\$750</u>	<u>\$750</u>

Note 5 - Accrued Expenses and Payables:	9/30/2008	6/30/2008
Professional Fees - Audit	\$27,000	\$18,000
NVCA and Annual Meeting	0	4,408
Professional Fees - Legal	553	696
Management Fees	20,000	94,301
Miscellaneous Expenses	704	894
Total	<u>\$48,257</u>	<u>\$118,299</u>

Note 6 - Financial Highlights (Return & IRR):	Net to LP's	Total Fund
Year-to-Date Return on Net Assets	45.12%	45.46%
Internal Rate of Return Since Inception	17.47%	19.95%

CHP II, L.P.
Statement of Cash Flows
For the Period Ended September 30, 2008

	Three Months Ended 09/30/08	Nine Months Ended 09/30/08
Cash flows from operating activities		
Net Income Before Gains (Losses)	(\$428,008)	(\$988,437)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	(3,529)	(20,330)
Accrued Organization Costs	-	-
Other Assets	-	212,557
Accrued Expenses & Payables	(70,042)	(29,955)
Net Cash used in Operating Activities	(501,579)	(826,165)
Cash flows from investing activities		
Purchases of venture capital investments	(916,244)	(1,885,891)
Sales of venture capital investments	-	46,653,053
Net cash provided by investing activities	(916,244)	44,767,162
Cash flows from financing activities		
Cash contributions by partners	-	1,600,012
Cash distribution to partners	-	(43,500,000)
Net cash used in financing activities	-	(41,899,988)
Net Change in Cash and Short Term Investments	(1,417,823)	2,041,009
Cash and Short Term Investments, beginning	3,641,675	182,843
Cash and Short Term Investments, ending	<u>\$2,223,852</u>	<u>\$2,223,852</u>

CHP II, L.P.
Schedule of Venture Capital Investments
As of September 30, 2008

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
AllianceCare, Inc.	\$155,677	\$6,215,187	\$6,370,864	\$6,370,864	\$0
AthenaHealth, Inc.	0	715,127	715,127	7,724,762	7,009,635
aTyr Pharma, Inc.	0	3,600,000	3,600,000	5,000,000	1,400,000
AxoGen, Inc.	0	7,250,000	7,250,000	9,189,402	1,939,402
Cardio-Optics, Inc.	0	6,169,002	6,169,002	375,000	(5,794,002)
CodeRyte, Inc.	0	5,844,766	5,844,766	5,844,766	0
MitralSolutions, Inc.	911,430	4,402,500	5,313,930	7,359,073	2,045,143
Replication Medical	0	3,066,759	3,066,759	3,068,634	1,875
Rib-X Pharmaceuticals, Inc.	0	7,000,000	7,000,000	7,000,000	0
Totals	\$1,067,107	\$44,263,341	\$45,330,448	\$51,932,501	\$6,602,053

CHP II, L.P.
Statement of Partners' Contributions Accounts
As of September 30, 2008

	Partners' Total Subscription	Contributions Account 6/30/2008	Period Contributions in Cash	Period Contributions by Note	Contributions Account 9/30/2008	Partners' Outstanding Subscription
<u>Limited Partners:</u>						
The State Teachers Retirement System of Ohio	\$30,000,000	\$28,311,225	\$0	\$0	\$28,311,225	\$1,688,775
Nassau Capital Funds, L.P.	10,000,000	9,437,077	0	0	9,437,077	562,923
The Robert Wood Johnson Foundation	10,000,000	9,437,077	0	0	9,437,077	562,923
Northwestern University	10,000,000	9,437,077	0	0	9,437,077	562,923
LACERA	10,000,000	9,437,077	0	0	9,437,077	562,923
Wachovia Investors (First Union)	7,500,000	7,077,807	0	0	7,077,807	422,193
AlpInvest US Secondary Investments 2003	5,000,000	4,718,538	0	0	4,718,538	281,462
HarbourVest VII Limited	5,000,000	4,718,538	0	0	4,718,538	281,462
Pension Commissioners of City of LA	5,000,000	4,718,537	0	0	4,718,537	281,463
Princess Private Equity	5,000,000	4,718,537	0	0	4,718,537	281,463
Hillside Capital Incorporated	3,500,000	3,302,977	0	0	3,302,977	197,023
Hamilton Lane-Carpenters Fund	3,000,000	2,831,121	0	0	2,831,121	168,879
UNISYS Master Trust	3,000,000	2,831,121	0	0	2,831,121	168,879
Venture Investment Associates III, LP	2,300,000	2,170,527	0	0	2,170,527	129,473
Fleet Growth Resources, Inc. (formerly Summit Bancorp)	2,000,000	1,887,415	0	0	1,887,415	112,585
S.R. One, Limited	2,000,000	1,887,415	0	0	1,887,415	112,585
PharmaBio Development, Inc. (Qfinance)	2,000,000	1,887,415	0	0	1,887,415	112,585
Private Equity Holdings Ltd II	1,000,000	943,707	0	0	943,707	56,293
	<u>\$116,300,000</u>	<u>\$109,753,188</u>	<u>\$0</u>	<u>\$0</u>	<u>\$109,753,188</u>	<u>\$6,546,812</u>
<u>General Partner:</u>						
CHP II Management LLC	<u>1,174,747</u>	<u>1,108,618</u>	<u>0</u>	<u>0</u>	<u>1,108,618</u>	<u>66,129</u>
Total Partnership	<u><u>\$117,474,747</u></u>	<u><u>\$110,861,806</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$110,861,806</u></u>	<u><u>\$6,612,941</u></u>

CHP II, L.P.
Statement of Partners' Distributive Share of Net Assets
For the Period Ended September 30, 2008

	Public Securities	Private Securities	Cash	Other Assets	Total Assets	Accrued Expenses & Other Liabilities	Net Assets 9/30/2008
<u>Limited Partners:</u>							
State Teachers Retirement System of Ohio	\$1,571,702	\$8,994,629	\$452,471	\$5,050	\$11,023,852	(\$9,819)	\$11,014,033
Nassau Capital Funds, L.P.	523,896	2,998,184	150,823	1,683	3,674,586	(3,273)	3,671,313
The Robert Wood Johnson Foundation	523,896	2,998,184	150,823	1,683	3,674,586	(3,273)	3,671,313
Northwestern University	523,896	2,998,184	150,823	1,683	3,674,586	(3,273)	3,671,313
LACERA	523,896	2,998,184	150,823	1,683	3,674,586	(3,273)	3,671,313
Wachovia Investors (First Union)	392,924	2,248,650	113,117	1,263	2,755,954	(2,455)	2,753,499
AlpInvest US Secondary Investments 2003	261,945	1,499,072	75,410	842	1,837,269	(1,636)	1,835,633
HarbourVest VII Limited	261,945	1,499,072	75,410	842	1,837,269	(1,636)	1,835,633
Pension Commissioners of City of LA	261,945	1,499,076	75,410	842	1,837,273	(1,636)	1,835,637
Princess Private Equity	261,946	1,499,080	75,411	842	1,837,279	(1,636)	1,835,643
Hillside Capital Incorporated	183,364	1,049,369	52,788	589	1,286,110	(1,145)	1,284,965
Hamilton Lane-Carpenters Fund	157,174	899,484	45,248	505	1,102,411	(982)	1,101,429
UNISYS Master Trust	157,174	899,484	45,248	505	1,102,411	(982)	1,101,429
Venture Investment Associates III, LP	120,499	689,599	34,690	387	845,175	(752)	844,423
Fleet Growth Resources, Inc.	104,782	599,656	30,165	337	734,940	(655)	734,285
S.R. One, Limited	104,782	599,656	30,165	337	734,940	(655)	734,285
PharmaBio Development, Inc. (Qfinance)	104,782	599,656	30,165	337	734,940	(655)	734,285
Private Equity Holdings Ltd II	52,393	299,836	15,083	168	367,480	(327)	367,153
	\$6,092,941	\$34,869,055	\$1,754,073	\$19,578	\$42,735,647	(\$38,063)	\$42,697,584
<u>General Partner:</u>							
CHP II Management LLC	1,631,821	9,338,684	469,779	5,243	11,445,527	(10,194)	11,435,333
Total Partnership	\$7,724,762	\$44,207,739	\$2,223,852	\$24,821	\$54,181,174	(\$48,257)	\$54,132,917

CHP II, L.P.
Statement of Partners' Capital Accounts
For the Three Months Ended September 30, 2008

	Partners' Capital 06/30/08	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 09/30/08
<u>Limited Partners:</u>									
The State Teachers Retirement System of Ohio	\$12,434,590	\$0	\$1,982	(\$89,025)	\$1,424,511	\$1,337,468	(\$1,193,975)	(\$1,564,050)	\$11,014,033
Nassau Capital Funds, L.P.	4,144,832	0	661	(29,676)	474,837	445,822	(397,991)	(521,350)	3,671,313
The Robert Wood Johnson Foundation	4,144,832	0	661	(29,676)	474,837	445,822	(397,991)	(521,350)	3,671,313
Northwestern University	4,144,832	0	661	(29,676)	474,837	445,822	(397,991)	(521,350)	3,671,313
LACERA	4,144,832	0	661	(29,676)	474,837	445,822	(397,991)	(521,350)	3,671,313
Wachovia Investors (First Union)	3,108,620	0	496	(22,257)	356,129	334,368	(298,493)	(390,996)	2,753,499
AlpInvest US Secondary Investments 2003	2,072,393	0	330	(14,838)	237,418	222,910	(198,995)	(260,675)	1,835,633
HarbourVest VII Limited	2,072,393	0	330	(14,838)	237,418	222,910	(198,995)	(260,675)	1,835,633
Pension Commissioners of City of LA	2,072,397	0	330	(14,838)	237,418	222,910	(198,995)	(260,675)	1,835,637
Princess Private Equity	2,072,403	0	330	(14,838)	237,418	222,910	(198,995)	(260,675)	1,835,643
Hillside Capital Incorporated	1,450,692	0	232	(10,386)	166,193	156,039	(139,297)	(182,469)	1,284,965
Hamilton Lane-Carpenters Fund	1,243,492	0	199	(8,903)	142,451	133,747	(119,398)	(156,412)	1,101,429
UNISYS Master Trust	1,243,492	0	199	(8,903)	142,451	133,747	(119,398)	(156,412)	1,101,429
Venture Investment Associates III, LP	953,314	0	152	(6,825)	109,212	102,539	(91,538)	(119,892)	844,423
Fleet Growth Resources, Inc.	828,983	0	132	(5,936)	94,967	89,163	(79,598)	(104,263)	734,285
S.R. One, Limited	828,983	0	132	(5,936)	94,967	89,163	(79,598)	(104,263)	734,285
PharmaBio Development, Inc. (QFinance)	828,983	0	132	(5,936)	94,967	89,163	(79,598)	(104,263)	734,285
Private Equity Holdings Ltd II	414,518	0	66	(2,967)	47,484	44,583	(39,799)	(52,149)	367,153
	\$48,204,581	\$0	\$7,686	(\$345,130)	\$5,522,352	\$5,184,908	(\$4,628,636)	(\$6,063,269)	\$42,697,584
<u>General Partner:</u>									
CHP II Management LLC	12,915,726	0	77	(90,641)	1,450,314	1,359,750	(1,215,601)	(1,624,542)	11,435,333
Total Partnership	\$61,120,307	\$0	\$7,763	(\$435,771)	\$6,972,666	\$6,544,658	(\$5,844,237)	(\$7,687,811)	\$54,132,917

CHP II, L.P.
Statement of Partners' Capital Accounts
For the Nine Months Ended September 30, 2008

	Partners' Capital 01/01/08	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 09/30/08
Limited Partners:									
State Teachers Retirement System of Ohio	\$20,873,689	\$408,598	\$5,551	(\$206,377)	\$13,081,791	\$12,880,965	(\$7,968,945)	(\$15,180,274)	\$11,014,033
Nassau Capital Funds, L.P.	6,957,876	136,199	1,851	(68,793)	4,360,597	4,293,655	(2,656,315)	(5,060,102)	3,671,313
The Robert Wood Johnson Foundation	6,957,876	136,199	1,851	(68,793)	4,360,597	4,293,655	(2,656,315)	(5,060,102)	3,671,313
Northwestern University	6,957,876	136,199	1,851	(68,793)	4,360,597	4,293,655	(2,656,315)	(5,060,102)	3,671,313
LACERA	6,957,876	136,199	1,851	(68,793)	4,360,597	4,293,655	(2,656,315)	(5,060,102)	3,671,313
Wachovia Investors (First Union)	5,218,396	102,150	1,388	(51,595)	3,270,449	3,220,242	(1,992,236)	(3,795,053)	2,753,499
AlpInvest US Secondary Investments 2003	3,478,920	68,100	925	(34,396)	2,180,298	2,146,827	(1,328,157)	(2,530,057)	1,835,633
HarbourVest VII Limited	3,478,920	68,100	925	(34,396)	2,180,298	2,146,827	(1,328,157)	(2,530,057)	1,835,633
Pension Commissioners of City of LA	3,478,930	68,100	925	(34,396)	2,180,298	2,146,827	(1,328,157)	(2,530,063)	1,835,637
Princess Private Equity	3,478,918	68,112	925	(34,396)	2,180,298	2,146,827	(1,328,157)	(2,530,057)	1,835,643
Hillside Capital Incorporated	2,435,249	47,670	648	(24,077)	1,526,209	1,502,780	(929,710)	(1,771,024)	1,284,965
Hamilton Lane-Carpenters Fund	2,087,389	40,860	555	(20,638)	1,308,179	1,288,096	(796,894)	(1,518,022)	1,101,429
UNISYS Master Trust	2,087,389	40,860	555	(20,638)	1,308,179	1,288,096	(796,894)	(1,518,022)	1,101,429
Venture Investment Associates III, LP	1,600,324	31,326	426	(15,822)	1,002,937	987,541	(610,952)	(1,163,816)	844,423
Fleet Growth Resources, Inc.	1,391,591	27,240	370	(13,759)	872,119	858,730	(531,263)	(1,012,013)	734,285
S.R. One, Limited	1,391,591	27,240	370	(13,759)	872,119	858,730	(531,263)	(1,012,013)	734,285
PharmaBio Development, Inc. (QFinance)	1,391,591	27,240	370	(13,759)	872,119	858,730	(531,263)	(1,012,013)	734,285
Private Equity Holdings Ltd II	695,781	13,620	185	(6,879)	436,060	429,366	(265,631)	(505,983)	367,153
	\$80,920,182	\$1,584,012	\$21,522	(\$800,059)	\$50,713,741	\$49,935,204	(\$30,892,939)	(\$58,848,875)	\$42,697,584
General Partner:									
CHP II Management LLC	19,152,367	228,557	217	(210,116)	13,318,760	13,108,861	(8,113,297)	(12,941,155)	11,435,333
Total Partnership	\$100,072,549	\$1,812,569	\$21,739	(\$1,010,175)	\$64,032,501	\$63,044,065	(\$39,006,236)	(\$71,790,030)	\$54,132,917

* - Statement of Partners' Capital does not include Contributions made by the General Partners in the form of Promissory Notes.

CHP II, L.P.
Statement of Partners' Accounts
For the Period from April 25, 2000 through September 30, 2008

	Partners' Contributions Accounts	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partner Transfer of Interest	Partners' Account
<u>Limited Partners:</u>									
The State Teachers Retirement System of Ohio	\$28,311,225	\$53,084	(\$5,019,270)	\$27,523,184	\$22,556,998	\$1,348,794	(\$41,202,984)	\$0	\$11,014,033
Nassau Capital Funds, L.P.	9,437,077	17,697	(1,673,092)	9,174,395	7,519,000	449,597	(13,734,361)	0	3,671,313
The Robert Wood Johnson Foundation	9,437,077	17,697	(1,673,092)	9,174,395	7,519,000	449,597	(13,734,361)	0	3,671,313
Northwestern University	9,437,077	17,697	(1,673,092)	9,174,395	7,519,000	449,597	(13,734,361)	0	3,671,313
LACERA	9,437,077	17,697	(1,673,092)	9,174,395	7,519,000	449,597	(13,734,361)	0	3,671,313
Textron Master Trust	0	7,661	(1,306,075)	2,238,988	940,574	2,773,991	(4,345,599)	631,034	0
Wachovia Investors (First Union)	7,077,807	13,272	(1,254,819)	6,880,796	5,639,249	337,198	(10,300,755)	0	2,753,499
AlpInvest US Secondary Investments 2003	4,718,538	5,017	(183,508)	3,467,703	3,289,212	(1,162,196)	(4,694,404)	(315,517)	1,835,633
HarbourVest VII Limited	4,718,538	5,017	(183,508)	3,467,703	3,289,212	(1,162,196)	(4,694,404)	(315,517)	1,835,633
Pension Commissioners of City of LA	4,718,537	8,847	(836,547)	4,587,194	3,759,494	224,801	(6,867,195)	0	1,835,637
Princess Private Equity	4,718,537	8,847	(836,547)	4,587,194	3,759,494	224,801	(6,867,189)	0	1,835,643
Hillside Capital Incorporated	3,302,977	6,193	(585,582)	3,211,038	2,631,649	157,361	(4,807,022)	0	1,284,965
Hamilton Lane-Carpenters Fund	2,831,121	5,308	(501,928)	2,752,317	2,255,697	134,879	(4,120,268)	0	1,101,429
UNISYS Master Trust	2,831,121	5,308	(501,928)	2,752,317	2,255,697	134,879	(4,120,268)	0	1,101,429
Venture Investment Associates III, LP	2,170,527	4,070	(384,811)	2,110,110	1,729,369	103,408	(3,158,881)	0	844,423
Fleet Growth Resources, Inc.	1,887,415	3,539	(334,618)	1,834,878	1,503,799	89,920	(2,746,849)	0	734,285
S.R. One, Limited	1,887,415	3,539	(334,618)	1,834,878	1,503,799	89,920	(2,746,849)	0	734,285
PharmaBio Development, Inc. (Qfinance)	1,887,415	3,539	(334,618)	1,834,878	1,503,799	89,920	(2,746,849)	0	734,285
Private Equity Holdings Ltd II	943,707	1,769	(167,309)	917,440	751,900	44,959	(1,373,413)	0	367,153
	\$109,753,188	\$205,798	(\$19,458,054)	\$106,698,198	\$87,445,942	\$5,228,827	(\$159,730,373)	\$0	\$42,697,584
<u>General Partner:</u>									
CHP II Management LLC	1,108,618	2,080	(1,636,242)	24,547,793	22,913,631	1,373,227	(13,960,143)	0	11,435,333
Total Partnership	\$110,861,806	\$207,878	(\$21,094,296)	\$131,245,991	\$110,359,573	\$6,602,054	(\$173,690,516)	\$0	\$54,132,917

* - Statement of Partners' Accounts includes Contributions made by the General Partners in the form of Promissory Notes.

CHP II, L.P.
Comprehensive Investment Summary
For the Period from April 25, 2000 through September 30, 2008

Company	Investment Cost	GAAP Fair Value	Unrealized Gain (Loss)	Realized Value	Realized Gain (Loss)	Cumulative Investment Return
<i>Public Company Securities</i>						
AthenaHealth, Inc.	5,000,001	7,724,762	7,009,635	35,782,855	31,497,981	38,507,616
	<u>\$5,000,001</u>	<u>\$7,724,762</u>	<u>\$7,009,635</u>	<u>\$35,782,855</u>	<u>\$31,497,981</u>	<u>\$38,507,616</u>
<i>Private Company Investments</i>						
AllianceCare, Inc.	\$6,370,864	\$6,370,864	\$0	\$0	\$0	\$0
aTyr Pharma, Inc.	3,600,000	5,000,000	1,400,000	0	0	1,400,000
AxoGen, Inc.	7,250,000	9,189,402	1,939,402	0	0	1,939,402
Cardio-Optics, Inc.	6,169,002	375,000	(5,794,002)	0	0	(5,794,002)
CodeRyte, Inc.	5,844,766	5,844,766	0	0	0	0
MitralSolutions, Inc.	5,313,930	7,359,073	2,045,143	0	0	2,045,143
Replication Medical	3,066,759	3,068,634	1,875	0	0	1,875
Rib-X Pharmaceuticals, Inc.	7,000,000	7,000,000	0	0	0	0
	<u>\$44,615,321</u>	<u>\$44,207,739</u>	<u>(\$407,582)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$407,582)</u>
<i>Fully Disposed Investments</i>						
Alynlam Pharmaceuticals, Inc.	\$8,959,015	\$0	\$0	\$34,851,302	\$25,892,287	\$25,892,287
Intellicare America	4,000,000	0	0	3,430,236	(569,764)	(569,764)
iPhysician Net	5,757,897	0	0	0	(5,757,897)	(5,757,897)
Molecular Mining Corporation	1,509,060	0	0	108,993	(1,400,067)	(1,400,067)
Momenta Pharmaceuticals	6,823,506	0	0	56,956,359	50,132,853	50,132,853
ParkStone Medical Info. Sys.	7,575,278	0	0	422,825	(7,152,453)	(7,152,453)
SirTris Pharmaceuticals, Inc.	8,050,001	0	0	46,653,053	38,603,052	38,603,052
	<u>\$42,674,757</u>	<u>\$0</u>	<u>\$0</u>	<u>\$142,422,768</u>	<u>\$99,748,011</u>	<u>\$99,748,011</u>
TOTAL INVESTMENTS	<u><u>\$92,290,079</u></u>	<u><u>\$51,932,501</u></u>	<u><u>\$6,602,053</u></u>	<u><u>\$178,205,623</u></u>	<u><u>\$131,245,992</u></u>	<u><u>\$137,848,045</u></u>