

CARDINAL HEALTH PARTNERS, L.P.

QUARTERLY REPORT

1st QUARTER, 2004

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CARDINAL HEALTH PARTNERS, L.P.

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1st QUARTER, 2004

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TO: The Limited Partners

FROM: John K. Clarke

DATE: May 24, 2004

SUBJECT: Activity for the Quarter ended March 31, 2004

During the quarter, the portfolio continued its progress towards building value and liquidity. Our portfolio leading company's Athena and VISICU both continued to meet or exceed aggressive growth forecasts and a steady progression towards achieving cash flow break-even and profitability. Financial performance at AccentCare is improving, while management continues to grapple with issues inherent with operating a low margin, labor-intensive business in CA. Nexcura experienced a challenging quarter dealing with program delays at a few pharmaceutical company clients. Finally, management at Esurg has agreed to terms on a merger and restructuring financing that will sustain the company at least through the end of 2005. A synopsis of the quarter at each active portfolio company follows.

AccentCare – Financial performance for the last quarter of Fiscal 2004 (FYE 3/31) exhibited significant improvement for East coast operations, while West coast operations were slightly behind expectations. Significant margin improvement at Alliance for Health led AccentCare East to finally achieve the original December 2002 forecast. The latest acquisition, Evercare at Home, performed as expected, contributing \$2.3 million in revenue and \$150K in EBITDA during the quarter. The company ended the fiscal year with an annual revenue run rate of \$86 million, with management targeted towards achieving sustainable EBITDA profitability for the company by the last quarter of calendar 2004.

AthenaHealth – Athena exhibited strong financial performance for the first quarter of 2004. Revenues for the year grew by 12% over the prior quarter and sales set a new record at \$7.7 million. Gross margins grew from 40% to 45%, exceeding plan, but higher than budgeted sales commissions resulted in net income and EBITDA coming in on plan. Operating cash flow was positive for March and only -\$175k for the quarter. As the period ended, the company agreed to terms for a \$7.5 million equity infusion at a pre-money valuation of \$142 million. Athena will use the cash to accelerate programs in sales and marketing and for product development.

Esurg – During the quarter, Esurg reached agreement in principal to merger with ILS Group (ILS), a Midwest-based medical supply distributor. The merger will be done in tandem with a financing of up to \$3 million by the current Esurg investors. The terms of the merger and the financing will essentially dilute our holdings to 0.5% and convert them to common, if we do not participate. While this is the most viable long-term initiative for the company, it is not without significant risk and we have elected not to participate in the financing.

NexCura – The economic climate for many of NexCura’s marketing clients has not shown significant improvement, producing delays with a few customers and the suspension of one program until at least the last quarter of 2004. This has resulted in a revenue shortfall for the quarter as compared to plan. To counteract this, management is exploring reductions in expenses and an intensified sales push to develop recurring business around recruiting participants for custom market research studies. Thus far, this effort has resulted in \$750k in additional 2004 projected revenues, partially replacing lost marketing dollars.

Visicu – During the quarter, VISICU signed 4 new hospital clients and 3 contract addenda with current clients adding a total of 300 beds. At the end of the quarter, the company has 18 clients under contract, with 421 beds currently active and over 1,000 beds in implementation. The company ended the quarter with a current contract backlog of \$31.6 million. The sales pipeline remains robust, with management forecasting a minimum of 6 new contract signings in Q2 2004 representing almost \$20 million in contract value. Management forecasts the company to operate at cash flow positive for each of the next three quarters, without even utilizing its \$2 million credit facility.

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 is little to report in the way of financial activity for the fund in the current quarter. Net loss for the quarter was \$134K, consisting solely of \$134K in net operating expenses. The cash balance at the end of the period was \$10K, with partners’ net assets totaling \$15.4 million.

Looking forward:

We remain confident that the portfolio has value potential substantially beyond that of our current carrying value. We are diligently pursuing all avenues to realize that value in the portfolio by working closely with company management and our co-investors.

Brandon, Lisa, John, Geoff and I remain committed to achieving the best possible return for our investors.

CARDINAL HEALTH PARTNERS, L.P.
Income Statement
For the Period Ended March 31, 2004

	Three Months Ended 03/31/04
Revenue:	
Non Portfolio Income	\$71
Interest-Equivalent Amounts	0
Expenses:	
Management Fee	127,386
Professional Fees	7,250
NVCA Dues & Expenses	0
Amortization of Organization Costs	0
Miscellaneous Expenses	2,100
Total Expenses	<u>136,736</u>
Net Operating Expense	(136,665)
Investment Income	<u>2,706</u>
Net Income Before Gains (Losses)	(133,959)
Realized Gains (Losses)	0
Unrealized Gains (Losses)	<u>0</u>
Net Income (Loss)	<u><u>(\$133,959)</u></u>

CARDINAL HEALTH PARTNERS, L.P.
Balance Sheet
As of March 31, 2004

ASSETS:	Period Ended 03/31/04	Period Ended 12/31/03
Cash and Short-Term Investments	\$10,071	\$94,007
Accrued Interest	4,355	1,649
Escrow for Investment	0	0
Venture Capital Investments (Cost Basis - \$25,275,737)	15,390,821	15,390,821
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	156,091	155,041
	<u>\$15,561,338</u>	<u>\$15,641,518</u>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$206,786	\$153,007
Investment due Portfolio Company	0	0
Partners' Accounts	15,354,552	15,488,511
Total Liabilities and Capital	<u>\$15,561,338</u>	<u>\$15,641,518</u>

CARDINAL HEALTH PARTNERS, L.P.

Footnotes

As of March 31, 2004

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>03/31/04</u>	<u>12/31/03</u>
Organization Costs	\$179,000	\$179,000
Accumulated Amortization	<u>(179,000)</u>	<u>(179,000)</u>
Total	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Note 3 - General Partner Promissory Notes:	<u>03/31/04</u>	<u>12/31/03</u>
GP Promissory Note Principal	\$155,041	\$155,041
Prepaid NJ State Filing Fees	<u>1,050</u>	<u>0</u>
Total	<u><u>\$156,091</u></u>	<u><u>\$155,041</u></u>

Note 4 - Accrued Expenses:	<u>03/31/04</u>	<u>12/31/03</u>
Accounting & Audit	\$26,250	\$19,000
Management Fees	177,386	127,387
NVCA Dues and Other	3,150	6,620
Legal & Other Professional Fees	<u>0</u>	<u>0</u>
Total	<u><u>\$206,786</u></u>	<u><u>\$153,007</u></u>

CARDINAL HEALTH PARTNERS, L.P.
Statement of Cash Flows
For the Period Ended March 31, 2004

	Three Months Ended 03/31/04
Cash flows from operating activities	
Net Income Before Gains (Losses)	(\$133,959)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:	
Accrued Interest Receivable	(2,706)
Net Organization Costs	0
Other Assets	(1,050)
Accrued Expenses & Payables	53,779
Net Cash used in Operating Activities	<u>(83,936)</u>
Cash flows from investing activities	
Purchases of venture capital investments	0
Sales of venture capital investments	0
Net cash used in investing activities	<u>0</u>
Cash flows from financing activities	
Cash contributions by partners	0
Cash distribution to partners	0
Net cash provided by financing activities	<u>0</u>
 Net Change in Cash and Short Term Investments	 (83,936)
Cash and Short Term Investments, beginning	<u>94,007</u>
Cash and Short Term Investments, ending	<u>\$10,071</u>

CARDINAL HEALTH PARTNERS, L.P.
Schedule of Venture Capital Investments
As of March 31, 2004

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
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)	34,904	0	34,904	1,000	(33,904)
Molecular Mining Corporation	0	1,000,000	1,000,000	1,000	(999,000)
NexCura (CancerFacts)	0	4,831,812	4,831,812	2,284,721	(2,547,091)
VISICU, Inc. (ICUSA)	0	4,050,000	4,050,000	2,605,000	(1,445,000)
Totals	\$34,904	\$21,381,813	\$21,416,717	\$15,390,821	(\$6,025,896)

Cardinal Health Partners, L.P.
Statement of Partners' Contributions Accounts
As of March 31, 2004

	Partners' Total Subscription	Contributions Account 12/31/03	Period Contribution in Cash	Period Contribution by Note	Contributions Account 03/31/04	Partners' Outstanding Subscription
<u>Limited Partners</u>						
LACERA	\$10,000,000	\$10,000,000	\$0	\$0	\$10,000,000	\$0
Nassau Capital Funds	9,000,000	9,000,000	0	0	9,000,000	0
Robert Wood Johnson Foundation	7,500,000	7,500,000	0	0	7,500,000	0
State Teachers Ret. 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 (Summit Bank)	5,000,000	5,000,000	0	0	5,000,000	0
Natl. Union Fire Ins. Co. of Pittsburgh	5,000,000	5,000,000	0	0	5,000,000	0
WIN 4 Holdings / BofA Capital Corp.	3,000,000	3,000,000	0	0	3,000,000	0
Wachovia Bank Pension Plan	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	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 Mgmt.	621,133	621,133	0	0	621,133	0
Total Partnership	\$62,113,260	\$62,113,260	\$0	\$0	\$62,113,260	\$0

Cardinal Health Partners, L.P.
Statement of Partners' Distributive of Net Assets
For the Period Ended March 31, 2004

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 03/31/04
<u>Limited Partners</u>							
LACERA	\$2,477,916	\$0	\$1,619	\$25,832	\$2,505,367	(\$33,291)	\$2,472,076
Nassau Capital Funds	2,230,111	0	1,459	23,248	2,254,818	(29,963)	2,224,855
Robert Wood Johnson Foundation	1,858,452	0	1,216	19,374	1,879,042	(24,970)	1,854,072
State Teachers Ret. System. of Ohio	1,732,371	0	1,133	18,060	1,751,564	(23,276)	1,728,288
Northwestern University	1,238,921	0	810	12,916	1,252,647	(16,646)	1,236,001
Fleet Growth Resources (Summit Bank)	1,238,921	0	810	12,916	1,252,647	(16,646)	1,236,001
Pine Street Holdings I LLC	1,238,921	0	810	12,916	1,252,647	(16,646)	1,236,001
WIN 4 Holdings LLC	743,388	0	486	7,750	751,624	(9,988)	741,636
Wachovia Bank Pension Plan	743,388	0	486	7,750	751,624	(9,988)	741,636
UNISYS	619,462	0	405	6,458	626,325	(8,323)	618,002
Venture Investment Associates II	495,583	0	324	5,166	501,073	(6,658)	494,415
S.R. One Limited	371,680	0	243	3,875	375,798	(4,994)	370,804
Hillside Capital Incorporated	247,799	0	162	2,583	250,544	(3,329)	247,215
	\$15,236,913	\$0	\$9,963	\$158,844	\$15,405,720	(\$204,718)	\$15,201,002
<u>General Partner</u>							
Cardinal Health Partners Mgmt.	153,908	0	108	1,602	155,618	(2,068)	153,550
Total Partnership	\$15,390,821	\$0	\$10,071	\$160,446	\$15,561,338	(\$206,786)	\$15,354,552

Cardinal Health Partners, L.P.
Statement of Partners' Capital *
For the Three Months Ended March 31, 2004

	Partners' Capital 01/01/04	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Distributions	Partners' Capital 03/31/04
<u>Limited Partners</u>									
LACERA	\$2,493,642	\$0	\$12	(\$21,578)	\$0	(\$21,566)	\$0	\$0	\$2,472,076
Nassau Capital Funds,	2,244,265	0	10	(19,420)	0	(19,410)	0	0	2,224,855
Robert Wood Johnson Foundation	1,870,247	0	9	(16,184)	0	(16,175)	0	0	1,854,072
State Teachers Ret. System of Ohio	1,743,368	0	8	(15,088)	0	(15,080)	0	0	1,728,288
Northwestern University	1,246,784	0	6	(10,789)	0	(10,783)	0	0	1,236,001
Fleet Growth Resources (Summit)	1,246,784	0	6	(10,789)	0	(10,783)	0	0	1,236,001
Pine Street Holdings I LLC	1,246,784	0	6	(10,789)	0	(10,783)	0	0	1,236,001
WIN 4 Holdings, LLC.	748,106	0	3	(6,473)	0	(6,470)	0	0	741,636
Wachovia Bank Pension Plan	748,106	0	3	(6,473)	0	(6,470)	0	0	741,636
UNISYS	623,394	0	3	(5,395)	0	(5,392)	0	0	618,002
Venture Investment Associates II	498,729	0	2	(4,316)	0	(4,314)	0	0	494,415
S.R. One Limited	374,039	0	2	(3,237)	0	(3,235)	0	0	370,804
Hillside Capital Incorporated	249,372	0	1	(2,158)	0	(2,157)	0	0	247,215
	\$15,333,620	\$0	\$71	(\$132,689)	\$0	(\$132,618)	\$0	\$0	\$15,201,002
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	(150)	0	0	(1,341)	0	(1,341)	0	0	(1,491)
Total Partnership	\$15,333,470	\$0	\$71	(\$134,030)	\$0	(\$133,959)	\$0	\$0	\$15,199,511

* - 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, 2004

	Partners' Contribution Account	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Distributions	Partner Transfer	Partners' Account 03/31/04
<u>Limited Partners</u>									
LACERA	\$10,000,000	\$27,931	(\$1,294,993)	(\$498,717)	(\$1,765,779)	(\$1,149,548)	(\$4,612,597)	\$0	\$2,472,076
Nassau Capital Funds	9,000,000	25,136	(1,165,496)	(448,844)	(1,589,204)	(1,034,591)	(4,151,350)	0	2,224,855
Robert Wood Johnson Foundation	7,500,000	20,948	(971,246)	(374,037)	(1,324,335)	(862,161)	(3,459,432)	0	1,854,072
State Teachers Ret. System of Ohio	6,992,127	19,533	(905,478)	(348,709)	(1,234,654)	(803,777)	(3,225,408)	0	1,728,288
Northwestern University	5,000,000	13,965	(647,498)	(249,359)	(882,892)	(574,772)	(2,306,335)	0	1,236,001
Fleet Growth Resources (Summit)	5,000,000	13,965	(647,498)	(249,359)	(882,892)	(574,772)	(2,306,335)	0	1,236,001
National Union Fire Ins. Co. of Pitts.	5,000,000	13,938	(594,766)	(810,867)	(1,391,695)	(325,009)	(1,414,077)	(1,869,219)	0
Pine Street Holdings I LLC	0	27	(52,732)	561,508	508,803	(249,763)	(892,258)	1,869,219	1,236,001
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	258,569	1,551	(203,859)	(461,303)	(663,611)	(794,848)	(800,971)	2,742,497	741,636
Wachovia Bank Pension Plan	3,000,000	8,379	(388,497)	(149,615)	(529,733)	(344,863)	(1,383,768)	0	741,636
UNISYS	2,500,000	6,983	(323,748)	(124,679)	(441,444)	(287,387)	(1,153,167)	0	618,002
Venture Investment Associates II	2,000,000	5,585	(258,998)	(99,744)	(353,157)	(229,909)	(992,519)	0	494,415
S.R. One Limited	1,500,000	4,190	(194,249)	(74,808)	(264,867)	(172,432)	(681,897)	0	370,804
Hillside Capital Incorporated	1,000,000	2,792	(129,502)	(49,872)	(176,582)	(114,954)	(461,249)	0	247,215
	\$61,492,127	\$171,751	(\$7,963,198)	(\$3,066,717)	(\$10,858,164)	(\$7,068,801)	(\$28,364,160)	\$0	\$15,201,002
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	621,133	1,733	(1,324,372)	98,651	(1,223,988)	1,042,904	(286,499)	0	153,550
Total Partnership	\$62,113,260	\$173,484	(\$9,287,570)	(\$2,968,066)	(\$12,082,152)	(\$6,025,897)	(\$28,650,659)	\$0	\$15,354,552

TO: The Limited Partners

FROM: John J. Park

DATE: April 15, 2004

SUBJECT: Portfolio Valuations for March 31, 2004

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. Public securities are valued at a discount to market according to the trading restrictions or lack of liquidity accorded to them. This memorandum delineates the portfolio valuation calculations as proposed by the General Partner for those investments not valued at cost as of March 31, 2004.

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. We propose to value the investment at the Series C price of \$0.9215, resulting in an unrealized loss of \$601,902 on our cost basis of \$4,500,002 as of March 31, 2004. This valuation represents no change from the valuation as of December 31, 2003.

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 \$81 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, 2004. This valuation represents no change from the valuation as of December 31, 2003.

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, 2004
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ESURG – In early 2001, the company made significant operational cutbacks in order to conserve operating capital. Accordingly, in Q1 2002 we reduced the value of the Esurg investment to a minimal value, until such time as the company attained additional financing or was acquired. As of March 31, 2004, 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 no change from the valuation as of December 31, 2003.

MEDCONTRAX – At the end of Q1 2002, discussions were terminated with a potential acquirer and the company ceased operations. Accordingly, we reduced the value of the MedContrax investment to \$1,000. In June 2002, the assets of the company were sold and it was determined that the equity holders would receive no return from their investment. Therefore, we have written off the equity portion of the MedContrax investment, leaving only the \$34,904 secured promissory note, which we propose to value at \$1,000 until the liquidation proceeds are distributed. We expect to receive 30-50% of the face value of the note, pursuant to an agreement with the other creditors. With the promissory note valued at \$1,000, we show an unrealized loss of \$33,904 on our cost basis of \$34,904 as of March 31, 2004. This valuation represents no change from the valuation as of December 31, 2003.

Value Computation:

5% Secured Convertible Note Payable	
\$34,904 Principal Face Value	<u>1,000</u>
Total Value	= <u>\$1,000</u>

MOLECULAR MINING CORPORATION – During the first quarter of 2003, as the result of an inability to attain additional outside financing and the lack of sufficient operational progress to support continuing operations, management and the Board of Directors decided to cease operations and sell the assets of the company. The Series A Preferred investors will likely receive no return on their investment. Consequently, we propose to value the Series A Preferred investment at a minimal value of \$1,000, until the liquidation is completed. This valuation produces an unrealized loss of \$999,000 on our investment cost basis of \$1,000,000 as of March 31, 2004. This valuation represents no change from the valuation as of December 31, 2003.

Value Computation:

Series A Convertible Preferred Stock	
1,000,000 shares	= <u>\$1,000</u>

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of March 31, 2004
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NEXCURA – In June 2002, NexCura completed a \$3.9 million Series C financing led by a new investor. The price per share for the round was \$0.191 placing a pre-money value of \$11 million on the financing. Cardinal has invested a total of \$331,812 in the Series C round (\$231,812 in June 2002 and \$100,000 in June 2003), including the conversion of \$181,812 in promissory notes with accrued interest. We propose to value the NexCura investment at the price of the Series C round. After accounting for the anti-dilution effect of the Series C round, the resulting value for our NexCura investment is \$2,284,721, with an accumulated unrealized loss of \$2,547,091 on our cost basis of \$4,831,812. This valuation represents no change from the valuation as of December 31, 2003.

Value Computation:

Series B Convertible Preferred Stock		
10,224,654 shares x \$0.191	=	\$1,952,909
Series C Convertible Preferred Stock		
1,737,238 shares x \$0.191	=	<u>331,812</u>
Total Value		<u>\$2,284,721</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. In June 2002, the current investors led a \$6.8 million financing priced at the same level as the Series B round and valuing the company at \$38 million post-money. Cardinal invested \$50,000 in this financing. As the company had not met operational expectations, in Q3 of 2001 we elected to value our Series A and Series B investment at one-half of the Series B price until a substantial improvement in operational results or an independent financing event. We propose to maintain this valuation for both the Series A and Series B investments and to carry the Series C investment at cost until a new financing event or the company attains sustainable profitability. This results in a carrying value of \$2,605,000, producing an unrealized loss of \$1,445,000 on our cost basis of \$4,050,000 as of March 31, 2004. This valuation represents no change from our carrying value as of December 31, 2003.

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%		500,000
Series C Convertible Preferred Stock		
36,496 shares x \$1.37	=	<u>50,000</u>
Total Value		<u>\$2,605,000</u>

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Investment Valuation Summary
For the Quarter Ended March 31, 2004

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value 03/31/04</u>	<u>Fair Value 12/31/03</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	1,000	0	
MedContrax, Inc. (formerly Syntegra)	34,904	1,000	1,000	0	
Molecular Mining	1,000,000	1,000	1,000	0	
NexCura (formerly CancerFacts.com)	4,831,812	2,284,721	2,284,721	0	
VISICU, Inc. (formerly ICUSA)	4,050,000	2,605,000	2,605,000	0	
Total Portfolio	\$21,416,717	\$15,390,821	\$15,390,821	\$0	

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

Comprehensive Assistance Living Services for the Elderly Living at Home

Period Summary: 1st Quarter, 2004

Financial performance for the last quarter of Fiscal 2004 (FYE 3/31) exhibited significant improvement for East coast operations, while West coast operations were slightly behind expectations. Significant margin improvement at Alliance for Health led AccentCare East to finally achieve the original December 2002 forecast. The latest acquisition, Evercare at Home, performed as expected, contributing \$2.3 million in revenue and \$150K in EBITDA during the quarter. The company ended the fiscal year with an annual revenue run rate of \$86 million, with management targeted towards achieving sustainable EBITDA profitability for the company by the last quarter of calendar 2004.

The discontinuance of the early payment discount for VNS, the primary customer in New York, was the primary driver for improved margins for AccentCare East. The margin improvement was offset by one-time charges related to severance, bad debt and other clean-up items related to the Alliance acquisition. Margins for AccentCare West continued to suffer from assessments by the State of CA (unemployment insurance fund) plus increased medical insurance premiums. The completion of the first year of the worker's compensation self-insurance program had positive results producing significantly lower than expected incurred losses. However, management expects that the actuarial accounting for reserves will drive the fiscal 2004 expense to increase by over \$1 million upon the completion of the annual audit. While this will have an unfavorable impact to earnings, there will be no effect on cash.

The budget for Fiscal 2005 (FYE 3/31) shows top line growth of 12% to \$92.5 million with EBITDA of \$500k. The acquisition of Front Porch, to be completed by the end of April 2004, is not included. Including Front Porch, revenues are budgeted to be \$96 million, with \$1 million in EBITDA. Worker Compensation and other regulatory risks inherent in CA have made the unskilled services business virtually impossible to operate at a profit. Management has begun a concerted effort to acquire Medicare certification in CA to boost revenues in the higher margin skilled services segment. There is currently a moratorium on new certifications in CA, but management has identified a few potential small acquisitions, which would provide a foothold in the market.

Cash flow for the period was ahead of budget, due to better than expected receivables collection. Average monthly cash burn has been reduced under \$200K. The company has drawn \$1 million of the \$5 million "keep well" bridge with its current investor group. The bridge is in the form of convertible promissory notes. Cardinal is not a participant in the "keep well" agreement. With sufficient resources, we remain optimistic that the new management team will deliver on its goals and provide a positive return to the investors.

ACCENTCARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 3/31)

	<i>FY02 Actual</i>	<i>FY03 Actual</i>	<i>FY04 Actual*</i>	<i>FY05 Budget</i>
Revenues	22,502	54,815	82,288	91,761
Cost of Services	15,137	37,349	60,994	67,014
Operating Expenses	14,617	20,508	24,307	25,185
EBIT	-7,252	-3,042	-3,013	-438
Interest and Taxes	102	-558	-1,896	-2,884
Net Income	-7,150	-3,600	-4,909	-3,322
EBITDA	-5,693	-2,295	-2,102	533

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	21,248	21,677	-429
Cost of Services	16,065	16,059	-6
Operating Expenses	5,814	6,131	+317
EBIT	-631	-513	-118
Interest and Taxes	-518	-476	-42
Net Income	-1,149	-989	-160
EBITDA	-409	-266	-143

Fiscal Year-to-Date: Twelve Months Ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	82,288	95,348	-13,060
Cost of Services	60,994	69,143	+8,149
Operating Expenses	24,307	25,692	+1,385
EBIT	-3,013	513	-3,526
Interest and Taxes	-1,896	-1,010	-896
Net Income	-4,909	-497	-4,412
EBITDA	-2,102	1,550	-3,652

ACCENTCARE, INC. (cont.)

Summary Balance Sheet as of March 31, 2004: (\$000)

Cash	\$ 5,495	Accounts Payable	\$ 1,935
Accounts Receivable	9,704	Accrued Expenses	3,392
Other Current Assets	<u>1,305</u>	Other Current Liabilities	<u>7,357</u>
Total Current Assets	16,504	Total Current Liabilities	12,684
Net PP&E	1,299	Long Term Debt	12,468
Intangibles (Net)	11,557	Shareholders Equity	44,785
Other Assets	<u>741</u>	Retained Earnings	<u>-39,836</u>
Total Assets	<u>\$30,101</u>	Total Liabilities & Equity	<u>\$30,101</u>

Comments:

The company ended Fiscal 2004 \$400k behind on its cash flow forecast. Monthly cash burn was reduced to under \$200k in the last quarter. Working capital will be supported by the new credit facility that currently has over \$5 million available, plus the remaining \$4 million on the investor “keep well” agreement.

Cardinal Health Partners Holdings:

Series A Convertible Preferred Stock	2,500,000 shares
Common Stock Equivalents	2,620,837 shares
Assigned Fair Value (2,620,837 CSE's x \$0.9215)	\$2,415,101
Investment Cost	\$2,500,000
Cost per Common Stock Equivalent	\$0.954
Series B Convertible Preferred Stock	1,176,472 shares
Common Stock Equivalents	1,609,331 shares
Assigned Fair Value (1,609,331 CSE's x \$0.9215)	\$1,482,999
Investment Cost	\$2,000,002
Cost per Common Stock Equivalent	\$1.243
% Ownership (Full Dilution)	7.1%
Company Valuation at Cardinal Cost	\$64.4 million
Company Valuation at Assigned Fair Value	\$59.9 million

Outlook:

As the management team implements its plan to improve operational and financial performance, we remain cautiously optimistic about the prospects for AccentCare.

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

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 1st Quarter, 2004

Athena exhibited strong financial performance for the first quarter of 2004. Revenues for the year grew by 12% over the prior quarter and sales set a new record at \$7.7 million. Gross margins grew from 40% to 45%, exceeding plan, but higher than budgeted sales commissions resulted in net income and EBITDA coming in on plan. Operating cash flow was positive for March and only -\$175k for the quarter. As the period ended, the company agreed to terms for a \$7.5 million equity infusion at a pre-money valuation of \$142 million. Athena will use the cash to accelerate programs in sales and marketing and for product development.

Revenue was on plan for the quarter, despite low implementations. Implementations for the quarter totaled \$1.4 million, far short of the \$2.3 million budgeted for the period. This gap is expected to close in the next quarter. Gross margin exceeded plan by 15% and showed improvement in each month of the quarter. Expenses are higher than plan primarily due to accelerated sales and marketing expenditures. New contract signings during the period were more than twice what was budgeted. The pipeline for the next quarter is equally strong, with more than \$6.8 million in new contract signings forecast to be completed during the period.

Athena's current annualized revenue run rate is \$33 million, on a contract base of \$44 million. The company is operating at positive EBITDA, with sustainable profitability attainable in the next 3-6 months. During the quarter, the company agreed to a \$7.5 million equity financing led by Granite Global Ventures. The financing carries a pre-money value of \$142 million and will be completed in the first half of April. The company has a strong balance sheet, a robust recurring revenue model and strong margins; Athena is an attractive candidate for a liquidity event in the next 12-15 months. We remain very excited about the prospects for the Athena investment.

ATHENAHEALTH, INC (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual*</i>	<i>2004 Budget</i>
Revenues	3,459	11,985	24,666	40,196
Direct Expenses	6,480	10,137	16,148	22,679
SG&A	9,278	8,860	10,501	13,737
EBITDA	-12,299	-7,012	-1,983	-3,780
Depreciation	1,636	2,493	2,894	3,500
Interest and Taxes	855	-55	-475	-837
Net Income	-13,080	-9,560	-5,352	-557

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	8,222	8,258	-36
Direct Expenses	4,712	5,204	+492
SG&A	3,337	2,871	-466
EBITDA	173	183	-10
Depreciation	772	785	+13
Interest and Taxes	-221	-205	-16
Net Income	-820	-807	-13

Fiscal Year-to-Date: Three Months Ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	8,222	8,258	-36
Direct Expenses	4,712	5,204	+492
SG&A	3,337	2,871	-466
EBITDA	173	183	-10
Depreciation	772	785	+13
Interest and Taxes	-221	-205	-16
Net Income	-820	-807	-13

ATHENAHEALTH, INC. (cont.)

Summary Balance Sheet as of March 31, 2004: (\$000)

Cash	\$ 8,985	A/P and Accrued Expenses	\$ 3,066
Accounts Receivable	3,877	Deferred Revenue	2,163
Other Current Assets	<u>476</u>	Current Portion of Debt	<u>4,444</u>
Total Current Assets	13,338	Total Current Liabilities	9,673
Net PP&E	3,207	Long Term Debt	7,242
Intangibles (Net)	2,068	Shareholders Equity	43,633
Other Assets	<u>238</u>	Retained Earnings	<u>-41,697</u>
Total Assets	<u>\$18,851</u>	Total Liabilities & Equity	<u>\$18,851</u>

Comments:

Athena is well ahead of its cash flow forecast for the year due to lower than anticipated capital investment. The cash balance above does not reflect the \$7.5 million financing that closed in early April. With the closing of this financing, Athena has a strong balance sheet to support its building infrastructure investment. Operational cash burn will be minimal for the coming quarter and turn solidly positive in the second half of the year.

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	\$37.0 million
Company Valuation at Assigned Fair Value	\$81.3 million

Outlook:

We remain very enthusiastic about the prospects for Athena, which continues to build backlog, enjoys a powerful recurring revenue model with high exit barriers, and retains a strong lead in the business of automating the business functions of physician offices.

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

Online Supplies for Outpatient Surgery Centers

Period Summary: 1st Quarter, 2004

During the quarter, Esurg reached agreement in principal to merger with ILS Group (ILS), a Midwest-based medical supply distributor. The merger will be done in tandem with a financing of up to \$3 million by the current Esurg investors. The terms of the merger and the financing will essentially dilute our holdings to 0.5% and convert them to common, if we do not participate. While this is the most viable long-term initiative for the company, it is not without significant risk and we have elected not to participate in the financing.

Revenues of \$2.2 million for the quarter were down 10% from the previous quarter, but ahead of plan. Gross margins remained steady at 13.2% and were also ahead of plan. Operating expenses were lower than last quarter and also ahead of plan, resulting in a positive net income variance of 11.5%. The cash balance at the end of the quarter was \$1.7 million, \$300K ahead of plan. With cash burn running at ~ \$200K per month the company can operate at this level through the end of 2004.

The merger with ILS will likely be completed by the end of May, with the recapitalization at Esurg and financing completed concurrently. The terms of the recapitalization and financing convert all non-participating Esurg shareholders to common. The participating Esurg investors will end up with almost 50% of the company, with the ILS shareholders owning 25% and management 25% (including a 10% option pool). The financing values the combined entity at \$32 million post-money. The combined entity has forecast 2005 revenues of \$24.5 million, but does not attain cash flow breakeven until early 2006.

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

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual*</i>	<i>2004 Budget**</i>
Revenues	5,339	9,803	9,216	12,547
Cost of Sales	5,278	8,839	8,127	10,248
Operating Expenses	12,148	8,559	5,106	6,357
EBIT	-12,087	-7,595	-4,017	-4,058
Interest and Taxes	304	198	42	41
Net Income	-11,783	-7,397	-3,975	-4,017

* - Subject to Audit

** - Budget assumes merger with ILS effective April 1, 2004

Last Three Months: Quarter Ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	2,179	2,072	+107
Cost of Sales	1,890	1,839	-51
Operating Expenses	1,280	1,353	+73
EBIT	-991	-1,120	+129
Interest and Taxes	4	6	-2
Net Income	-987	-1,114	+127

Fiscal Year-to-Date: Three Months ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	2,179	2,072	+107
Cost of Sales	1,890	1,839	-51
Operating Expenses	1,280	1,353	+73
EBIT	-991	-1,120	+129
Interest and Taxes	4	6	-2
Net Income	-987	-1,114	+127

ESURG CORPORATION (cont.)

Summary Balance Sheet as of March 31, 2004: (\$000)

Cash	\$ 1,691	Accounts Payable	\$ 567
Accounts Receivable	854	Accrued Expenses	145
Other Current Assets	<u>274</u>	Other Current Liabilities	<u>289</u>
Total Current Assets	2,819	Total Current Liabilities	1,001
Net PP&E	171	Long Term Debt	0
Intangibles (Net)	182	Shareholders Equity	40,904
Other Assets	<u>241</u>	Retained Earnings	<u>-38,492</u>
Total Assets	<u>\$ 3,413</u>	Total Liabilities & Equity	<u>\$ 3,413</u>

Comments:

Average monthly burn for the quarter was approximately \$200K. With the expected merger and concurrent financing next quarter, management expects the company to be able to attain cash flow breakeven.

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)	4.0%
Company Valuation at Cardinal Cost	\$100.0 million
Company Valuation at Assigned Fair Value	Minimal

Outlook:

Expectations are low for a return from the Esurg investment.

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

Wholesale Price Clearing House for Pharmaceuticals Market

Period Summary: 1st Quarter, 2004

There is no new activity to report for the quarter relative to our investment in MedContrax. In June 2002, the Bankruptcy Court completed an auction for the combined assets of MedContrax and Med-ecorp. The leading bid was for \$1.5 million in cash received from NeoForma, Inc. The sale closed into escrow in early July 2003. Claims filed by all of the company's creditors total \$2.5 million, including \$606,600 of investor promissory notes. Cardinal's portion of the investor notes is \$34,904.

At the end of the quarter, investor counsel informed us that creditor counsel had finally agreed to a final disposition of the MedContrax assets. The current estimate of counsel is that the MedContrax investors can expect to receive 60% back on the value of their promissory notes (~\$21K for Cardinal). While we expected this process to be completed by the end of last year, we now are hopeful of a final distribution in Q2 2004.

Cardinal Health Partners Holdings:

5% Convertible Promissory Note	\$34,904
Assigned Fair Value	\$1,000
% Ownership (Full Dilution)	3.6%

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

Software Tools for Genomics Research

Period Summary: 1st Quarter, 2004

As reported previously, the only outstanding item regarding the liquidation and dissolution of Molecular Mining is the sale and/or licensing of the company's intellectual property. PARTEQ Innovations is acting as agent to sell the intangible assets of the company. The agreement contains a revenue sharing component whereby PARTEQ will receive a ramping percentage of the proceeds, based upon the overall amount of the sale. Under the terms of the agreement, if the intangible assets are sold/licensed for a total of under \$25.5 million, the proceeds will be split solely between the Series B Preferred shareholders and PARTEQ. The Series A investors and the common shareholders would receive no return on their investment. As we believe that the total proceeds from the sale will be at most \$3-5 million, it is virtually certain that we will receive no return on the Cardinal Health Partners, L.P. investment.

It is expected that PARTEQ transaction will be complete by the end of 2004 and we will record the final investment realization at that time.

Cardinal Health Partners Holdings:

Series A Convertible Preferred Stock	1,000,000 shares
Assigned Fair Value	\$1,000
Investment Cost	\$1,000,000
Cost per Share	\$1.00

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

eCare Tools for Chronic Disease Management

Period Summary: 1st Quarter, 2004

The economic climate for many of NexCura's marketing clients has not shown significant improvement, producing delays with a few customers and the suspension of one program until at least the last quarter of 2004. This has resulted in a revenue shortfall for the quarter as compared to plan. To counteract this, management is exploring reductions in expenses and an intensified sales push to develop recurring business around recruiting participants for custom market research studies. Thus far, this effort has resulted in \$750k in additional 2004 projected revenues, partially replacing lost marketing dollars.

Financial results for the quarter reflect the impact of the revenue shortfall. Revenues were below plan by 19% primarily due to contract delays and program adjustments at a few large messaging customers. The company burned \$135k for the quarter and management is developing a reduced expenditure plan to better match expenses with the reduced revenue expectations in the short term. To date, the company has only had to utilize its receivables credit facility on a minimal basis to help them meet their cash requirements through the uneven cash flow streams inherent in many of their contracts. Cash will be tight for the next 4-6 months.

Within the context of the current market environment, management has reduced its revenue forecast 15% for the year to \$2.9 million. With a commensurate reduction in expenses, expectations are that the company can still operate on a marginally profitable basis for each of the next three quarters. The investor group is working closely with management to operate the company at cash flow breakeven, while searching for a strategic partner to bolster longer-term cash requirements or potentially acquire the business.

NEXCURA, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual*</i>	<i>2004 Budget</i>
Revenues	1,521	3,018	2,680	3,412
Cost of Sales	0	287	264	78
Operating Expenses	3,861	4,324	4,361	3,107
EBIT	-2,340	-1,593	-1,945	227
Interest and Taxes	-1,355	-83	2	-178
Net Income	-3,695	-1,676	-1,943	49

* Subject to Audit

Last Three Months: Quarter Ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	763	945	-182
Cost of Sales	80	20	-60
Operating Expenses	834	889	+55
EBIT	-151	36	-187
Interest and Taxes	-17	-14	-3
Net Income	-168	22	-190

Fiscal Year-to-Date: Three Months ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	763	945	-182
Cost of Sales	80	20	-60
Operating Expenses	834	889	+55
EBIT	-151	36	-187
Interest and Taxes	-17	-14	-3
Net Income	-168	22	-190

NEXCURA, INC. (cont.)**Summary Balance Sheet as of March 31, 2004: (\$000)**

Cash	\$ 193	Accounts Payable	\$ 276
Accounts Receivable	595	Accrued Expenses	267
Other Current Assets	<u>179</u>	Deferred Revenue	<u>1,265</u>
Total Current Assets	967	Total Current Liabilities	1,808
Net PP&E	90	LOC and Other Liabilities	228
Intangibles (Net)	182	Shareholders Equity	18,505
Other Assets	<u>58</u>	Retained Earnings	<u>-19,244</u>
Total Assets	<u>\$ 1,297</u>	Total Liabilities & Equity	<u>\$ 1,297</u>

Comments:

The lower than expected revenue for the quarter, management will need to reduce expenses further to keep cash burn at a minimum. The company is utilizing its receivables borrowing facility to improve cash flow as necessary. Cash will be tight for the next 4-6 months.

Cardinal Health Partners Holdings:

Series B Convertible Preferred Stock	5,184,331 shares
Common Stock Equivalents	10,224,654 shares
Assigned Fair Value (10,224,654 CSE's x \$0.191)	\$1,952,909
Investment Cost	\$4,500,000
Cost per Share	\$0.868
Series C Convertible Preferred Stock	1,737,238 shares
Assigned Fair Value (Investment Cost)	\$331,812
Investment Cost	\$331,812
Cost per Share	\$0.191
Common and Preferred Stock Warrants	288,912
Average Exercise Price Per Share	\$0.074
% Ownership (Full Dilution)	16.0%
Company Valuation at Cardinal Cost	\$30.1 million
Company Valuation at Assigned Fair Value	\$14.3 million

Outlook:

With the company experiencing a difficult period, we are guarded about the prospects for our investment in NexCura.

VISICU, INC.
Baltimore, MD
{*www.visicu.com*}

Remote Monitoring Services for Intensive Care Hospital Units

Period Summary: 1st Quarter, 2004

VISICU begins 2004 maintaining its pace of new contract signings and on pace to meet its 2004 goals. During the quarter, VISICU signed 4 new hospital clients and 3 contract addenda with current clients adding a total of 300 beds. At the end of the quarter, the company has 18 clients under contract, with 421 beds currently active and over 1,000 beds in implementation. The company ended the quarter with a current contract backlog of \$31.6 million. The sales pipeline remains robust, with management forecasting a minimum of 6 new contract signings in Q2 2004 representing almost \$20 million in contract value.

Financial results for the quarter met expectations, with revenues growing 24% over the last quarter of 2003. Operating expenses were favorable to plan due to lower than forecast headcount coupled with lower R&D consulting expenses. The result was a favorable variance for net income. The cash balance at the end of the quarter was \$1.9 million, \$250k below plan due to the movement of 2 expected contract signings from March to early April. Management forecasts the company to operate at cash flow positive for each of the next three quarters, without even utilizing its \$2 million credit facility.

We remain very excited about the prospects for VISICU as the company continues through this high growth phase. CEO Frank Sample has moved the company full speed ahead on the sales and marketing front, while exercising sound cash management. We are very optimistic about the company's prospects for building itself into a significant next generation healthcare company.

VISICU, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual*</i>	<i>2004 Budget</i>
Revenues	1,429	2,380	2,218	7,322
Cost of Sales	1,824	1,638	769	1,748
Operating Expenses	7,049	7,718	9,862	11,594
EBIT	-7,444	-6,976	-8,413	-6,020
Interest and Taxes	232	36	6	-425
Net Income	-7,212	-6,940	-8,407	-6,445

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	879	889	-10
Cost of Sales	247	219	-28
Operating Expenses	2,894	3,075	+181
EBIT	-2,262	-2,405	+143
Interest and Taxes	1	0	+1
Net Income	-2,261	-2,405	+144

Fiscal Year-to-Date: Three Months Ended March 31, 2004

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	879	889	-10
Cost of Sales	247	219	-28
Operating Expenses	2,894	3,075	+181
EBIT	-2,262	-2,405	+143
Interest and Taxes	1	0	+1
Net Income	-2,261	-2,405	+144

VISICU, INC. (cont.)

Summary Balance Sheet as of March 31, 2004: (\$000)

Cash	\$ 1,934	Accounts Payable	\$ 334
Accounts Receivable	3,619	Accrued Expenses	970
Prepaid Expenses	<u>234</u>	Other Current Liabilities	<u>0</u>
Total Current Assets	5,787	Total Current Liabilities	1,304
Net PP&E	738	Unearned Revenue	16,873
Deferred Costs	2,468	Shareholders Equity	31,840
Other Assets	<u>127</u>	Retained Earnings	<u>-40,897</u>
Total Assets	<u>\$ 9,120</u>	Total Liabilities & Equity	<u>\$ 9,120</u>

Comments:

The cash balance at the end of the quarter was \$250k lower than projected. The company expects to be cash flow positive for each of the next three quarters, ending the year with over \$4 million in cash. The company has an untapped \$2 million credit facility.

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
Series C Convertible Preferred Stock	36,496 shares
Assigned Fair Value (Investment Cost)	\$50,000
Investment Cost	\$50,000
Cost per Share	\$1.37
% Ownership (Full Dilution)	14.0%
Company Valuation at Cardinal Cost	\$27.8 million
Company Valuation at Assigned Fair Value	\$17.9 million

Outlook:

We remain very optimistic about the prospects for our investment in VISICU.