

**CARDINAL HEALTH PARTNERS, L.P.**

**QUARTERLY REPORT**

**1st QUARTER, 2002**

**CARDINAL HEALTH PARTNERS, L.P.**

**QUARTERLY REPORT**

**1st QUARTER, 2002**

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TO: The Limited Partners

FROM: John K. Clarke

DATE: May 31, 2002

SUBJECT: Activity for the Quarter ended March 31, 2002

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Positive developments for most of our companies characterized the first quarter of 2002 in the Cardinal portfolio, coupled with a couple of disappointments. Most notably, progress at TechRx towards a potential exit and solid operational gains at VISICU and NexCura were contrast against disappointing operational results for Esurg and MedContrax. A synopsis of portfolio company activity for the quarter follows.

***AccentCare*** – At quarters end, AccentCare has signed the largest acquisition in the company's history. Once integrated the combined entities will have annual revenues of \$45 million and serve over 2,500 customers in 23 locations. Financial performance for Fiscal 2002 (FYE 3/31) was below forecast due primarily to underperformance at existing centers coupled with delays in closing a number of acquisitions. The FY 2003 budget forecasts gradual improvement in financial performance. The investors are urging management towards improved base financial performance. A search for a strong operationally minded CEO is ongoing.

***AthenaHealth*** – Performance for the quarter was mixed. While sales were well below plan, improvements in implementing new customers led to better financial results than forecast in terms of revenue, net loss and cash flow. Management expects Q2 to show a substantial improvement in sales and remains optimistic of achieving break even in Q4 2002. With \$14 million in cash, the company has two years of operating capital at the current burn rate.

***Esurg*** – Although financial performance for the first quarter was encouraging, the inability of the company to sustain operations without additional financing has led management and the investors to reevaluate Esurg. During the quarter, a concerted effort was made to sell or partner the company with an established player in the distribution or healthcare services sector. As no acceptable offers have been enlisted, the Board has tasked management with developing a restructuring plan under which the company can operate without additional capital for the next two years. Under these circumstances, we have reduced the carrying value of our investment to a minimal value until financial and operational viability has been established.

***MedContrax*** – At the end of the period, negotiations to sell the Med-ecorp subsidiary were unexpectedly terminated. Without a visible source of additional financing, the investors have shut the company down and will sell the assets. We expect a minimal return after satisfaction of the company's creditors. Accordingly, we have reduced the carrying value of our investment from \$200,000 to a minimal value.

**Molecular Mining** – Software sales were slow for the first two months of 2002, leading to a 30% revenue shortfall from plan. Sales were encouraging in March and management is working to develop distribution and OEM relationships. Revenue generating collaborative projects with pharmaceutical manufacturers have also been slow to develop, with a longer than anticipated sales cycle. Management has kept expenses under control and net loss has remained better than forecast. Given the slow sales ramp, the investors have begun a concerted effort to explore strategic relationships with other bioinformatics companies.

**NexCura** - NexCura remains on track for a \$5 million cash basis revenue year. Book revenues for the quarter were off plan due to delays in contract completions, but the company remains ahead of plan for year in terms of cash flow. As the quarter ended, the company is in dialogue with the venture arm of a major pharmaceutical company for a significant equity investment.

**Pointshare** – In December 2001, Pointshare closed the sale of both of its operating divisions and dissolved the company. During this quarter, Cardinal received a total of \$122,984. There remains \$640K in escrow with Cardinal to receive 4.3% of any future distributions.

**TechRx** – Revenues for the quarter were lower than plan due to lower sales in the high volume business, but operating income was 10% ahead of plan. The T-Rex One Enterprise system for large chain pharmacies was introduced during the quarter and will be a primary revenue driver by the end of Fiscal 2003. A second >\$100 million deal with a major pharmacy chain should be announced in Q2 2002. Management has reached a letter of intent to merge with NDCHealth in a transaction that values TechRx at \$200-\$400 million.

**Visicu** – VISICU has generated significant positive momentum in the quarter. The company is nearing the signing of a significant customer in Metropolitan NYC that doubles the number of ICU beds under management. Financial performance was ahead of plan for the quarter and management is confident of exceeding forecast for the year. Investor interest has been reinvigorated, with the company completing a \$3.5 million financing in early January with an additional \$2.5 million from investors likely to close in Q2. New CEO, Frank Sample is off to a great start and we are very encouraged.

Fund activity for the quarter shows follow-on investment totaling \$135K for MedContrax and cash receipts totaling \$123K from PointShare. There were no capital contributions or distributions during the period. Net Loss for the quarter ended March 31, 2002, totaled \$2.3 million including \$390K in net operating expenses and a \$1.9 million in net unrealized losses related to Esurg and MedContrax.

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

We remain confident that the portfolio has value potential beyond our current carrying value. We are working diligently to realize that value in our portfolio by frequent interaction with company management and exploring all alternatives in order to ensure the best return for our investors.

Brandon, Lisa, Geoff, John and I appreciate your continued support and welcome your input.

**CARDINAL HEALTH PARTNERS, L.P.**  
**Income Statement**  
**For the Period Ended March 31, 2002**

	Three Months Ended 03/31/02
Revenue:	
Non Portfolio Income	\$447
Interest-Equivalent Amounts	0
Expenses:	
Management Fee	388,208
Professional Fees	10,116
NVCA Dues & Expenses	0
Amortization of Organization Costs	0
Miscellaneous Expenses	40
Total Expenses	<u>398,364</u>
Net Operating Expense	(397,917)
Investment Income	<u>7,805</u>
Net Income Before Gains (Losses)	(390,112)
Realized Gains (Losses)	0
Unrealized Gains (Losses)	<u>(1,886,192)</u>
Net Income (Loss)	<u><u>(\$2,276,304)</u></u>

**CARDINAL HEALTH PARTNERS, L.P.**

**Balance Sheet  
As of March 31, 2002**

<b>ASSETS:</b>	<b>Period Ended 03/31/02</b>	<b>Period Ended 12/31/01</b>
Cash and Short-Term Investments	\$45,436	\$85,371
Accrued Interest	41,463	33,658
Escrow for Investment	0	0
Venture Capital Investments	24,036,335	25,910,607
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	214,082	214,082
	<u>\$24,337,316</u>	<u>\$26,243,718</u>
<b>LIABILITIES &amp; CAPITAL:</b>		
Accrued Expenses and Payables	\$396,363	\$26,462
Investment due Portfolio Company	0	0
Partners' Accounts	23,940,953	26,217,256
Total Liabilities and Capital	<u>\$24,337,316</u>	<u>\$26,243,718</u>

**CARDINAL HEALTH PARTNERS, L.P.**

**Footnotes**

**As of March 31, 2002**

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 - Net Organization Costs:	<u>03/31/02</u>	<u>12/31/01</u>
Organization Costs	\$179,000	\$179,000
Accumulated Amortization	<u>(179,000)</u>	<u>(179,000)</u>
Total	<u>\$0</u>	<u>\$0</u>

Note 3 - General Partner Promissory Notes:	<u>03/31/02</u>	<u>12/31/01</u>
GP Promissory Note Principal	\$214,082	\$214,082
Offset against Partners' Capital	<u>0</u>	<u>0</u>
Total	<u>\$214,082</u>	<u>\$214,082</u>

Note 4 - Accrued Expenses:	<u>03/31/02</u>	<u>12/31/01</u>
Accounting & Audit	\$4,500	\$17,000
Management Fees	388,208	0
NVCA Dues and Other	40	8,216
Legal & Other Professional Fees	<u>3,615</u>	<u>1,246</u>
Total	<u>\$396,363</u>	<u>\$26,462</u>

**CARDINAL HEALTH PARTNERS, L.P.**  
**Statement of Cash Flows**  
**For the Period Ended March 31, 2002**

	Three Months Ended 03/31/02
<b>Cash flows from operating activities</b>	
Net Income Before Gains (Losses)	(\$390,112)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:	
Accrued Interest Receivable	(7,805)
Net Organization Costs	0
Other Assets	0
Accrued Expenses & Payables	369,902
	<hr/>
Net Cash used in Operating Activities	(28,015)
<b>Cash flows from investing activities</b>	
Purchases of venture capital investments	(134,904)
Sales of venture capital investments	122,984
	<hr/>
Net cash used in investing activities	(11,920)
<b>Cash flows from financing activities</b>	
Cash contributions by partners	0
Cash distribution to partners	0
	<hr/>
Net cash provided by financing activities	0
 Net Change in Cash and Short Term Investments	 (39,935)
Cash and Short Term Investments, beginning	85,371
Cash and Short Term Investments, ending	<u><u>\$45,436</u></u>

**CARDINAL HEALTH PARTNERS, L.P.**  
**Schedule of Venture Capital Investments**  
**As of March 31, 2002**

<b>Company</b>	<b>Debt</b>	<b>Equity</b>	<b>Total Cost</b>	<b>Fair Value</b>	<b>Unrealized Gain (Loss)</b>
AccentCare, Inc.	\$0	\$4,500,002	\$4,500,002	\$3,898,100	(\$601,902)
AthenaHealth, Inc.	0	3,000,000	3,000,000	6,600,000	3,600,000
Esurg Corporation	0	3,999,999	3,999,999	1,000	(3,998,999)
MedContrax (Syntegra)	0	3,771,267	3,771,267	1,000	(3,770,267)
Molecular Mining Corporation	0	1,000,000	1,000,000	2,046,400	1,046,400
NexCura (CancerFacts)	166,667	4,500,000	4,666,667	2,166,667	(2,500,000)
Pointshare Corporation	0	1,877,017	1,877,017	1,000	(1,876,017)
Signature Care Network	0	3,500,000	3,500,000	500	(3,499,500)
TechRx Incorporated	0	4,000,000	4,000,000	6,766,668	2,766,668
VISICU, Inc. (ICUSA)	0	4,000,000	4,000,000	2,555,000	(1,445,000)
Totals	\$166,667	\$34,148,285	\$34,314,952	\$24,036,335	(\$10,278,617)

**Cardinal Health Partners, L.P.**  
**Statement of Partners' Contributions Accounts**  
**As of March 31, 2002**

	Partners' Total Subscription	Contributions Account 12/31/01	Period Contribution in Cash	Period Contribution by Note	Contributions Account 03/31/02	Partners' Outstanding Subscription
<u>Limited Partners</u>						
LACERA	\$10,000,000	\$9,870,637	\$0	\$0	\$9,870,637	\$129,363
Nassau Capital Funds	9,000,000	8,883,574	0	0	8,883,574	116,426
Robert Wood Johnson Foundation	7,500,000	7,402,966	0	0	7,402,966	97,034
State Teachers Ret. System of Ohio	6,992,127	6,902,426	0	0	6,902,426	89,701
Northwestern University	5,000,000	4,935,315	0	0	4,935,315	64,685
Fleet Growth Resources (Summit Bank)	5,000,000	4,935,315	0	0	4,935,315	64,685
Nat. Union Fire Ins. Co. of Pittsburgh	5,000,000	4,935,315	0	0	4,935,315	64,685
WIN 4 Holdings / BofA Capital Corp.	3,000,000	2,961,191	0	0	2,961,191	38,809
First Union National Bank Pension Plan	3,000,000	2,961,191	0	0	2,961,191	38,809
UNISYS	2,500,000	2,467,655	0	0	2,467,655	32,345
Venture Investment Associates II	2,000,000	1,974,128	0	0	1,974,128	25,872
S.R. One Limited	1,500,000	1,480,591	0	0	1,480,591	19,409
Hillside Capital Incorporated	1,000,000	987,067	0	0	987,067	12,933
	\$61,492,127	\$60,697,371	\$0	\$0	\$60,697,371	\$794,756
<u>General Partner</u>						
Cardinal Health Partners Mgmt.	621,133	613,105	0	0	613,105	8,028
Total Partnership	\$62,113,260	\$61,310,476	\$0	\$0	\$61,310,476	\$802,784

**Cardinal Health Partners, L.P.**  
**Statement of Partners' Distributive Share of Net Assets**  
**For the Period Ended March 31, 2002**

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 03/31/02
<u>Limited Partners</u>							
LACERA	\$3,869,677	\$0	\$7,312	\$41,142	\$3,918,131	(\$63,811)	\$3,854,320
Nassau Capital Funds	3,482,702	0	6,582	37,027	3,526,311	(57,430)	3,468,881
Robert Wood Johnson Foundation	2,902,253	0	5,485	30,856	2,938,594	(47,859)	2,890,735
State Teachers Ret. System. of Ohio	2,706,293	0	5,115	28,772	2,740,180	(44,627)	2,695,553
Northwestern University	1,934,823	0	3,658	20,570	1,959,051	(31,906)	1,927,145
Fleet Growth Resources (Summit Bank)	1,934,823	0	3,658	20,570	1,959,051	(31,906)	1,927,145
Natl. Union Fire Ins. Co. of Pittsburgh	1,934,823	0	3,658	20,570	1,959,051	(31,906)	1,927,145
WIN 4 Holdings LLC	1,160,903	0	2,194	12,342	1,175,439	(19,143)	1,156,296
First Union National Bank Pension Plan	1,160,903	0	2,194	12,342	1,175,439	(19,143)	1,156,296
UNISYS	967,410	0	1,829	10,285	979,524	(15,953)	963,571
Venture Investment Associates II	773,926	0	1,463	8,228	783,617	(12,762)	770,855
S.R. One Limited	580,459	0	1,097	6,171	587,727	(9,572)	578,155
Hillside Capital Incorporated	386,976	0	731	4,114	391,821	(6,381)	385,440
	\$23,795,971	\$0	\$44,976	\$252,989	\$24,093,936	(\$392,399)	\$23,701,537
<u>General Partner</u>							
Cardinal Health Partners Mgmt.	240,364	0	460	2,556	243,380	(3,964)	239,416
Total Partnership	\$24,036,335	\$0	\$45,436	\$255,545	\$24,337,316	(\$396,363)	\$23,940,953

**Cardinal Health Partners, L.P.**  
**Statement of Partners' Capital \***  
**For the Period Ended March 31, 2002**

	Partners' Capital 01/01/02	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Partners' Capital 03/31/02
<u>Limited Partners</u>								
LACERA	\$4,220,796	\$0	\$71	(\$62,877)	\$0	(\$62,806)	(\$303,670)	\$3,854,320
Nassau Capital Funds,	3,798,710	0	65	(56,591)	0	(56,526)	(273,303)	3,468,881
Robert Wood Johnson Foundation	3,165,592	0	54	(47,159)	0	(47,105)	(227,752)	2,890,735
State Teachers Ret. System of Ohio	2,951,798	0	50	(43,965)	0	(43,915)	(212,330)	2,695,553
Northwestern University	2,110,383	0	36	(31,439)	0	(31,403)	(151,835)	1,927,145
Fleet Growth Resources (Commit)	2,110,383	0	36	(31,439)	0	(31,403)	(151,835)	1,927,145
National Union Fire Ins. Co. of Pitt.	2,110,383	0	36	(31,439)	0	(31,403)	(151,835)	1,927,145
WIN 4 Holdings, LLC.	1,266,239	0	22	(18,864)	0	(18,842)	(91,101)	1,156,296
First Union Nat. Bank Pension Plan	1,266,239	0	22	(18,864)	0	(18,842)	(91,101)	1,156,296
UNISYS	1,055,190	0	18	(15,720)	0	(15,702)	(75,917)	963,571
Venture Investment Associates II	844,151	0	14	(12,576)	0	(12,562)	(60,734)	770,855
S.R. One Limited	633,126	0	11	(9,432)	0	(9,421)	(45,550)	578,155
Hillside Capital Incorporated	422,088	0	7	(6,288)	0	(6,281)	(30,367)	385,440
	\$25,955,078	\$0	\$422	(\$386,653)	\$0	(\$386,211)	(\$1,867,330)	\$23,701,537
<u>General Partner</u>								
Cardinal Health Partners Mgmt.	48,096	0	5	(3,905)	0	(3,900)	(18,862)	25,334
Total Partnership	\$26,003,174	\$0	\$447	(\$390,558)	\$0	(\$390,111)	(\$1,886,192)	\$23,726,871

\* - Partners Capital, by definition, does not include contributions made by the General Partner in the form of a Promissory Note.

**Cardinal Health Partners, L.P.**  
**Statement of Partners' Accounts**  
**For the Period from July 25, 1997 to March 31, 2002**

	Partners' Contribution Account	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Distributions	Partner Transfer	Partners' Account 03/31/02
<u>Limited Partners</u>									
LACERA	\$9,870,637	\$26,377	(\$1,004,137)	(1,261,686)	(\$2,239,446)	(\$1,834,221)	(\$1,942,650)	\$0	\$3,854,320
Nassau Capital Funds	8,883,574	23,739	(903,726)	(1,135,518)	(2,015,505)	(1,650,796)	(1,748,392)	0	3,468,881
Robert Wood Johnson Foundation	7,402,966	19,783	(753,103)	(946,265)	(1,679,585)	(1,375,664)	(1,456,982)	0	2,890,735
State Teachers Ret. System of Ohio	6,902,426	18,447	(702,106)	(882,187)	(1,565,846)	(1,282,509)	(1,358,518)	0	2,695,553
Northwestern University	4,935,315	13,188	(502,069)	(630,844)	(1,119,725)	(917,108)	(971,337)	0	1,927,145
Fleet Growth Resources (Summit)	4,935,315	13,188	(502,069)	(630,844)	(1,119,725)	(917,108)	(971,337)	0	1,927,145
National Union Fire Ins. Co. of Pitts.	4,935,315	13,188	(502,069)	(630,844)	(1,119,725)	(917,108)	(971,337)	0	1,927,145
Bank of America Capital Corporation	2,741,431	6,828	(184,638)	311,688	133,878	449,985	(582,797)	(2,742,497)	0
WIN 4 Holdings, LLC	219,760	1,086	(116,603)	(690,194)	(805,711)	(1,000,250)	0	2,742,497	1,156,296
First Union National Bank Pension Plan	2,961,191	7,914	(301,241)	(378,506)	(671,833)	(550,265)	(582,797)	0	1,156,296
UNISYS	2,467,655	6,594	(251,034)	(315,422)	(559,862)	(458,554)	(485,668)	0	963,571
Venture Investment Associates II	1,974,128	5,275	(200,827)	(252,338)	(447,890)	(366,844)	(388,539)	0	770,855
S.R. One Limited	1,480,591	3,957	(150,620)	(189,253)	(335,916)	(275,132)	(291,388)	0	578,155
Hillside Capital Incorporated	987,067	2,637	(100,416)	(126,169)	(223,948)	(183,421)	(194,258)	0	385,440
	\$60,697,371	\$162,201	(\$6,174,658)	(\$7,758,382)	(\$13,770,839)	(\$11,278,995)	(\$11,946,000)	\$0	\$23,701,537
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	613,105	1,638	(1,306,305)	51,260	(1,253,407)	1,000,377	(120,659)	0	239,416
Total Partnership	\$61,310,476	\$163,839	(\$7,480,963)	(\$7,707,122)	(\$15,024,246)	(\$10,278,618)	(\$12,066,659)	\$0	\$23,940,953

TO: The Limited Partners

FROM: John J. Park

DATE: January 29, 2002

SUBJECT: Portfolio Valuations for March 31, 2002

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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, restricted securities are valued at cost, until subsequent events of a significant nature indicate the need for a change. This memorandum delineates the portfolio valuation calculations proposed by the General Partner for those investments not valued at cost as of March 31, 2002.

**ACCENTCARE** – In June 2001, AccentCare completed a \$24.5 million financing at \$0.9215 per share valuing the Company at \$54 million post-money after adjusting for the weighted average anti-dilution of the Series A and Series B Preferred. Two new investors, Three Arch Partners and Highland Capital Partners led this financing. Our investment is valued at the Series C price of \$0.9215, resulting in an unrealized loss of \$601,902 on our cost basis of \$3,500,001 as of March 31, 2002. This valuation represents no change from the valuation as of December 31, 2001.

Value Computation:

Series A Convertible Preferred Stock		
2,620,837 shares x \$0.9215	=	\$2,415,101
Series B Convertible Preferred Stock		
1,609,331 shares x \$0.9215	=	<u>1,482,999</u>
Total Value		<u>\$3,898,100</u>

**ATHENAHEALTH** – On November 17, 2000, AthenaHealth completed a \$31 million financing at \$3.08 per share, valuing the Company at \$86 million post-money. A new investor, Oak Investment Partners, led this financing. Our investment is valued at the Series D price of \$3.08, resulting in an unrealized gain of \$3,600,000 on our cost basis of \$3,000,000 as of March 31, 2002. This valuation represents no change from the valuation for Athena as of December 31, 2001.

Value Computation:

Series C Convertible Preferred Stock		
2,142,857 shares x \$3.08	=	<u>\$6,600,000</u>

**CARDINAL HEALTH PARTNERS, L.P.**  
**Portfolio Valuations as of March 31, 2002**  
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**ESURG** - In August 2001, Esurg completed a \$9 million financing at \$0.6265 per share, valuing the Company at \$36 million post-money. Two new investors, Accenture and United Parcel Service led this financing. However, the company has been unable to attain additional needed financing and has been required to make substantial operational cutbacks. Therefore, in Q1 2002 we decided to reduce the value of the Esurg investment to a minimal value of \$1,000, resulting in an unrealized loss of \$1,626,272 being recorded for the period. As of March 31, 2002, the Esurg investment is valued at \$1,000 resulting in a cumulative unrealized loss of \$3,998,999 on our cost basis of \$3,999,999. This valuation represents a decrease of \$1,626,272 from the valuation as of December 31, 2001.

**Value Computation:**

Series C Convertible Preferred Stock		
2,597,401 shares	=	<u>\$1,000</u>

**MEDCONTRAX** – In September 2001, MedContrax completed a \$500,000 insider financing at \$0.25 per share valuing the Company at \$6.5 million post-money. Subsequent bridge financings with a liquidation preference totaling \$5 million has additionally diluted the potential value of our investment. At the end of Q1 2002, discussions were terminated with a potential acquirer and management ceased operations. A plan to sell the assets of the company is being developed, but we expect a minimal return after satisfaction of the company's creditors. Accordingly, we have reduced the value of our MedContrax investment to \$1,000 and recorded an unrealized loss of \$199,000 for the period. At this value, the investment shows an unrealized loss of \$3,770,267 on our cost basis of \$3,771,267 as of March 31, 2002. This valuation represents a decrease of \$199,000 from the valuation as of December 31, 2001.

**Value Computation:**

Common Stock		
3,637 shares		\$ 0
Series A Convertible Preferred Stock		
134,286 shares		0
5% Convertible Note Payable		<u>1,000</u>
	=	<u>\$1,000</u>

**CARDINAL HEALTH PARTNERS, L.P.**  
**Portfolio Valuations as of March 31, 2002**  
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**MOLECULAR MINING CORPORATION** – In May 2001, Molecular Mining completed an \$8.3 million financing valuing the company at \$17 million post-money. New investor, Sofinov, led this financing. Our investment is now valued at the Series B price of \$2.0464, resulting in an unrealized gain of \$1,046,400 on our cost basis of \$1,000,000. This valuation represents no change from the valuation as of December 31, 2001.

Value Computation:

$$\begin{array}{rcl} \text{Series A Convertible Preferred Stock} & & \\ 1,000,000 \text{ shares} \times \$2.0464 & = & \underline{\underline{\$2,046,400}} \end{array}$$

**NEXCURA** – In October 2000, NexCura completed a \$7 million financing at \$0.868 per share valuing the Company at \$19.9 million post-money. Subsequently, the company has been unable to attract additional investment interest and has curtailed operational expansion to attain cash flow breakeven. Accordingly, in order to correctly reflect the financial risk of the company, we have lowered the value our equity investment to \$2,000,000, resulting in an unrealized loss of \$2,500,000 on our cost basis of \$4,666,667. This valuation represents no change from the valuation as of December 31, 2001.

Value Computation:

$$\begin{array}{rcl} \text{Series A Convertible Preferred Stock} & & \\ 5,184,331 \text{ shares} \times \$0.868 \times 44.4\% & = & \$2,000,000 \\ 10\% \text{ Convertible Promissory Note} & = & \underline{166,667} \\ \text{Total Value} & & \underline{\underline{\$2,166,667}} \end{array}$$

**POINTSHARE** – As reported previously, PointShare has sold both operating units of the company, netting a total of ~ \$5 million for distribution to the investors. However, no proceeds will be accorded to the Series A or Series B investors. Therefore, we have written-off the Series A and Series B investment reducing the cost basis from \$3,850,001 to \$2,000,001, with a resulting realized loss of \$1,850,000 and the reversal of a previously unrealized loss of \$1,850,000. In the first quarter of 2002, Cardinal received a total of \$122,984 from the initial distributions of proceeds of the sale. Accordingly, we have reduced the cost basis in our Series C holding from \$2,000,001 to \$1,877,017, reduced the carrying value for the investment from \$50,000 to \$1,000, and reversed \$73,984 in previously unrealized loss related to PointShare. With the remaining investment valued at \$1,000, we show an unrealized loss of \$1,876,017 on our cost basis of \$1,877,017 as of March 31, 2002. After accounting for the above-described transactions during this quarter, this valuation represents a decrease of \$49,000 from our carrying value as of December 31, 2001.

**CARDINAL HEALTH PARTNERS, L.P.**  
**Portfolio Valuations as of March 31, 2002**  
**Page 4 of 4**

**SIGNATURE CARE NETWORKS** – Without available financing at the end of 1999, we reduced the carrying value for Signature to \$1,000. In June 2001, the promissory notes were deemed worthless and written off, resulting in a realized loss of \$1,285,000, the reversal of a previously unrealized loss of \$1,284,500 and the reduction of the carrying value to \$500. As of March 31, 2002, the remaining unrealized loss on the investment is \$3,499,500 on our cost basis of \$3,500,000. This valuation represents no change from our value as of December 31, 2001.

**TECHRX** – In July 2000, TechRx completed the acquisition of the pharmacy systems division of National Data Corporation (NDC) with NDC investing \$10 million at \$3.00 per share. Due to the strategic nature of this investment we are valuing our investment at \$2.00 per share, representing the midpoint between \$3.00 per share and the Series B cost of \$1.00 per share. This results in a carrying value of \$6,766,668 with an unrealized gain of \$2,766,668 on our cost basis of \$4,000,000 as of March 31, 2002. This valuation represents no change from the valuation as of December 31, 2001.

Value Computation:

Series B Convertible Preferred Stock		
3,000,000 shares x \$2.00	=	\$6,000,000
Common Stock Warrants		
100,000 shares x \$1.00 (\$2.00 - \$1.00)	=	100,000
Common Stock		
333,334 shares x \$2.00	=	<u>666,668</u>
Total Value		<u>\$6,766,668</u>

**VISICU (formerly IC-USA)** – On June 8, 2000, VISICU completed a \$12 million financing at \$1.37 per share valuing the Company at \$28 million post-money. A new investor, Pacific Venture Group, led this financing. However, as the company has not met operational expectations since the completion of the Series B financing, we propose to value our investment at one-half of the Series B price until a substantial improvement in operational results or an independent financing event. This results in a carrying value of \$2,555,000, producing an unrealized loss of \$1,445,000 on our cost basis of \$4,000,000. This valuation represents no change from our carrying value as of December 31, 2001.

Value Computation:

Series A Convertible Preferred Stock		
3,000,000 shares x \$1.37 x 50%	=	\$2,055,000
Series B Convertible Preferred Stock		
729,927 shares x \$1.37 x 50%	=	<u>500,000</u>
Total Value		<u>\$2,555,000</u>

**CARDINAL HEALTH PARTNERS, L.P.**  
**Portfolio Valuation Summary**  
**For the Quarter Ended March 31, 2002**

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value 03/31/02</u>	<u>Fair Value 12/31/01</u>	<u>Change from Prior Quarter</u>	<u>Reason for Change</u>
AccentCare, Inc.	\$4,500,002	\$3,898,100	\$3,898,100	\$0	
AthenaHealth, Inc.	3,000,000	6,600,000	6,600,000	0	
Esurg Corporation	3,999,999	1,000	1,627,272	(1,626,272)	Mark Down to Minimal Value. (note 1)
MedContrax, Inc. (formerly Syntegra)	3,771,267	1,000	200,000	(199,000)	Mark Down to Minimal Value. (note 2)
Molecular Mining	1,000,000	2,046,400	2,046,400	0	
NexCura (formerly CancerFacts.com)	4,666,667	2,166,667	2,166,667		
Pointshare Corporation	1,877,017	1,000	50,000	(49,000)	Receipt of Initial Proceeds from Pointshare. (note 2)
Signature Care Networks	3,500,000	500	500	0	
TechRx Incorporated	4,000,000	6,766,668	6,766,668	0	
VISICU, Inc. (formerly ICUSA)	4,000,000	2,555,000	2,555,000	0	
Total Portfolio	\$34,314,952	\$24,036,335	\$25,910,607	(\$1,874,272)	

- (1) Esurg has been unable to attain additional financing or a suitable acquisition offer during the quarter. The Board has directed management to cut headcount and develop a business plan to survive on current capital for at least 24 months. Under these circumstances, we have decided to reduce the carrying value for our investment to a minimal value.
- (2) At the end of the quarter, the expected sale of the med-e-corp division was terminated. Currently, the investors are evaluating alternatives to sell the assets. Meanwhile, we have reduced the carrying value for MedContrax to a minimal value.
- (3) During the quarter, the initial proceeds from the sale of PointShare's assets were received, with Cardinal receiving \$122,984. There remains in escrow reserved funds totaling \$640,000 from the Siemens transaction. Cardinal will receive approximately 4.3% of any additional releases from escrow.

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

**Comprehensive Assistance Living Services for the Elderly Living at Home**

Period Summary: 1st Quarter 2002

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As the company enters Fiscal 2003 (FYE 3/31), AccentCare has signed the largest acquisition in the company's history, thus cementing its commanding market presence in California and making it one of the largest companies of its kind in the US. Financial performance remains a concern and management has implemented an expense reduction and restructuring plan. A search for a strong operationally minded CEO is ongoing.

As the quarter ended, the closing of the long awaited acquisition of Just Right Home Care and Private Duty ("Just Right") was completed. Just Right has annual revenues of \$18.5 million and EBITDA of \$900K. The transaction still must be approved by the California Attorney General and State Licensing office, which is expected within 30 to 45 days. Combined, AccentCare/Just Right will have revenues of \$45 million and serve over 2,500 clients in 23 locations. Integration of the two companies should begin in late May.

A review of Fiscal 2002 financial performance shows a company with stagnant same store growth and improving but still lower than forecast gross margins combining to cause a higher net loss than originally forecast. Revenues for the year were \$22.5 million, 37% below plan as a result of underperformance in several centers and acquisitions not completed as scheduled. Overall same store growth has been flat for the year, with Northern California, San Diego and Temecula declining by more than 10% YTD. Gross margin was 33% vs. a forecast of 35% for the year. However, margin for the last two months of the year were higher than expected. Operating expenses have shown considerable improvement in the last quarter, especially considering the one time negative variances from legal expenses totaling \$337K related to abandoned acquisitions.

The Fiscal 2003 (FYE 3/31) budget presented by acting CEO Dave Barry shows revenues of \$44.5 million. This includes \$14.5 million from the Just Right acquisition and 10% year-to-year growth from currently operating centers. The budget also forecasts significant improvement in care center contribution from Q1 to Q4, with positive cash flow in Q4. The plan shows the company ending the year with approximately \$7 million in cash. While many of the elements contained in this budget are encouraging, we join our co-investors in urging management towards improved base financial performance.

**ACCENTCARE, INC. (cont.)**

**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 3/31)

	<i>2001 Actual</i>	<i>2002 Actual*</i>	<i>2003 Budget</i>
Revenues	18,530	22,539	44,552
Cost of Services	12,117	15,103	30,502
Operating Expenses	14,894	14,635	16,455
EBIT	-8,481	-7,199	-2,405
Interest and Taxes	-264	465	-333
<b>Net Income</b>	<b>-8,745</b>	<b>-6,734</b>	<b>-2,738</b>

\* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	6,021	13,191	-7,170
Cost of Services	4,074	8,490	+4,416
Operating Expenses	4,501	5,246	+745
EBIT	-2,554	-545	-2,009
Interest and Taxes	164	-180	+344
<b>Net Income</b>	<b>-2,390</b>	<b>-725</b>	<b>-1,665</b>

Fiscal Year-to-Date: Twelve Months Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	22,539	35,686	-13,147
Cost of Services	15,103	23,222	+8,119
Operating Expenses	14,635	16,568	+1,933
EBIT	-7,199	-4,104	-3,095
Interest and Taxes	465	-61	+526
<b>Net Income</b>	<b>-6,734</b>	<b>-4,165</b>	<b>-2,569</b>

**ACCENTCARE, INC. (cont.)**

**Summary Balance Sheet as of March 31, 2002: (\$000)**

Cash	\$ 13,012	Accounts Payable	\$ 614
Accounts Receivable	3,487	Accrued Expenses	2,016
Other Current Assets	<u>504</u>	Other Current Liabilities	<u>1,000</u>
Total Current Assets	17,003	Total Current Liabilities	3,630
Net PP&E	882	Long Term Debt	4,010
Intangibles (Net)	14,221	Shareholders Equity	43,182
Other Assets	<u>195</u>	Retained Earnings	<u>-18,521</u>
Total Assets	<u>\$32,301</u>	Total Liabilities & Equity	<u>\$32,301</u>

**Comments:**

Although, the company is behind plan for income, cash flow has remained ahead of plan due to the substantially lower than forecast cash utilization in acquisition of care centers. Management's Fiscal 2003 (FYE 3/31) budget projects the company to attain cash flow break even in Fiscal Q4. The company's average monthly operating burn rate for Fiscal 2002 is \$500K. At the current rate, the company has adequate capital to support operations for 18-24 months.

**Cardinal Health Partners Holdings:**

Series A Convertible Preferred Stock	2,500,000 shares
Assigned Fair Value (2,620,837 CSE's x \$0.9215)	\$2,415,101
Investment Cost	\$2,500,000
Cost per Share	\$1.00

Series B Convertible Preferred Stock	1,176,472 shares
Assigned Fair Value (1,609,331 CSE's x \$0.9215)	\$1,482,999
Investment Cost	\$2,000,002
Cost per Share	\$1.70

% Ownership (Full Dilution)	7.14%
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Company Valuation at Cardinal Cost	\$63.0 million
Company Valuation at Assigned Fair Value	\$54.6 million

**Outlook:**

We remain cautiously optimistic about the prospects for our investment in AccentCare.

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

**Web-Based Business Services for Medical Groups**

Period Summary: 1st Quarter 2002

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Company performance in the first quarter was mixed. Implementations are ahead of plan, driving better revenue, margins, net income and cash flow than plan. Sales for the quarter missed plan by more than 50%, with results poor in all regions except the South. Overall head count continues to lag plan resulting in a favorable variance in terms of cash burn. Service levels improved, but performance remains below standards in general and management has initiated improvement initiatives.

Sales performance for the quarter was well below plan. The second quarter is likely to show a substantial improvement across all regions, but the company will likely miss its breakeven goal of November if the company does not book sales of \$6 million in Q2. While management believes the pipeline is sufficient to attain this level of sales, historically slippage of large accounts has led to sales underperformance vs. expectations. Accordingly, management will closely monitor Q2 sales at the end of April and May, developing planning tradeoffs as needed.

Financial performance for the quarter was ahead of plan on all fronts. Revenues topped \$2 million, almost 10% above plan. Gross margin was positive in all products categories for the first time in March. Newly implemented accounts with better pricing, in combination with the improvement of pricing at one large account, are expected to drive margins to about 30% in April. Operating Expenses are lower than plan primarily from lower headcount. Combining all these favorable factors, net income for the period was 11% better than expected.

Service levels improved particularly in the area of claim follow-up, but performance remains below standards. Significant attention has been paid to process analysis, leading to the identification of a wide range of process improvement needs, particularly in quality assurance and organizational accountability. The pilot outsourcing of payment posting has begun with the projected improvements in performance and cost on track. Replacement of Global Crossing by WorldCom to improve connectivity reliability has also begun.

While the financial results for the first quarter were very encouraging, the continuing inconsistent nature of the company's sales remains a concern. Management and the investors are keenly focused on sales for April and May as the company's breakeven forecast depends heavily on achieving high Q2 sales.

**ATHENAHEALTH, INC (cont.)**

**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Preliminary*</i>	<i>2002 Budget</i>
Revenues	2,580	3,819	17,960
Direct Expenses	4,242	6,480	10,923
SG&A	6,833	10,914	11,489
EBIT	-8,495	-13,575	-4,452
Interest and Taxes	347	844	-21
<b>Net Income</b>	<b>-8,148</b>	<b>-12,731</b>	<b>-4,473</b>

\* Subject to Audit

Last Three Months: Quarter Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	2,121	1,965	+156
Direct Expenses	2,144	2,193	+49
SG&A	2,520	2,639	+119
EBIT	-2,543	-2,867	+324
Interest and Taxes	24	47	-23
<b>Net Income</b>	<b>-2,519</b>	<b>-2,820</b>	<b>+301</b>

Fiscal Year-to-Date: Three Months Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	2,121	1,965	+156
Direct Expenses	2,144	2,193	+49
SG&A	2,520	2,639	+119
EBIT	-2,543	-2,867	+324
Interest and Taxes	24	47	-23
<b>Net Income</b>	<b>-2,519</b>	<b>-2,820</b>	<b>+301</b>

**ATHENAHEALTH, INC. (cont.)**

**Summary Balance Sheet as of March 31, 2002: (\$000)**

Cash	\$ 14,125	Accounts Payable	\$ 608
Accounts Receivable	1,035	Accrued Expenses	975
Other Current Assets	<u>514</u>	Other Current Liabilities	<u>362</u>
Total Current Assets	15,674	Total Current Liabilities	1,945
Net PP&E	3,065	Long Term Debt - Lease line	3,323
Intangibles (Net)	0	Shareholders Equity	43,332
Other Assets	<u>1,644</u>	Retained Earnings	<u>-28,217</u>
Total Assets	<u>\$ 20,383</u>	Total Liabilities & Equity	<u>\$ 20,383</u>

**Comments:**

The company has more than adequate capital to support operations at the current burn through 2003. Cash burn for the quarter was 9% ahead of plan. Management continues to expect to be cash flow breakeven by November 2002, with a remaining cash balance exceeding \$10 million.

**Cardinal Health Partners Holdings:**

Series C Convertible Preferred Stock	2,142,857 shares
Assigned Fair Value (\$3.08 x 2,142,857)	\$6,600,000
Investment Cost	\$3,000,000
Cost per Share	\$1.40

% Ownership (Full Dilution)	8.1%
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Company Valuation at Cardinal Cost	\$36.9 million
Company Valuation at Assigned Fair Value	\$81.3 million

**Outlook:**

We remain very enthusiastic about the prospects for Athena.

**ESURG CORPORATION**  
**Seattle, WA**  
**{www.esurg.com}**

**Online Supplies for Outpatient Surgery Centers**

Period Summary: 1st Quarter 2002

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The first quarter of 2002 for Esurg can be primarily characterized as one of retrenching. After failing to receive a reasonable offer from any potential acquisition or strategic partner and given the inability of the company to attain additional financing, management and the investors have decided to restructure the company so that it can survive on current capital for at least two years. Management will also continue dialogue with potential partners in an effort to merge or sell the company.

Financial performance for the quarter was encouraging; as margins showed solid improvement and net loss was 10% better than forecast. Cash flow also good improvement as the company has reduced its monthly operating burn to under \$500K. However, the company's target burn is \$250K, a must given the company's dwindling capital resources.

During the quarter, management and the investors made a concerted effort to sell or partner the company with an established player in the distribution or healthcare services sector. By the end of March, the company had received only on tentative offer, at a valuation that was unacceptable to the investors. Given few other options, the Board decided to task management with developing a restructuring plan under which the company could operate with existing capital resources for the coming 24 months. The revised plan will be presented to the Board in May.

With the uncertain operational status at Esurg, we have decided to reduce the carrying value for our investment to a minimal value until financial and operational performance improves substantially or the company attains additional financing. This has resulted in the recording of an unrealized loss for the period of \$1,626,272 related to the Esurg investment.

**ESURG CORPORATION (cont.)****FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Actual*</i>	<i>2002 Budget</i>
Revenues	806	5,339	13,067
Cost of Sales	830	5,278	11,815
Operating Expenses	12,015	12,148	11,607
EBIT	-12,039	-12,087	-10,355
Interest and Taxes	656	304	276
<b>Net Income</b>	<b>-11,383</b>	<b>-11,783</b>	<b>-10,079</b>

\* Subject to Audit

Last Three Months: Quarter Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	2,355	2,562	-207
Cost of Sales	2,079	2,346	+267
Operating Expenses	2,552	2,867	+315
EBIT	-2,276	-2,651	+374
Interest and Taxes	77	72	+5
<b>Net Income</b>	<b>-2,199</b>	<b>-2,579</b>	<b>+380</b>

Fiscal Year-to-Date: Three Months ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	2,355	2,562	-207
Cost of Sales	2,079	2,346	+267
Operating Expenses	2,552	2,867	+315
EBIT	-2,276	-2,651	+374
Interest and Taxes	77	72	+5
<b>Net Income</b>	<b>-2,199</b>	<b>-2,579</b>	<b>+380</b>

## ESURG CORPORATION (cont.)

### Summary Balance Sheet as of March 31, 2002: (\$000)

Cash	\$ 4,840	Accounts Payable	\$ 505
Accounts Receivable	1,041	Accrued Expenses	474
Other Current Assets	<u>780</u>	Other Current Liabilities	<u>736</u>
Total Current Assets	6,661	Total Current Liabilities	1,715
Net PP&E	1,935	Long Term Debt	0
Intangibles (Net)	895	Shareholders Equity	36,407
Other Assets	<u>1,523</u>	Retained Earnings	<u>-27,108</u>
Total Assets	<u>\$11,014</u>	Total Liabilities & Equity	<u>\$11,014</u>

### Comments:

Monthly cash burn for the quarter averaged under \$500K, a substantial improvement over last quarter. Additional fundraising is proving difficult and strategic alternatives including acquisition/roll-up opportunities with traditional distributors have not emerged. Management has been tasked with developing a revised operating plan that will reduce burn and sustain operations for 24 months with current available capital.

### Cardinal Health Partners Holdings:

Series C Convertible Preferred Stock	2,597,401 shares
Assigned Fair Value	\$1,000
Investment Cost	\$3,999,999
Cost per Share	\$1.54
% Ownership (Full Dilution)	4.5%
Company Valuation at Cardinal Cost	\$54.4 million
Company Valuation at Assigned Fair Value	Minimal

### Outlook:

We are guarded in our return expectations on our investment in Esurg.

**MEDCONTRAX, INC.**  
**(formerly Syntegra Healthcare Management Systems, Inc.)**  
**Rockville, MD**  
*{www.medcontrax.com}*

**Wholesale Price Clearing House for Pharmaceuticals Market**

Period Summary: 1st Quarter 2002

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Financial performance for the quarter and the year were behind plan, as revenues from the MedContrax Contract Processing Network (CPN) have not been realized. Expenses have been better than plan, but not sufficiently enough to offset the reduced revenues. The Med-ecorp subsidiary is currently operating at essentially breakeven and expects to remain so in 2002. Cash burn for the quarter was on plan, but remains high at ~ \$400K per month.

Last quarter the investors retained Concert Capital to manage an effort to sell the company. In late January, management received a letter of intent to purchase the assets of the Med-ecorp division for \$4 million from a publicly traded provider of contract management software and services. The board accepted the proposal and decided to continue operating the company to a closing of the transaction. In order to support operations, the investors contributed a total of \$1.1 million of additional financing in two transactions during the quarter. The financings took the form of a “new” Series A preferred stock and a convertible promissory note, effecting a recapitalization of the company and essentially wiping out the liquidation value of earlier financings. With the expectation that the company was nearing a supportable restart, Cardinal invested a total of \$135K in the recap financings.

Unfortunately, in the final stages of negotiations, on April 5<sup>th</sup> the buyer decided to terminate discussions with MedContrax regarding the acquisition of Med-ecorp. With the current investors unwilling to provide additional financing, management has shut down operations at MedContrax and filed for protection from its creditors. The Med-ecorp division is self-funding and will operate until a sale of the assets can be arranged.

Consequently, we have reduced the carrying value of our investment in MedContrax to a minimal value, and recorded an unrealized loss for the period totaling \$333,904.

**MEDCONTRAX. INC. (cont.)**

**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Preliminary*</i>	<i>2002 Budget</i>
Revenues	1,723	3,914	8,765
Cost of Sales	949	1,649	4,191
Operating Expenses	9,101	9,887	9,824
EBIT	-8,237	-7,622	-5,250
Interest and Taxes	353	65	-25
<b>Net Income</b>	<b>-7,974</b>	<b>-7,557</b>	<b>-5,275</b>

\* Subject to Audit

Last Three Months: Quarter Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	925	2,100	-1,175
Cost of Sales	396	575	+179
Operating Expenses	1,954	2,250	+296
EBIT	-1,425	-725	-700
Interest and Taxes	-109	-50	-59
<b>Net Income</b>	<b>-1,534</b>	<b>-775</b>	<b>-759</b>

Fiscal Year-to-Date: Three Months Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	925	2,100	-1,175
Cost of Sales	396	575	+179
Operating Expenses	1,954	2,250	+296
EBIT	-1,425	-725	-700
Interest and Taxes	-109	-50	-59
<b>Net Income</b>	<b>-1,534</b>	<b>-775</b>	<b>-759</b>

**MEDCONTRAX. INC. (cont.)**

**Summary Balance Sheet as of March 31, 2002: (\$000)**

Cash	\$ 356	Accounts Payable	\$ 622
Accounts Receivable	746	Accrued Expenses	179
Other Current Assets	<u>70</u>	Other Current Liabilities	<u>1,415</u>
Total Current Assets	1,172	Total Current Liabilities	2,216
Net PP&E	1,876		
Goodwill	1,476	Shareholders Equity	20,594
Other Assets	<u>54</u>	Retained Earnings	<u>-18,232</u>
Total Assets	<u>\$ 4,578</u>	Total Liabilities & Equity	<u>\$ 4,578</u>

Comments:

With the termination of the sale of the Med-ecorp subsidiary, management has essentially shut down operations at MedContrax. Med-ecorp will continue to operate without the need of additional financing.

Cardinal Health Partners Holdings:

Common Stock	3,637 shares
Assigned Fair Value	\$0
Investment Cost	\$3,636,363
Cost per Share	\$1,000.00
Series A Convertible Preferred Stock	134,286 shares
Assigned Fair Value	\$0
Investment Cost	\$100,000
Cost per Share	\$0.75
5% Convertible Promissory Note	\$34,904
Assigned Fair Value	\$1,000
% Ownership (Full Dilution)	3.6%

Outlook:

We have minimal return expectations for MedContrax.

**MOLECULAR MINING CORPORATION**  
**Kingston, Ontario**  
*{www.molecularmining.com}*

**Software Tools for Genomics Research**

Period Summary: 1st Quarter 2002

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Financial results for Q1 2002 were behind plan in revenues, but ahead of plan on net income and cash burn. Software revenues were 30% below forecast for the quarter; however the company sold 13 licenses for its lead product GeneLinkerGold™ in March to meet its North America sales plan for the quarter. Sales in Europe and Asia were well off plan primarily due to the lack of distribution channel and OEM relationships in those regions. The company has agreed to a working relationship with IBM Canada that includes bundling Molecular Mining GeneLinker software within the IBM Life Sciences component software products package and some co-marketing arrangements. OEM discussions continue with a number of other parties, but progress has been slow.

Revenue generating collaborations have also lagged plan due to longer than anticipated sales cycles. Momentum has picked up at the end of the quarter with several formal proposals and work plans under discussion or negotiation. The company is in final contract negotiations with three pharmaceutical clients for deals totaling \$350K. Management expects these deals to close in the coming quarter. While the breadth of the sales pipeline for collaborations has improved over the last six months, the company still needs to demonstrate the ability to move proposals to closure. In April, the company relocated its sales and business development staff to Cambridge, MA in order to better facilitate the sales effort.

Management has continued to keep expenses in line with the development of its sales channels. Expenses are lower than plan primarily from lower headcount and reduced consulting expenses. Financial performance for the quarter was ahead of plan in terms of net income and cash flow.

As the quarter ended, the investors have begun a concerted effort to explore strategic relationships with other bioinformatics companies.

# MOLECULAR MINING CORPORATION (cont.)

## **FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Actual</i>	<i>2002 Budget</i>
Revenues	39	131	3,506
Cost of Sales	0	20	0
Operating Expenses	1,516	3,261	5,544
EBIT	-1,477	-3,150	-2,038
Interest and Taxes	93	211	137
<b>Net Income</b>	<b>-1,384</b>	<b>-2,939</b>	<b>-1,901</b>

Last Three Months: Quarter Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	62	92	-30
Cost of Sales	0	0	0
Operating Expenses	888	1,079	+191
EBIT	-826	-987	+161
Interest and Taxes	19	49	-30
<b>Net Income</b>	<b>-807</b>	<b>-938</b>	<b>+131</b>

Fiscal Year-to-Date: Three Months Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	62	92	-30
Cost of Sales	0	0	0
Operating Expenses	888	1,079	+191
EBIT	-826	-987	+161
Interest and Taxes	19	49	-30
<b>Net Income</b>	<b>-807</b>	<b>-938</b>	<b>+131</b>

## MOLECULAR MINING CORPORATION (cont.)

### Summary Balance Sheet as of March 31, 2002: (\$000)

Cash	\$ 4,124	Accounts Payable	\$ 46
Accounts Receivable	191	Accrued Expenses	30
Prepaid Expenses	<u>58</u>	Notes Payable	<u>0</u>
Total Current Assets	4,373	Total Current Liabilities	76
Net PP&E	213	Long Term Debt	0
Intangibles (net)	182	Shareholders Equity	9,919
Other Assets	<u>0</u>	Retained Earnings	<u>-5,227</u>
Total Assets	<u>\$ 4,768</u>	Total Liabilities & Equity	<u>\$ 4,768</u>

### Comments:

Cash burn has remained low as the company slowly builds its infrastructure. With the financing closed in May 2001, Molecular Mining has adequate capital to support operations through the first quarter of 2003.

### Cardinal Health Partners Holdings:

Series A Convertible Preferred Stock	1,000,000 shares
Assigned Fair Value (\$2.0464 x 1,000,000)	\$2,046,400
Investment Cost	\$1,000,000
Cost per Share	\$1.00
Series B Preferred Stock Warrants	34,206 shares
Exercise Price Per Share	\$2.0464
% Ownership (Full Dilution)	11.5%
Company Valuation at Cardinal Cost	\$8.7 million
Company Valuation at Assigned Fair Value	\$18.0 million

### Outlook:

We are cautiously optimistic about the prospects for Molecular Mining.

**NEXCURA, INC.**  
**(formerly CancerFacts.com)**  
**Seattle, WA**  
**{www.nexcure.com}**

**eCare Tools for Chronic Disease Management**

Period Summary: 1st Quarter 2002

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Revenues for the quarter were 30% lower than forecast as a result in delays several ongoing project proposals. Negotiations to secure a third substantial development and licensing deal focusing on disease management decision tools in the pulmonary field have dragged, but management is confident it will close in the coming quarter. Management is focused on broadening its product offerings and customer base to increase recurring revenue. Expenses have been kept relatively in-line with sales and revenue growth. This has kept net loss for the period within 80% of budget.

Cash flow has been slightly ahead of expectations and although March was a slow month, April projects to be a very strong month with substantial cash payments from two clients. As a contingency, the current investors have extended the period for calling an additional \$350K in bridge financing, but thus far management has not needed to call on this funding. In general, NexCura, which has been cash flow positive since October 2001, is on plan for a \$5 million in cash receipts during 2002 and to operate on a cash flow break-even basis.

During the quarter, a potentially serious issue related to the performance and activities of the CEO has come to the attention of the Board. We have been working with the rest of the Board to develop contingency plans in the event of the departure of the CEO.

As the quarter ended, the company was in dialog with the venture arm of a large pharmaceutical manufacturer with respect to a significant equity investment. Management and the investors have made a coordinated effort to move them towards a term sheet and we are hopeful of coming to terms in the coming months.

Overall, the company has continued to build on its forward momentum established over the last year and we are cautiously encouraged by their progress.

**NEXCURA, INC. (cont.)**

**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Actual*</i>	<i>2002 Budget</i>
Revenues	440	1,978	5,067
Cost of Sales	0	0	140
Operating Expenses	7,882	4,109	4,744
EBIT	-7,442	-2,131	183
Interest and Taxes	-220	105	-87
<b>Net Income</b>	<b>-7,662</b>	<b>-2,026</b>	<b>96</b>

\* Subject to Audit

Last Three Months: Quarter Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	601	858	-257
Cost of Sales	9	23	+14
Operating Expenses	1,025	1,177	+162
EBIT	-423	-342	-81
Interest and Taxes	0	0	0
<b>Net Income</b>	<b>-423</b>	<b>-342</b>	<b>-81</b>

Fiscal Year-to-Date: Three Months ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	601	858	-257
Cost of Sales	9	23	+14
Operating Expenses	1,015	1,177	+162
EBIT	-423	-342	-81
Interest and Taxes	0	0	0
<b>Net Income</b>	<b>-423</b>	<b>-342</b>	<b>-81</b>

**NEXCURA, INC. (cont.)**

**Summary Balance Sheet as of March 31, 2002: (\$000)**

Cash	\$ 361	Accounts Payable	\$ 232
Accounts Receivable	141	Accrued Expenses	96
Other Current Assets	<u>3</u>	Deferred Revenue	<u>905</u>
Total Current Assets	505	Total Current Liabilities	1,233
Net PP&E	340	Long Term Debt	532
Intangibles (Net)	0	Shareholders Equity	13,472
Other Assets	<u>77</u>	Retained Earnings	<u>-14,315</u>
Total Assets	<u>\$ 922</u>	Total Liabilities & Equity	<u>\$ 922</u>

**Comments:**

Cash flow for the last six months has been favorable to plan by \$250K. Contract payment timing will result in a large cash inflow in April, enabling the company to be self-supporting through at least the end of Q2. The company is hopeful of attaining a cash infusion from an interested new investor in Q2.

**Cardinal Health Partners Holdings:**

Series B Convertible Preferred Stock	5,184,331 shares
Assigned Fair Value	\$2,000,000
Investment Cost	\$4,500,000
Cost per Share	\$0.868
10% Convertible Promissory Note	\$166,667
Common and Preferred Stock Warrants	288,912
Average Exercise Price Per Share	\$0.074
% Ownership (Full Dilution)	17.8%
Company Valuation at Cardinal Cost	\$25.3 million
Company Valuation at Assigned Fair Value	\$12.7 million

**Outlook:**

The company continues to make progress, however until financial stability becomes evident and/or a suitable strategic buyer is identified, we remain guarded about the prospects for our investment in NexCura.

**POINTSHARE CORPORATION**  
**Bellevue, WA**  
*{www.pointshare.com}*

**Infrastructure Application Provider for Physician Practices**

Period Summary: 1st Quarter 2002

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As reported previously, PointShare sold its two operating divisions, Community Healthcare Connection (CHC) and Information Products & Services (IPS) in separate transactions. Both transactions closed in December 2001. The CHC division was sold to Siemens Medical Solutions Health Services Corporation for \$3.5 million in cash. The agreement stipulated that \$2.87 million be paid at closing with \$630K to be held in escrow for up to 12 months. The IPS division was sold for \$2.25 million to its management team paid as follows: \$500K in cash, the assumption of \$1 million in outstanding PointShare liabilities and a \$750K note payable maturing in 12 months. An escrow account was established to hold the \$630K from Siemens, \$483K in set aside for expenses and the \$750K note.

After settlement of outstanding liabilities and set aside for contingencies, \$2.1 million was available for immediate distribution to the equity holders. The distribution was based on the liquidation preference of the Series C and Series D preferred stockholders. The total preference amount is \$46.7 million, with Cardinal holding \$2 million or 4.285%. The initial \$2.1 million distribution was completed in early January 2002 with Cardinal receiving \$89,983. In February 2002, \$770K was distributed pursuant to the escrow agreement, as the \$750K note was collected earlier than expected, with Cardinal receiving \$33,001. Currently, there remains \$640K in escrow, which would be distributed after settlement of all remaining corporate liabilities.

As a result of these transactions, Cardinal has reduced the carrying value for the investment to \$1,000 and reduced the unrealized loss by \$73,984.

Cardinal Health Partners Holdings:

Series C Convertible Preferred Stock	727,273 shares
Percentage of Total Liquidation Preference	4.2985%
Assigned Fair Value	\$1,000

**SIGNATURE CARE NETWORKS**  
**(formerly Signature Plastic Surgery, Inc.)**  
**Marlton, NJ**  
*{www.signaturesurgery.com}*

**Internet Based Services for Cosmetic Surgery Practices**

Period Summary: 1st Quarter 2002

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As the quarter ended, company counsel has informed us that the legal obstacles for completing the dissolution of the company have been resolved. Completion of final tax and regulatory filings for Signature will occur in the coming quarter, along with the dissolution of the company.

Cardinal Health Partners Holdings:

Series A Convertible Preferred Stock	6,000,000 shares
Assigned Fair Value	\$500
Investment Cost	\$3,500,000
Cost per Share	\$0.583
 % Ownership (Full Dilution)	 60%

**TECHRX INCORPORATED.**  
**Pittsburgh, PA**  
*{www.tech-rx.com}*

**Leading Software Systems for High Volume Prescription Fulfillment**

Period Summary: 1st Quarter 2002

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Developments at TechRx this quarter focused primarily upon T-Rex One sales and product development and merger negotiations with NDCHealth. In March, TechRx introduced the T-Rex One Enterprise system at the National Chain Pharmacy Annual Membership Conference. This system is the first integrated software system geared towards leveraging chain-wide resources to improve processing efficiency and profitability at each store. The company is also nearing the release of a new version of its T-Rex One system for independent pharmacies containing significant productivity improvements. Meanwhile, legacy systems continue to perform well and provided \$1.5 million in positive operating cash flow for the quarter.

Revenues for the quarter were \$11.1 million or 6% lower than plan. This is primarily attributable to unfavorable variance of \$576K in the high volume business segment resulting from a lack of new system sales in the T-Rex Mail, Managed Care and POS product lines. Cost of sales for the period were 5% better plan primarily due to the deferral of the 3<sup>rd</sup> party network services costs associated with the implementation of the new Eckerd services agreement delayed until next quarter. Operating expenses for the period were \$8.5 million, or 6% better than plan, with all major elements of operating costs performing better than forecast. The resulting operating loss for the period of \$4.8 million was almost 10% better than forecast.

In February, management began discussions with NDCHealth (NDC) about the possible merger of TechRx into NDC. In early April, the companies had substantially completed negotiations for a letter of intent whereby NDC would first acquire a controlling interest in TechRx and subsequently acquire the remainder of the outstanding stock at a price determined on the basis of achieved milestones, but no lower than \$4.00 per TechRx share. As Cardinal holds the only preferred security with veto rights over any merger transaction, we expect to receive a higher consideration for those shares in separate negotiations with NDC. The transaction as anticipated by the letter of intent values TechRx at \$200-\$400 million. The Board has engaged investment banker CIBC to prepare an independent valuation analysis and advise the company through the transaction.

**TECHRX INCORPORATED (cont.)****FINANCIAL RESULTS: (\$000)**

Overview: (FYE 6/30)

	<i>2000 Actual</i>	<i>2001 Actual*</i>	<i>2002 Budget**</i>
Revenues	8,077	44,658	49,140
Cost of Revenue	4,552	30,542	29,336
Operating Expenses	7,673	25,251	35,268
Goodwill Amortization	157	4,373	0
EBIT	-4,305	-15,508	-15,464
Interest and Taxes	447	-3,812	-2,680
<b>Net Income</b>	<b>-3,858</b>	<b>-19,320</b>	<b>-18,144</b>

\* - Subject to audit.

Last Three Months: Quarter Ended March 31, 2002

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	11,108	11,830	-722
Cost of Revenue	7,397	8,053	+656
Operating Expenses	8,553	9,117	+564
Goodwill Amortization	0	0	0
EBIT	-4,842	-5,340	+498
Interest and Taxes	-615	-925	+310
<b>Net Income</b>	<b>-5,457</b>	<b>-6,265</b>	<b>+808</b>

Fiscal Year-to-Date: Nine Months Ended March 31, 2002

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	34,104	33,948	+156
Cost of Revenue	22,232	22,178	-54
Operating Expenses	26,603	26,268	-335
Goodwill Amortization	0	0	0
EBIT	-14,731	-14,498	-233
Interest and Taxes	-1,266	-1,406	+140
<b>Net Income</b>	<b>-15,997</b>	<b>-15,904</b>	<b>-93</b>

\*\* - Budget Revised in January 2002

## TECHRX INCORPORATED (cont.)

### Summary Balance Sheet as of March 31, 2002: (\$000)

Cash	\$ 5,092	Accounts Payable	\$ 3,648
Accounts Receivable	5,418	Accrued Expenses	12,264
Other Current Assets	<u>2,310</u>	Deferred Revenue	<u>6,520</u>
Total Current Assets	12,820	Total Current Liabilities	22,432
Net PP&E	5,372	Notes Payable	19,708
		Accrued Fees Non Current	1,248
Other Assets	34,236	Shareholders Equity	55,734
Intangible Assets	<u>0</u>	Retained Earnings	<u>-46,694</u>
Total Assets	<u>\$52,428</u>	Total Liabilities & Equity	<u>\$52,428</u>

### Comments:

Operational cash flow for Fiscal 2002 is now ahead of plan, as management has deferred payment specific contractual obligations with NDC and improved collections on receivables. The current cash balance is sufficient to get the company through the end of Fiscal 2002.

### Cardinal Health Partners Holdings:

Series B Convertible Preferred Stock	3,000,000 shares
Assigned Fair Value (3,000,000 x \$2.00)	\$6,000,000
Investment Cost	\$3,000,000
Cost per Share	\$1.00
Common Stock	333,334 Shares
Assigned Fair Value (333,334 x \$2.00)	\$666,668
Investment Cost	\$1,000,000
Cost per Share	\$3.00
Common Stock Warrants	100,000 shares
Assigned Fair Value (100,000 x \$1.00)	\$100,000
Exercise Price Per Share	\$1.00
% Ownership (Full Dilution)	7.0%
Company Valuation at Cardinal Cost	\$57.1 million
Company Valuation at Assigned Fair Value	\$96.7 million

### Outlook:

We are very enthusiastic about the prospect for a high return on our investment in TechRx.

**VISICU, INC.**  
**(formerly IC-USA, Inc.)**  
**Baltimore, MD**  
**{www.visicu.com}**

**Remote Monitoring Services for Intensive Care Hospital Units**

Period Summary: 1st Quarter 2002

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As the first quarter ended, VISICU has generated significant positive momentum. The company is nearing the signing of its second major hospital system client, congress appropriated funds to expand the Walter Reed pilot, financial performance is on plan and the company closed on \$3.5 million in additional financing, with management expecting additional interested parties to contribute up to \$2.5 million more in a second closing next quarter.

The company is in final contract negotiations with New York-Presbyterian Healthcare System for a total of 100 beds at two ICU's in New York Metropolitan area. After implementation, this contract would double the ICU beds currently under management by the company. In addition, congress has appropriated \$1.5 million to fund expansion of the pilot program at Walter Reed Army Medical Center to connect multiple army hospitals to the eICU now located at Walter Reed. Management also anticipates the expansion of the Sentara eICU from 45 to 90 beds in the later half of 2002. Assuming implementation of the new beds goes according to plan, management should exceed its revenue and income forecast for 2002.

For the quarter, revenues were \$375K, 10% better than plan. Gross margin was slightly better than forecast. The favorable operating expense variances are attributable primarily to reduced headcount compared to budget in sales and marketing, and a lower utilization of consultants. Management continues to do an excellent job of keeping expenses in line until additional revenue generating contracts are completed.

In January 2002, the company completed a \$3.5 million financing on terms substantially similar to the June 2000, Series B financing. A second closing of the financing to occur in Q2 2002 is expected to raise up to an additional \$2.5 million. Cardinal has committed \$50K to the second closing of the financing. When complete, the financing will support operations for at least 12-18 months and likely to cash flow positive.

Overall, CEO Frank Sample has done an excellent job of building momentum and renewed vigor at VISICU. A copy of a recent article highlighting the benefits of VISICU's e-ICU system from Modern Healthcare magazine is included at the end of this report.

**VISICU, INC. (cont.)**

**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Actual*</i>	<i>2002 Budget</i>
Revenues	592	1,431	6,505
Cost of Sales	1,046	1,821	4,066
Operating Expenses	6,210	6,653	6,939
EBIT	-6,664	-7,043	-4,500
Interest and Taxes	262	232	15
<b>Net Income</b>	<b>-6,402</b>	<b>-6,811</b>	<b>-4,485</b>

\* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	375	334	+41
Cost of Sales	361	357	-4
Operating Expenses	1,647	1,821	+174
EBIT	1,633	-1,844	+211
Interest and Taxes	14	24	-10
<b>Net Income</b>	<b>-1,619</b>	<b>-1,820</b>	<b>+201</b>

Fiscal Year-to-Date: Three Months Ended March 31, 2002

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	375	334	+41
Cost of Sales	361	357	-4
Operating Expenses	1,647	1,821	+174
EBIT	1,633	-1,844	+211
Interest and Taxes	14	24	-10
<b>Net Income</b>	<b>-1,619</b>	<b>-1,820</b>	<b>+201</b>

**VISICU, INC. (cont.)****Summary Balance Sheet as of March 31, 2002: (\$000)**

Cash	\$ 3,264	Accounts Payable	\$ 302
Accounts Receivable	102	Accrued Expenses	359
Prepaid Expenses	<u>157</u>	Deferred Revenue	<u>29</u>
Total Current Assets	3,523	Total Current Liabilities	690
Net PP&E	1,014	Note Payable & LTD	13
Deposits	0	Shareholders Equity	24,411
Other Assets	<u>0</u>	Retained Earnings	<u>-20,577</u>
Total Assets	<u>\$ 4,537</u>	Total Liabilities & Equity	<u>\$ 4,537</u>

**Comments:**

Cash flow for the quarter shows a slight positive variance from plan. The company completed a \$3.5 million financing in January 2002. This cash is sufficient to support operations into 2003. Management and the investor group are seeking an additional \$2-3 million in strategic and/or add-on financing to provide some cushion for 2002.

**Cardinal Health Partners Holdings:**

Series A Convertible Preferred Stock	3,000,000 shares
Assigned Fair Value (3,000,000 x \$1.37 x 50%)	\$2,055,000
Investment Cost	\$3,000,000
Cost per Share	\$1.00
Series B Convertible Preferred Stock	729,927 shares
Assigned Fair Value (729,927 x \$1.37 x 50%)	\$500,000
Investment Cost	\$1,000,000
Cost per Share	\$1.37
% Ownership (Full Dilution)	16.1%
Company Valuation at Cardinal Cost	\$24.8 million
Company Valuation at Assigned Fair Value	\$15.9 million

**Outlook:**

With renewed interest in the financial community and good progress towards attaining new customers, we are optimistic about the prospects for Visicu.