

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Cardinal Health Partners, L.P.
Year Ended December 31, 2006
With Report of Independent Auditors

Cardinal Health Partners, L.P.

Financial Statements
and Additional Information

December 31, 2006

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Report of Independent Auditors

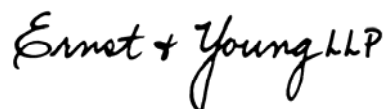
The General Partner and Limited Partners
Cardinal Health Partners, L.P.

We have audited the accompanying statements of assets and liabilities and investments of Cardinal Health Partners, L.P. (the “Partnership”) as of December 31, 2006, and the related statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the general partner. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Partnership’s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cardinal Health Partners, L.P. at December 31, 2006 and the results of its operations, changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was performed primarily for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of partners’ accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements for the year ended December 31, 2006 and for previous periods and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



March 2, 2007

Cardinal Health Partners, L.P.

Statement of Assets and Liabilities

December 31, 2006

Assets

Investments, at assigned fair value (cost, \$15,099,992)	\$ 48,726,458
Cash and cash equivalents	4,795,721
Cash held in escrow (net of reserve of \$15,425)	50,000
Note receivable from General Partner	155,041
Accrued interest receivable and other current assets	35,288
Total assets	<u>53,762,508</u>

Liabilities

Accrued liabilities	<u>21,750</u>
Total liabilities	<u>21,750</u>
Net assets	<u><u>\$ 53,740,758</u></u>

See accompanying notes.

Cardinal Health Partners, L.P.

Statement of Investments

December 31, 2006

Company	Cost	Assigned Fair Value	Unrealized Appreciation (Depreciation)	Assigned Fair Value As a Percentage of Partners' Capital
Health Care Services				
AccentCare, Inc.:				
25,000 shares of Series A Convertible Preferred Stock	\$ 2,500,000	\$ 263,619	\$ (2,236,381)	
11,765 shares of Series B Convertible Preferred Stock	2,000,002	165,102	(1,834,900)	
	4,500,002	428,721	(4,071,281)	.8%
Health Care IT				
AthenaHealth, Inc.:				
2,142,857 shares of Series C Convertible Preferred Stock	3,000,000	10,799,999	7,799,999	20.1
E-Surg Corporation:				
74,211 shares of Common Stock	3,999,999	1,000	(3,998,999)	—
VISICU, Inc. (formerly ICUSA, Inc.):				
3,347,923 shares of Common Stock	3,599,991	37,496,738	33,896,747	69.8
	<u>\$ 15,099,992</u>	<u>\$ 48,726,458</u>	<u>\$ 33,626,466</u>	<u>90.7%</u>

See accompanying notes.

Cardinal Health Partners, L.P.

Statement of Operations

Year Ended December 31, 2006

Investment income and expenses:

Interest and dividend income	\$ 34,712
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Expenses:

Management fee	216,625
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Professional fees	30,812
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Dues and other expenses	13,456
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	<u>260,893</u>
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Net investment loss	(226,181)
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Realized and unrealized gain on investments:

Realized gain on investments	3,729,375
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Net change in unrealized appreciation on investments	8,945,290
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Net realized and unrealized gain on investments	<u>12,674,665</u>
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Increase in net assets resulting from operations	<u>\$ 12,448,484</u>
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See accompanying notes.

Cardinal Health Partners, L.P.

Statement of Changes in Net Assets

Year Ended December 31, 2006

Net investment loss	\$ (226,181)
Realized gain on investments	3,729,375
Net change in unrealized appreciation on investments	<u>8,945,290</u>
Increase in net assets	12,448,484
Net assets:	
Beginning of year	<u>41,292,274</u>
End of year	<u>\$ 53,740,758</u>

See accompanying notes.

Cardinal Health Partners, L.P.

Statement of Cash Flows

Year Ended December 31, 2006

Cash flows from operating activities

Net increase in net assets resulting from operations	\$ 12,448,484
Adjustments to reconcile net investment income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Proceeds from sale of investments	4,179,384
Accrued interest receivable and other current assets	(10,853)
Accrued liabilities	(14,530)
Realized gain on investments	(3,729,375)
Net change in unrealized appreciation on investments	(8,945,290)
Net cash provided by operating activities	<u>3,927,820</u>
Net increase in cash and cash equivalents	3,927,820
Cash and cash equivalents, beginning of year	<u>867,901</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,795,721</u></u>

See accompanying notes.

Cardinal Health Partners, L.P.

Notes to Financial Statements

December 31, 2006

1. Organization

Cardinal Health Partners, L.P. (the “Partnership” or “CHP”) was formed as a limited partnership pursuant to the laws of the State of Delaware on July 25, 1997. The Partnership consists of one general partner and a number of limited partners, and invests primarily in businesses with a health care related focus such as biopharmaceutical products, health care services and information systems, and medical devices in North America.

The General Partner of the Partnership is Cardinal Health Partners Management, L.L.C. The General Partner receives a fee for managing the Partnership (Note 3) and a 20% interest in Partnership profits. Consulting and directors fees earned by the general partner in connection with the Partnership’s investments, if any, are offset against the management fee.

The term of the Partnership extends to December 31, 2007, unless terminated at an earlier date as provided for in the Partnership agreement.

2. Summary of Significant Accounting Policies

Investment Valuation

The values assigned to the investments represent fair values as determined by the General Partner of the Partnership based on available information and do not necessarily represent amounts which might ultimately be realized, because such realization depends upon future circumstances. Determination of the value of securities by the General Partner, in accordance with the valuation policy of the Partnership, is based on all relevant factors including type of security, marketability, restrictions on disposition, purchase price, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The financial statements include investments valued at \$11,229,720 (20.9% of net assets), whose values have been estimated by the General Partner in the absence of readily ascertainable market values and have been reviewed and approved by the Advisory Committee of the Partnership. Because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

Cardinal Health Partners, L.P.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

The Partnership considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Cash Held in Escrow

The accompanying financial statements of the Partnership reflect cash held in escrow to satisfy certain indemnification obligations of the Partnership related to the previous sale of one portfolio company. Subject to any claims made against the escrow, such cash (including interest earned thereon, if any) is scheduled to be released to the Partnership during 2007. The reserve against this balance has been recorded in the realized loss on investments.

Restrictions

Investments were purchased in private transactions pursuant to an exemption from the registration and prospectus delivery requirements of the Securities Act of 1933 (the Act). As a consequence, these investments may not be sold, transferred or assigned unless there is an effective registration statement under the Act covering the securities or an opinion of counsel stating that the sale, transfer or assignment is exempt from the registration and prospectus delivery requirements of the Act.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

The accompanying financial statements of the Partnership reflect no provision or liability for income taxes because Partnership profits and losses are allocated to the partners and are includable in the income tax returns of the partners.

Cardinal Health Partners, L.P.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In September 2006, FASB Issued FASB Statement No. 157, *Fair Value Measurement* (SFAS 157), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Management believes the adoption of SFAS 157 will not have a material impact on the Fund's financial position or results of operations.

3. Management Fee

The Partnership agreement provides for a fee to be paid to CHP Management, Inc. for management and supervisory services provided to the Partnership. The management fee is equal to 2.0% of the Partnership's invested capital, as defined in the partnership agreement, from January 1, 2005 through December 31, 2007. The management fee is subject to certain reductions as defined in the Partnership agreement. The management fee for the year ended December 31, 2007 was \$216,625, which is net of director fees of \$12,125.

4. Capital Contributions and Capital Account Allocations

The Partnership has committed capital of \$62,113,260. From July 25, 1997 (inception) through December 31, 2006 cash contributions of \$61,958,219 were received by the Partnership. In accordance with the Partnership agreement, the General Partner may make up to 50% of its capital commitment in the form of full recourse, interest-bearing promissory notes. During the period from July 25, 1997 (inception) through December 31, 2006, the General Partner made contributions totaling \$279,508 in the form of a promissory note with an interest rate of 7% of which \$155,041 remains outstanding. No net principal payments were made by the General Partner during 2006.

Pursuant to the terms of the Partnership agreement, net gain is allocated 80% to the capital accounts of the partners as a group (including the general partner's 1% interest) in proportion to their respective capital contributions account and 20% to the capital account of the General Partner. Net loss, to the extent it exceeds net gain, is allocated to the partners' accounts in proportion to their respective capital contributions account. Non-portfolio income is allocated to the partners' accounts in proportion to their respective capital contributions account.

During the year ended December 31, 2007, there were no distributions from Cardinal Health Partners, L.P. to its Limited and General Partners.

Cardinal Health Partners, L.P.

Notes to Financial Statements (continued)

5. Realized Gain

VISICU, Inc.

In April 2006, VISICU, Inc. ("VISICU") completed an initial public offering of its securities priced at \$16 per share, all of CHP's holdings converted to common stock at that time. During December 2006, CHP sold 418,500 shares of VISICU common stock in a series of open market transactions, netting proceeds of \$4,179,384 and realizing a gain of \$3,729,375.

6. Selected Financial Highlights

The following financial highlights are being presented in accordance with the provisions of the AICPA Audit and Accounting Guide for Investment Companies, as amended by AICPA Statement of Position 03-04 for the year ended December 31, 2006:

Internal rate of return, since inception⁽¹⁾:

Beginning of year	2.08%
End of year	4.37%

Ratios to average Limited Partners' capital⁽²⁾:

Net investment income	<u>(.41%)</u>
Operating expenses	(.48%)
Impact of General Partner profit/loss allocation	<u>(.11%)</u>
Total expenses and general partner profit/loss allocation	<u>(.59%)</u>

Ratio of capital contributions received to total capital commitments
(includes general partner)*

100%

* The Partnership was formed on July 25, 1997. As of December 31, 2006, the partners have committed to capital contributions of \$62,113,260.

⁽¹⁾ The internal rate of return since inception of the Limited Partners' interests, net of all fees and General Partner profit allocations, was computed based on the actual dates of capital contributions and distributions, and the ending net assets at the end of the period (residual value) of the Limited Partners' capital as of each measurement date.

⁽²⁾ Net investment income (loss), expenses and General Partner profit allocation ratios are calculated for the Limited Partners taken as a whole.

Additional Information

Cardinal Health Partners, L.P.

Schedule of Partners’ Accounts

	Period From July 25, 1997 (inception) to December 31, 2005							Year Ended December 31, 2006					
	Partners’ Contributions	Partner Transfer	Non- Portfolio Income	Investment Loss	Realized Gain (Loss)	Change in Unrealized Appreciation	Distributions	Partners’ Accounts	Non- Portfolio Income	Investment Income	Realized Loss	Change in Unrealized Appreciation	Partners’ Accounts
<i>Limited Partners</i>													
LACERA	\$ 10,000,000		\$ 28,240	\$ (1,223,294)	\$ (967,733)	\$ 3,176,872	\$ (4,612,597)	\$ 6,401,488	\$ 3,841	\$ (32,205)	\$ 480,332	\$ 1,152,126	\$ 8,005,582
Nassau Capital Funds, L.P.	9,000,000		25,413	(1,100,967)	(870,958)	2,859,187	(4,151,350)	5,761,325	3,457	(28,985)	432,300	1,036,914	7,205,011
The Robert Wood Johnson Foundation	7,500,000		21,179	(917,471)	(725,798)	2,382,653	(3,459,432)	4,801,131	2,881	(24,153)	360,249	864,095	6,004,203
The State Teachers Retirement System of Ohio	6,992,127		19,749	(855,344)	(676,650)	2,221,311	(3,225,408)	4,475,785	2,686	(22,518)	335,854	805,581	5,597,388
Northwestern University	5,000,000		14,119	(611,648)	(483,866)	1,588,438	(2,306,335)	3,200,708	1,921	(16,102)	240,166	576,063	4,002,756
Fleet Growth Resources (formerly Summit Bancorp)	5,000,000		14,119	(611,648)	(483,866)	1,588,438	(2,306,335)	3,200,708	1,921	(16,102)	240,166	576,063	4,002,756
National Union Fire Insurance Co. of Pittsburgh	5,000,000	\$(1,869,219)	13,938	(594,766)	(810,867)	(325,009)	(1,414,077)	–					–
Pine Street I Holdings, LLC		1,869,219	181	(16,882)	327,001	1,913,447	(892,258)	3,200,708	1,921	(16,102)	240,166	576,063	4,002,756
Bank of America Capital Corporation	2,741,431	(2,742,497)	6,828	(184,638)	311,688	449,985	(582,797)	–					–
WIN 4 Holdings, L.L.C.	258,569	2,742,497	1,643	(182,349)	(602,008)	503,078	(800,971)	1,920,459	1,152	(9,661)	144,100	345,638	2,401,688
Wachovia Bank Pension Plan and Trust	3,000,000		8,471	(366,987)	(290,320)	953,063	(1,383,768)	1,920,459	1,152	(9,661)	144,100	345,638	2,401,688
UNISYS	2,500,000		7,060	(305,823)	(241,932)	794,217	(1,153,167)	1,600,355	960	(8,051)	120,083	288,032	2,001,379
Venture Investment Associates II, L.P.	2,000,000		5,647	(244,657)	(193,547)	635,375	(922,519)	1,280,299	768	(6,441)	96,066	230,425	1,601,117
S.R. One, Limited	1,500,000		4,236	(183,494)	(145,160)	476,531	(691,897)	960,216	576	(4,831)	72,050	172,819	1,200,830
Hillside Capital Incorporated	1,000,000		2,823	(122,332)	(96,773)	317,688	(461,249)	640,157	384	(3,220)	48,033	115,213	800,567
	61,492,127	–	173,646	(7,522,300)	(5,950,789)	19,535,274	(28,364,160)	39,363,798	23,620	(198,032)	2,953,665	7,084,670	49,227,721
<i>General Partner</i>													
Cardinal Health Partners Management, L.L.C.	466,092		1,753	(1,137,852)	(2,400,535)	5,130,476	(286,499)	1,773,435	239	(52,008)	775,710	1,860,620	4,357,996
Total Partners’ Capital Accounts	61,958,219	–	175,399	(8,660,152)	(8,351,324)	24,665,750	(28,650,659)	41,137,233	23,859	(250,040)	3,729,375	8,945,290	53,585,717
Note receivable from Cardinal Health Partners Management, L.L.C.	155,041		–	–	–	–	–	155,041	–	–	–	–	155,041
Total Partners’ Accounts	\$ 62,113,260	\$ –	\$ 175,399	\$ (8,660,152)	\$ (8,351,324)	\$ 24,665,750	\$(28,650,659)	\$41,292,274	\$ 23,859	\$ (250,040)	\$ 3,729,375	\$ 8,945,290	\$ 53,740,758

See accompanying note to Schedule of Partners’ Accounts.

Cardinal Health Partners, L.P.

Note to Schedule of Partners' Accounts

Year Ended December 31, 2006

Partnership Allocations

For purposes of allocating income and losses to the partners, the Net Gain (as defined) has exceeded the Net Loss (as defined) as of December 31, 2006. In accordance with Section 9(b)(i) and 9(b)(ii) of the Partnership agreement, the Net Gain is therefore allocated 80% to all partners in proportion to their respective Contribution Accounts (as defined) and 20% to the General Partner.

Partner Transfers

Effective June 30, 2000, BankAmerica Capital Corporation sold and assigned its limited partnership interest to WIN 4 Holdings, L.L.C.

As a result of the acquisition of Summit Bancorp by Fleet Bank N.A., Summit Bancorp assigned its entire limited partnership interest to Fleet Growth Resources, Inc. effective April 1, 2001.

Effective December 31, 2002, National Union Insurance Company of Pittsburgh assigned its entire limited partnership interest to Pine Street I Holdings, LLC.