

CARDINAL HEALTH PARTNERS, L.P.

QUARTERLY REPORT

3rd QUARTER, 2008

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If you have any questions regarding treatment of any confidential information received in connection with your investment in the Funds, please contact John J. Park at (609) 924-6452 or by email at johnpark@cardinalpartners.com.

CARDINAL HEALTH PARTNERS, L.P.

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3rd QUARTER, 2008

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TO: The Limited Partners of Cardinal Health Partners, L.P.

FROM: John K. Clarke

DATE: November 10, 2008

SUBJECT: Activity for the Quarter ended September 30, 2008

The third quarter of 2008 was highlighted by continued investor liquidity in the form of a \$10.1 million distribution of Athenahealth stock. Total fund distributions for the year now stand at \$77.5 million. AccentCare reported another strong quarter of financial performance, but a disappointing result to the effort to sell the company begun last quarter. A synopsis of activity for the quarter at each active portfolio company follows.

AccentCare – The concentrated effort to sell the company that began in earnest last quarter has concluded unsuccessfully. During this quarter, the company had received expressions of interest from 5 potential acquirers above the Board's stipulated acceptable minimum price of \$95 million. However, in the final due diligence phase, each of these parties decided not to proceed. The primary stated reasons for this were: 1) the unfavorable current payor mix at Accentcare [lower than desired Medicare reimbursed skilled nursing base]; 2) uncertainties surrounding the long-term viability of the VNS contract in New York that has a 60-day termination clause and is currently not renewed for 2009; and 3) the New York State change of control regulatory provisions. Management is exploring its options going forward, including the possibility of selling individual business segments in order to attain capital for use in acquisitions.

AthenaHealth – On August 13th, Cardinal distributed 306,450 shares of Athenahealth (NASDAQ:ATHN) common stock at a value of \$10,146,560 (\$33.11 per share). As a result, we have booked a realized gain related to this distribution of \$9,717,530 in this quarter. Since the underwriters' lockup expired in March 2008, Cardinal has distributed a total of 1,225,800 shares of Athena stock with a total value of \$37.3 million and recorded a combined total realized gain of \$36.6 million for the year.

Athena reported strong operating results for the quarter, adding a record number of net new physicians and providers to their network. Total revenue for the three months ended September 30, 2008, was \$35.4 million, compared to \$26.2 million for the same period last year, an increase of 355. For the quarter, the Company's Non-GAAP Adjusted EBITDA grew to \$6.1 million, compared to a Non-GAAP Adjusted EBITDA of \$4.2 million for the same period last year.

Included in this report are financial statements for the period, an investment valuation memorandum and a report on each of our portfolio companies.

Financial Results:

There were no capital call or cash distributions during the quarter. The fund did complete one in-kind distribution this period of 306,450 shares of Athenahealth common stock valued at \$10,195,458. Cumulative distributions to the investors stand at \$120.2 million, or 194% of contributed capital

Net income for the quarter was \$1.5 million, consisting of \$7K of net operating expenses plus \$9.7 million in realized gain offset by \$8.2 million in net unrealized loss. The realized gain was a product of the Athena distribution completed this quarter. The unrealized loss was simply the reversal of the previously unrealized gain on those shares of Athena that were distributed this period.

There was no investment activity in the portfolio this period. The Net to LP's IRR since inception is 9.9% as of September 30, 2008. The fund currently has \$653K in cash, with partners' net assets totaling \$11.3 million.

Looking forward:

Our Limited Partner Annual Meeting will be held on Thursday, November 20, 2008 at the Mandarin Oriental in New York City. We look forward to seeing many of you there. If you have any comments regarding the meeting or its content, please contact John Park at (609) 924-6452 or by email at johnpark@cardinalpartners.com.

The tremendous success of the Athena public offering, coupled with the acquisition of Visicu by Phillips has revealed substantially all of the heretofore hidden intrinsic value in the Cardinal Health Partners, L.P. portfolio. We remain committed to achieving the best possible return for our investors and appreciate your input and support.

Cardinal Partners will be relocating its headquarters office on December 1, 2008

The new address is:

230 Nassau Street, Princeton, NJ 08542.

Telephone and facsimile numbers remain the same.

CARDINAL HEALTH PARTNERS, 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 | \$1,934 | \$20,885 |
| Interest-Equivalent Amounts | 0 | 0 |
| Expenses: | | |
| Management Fee | 0 | 0 |
| Professional Fees | 8,314 | 31,033 |
| NVCA Dues & Expenses | 0 | 2,330 |
| Amortization of Organization Costs | 0 | 0 |
| Annual Meeting & Miscellaneous Expenses | 429 | 2,597 |
| Total Expenses | 8,743 | 35,960 |
| Net Operating Expense | (6,809) | (15,075) |
| Investment Income | 0 | 1,249 |
| Net Income Before Gains (Losses) | (6,809) | (13,826) |
| Realized Gains (Losses) | 9,717,530 | 72,196,834 |
| Unrealized Gains (Losses) | (8,228,193) | (62,840,876) |
| Net Income (Loss) | \$1,482,528 | \$9,342,132 |

CARDINAL HEALTH PARTNERS, L.P.

Balance Sheet

As of September 30, 2008

| ASSETS: | Period Ended 9/30/2008 | Period Ended 6/30/2008 |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Cash and Short-Term Investments | \$652,918 | \$655,531 |
| Cash Held in Escrow | 0 | 0 |
| Accrued Interest | 0 | 0 |
| Venture Capital Investments | 10,624,179 | 19,281,402 |
| Receivable from Portfolio Company | 0 | 0 |
| Other Assets | <u>375</u> | <u>375</u> |
| | <u>\$11,277,472</u> | <u>\$19,937,308</u> |
| LIABILITIES & CAPITAL: | | |
| Accrued Expenses and Payables | \$23,250 | \$19,053 |
| Investment due Portfolio Company | 0 | 0 |
| Partners' Accounts | <u>11,254,222</u> | <u>19,918,255</u> |
| Total Liabilities and Capital | <u>\$11,277,472</u> | <u>\$19,937,308</u> |

CARDINAL HEALTH PARTNERS, L.P.**Footnotes****As of September 30, 2008**

Note 1 - Cardinal Health Partners, 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 Partner Contribution Notes | \$0 | \$0 |
| Portfolio Company Promissory Notes | 0 | 0 |
| Total | <u>\$0</u> | <u>\$0</u> |

| Note 3 - Net Organization Costs: | 9/30/2008 | 6/30/2008 |
|----------------------------------|------------|------------|
| Organization Costs | \$179,000 | \$179,000 |
| Accumulated Amortization | (179,000) | (179,000) |
| Total | <u>\$0</u> | <u>\$0</u> |

| Note 4 - Other Assets: | 9/30/2008 | 6/30/2008 |
|------------------------------|--------------|--------------|
| GP Promissory Note Principal | \$0 | \$0 |
| Prepaid State Filing Fees | 375 | 375 |
| Total | <u>\$375</u> | <u>\$375</u> |

| Note 5 - Accrued Expenses: | 9/30/2008 | 6/30/2008 |
|-----------------------------------|-----------------|-----------------|
| Accounting & Audit | \$22,500 | \$15,000 |
| Management Fees | 0 | 0 |
| NVCA Dues, Annual Meeting & Other | 430 | 2,979 |
| Legal & Other Professional Fees | 320 | 1,074 |
| Total | <u>\$23,250</u> | <u>\$19,053</u> |

| Note 6 - Financial Highlights (Return & IRR): | Net to LP's | Total Fund |
|---|-------------|------------|
| Year-to-Date Return on Net Assets | 33.91% | 35.68% |
| Internal Rate of Return Since Inception | 9.89% | 11.45% |

CARDINAL HEALTH PARTNERS, 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) | (\$6,809) | (\$13,826) |
| Adjustments to reconcile net income before gains (losses) to net cash used in operating activities: | | |
| Accrued Interest Receivable | - | 1,427 |
| Net Organization Costs | - | - |
| Other Assets | - | - |
| Accrued Expenses & Payables | 4,196 | (139,728) |
| Net Cash used in Operating Activities | (2,613) | (152,127) |
| Cash flows from investing activities | | |
| Purchases of venture capital investments | - | - |
| Sales of venture capital investments | - | 40,175,076 |
| Net cash provided by investing activities | - | 40,175,076 |
| Cash flows from financing activities | | |
| Cash contributions by partners | - | 90,725 |
| Cash distribution to partners | - | (40,175,076) |
| Net cash used in financing activities | - | (40,084,351) |
| Net Change in Cash and Short Term Investments | (2,613) | (61,402) |
| Cash and Short Term Investments, beginning | 655,531 | 714,320 |
| Cash and Short Term Investments, ending | \$652,918 | \$652,918 |

CARDINAL HEALTH PARTNERS, L.P.
Schedule of Venture Capital Investments
As of September 30, 2008

| Company | Debt | Equity | Total Cost | Fair Value | Unrealized Gain (Loss) |
|--------------------|-------------|---------------|-------------------|-------------------|-------------------------------|
| AccentCare, Inc. | \$0 | \$4,500,002 | \$4,500,002 | \$428,721 | (\$4,071,281) |
| AthenaHealth, Inc. | 0 | 429,025 | 429,025 | 10,195,458 | 9,766,433 |
| Totals | \$0 | \$4,929,027 | \$4,929,027 | \$10,624,179 | \$5,695,152 |

CARDINAL HEALTH PARTNERS, L.P.
Statement of Partners' Contributions Accounts
For The Period Ended 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> | | | | | | |
| LACERA | \$10,000,000 | \$10,000,000 | \$0 | \$0 | \$10,000,000 | \$0 |
| Nassau Capital Funds, L.P. | 9,000,000 | 9,000,000 | 0 | 0 | 9,000,000 | 0 |
| The Robert Wood Johnson Foundation | 7,500,000 | 7,500,000 | 0 | 0 | 7,500,000 | 0 |
| The State Teachers Retirement System of Ohio | 6,992,127 | 6,992,127 | 0 | 0 | 6,992,127 | 0 |
| Northwestern University | 5,000,000 | 5,000,000 | 0 | 0 | 5,000,000 | 0 |
| Fleet Growth Resources (formerly Summit) | 5,000,000 | 5,000,000 | 0 | 0 | 5,000,000 | 0 |
| Pine Street I Holdings, LLC | 5,000,000 | 5,000,000 | 0 | 0 | 5,000,000 | 0 |
| WIN 4 Holdings, LLC | 3,000,000 | 3,000,000 | 0 | 0 | 3,000,000 | 0 |
| Wachovia Bank Pension Plan & Trust | 3,000,000 | 3,000,000 | 0 | 0 | 3,000,000 | 0 |
| UNISYS | 2,500,000 | 2,500,000 | 0 | 0 | 2,500,000 | 0 |
| Venture Investment Associates II, LP | 2,000,000 | 2,000,000 | 0 | 0 | 2,000,000 | 0 |
| S.R. One, Limited | 1,500,000 | 1,500,000 | 0 | 0 | 1,500,000 | 0 |
| Hillside Capital Incorporated | 1,000,000 | 1,000,000 | 0 | 0 | 1,000,000 | 0 |
| | \$61,492,127 | \$61,492,127 | \$0 | \$0 | \$61,492,127 | \$0 |
| <u>General Partner:</u> | | | | | | |
| Cardinal Health Partners Management LLC | 621,133 | 621,133 | 0 | 0 | 621,133 | 0 |
| Total Partnership | <u>\$62,113,260</u> | <u>\$62,113,260</u> | <u>\$0</u> | <u>\$0</u> | <u>\$62,113,260</u> | <u>\$0</u> |

CARDINAL HEALTH PARTNERS, L.P.
Statement of Partners' Distributive Share of Net Assets
For The Period Ended September 30, 2008

| | Private Securities | Public Securities | Cash | Other Assets | Total Assets | Accrued Expenses and Other Liabilities | Net Assets 9/30/2008 |
|--|-----------------------|----------------------|-----------|-----------------|-----------------|--|-------------------------|
| <u>Limited Partners:</u> | | | | | | | |
| LACERA | \$55,317 | \$1,315,490 | \$84,243 | \$48 | \$1,455,098 | (\$3,000) | \$1,452,098 |
| Nassau Capital Funds, L.P. | 49,786 | 1,183,940 | 75,818 | 44 | 1,309,588 | (2,700) | 1,306,888 |
| The Robert Wood Johnson Foundation | 41,488 | 986,642 | 63,184 | 36 | 1,091,350 | (2,250) | 1,089,100 |
| The State Teachers Retirement System of Ohio | 38,679 | 919,827 | 58,905 | 34 | 1,017,445 | (2,097) | 1,015,348 |
| Northwestern University | 27,658 | 657,745 | 42,123 | 24 | 727,550 | (1,500) | 726,050 |
| Fleet Growth Resources (formerly Summit) | 27,658 | 657,745 | 42,123 | 24 | 727,550 | (1,500) | 726,050 |
| Pine Street I Holdings, LLC | 27,658 | 657,745 | 42,123 | 24 | 727,550 | (1,500) | 726,050 |
| WIN 4 Holdings, LLC | 16,595 | 394,649 | 25,273 | 15 | 436,532 | (900) | 435,632 |
| Wachovia Bank Pension Plan & Trust | 16,595 | 394,649 | 25,273 | 15 | 436,532 | (900) | 435,632 |
| UNISYS | 13,830 | 328,895 | 21,063 | 12 | 363,800 | (750) | 363,050 |
| Venture Investment Associates II, LP | 11,063 | 263,097 | 16,849 | 10 | 291,019 | (600) | 290,419 |
| S.R. One, Limited | 8,297 | 197,318 | 12,637 | 7 | 218,259 | (450) | 217,809 |
| Hillside Capital Incorporated | 5,532 | 131,547 | 8,424 | 5 | 145,508 | (300) | 145,208 |
| | \$340,156 | \$8,089,289 | \$518,038 | \$298 | \$8,947,781 | (\$18,447) | \$8,929,334 |
| <u>General Partner:</u> | | | | | | | |
| Cardinal Health Partners Management LLC | 88,565 | 2,106,169 | 134,880 | 77 | 2,329,691 | (4,803) | 2,324,888 |
| Total Partnership | \$428,721 | \$10,195,458 | \$652,918 | \$375 | \$11,277,472 | (\$23,250) | \$11,254,222 |

CARDINAL HEALTH PARTNERS, L.P.
Statement of Partners' Capital *
For the Three Months Ended September 30, 2008

| | Partners' Capital 07/01/08 | Net Capital Contributions | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income | Unrealized Gains (Losses) | Distributions | Partners' Capital 9/30/2008 |
|--|-------------------------------|------------------------------|-------------------------|---------------------------------|----------------------------|-----------------|------------------------------|----------------|--------------------------------|
| <u>Limited Partners:</u> | | | | | | | | | |
| LACERA | \$2,570,591 | \$0 | \$313 | (\$1,127) | \$1,251,589 | \$1,250,775 | (\$1,059,767) | (\$1,309,501) | \$1,452,098 |
| Nassau Capital Funds, L.P. | 2,313,496 | 0 | 280 | (1,014) | 1,126,432 | 1,125,698 | (953,789) | (1,178,517) | 1,306,888 |
| The Robert Wood Johnson Foundation | 1,927,953 | 0 | 234 | (844) | 938,691 | 938,081 | (794,825) | (982,109) | 1,089,100 |
| The State Teachers Retirement System of Ohio | 1,797,382 | 0 | 218 | (786) | 875,127 | 874,559 | (741,002) | (915,591) | 1,015,348 |
| Northwestern University | 1,285,298 | 0 | 155 | (563) | 625,794 | 625,386 | (529,884) | (654,750) | 726,050 |
| Fleet Growth Resources (formerly Summit) | 1,285,298 | 0 | 155 | (563) | 625,794 | 625,386 | (529,884) | (654,750) | 726,050 |
| Pine Street I Holdings, LLC | 1,285,298 | 0 | 155 | (563) | 625,794 | 625,386 | (529,884) | (654,750) | 726,050 |
| WIN 4 Holdings, LLC | 771,179 | 0 | 94 | (338) | 375,476 | 375,232 | (317,929) | (392,850) | 435,632 |
| Wachovia Bank Pension Plan & Trust | 771,179 | 0 | 94 | (338) | 375,476 | 375,232 | (317,929) | (392,850) | 435,632 |
| UNISYS | 642,658 | 0 | 78 | (282) | 312,897 | 312,693 | (264,942) | (327,359) | 363,050 |
| Venture Investment Associates II, LP | 514,117 | 0 | 62 | (225) | 250,318 | 250,155 | (211,953) | (261,900) | 290,419 |
| S.R. One, Limited | 385,601 | 0 | 46 | (169) | 187,738 | 187,615 | (158,965) | (196,442) | 217,809 |
| Hillside Capital Incorporated | 257,058 | 0 | 31 | (113) | 125,158 | 125,076 | (105,976) | (130,950) | 145,208 |
| | \$15,807,108 | \$0 | \$1,915 | (\$6,925) | \$7,696,284 | \$7,691,274 | (\$6,516,729) | (\$8,052,319) | \$8,929,334 |
| <u>General Partner:</u> | | | | | | | | | |
| Cardinal Health Partners Management LLC | 4,111,147 | 0 | 19 | (1,819) | 2,021,246 | 2,019,446 | (1,711,464) | (2,094,241) | 2,324,888 |
| Total Partnership | \$19,918,255 | \$0 | \$1,934 | (\$8,744) | \$9,717,530 | \$9,710,720 | (\$8,228,193) | (\$10,146,560) | \$11,254,222 |

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

CARDINAL HEALTH PARTNERS, L.P.
Statement of Partners' Capital *
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 |
|--|-------------------------------|------------------------------|-------------------------|---------------------------------|----------------------------|-----------------|------------------------------|----------------|-------------------------------|
| <u>Limited Partners:</u> | | | | | | | | | |
| LACERA | \$10,861,484 | \$0 | \$3,363 | (\$4,471) | \$9,298,734 | \$9,297,626 | (\$8,093,715) | (\$10,613,297) | \$1,452,098 |
| Nassau Capital Funds, L.P. | 9,775,323 | 0 | 3,026 | (4,024) | 8,368,862 | 8,367,864 | (7,284,343) | (9,551,956) | 1,306,888 |
| The Robert Wood Johnson Foundation | 8,146,131 | 0 | 2,522 | (3,353) | 6,974,050 | 6,973,219 | (6,070,286) | (7,959,964) | 1,089,100 |
| The State Teachers Retirement System of Ohio | 7,594,273 | 0 | 2,351 | (3,126) | 6,501,793 | 6,501,018 | (5,659,228) | (7,420,715) | 1,015,348 |
| Northwestern University | 5,430,709 | 0 | 1,681 | (2,235) | 4,649,367 | 4,648,813 | (4,046,858) | (5,306,614) | 726,050 |
| Fleet Growth Resources (formerly Summit) | 5,430,709 | 0 | 1,681 | (2,235) | 4,649,367 | 4,648,813 | (4,046,858) | (5,306,614) | 726,050 |
| Pine Street I Holdings, LLC | 5,430,709 | 0 | 1,681 | (2,235) | 4,649,367 | 4,648,813 | (4,046,858) | (5,306,614) | 726,050 |
| WIN 4 Holdings, LLC | 3,258,460 | 0 | 1,009 | (1,341) | 2,789,620 | 2,789,288 | (2,428,114) | (3,184,002) | 435,632 |
| Wachovia Bank Pension Plan & Trust | 3,258,460 | 0 | 1,009 | (1,341) | 2,789,620 | 2,789,288 | (2,428,114) | (3,184,002) | 435,632 |
| UNISYS | 2,715,354 | 0 | 841 | (1,118) | 2,324,683 | 2,324,406 | (2,023,429) | (2,653,281) | 363,050 |
| Venture Investment Associates II, LP | 2,172,298 | 0 | 672 | (894) | 1,859,747 | 1,859,525 | (1,618,743) | (2,122,661) | 290,419 |
| S.R. One, Limited | 1,629,216 | 0 | 504 | (671) | 1,394,810 | 1,394,643 | (1,214,057) | (1,591,993) | 217,809 |
| Hillside Capital Incorporated | 1,086,158 | 0 | 336 | (447) | 929,873 | 929,762 | (809,371) | (1,061,341) | 145,208 |
| | \$66,789,284 | \$0 | \$20,676 | (\$27,491) | \$57,179,893 | \$57,173,078 | (\$49,769,974) | (\$65,263,054) | \$8,929,334 |
| <u>General Partner:</u> | | | | | | | | | |
| Cardinal Health Partners Management LLC | 12,545,026 | 90,725 | 209 | (7,220) | 15,016,941 | 15,009,930 | (13,070,902) | (12,249,891) | 2,324,888 |
| Total Partnership | \$79,334,310 | \$90,725 | \$20,885 | (\$34,711) | \$72,196,834 | \$72,183,008 | (\$62,840,876) | (\$77,512,945) | \$11,254,222 |

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

CARDINAL HEALTH PARTNERS, L.P.
Statement of Partners' Accounts *
For the Period from July 25, 1997 to September 30, 2008

| | Partners' Contributions Account | Partner Transfer | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income | Unrealized Gains (Losses) | Distributions | Partners' Account |
|--|---------------------------------------|---------------------|-------------------------|---------------------------------|----------------------------|-----------------|------------------------------|-----------------|----------------------|
| <u>Limited Partners:</u> | | | | | | | | | |
| LACERA | \$10,000,000 | \$0 | \$43,346 | (\$1,287,127) | \$9,456,924 | \$8,213,143 | \$733,517 | (\$17,494,562) | \$1,452,098 |
| Nassau Capital Funds, L.P. | 9,000,000 | 0 | 39,008 | (1,158,417) | 8,511,236 | 7,391,827 | 660,167 | (15,745,106) | 1,306,888 |
| The Robert Wood Johnson Foundation | 7,500,000 | 0 | 32,508 | (965,344) | 7,092,695 | 6,159,859 | 550,136 | (13,120,895) | 1,089,100 |
| State Teachers Retirement System of Ohio | 6,992,127 | 0 | 30,311 | (899,976) | 6,612,403 | 5,742,738 | 512,885 | (12,232,402) | 1,015,348 |
| Northwestern University | 5,000,000 | 0 | 21,672 | (643,563) | 4,728,463 | 4,106,572 | 366,759 | (8,747,281) | 726,050 |
| Fleet Growth Resources (formerly Summit) | 5,000,000 | 0 | 21,672 | (643,563) | 4,728,463 | 4,106,572 | 366,759 | (8,747,281) | 726,050 |
| Natl' Union Fire Insurance Co. of Pittsburgh | 5,000,000 | (1,869,219) | 13,938 | (594,766) | (810,867) | (1,391,695) | (325,009) | (1,414,077) | 0 |
| Pine Street I Holdings, LLC | 0 | 1,869,219 | 7,734 | (48,797) | 5,539,330 | 5,498,267 | 691,768 | (7,333,204) | 726,050 |
| Bank of America Capital Corporation | 2,741,431 | (2,742,497) | 6,828 | (184,638) | 311,688 | 133,878 | 449,985 | (582,797) | 0 |
| WIN 4 Holdings, LLC | 258,569 | 2,742,497 | 6,175 | (201,498) | 2,525,389 | 2,330,066 | (229,928) | (4,665,572) | 435,632 |
| Wachovia Bank Pension Plan & Trust | 3,000,000 | 0 | 13,003 | (386,136) | 2,837,077 | 2,463,944 | 220,057 | (5,248,369) | 435,632 |
| UNISYS | 2,500,000 | 0 | 10,836 | (321,781) | 2,364,232 | 2,053,287 | 183,378 | (4,373,615) | 363,050 |
| Venture Investment Associates II, LP | 2,000,000 | 0 | 8,667 | (257,423) | 1,891,385 | 1,642,629 | 146,703 | (3,498,913) | 290,419 |
| S.R. One, Limited | 1,500,000 | 0 | 6,501 | (193,069) | 1,418,539 | 1,231,971 | 110,028 | (2,624,190) | 217,809 |
| Hillside Capital Incorporated | 1,000,000 | 0 | 4,333 | (128,715) | 945,692 | 821,310 | 73,354 | (1,749,456) | 145,208 |
| | \$61,492,127 | \$0 | \$266,532 | (\$7,914,813) | \$58,152,649 | \$50,504,368 | \$4,510,559 | (\$107,577,720) | \$8,929,334 |
| <u>General Partner:</u> | | | | | | | | | |
| Cardinal Health Partners Management LLC | 621,133 | 0 | 2,692 | (1,240,935) | 14,434,710 | 13,196,467 | 1,184,592 | (12,677,304) | 2,324,888 |
| Total Partners' Accounts | \$62,113,260 | \$0 | \$269,224 | (\$9,155,748) | \$72,587,359 | \$63,700,835 | \$5,695,151 | (\$120,255,024) | \$11,254,222 |

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

Cardinal Health Partners, L.P.
Comprehensive Investment Summary
For the Period from July 25, 1997 to September 30, 2008

| Company | Investment Cost | Assigned Fair Value | Unrealized Gain (Loss) | Proceeds + Realized Value | Realized Gain (Loss) | Cumulative Investment Return |
|---|----------------------------|------------------------------------|-----------------------------------|--|---------------------------------|---|
| <i>Public Company Investments</i> | | | | | | |
| AthenaHealth, Inc. | \$3,000,000 | \$10,195,458 | \$9,766,433 | \$47,231,737 | \$44,660,762 | \$54,427,195 |
| <i>Private Company Investments</i> | | | | | | |
| AccentCare, Inc. | 4,500,002 | 428,721 | (4,071,281) | 0 | 0 | (4,071,281) |
| <i>Fully Disposed Investments</i> | | | | | | |
| Cubist Pharmaceuticals | 3,999,998 | 0 | 0 | 12,066,659 | 8,066,661 | 8,066,661 |
| E-Surg.com | 3,999,999 | 0 | 0 | 0 | (3,999,999) | (3,999,999) |
| InLight/ProMedex | 3,334,443 | 0 | 0 | 0 | (3,334,443) | (3,334,443) |
| MedContrax (formerly Syntegra) | 3,771,267 | 0 | 0 | 21,804 | (3,749,463) | (3,749,463) |
| Molecular Mining Corporation | 1,350,000 | 0 | 0 | 350,000 | (1,000,000) | (1,000,000) |
| NexCura, Inc. (formerly Cancerfacts) | 4,831,812 | 0 | 0 | 409,627 | (4,422,185) | (4,422,185) |
| ParkStone | 5,500,000 | 0 | 0 | 0 | (5,500,000) | (5,500,000) |
| Pointshare Corporation | 3,850,001 | 0 | 0 | 143,012 | (3,706,989) | (3,706,989) |
| Sentinel Health Partners | 3,000,000 | 0 | 0 | 0 | (3,000,000) | (3,000,000) |
| Signature Plastic Surgery, Inc. | 4,785,000 | 0 | 0 | 23,455 | (4,761,545) | (4,761,545) |
| TechRx / NDCHealth | 4,115,000 | 0 | 0 | 17,949,440 | 13,834,440 | 13,834,440 |
| VISICU, Inc. (formerly ICUSA) | 4,050,000 | 0 | 0 | 44,354,460 | 40,304,460 | 40,304,460 |
| Wisebear | 1,000,000 | 0 | 0 | 195,660 | (804,340) | (804,340) |
| TOTAL INVESTMENTS | \$55,087,522 | \$10,624,179 | \$5,695,152 | \$122,745,854 | \$72,587,359 | \$78,282,511 |

TO: The Limited Partners of Cardinal Health Partners, L.P.

FROM: John J. Park

DATE: October 15, 2008

SUBJECT: Portfolio Valuations for September 30, 2008

Investment securities held by Cardinal Health Partners, 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 publicly-held and privately-held companies in the portfolio at fair market value. Generally, investment cost is presumed to be representative of the fair market value for investments 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 on the date of valuation, unless they are subject to legal trading restrictions. This memorandum delineates the portfolio valuation calculations as proposed by the General Partner for the investments held by the Partnership as of September 30, 2008.

ACCENTCARE – In May 2005, the company completed a \$13.8 million insider led financing that included the conversion of \$10 million in promissory notes. The financing valued the equity of the company at \$36 million post-money. Concurrent with the financing, the company enacted a 100 to 1 reverse split of the outstanding common and preferred stock of the corporation. As a result, the financing significantly diluted non-participating investors, while preserving the existing liquidation preferences of previous preferred series. Cardinal was not a participant in the financing. The financing took the form of a Series D preferred priced at \$2.2334 per share and triggering the weighted average anti-dilution protection provided for in the Series A and Series B preferred stock. Due to the dilution sustained from this financing, we have reduced the valuation for the AccentCare investment to the Series D preferred price on the basis of common stock equivalents. This results in a total carrying value of \$428,721 for the AccentCare investment, with a corresponding accumulated unrealized loss on the investment of \$4,071,281 on our cost basis of \$4,500,002 as of September 30, 2008. This valuation represents no change from the valuation for AccentCare as of June 30, 2008.

Value Computation:

| | | |
|--------------------------------------|---|------------------|
| Series A Convertible Preferred Stock | | |
| 118,035 CSE's x \$2.2334 | = | \$263,619 |
| Series B Convertible Preferred Stock | | |
| 73,924 CSE's x \$2.2334 | = | <u>165,102</u> |
| Total Value | | <u>\$428,721</u> |

CARDINAL HEALTH PARTNERS, L.P.
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 equity investment in AthenaHealth, through a purchase of approximately 5% of the then outstanding preferred equity of the company. The shares were purchased at a price of \$15.30 per share, with Cardinal Health Partners, L.P. selling 227,611 shares of its Series C preferred stock holdings and receiving \$3,482,448 from the sale, with a corresponding realized gain of \$3,163,793. Post-sale, Cardinal continued to hold 1,915,246 shares of Athena Series C convertible preferred stock.

On September 19, 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 Cardinal sold 383,000 shares, receiving \$6,411,420 in net proceeds and recording a realized gain of \$5,875,220 from this market transaction. Post-IPO, Cardinal held 1,532,246 of Athenahealth common stock.

During 2008, Cardinal has completed four like-sized distributions of Athenahealth common stock. On April 1, 2008, Cardinal distributed 306,450 shares of Athena stock at a value of \$7,636,734 (\$24.92 per share). As a result, we have reduced the cost basis for the investment by \$429,030 and recorded a realized gain of \$7,207,704. On May 7, 2008, Cardinal distributed 306,450 shares of Athena stock at a value of \$9,104,630 (\$29.71 per share). As a result, we have further reduced the cost basis for the investment by \$429,030 and recorded a realized gain of \$8,675,600. On June 5, 2008, Cardinal distributed 306,450 shares of Athena stock at a value of \$10,449,945 (\$34.10 per share). As a result, we have further reduced the cost basis for the investment by \$429,030 and recorded a realized gain of \$10,020,915. Finally, on August 13, 2008, Cardinal distributed 306,450 shares of Athena stock at a value of \$10,146,560 (\$33.11 per share). As a result, we have further reduced the cost basis for the investment by \$429,030 and recorded a realized gain of \$9,717,530.

As of September 30, 2008, Cardinal holds 306,446 shares of Athena common stock. All of these shares are unrestricted and freely tradable. In accordance with the Cardinal Health Partners 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 \$10,195,458, with a corresponding unrealized gain of \$9,766,433 on our cost basis of \$429,025 as of September 30, 2008. Taking into account the \$10,146,560 in value distributed this quarter; this valuation represents a decrease of \$8,657,223 from the valuation for Athenahealth as of June 30, 2008.

Value Computation:

$$\begin{array}{rcl} \text{Common Stock} & & \\ 306,446 \text{ shares} \times \$33.27 & = & \underline{\underline{\$10,195,458}} \end{array}$$

CARDINAL HEALTH PARTNERS, L.P.
Proposed Portfolio Investment Valuation Summary
For the Quarter Ended September 30, 2008

| Company | Investment | Fair Value 30-Sep-2008 | Fair Value 30-Jun-2008 | Change From Last Quarter | Reason For Change |
|--------------------|-------------------|-----------------------------------|-----------------------------------|-------------------------------------|--|
| AccentCare, Inc. | \$4,500,002 | \$428,721 | \$428,721 | \$0 | Distribution & Market Price Increase. (note 1) |
| AthenaHealth, Inc. | \$429,025 | \$10,195,458 | \$18,852,681 | (\$8,657,223) | |
| Total | \$4,929,027 | \$10,624,179 | \$19,281,402 | (\$8,657,223) | |

- (1) During the quarter, Cardinal completed one distribution of Athenhealth (Nasdaq:ATHN) common stock. On August 13th, Cardinal distributed 306,450 shares of Athenahealth with a total value of \$10,146,560 (\$33.11 per share), and a resulting realized gain of \$9,717,530 from this distribution. As of September 30, 2008, Cardinal still holds 306,446 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 one 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.

ACCENTCARE, INC.
Dana Point, CA
{www.accentcare.com}

Comprehensive Assistance Living Services for the Elderly Living at Home

Period Summary: 3rd Quarter, 2008

The concentrated effort to sell the company that began in earnest last quarter has concluded unsuccessfully. During this quarter, the company had received expressions of interest from 5 potential acquirers above the Board's stipulated acceptable minimum price of \$95 million. However, in the final due diligence phase, each of these parties decided not to proceed. The primary stated reasons for this were: 1) the unfavorable current payor mix at Accentcare [lower than desired Medicare reimbursed skilled nursing base]; 2) uncertainties surrounding the long-term viability of the VNS contract in New York that has a 60-day termination clause and is currently not renewed for 2009; and 3) the New York State change of control regulatory provisions. Management is exploring its options going forward, including the possibility of selling individual business segments in order to attain capital for use in acquisitions.

For the second quarter of fiscal 2009 (FYE 3/31), AccentCare continued to exhibit strong financial performance. The company has been EBITDA positive for 50 consecutive months and exhibited same store growth for the same 50 consecutive months. Gross margins are currently 35%, a slight improvement over the 34% for FY08, and a significant improvement of the 31.7% level for FY07. Revenues for this quarter were \$50 million, producing EBITDA of \$3.5 million. The company remains on target to exceed \$200 million in revenues for FY09 and achieve its \$13 million EBITDA goal for the year. Operating cash flow for the first six months of Fiscal 2008 was a positive \$5.0 million.

Cash remains tightly managed, but if the company performs as expected, they should be financially self-sustaining through the end of Fiscal 2009. Management has reported that the company will need to refinance its debt package sometime during calendar 2009 in order to meet its long term obligations. The AccentCare management team has executed a remarkable turnaround over the last 3 1/2 years and we are cautiously optimistic about the future. However, it still remains to be seen if they can attain the long-term profitability sufficient to produce a good return for the investors.

ACCENTCARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 3/31)

| | <i>FY05 Actual</i> | <i>FY06 Actual</i> | <i>FY07 Actual</i> | <i>FY08 Actual</i> | <i>FY09 Budget</i> |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | 93,662 | 100,819 | 133,770 | 185,062 | 204,070 |
| Cost of Services | 68,834 | 72,965 | 92,112 | 121,336 | 133,136 |
| Operating Expenses | 24,727 | 27,327 | 39,606 | 54,910 | 59,134 |
| EBIT | +101 | +527 | +2,052 | +8,816 | +11,800 |
| Interest and Taxes | -5,712 | -2,457 | -3,532 | -4,742 | -4,100 |
| Net Income | -5,611 | -1,930 | -1,480 | +4,074 | +7,700 |
| EBITDA | +1,024 | +1,230 | +3,020 | +10,338 | +13,000 |

Last Three Months: Quarter Ended September 30, 2008

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 49,541 | 50,249 | -708 |
| Cost of Services | 32,011 | 32,556 | +545 |
| Operating Expenses | 13,952 | 14,689 | +737 |
| EBIT | +3,578 | +3,004 | +574 |
| Interest and Taxes | -672 | -1,097 | +425 |
| Net Income | +2,906 | +1,907 | +999 |
| EBITDA | +3,525 | +3,331 | +194 |

Fiscal Year-to-Date: Six Months Ended September 30, 2008

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 98,663 | 144,842 | -487 |
| Cost of Services | 63,933 | 95,031 | +645 |
| Operating Expenses | 28,150 | 44,241 | +1,290 |
| EBIT | +6,580 | +5,570 | +1,448 |
| Interest and Taxes | -1,370 | -3,826 | +791 |
| Net Income | +5,210 | +1,744 | +2,239 |
| EBITDA | +7,202 | +5,796 | +1,406 |

ACCENTCARE, INC. (cont.)**Summary Balance Sheet as of September 30, 2008: (\$000)**

| | | | |
|----------------------|-----------------|----------------------------|-----------------|
| Cash | \$ 7,530 | Accounts Payable | \$ 3,098 |
| Accounts Receivable | 31,178 | Accrued Expenses | 15,110 |
| Other Current Assets | <u>1,555</u> | Other Current Liabilities | <u>12,900</u> |
| Total Current Assets | 40,263 | Total Current Liabilities | 31,108 |
| Net PP&E | 1,953 | Long Term Liabilities | 17,136 |
| Intangibles (Net) | 32,335 | Shareholders Equity | 68,863 |
| Other Assets | <u>679</u> | Retained Earnings | <u>-41,877</u> |
| Total Assets | <u>\$75,230</u> | Total Liabilities & Equity | <u>\$75,230</u> |

Comments:

Overall liquidity decreased almost \$1.0 million this quarter due primarily to lower than expected collections in August. The company is on plan for its operating cash flow forecast for the year, but remains cash flow neutral due to debt service and workers compensation deposit requirements. Working capital needs are supported by credit facilities that currently have \$11 million available.

Cardinal Health Partners Holdings:

| | |
|--|------------------|
| Series A Convertible Preferred Stock | 2,500,000 shares |
| Assigned Fair Value (118,035 CSE's x \$2.2334) | \$263,619 |
| Investment Cost | \$2,500,000 |
| Cost per Share | \$1.00 |
| Series B Convertible Preferred Stock | 1,176,472 shares |
| Assigned Fair Value (73,924 CSE's x \$2.2334) | \$165,102 |
| Investment Cost | \$2,000,002 |
| Cost per Share | \$1.70 |
| % Ownership (Full Dilution) | 1.21% |
| Company Valuation at Cardinal Cost | \$371.0 million |
| Company Valuation at Assigned Fair Value | \$44.1 million |

Outlook:

We remain cautiously optimistic about the long term prospects for AccentCare, as the company continues to perform admirably. However, the June 2005 financing substantially diluted our interest, reducing our return expectations from this investment.

ATHENAHEALTH, INC.
Waltham, MA
{www.athenahealth.com}

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 3rd Quarter, 2008

On August 13th, Cardinal distributed 306,450 shares of Athenahealth (NASDAQ:ATHN) common stock at a value of \$10,146,560 (\$33.11 per share). As a result, we have booked a realized gain related to this distribution of \$9,717,530 in this quarter. Since the underwriters' lockup expired in March 2008, Cardinal has distributed a total of 1,225,800 shares of Athena stock with a total value of \$37.3 million and recorded a combined total realized gain of \$36.6 million for the year. At September 30th, Cardinal holds 306,446 shares of Athenahealth common stock.

Athena reported strong operating results for the quarter, adding a record number of net new physicians and providers to their network. Total revenue for the three months ended September 30, 2008, was \$35.4 million, compared to \$26.2 million for the same period last year, an increase of 35%. The company's growth rate is strong and margins continue to expand even as they continue to make increased infrastructure investments, including substantial commission expense in the quarter related to growth. For the three months ended September 30, 2008, the Company's Non-GAAP Adjusted EBITDA grew to \$6.1 million, compared to a Non-GAAP Adjusted EBITDA of \$4.2 million for the same period last year.

Other key metrics and milestones in the third quarter of 2008 included the following:

- * \$932 million in collections posted to client accounts in the third quarter of 2008, compared to \$704 million in the same quarter of 2007;
- * 11,967 active physicians live in the third quarter of 2008, compared to 8,978 in the same quarter of last year;
- * 17,297 active medical providers live in third quarter of 2008, compared to 11,510 in the same quarter of last year; and
- * In the third quarter of 2008 there were 549 active medical providers using athenaClinicalsSM, of which 400 were physicians.

Athena has now been EBITDA positive for nine quarters running and has attained sustainable profitability. The company has sufficient capital resources to support operations plus forecast growth and infrastructure investment for the foreseeable future. The current annual revenue run rate for Athena exceeds \$140 million, with gross margins approaching 60%. The company has \$78.5 million in cash and only \$8.5 million in debt.

ATHENAHEALTH, INC. (cont.)**FINANCIAL SUMMARY: (\$000)****Statement of Operations:**

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|---------------------------------|---------------------------|-----------------|--------------------------|-----------------|
| | <u>09/30/08</u> | <u>09/30/07</u> | <u>09/30/08</u> | <u>09/30/07</u> |
| Revenues | 35,428 | 26,168 | 98,156 | 72,608 |
| Cost of Sales | 14,392 | 11,732 | 41,795 | 33,900 |
| Operating Expenses | <u>17,633</u> | <u>11,799</u> | <u>48,883</u> | <u>36,331</u> |
| Income (Loss) from Operations | +3,403 | +2,637 | +7,478 | +2,377 |
| Other Income (Expense) | +375 | -1,908 | -1,401 | -7,678 |
| Tax Benefit (Expense) | <u>-78</u> | <u>-217</u> | <u>-571</u> | <u>-271</u> |
| Net Income (Loss) | +3,700 | +512 | +8,308 | -5,572 |
| Diluted Earnings Per Share (\$) | +\$0.11 | +\$0.05 | +\$0.24 | -\$0.91 |

Summary Balance Sheet as of September 30, 2008:

| | | | |
|---------------------------|------------------|----------------------------|------------------|
| Cash | \$ 78,546 | A/P & Accrued Expenses | \$ 1,636 |
| Receivables | 21,015 | Accrued Compensation | 14,258 |
| Other Current Assets | <u>2,576</u> | Deferred Revenue | <u>8,965</u> |
| Total Current Assets | 102,137 | Total Current Liabilities | 24,859 |
| Net PP&E | 19,729 | Long Term Liabilities | 16,154 |
| Intangible & Other Assets | <u>10,618</u> | Shareholders Equity (Net) | <u>91,471</u> |
| Total Assets | <u>\$132,484</u> | Total Liabilities & Equity | <u>\$132,484</u> |

Comments:

With net proceeds of \$81.3 million from its IPO in September 2007 and positive cash flow, the company has adequate capital resources to support operations for the foreseeable future.

Cardinal Health Partners Holdings:

| | |
|---|-------------------|
| Common Stock | 306,446 shares |
| Assigned Fair Value (306,446 x \$33.27) | \$10,195,458 |
| Investment Cost | \$429,025 |
| Cost per Share | \$1.40 |
| % Ownership (Fully Diluted) | 0.9% |
| Company Valuation at Cardinal Cost | \$48.8 million |
| Company Valuation at Market (\$33.27 per share) | \$1,158.6 million |