

CARDINAL HEALTH PARTNERS, L.P.

QUARTERLY REPORT

1st QUARTER, 2005

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

CARDINAL HEALTH PARTNERS, L.P.

QUARTERLY REPORT

1st QUARTER, 2005

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TO: The Limited Partners

FROM: John K. Clarke

DATE: May 27, 2005

SUBJECT: Activity for the Quarter ended March 31, 2005

Activity for the quarter focused on portfolio progress towards building value and attaining liquidity. Athena and VISICU both began 2005 with aggressive growth forecasts and have met or exceeded expectations to remain on target to achieve their objectives for the year. Financial performance at AccentCare has improved and become more predictable, while capital resources remain tight and the company works to improve its profitability. Nexcura continues to face a challenging market, but management was able to raise some additional financing as we actively pursue an acquirer for the business. A synopsis of activity for the quarter at each active portfolio company follows.

AccentCare – AccentCare’s financial performance showed continued improvement in the first quarter of 2005. In March, the company recorded an all-time high for revenues and recorded its 8th consecutive month of positive EBITDA and same store growth. The company also exceeded its EBITDA budget for the fiscal year ended March 31, 2005. Revenues are expected to grow 11% in fiscal 2006 to \$102.5 million. The company is essentially operating at cash flow break-even, but will likely need a small amount of financing during 2006 to fund the final year of its self-insurance reserve for workers compensation. We expect an insider-led financing to close during the next quarter, which coupled with the conversion of the \$10 million in convertible notes, will likely be dilutive to our holdings, while preserving our liquidation preference.

AthenaHealth – Athena performed well in the first quarter of 2005. Revenues for the quarter were \$12 million, a 10% growth over the prior period. Gross margins exceeded plan and the company has been EBITDA positive for five consecutive quarters. Operating cash flow for the quarter was +\$279K, mostly driven by improved receivables collection and better than forecast client implementations. New contract signings set a record in March and the company ended the period with a contract backlog exceeding \$14 million and an annualized revenue run rate of \$51.6 million. This places Athena well along towards its 2005 revenue goal of \$59 million. The company has a strong balance sheet and will be self-supporting until an investor liquidity event. We view Athena as a very attractive candidate for a liquidity event in the next year.

NexCura – NexCura continued to encounter a difficult market over the first quarter of 2005, with reduced budgets and program reductions prevalent at many of the company's pharmaceutical clients. The company did have some good project wins during the period, but the size and scope of the projects were not up to expectations. During the period, the company completed \$180K of an expected \$400K internal financing, which will likely be sufficient to support operations into a sale. Interest from potential buyers has been good, but no transaction appears imminent and the bankers are hopeful of receiving some offers during the next quarter. Meanwhile, the investors and management are working closely with CEO Peter Hoover to ensure that the company remains operating in the most efficient manner in terms of cash flow.

Visicu – The first quarter of 2005 for VISICU continued the company's strong growth record over the past 18 months with the addition of 3 new hospital systems as clients, adding 324 ICU beds. The company currently has 18 activated customers, with 1,403 ICU beds under management, plus 9 customers under contract with an additional 1,047 ICU beds in various stages of implementation. Revenues for the quarter were \$3.5 million, representing a 68% growth over the prior period. This is right in line with the company's expectation of annual revenue growth of 250% for 2005. The company remains on plan to achieve all of its objectives for 2005 and to be in excellent position to explore liquidity options by the end of the year.

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

Financial Results:

Net loss for the quarter was \$85K, representing the net operating expenses for the period. There were no investment realizations or changes to our portfolio investment valuations during the period. There was also no investment activity during the period. The cash balance at the end of the period was \$33K, with partners' net assets totaling \$18.1 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. We remain committed to achieving the best possible return for our investors and appreciate your input and support.

CARDINAL HEALTH PARTNERS, L.P.
Income Statement
For the Period Ended March 31, 2005

	Three Months Ended 03/31/05
Revenue:	
Non Portfolio Income	\$13
Interest-Equivalent Amounts	0
Expenses:	
Management Fee	81,909
Professional Fees	6,250
NVCA Dues & Expenses	0
Amortization of Organization Costs	0
Miscellaneous Expenses	0
Total Expenses	88,159
Net Operating Expense	(88,146)
Investment Income	2,676
Net Income Before Gains (Losses)	(85,470)
Realized Gains (Losses)	0
Unrealized Gains (Losses)	0
Net Income (Loss)	(\$85,470)

CARDINAL HEALTH PARTNERS, L.P.

Balance Sheet
As of March 31, 2005

ASSETS:	Period Ended 03/31/05	Period Ended 12/31/04
Cash and Short-Term Investments	\$33,199	\$11,382
Accrued Interest	15,208	12,532
Escrow for Investment	0	0
Venture Capital Investments	18,446,460	18,448,460
Receivable from Portfolio Company	0	21,804
Other Assets	156,091	156,091
	<u>\$18,650,958</u>	<u>\$18,650,269</u>
LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$561,820	\$473,661
Investment due Portfolio Company	0	0
Partners' Accounts	18,089,138	18,174,608
Total Liabilities and Capital	<u>\$18,650,958</u>	<u>\$18,648,269</u>

CARDINAL HEALTH PARTNERS, L.P.

Footnotes

As of March 31, 2005

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>03/31/05</u>	<u>12/31/04</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>03/31/05</u>	<u>12/31/04</u>
GP Promissory Note Principal	\$155,041	\$155,041
Prepaid NJ State Filing Fees	<u>1,050</u>	<u>1,050</u>
Total	<u><u>\$156,091</u></u>	<u><u>\$156,091</u></u>

Note 4 - Accrued Expenses:	<u>03/31/05</u>	<u>12/31/04</u>
Accounting & Audit	\$27,250	\$21,000
Management Fees	523,000	441,091
NVCA Dues and Other	11,570	11,570
Legal & Other Professional Fees	<u>0</u>	<u>0</u>
Total	<u><u>\$561,820</u></u>	<u><u>\$473,661</u></u>

Note 5 – Financial Highlights (Return & IRR):	<u>Net to LP's</u>	<u>Total Fund</u>
Year-to-Date Return on Net Assets	-0.47%	-0.47%
Internal Rate of Return Since Inception	-7.24%	-7.24%

CARDINAL HEALTH PARTNERS, L.P.
Statement of Cash Flows
For the Period Ended March 31, 2005

	Three Months Ended 03/31/05
Cash flows from operating activities	
Net Income Before Gains (Losses)	(\$85,470)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:	
Accrued Interest Receivable	(2,676)
Net Organization Costs	0
Other Assets	21,804
Accrued Expenses & Payables	88,159
Net Cash used in Operating Activities	<u>21,817</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	 21,817
Cash and Short Term Investments, beginning	11,382
Cash and Short Term Investments, ending	<u>\$33,199</u>

CARDINAL HEALTH PARTNERS, L.P.
Schedule of Venture Capital Investments
As of March 31, 2005

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	10,799,999	7,799,999
Group Source, Inc. (eSurg)	0	3,999,999	3,999,999	1,000	(3,998,999)
NexCura (CancerFacts)	0	4,831,812	4,831,812	1,142,361	(3,689,451)
VISICU, Inc. (ICUSA)	0	4,050,000	4,050,000	2,605,000	(1,445,000)
Totals	\$0	\$20,381,813	\$20,381,813	\$18,446,460	(\$1,935,353)

Cardinal Health Partners, L.P.
Statement of Partners' Contributions Accounts
As of March 31, 2005

	Partners' Total Subscription	Contributions Account 12/31/04	Period Contribution in Cash	Period Contribution by Note	Contributions Account 03/31/05	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, 2005

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 03/31/05
<u>Limited Partners</u>							
LACERA	\$2,969,862	\$0	\$5,345	\$27,578	\$3,002,785	(\$90,452)	\$2,912,333
Nassau Capital Funds	2,672,862	0	4,810	24,821	2,702,493	(81,407)	2,621,086
Robert Wood Johnson Foundation	2,227,413	0	4,009	20,684	2,252,106	(67,840)	2,184,266
State Teachers Ret. System. of Ohio	2,076,343	0	3,736	19,282	2,099,361	(63,239)	2,036,122
Northwestern University	1,484,894	0	2,672	13,789	1,501,355	(45,225)	1,456,130
Fleet Growth Resources (Summit Bank)	1,484,894	0	2,672	13,789	1,501,355	(45,225)	1,456,130
Pine Street Holdings I LLC	1,484,894	0	2,672	13,789	1,501,355	(45,225)	1,456,130
WIN 4 Holdings LLC	890,972	0	1,603	8,274	900,849	(27,136)	873,713
Wachovia Bank Pension Plan	890,972	0	1,603	8,274	900,849	(27,136)	873,713
UNISYS	742,449	0	1,336	6,895	750,680	(22,613)	728,067
Venture Investment Associates II	593,974	0	1,069	5,516	600,559	(18,091)	582,468
S.R. One Limited	445,472	0	802	4,137	450,411	(13,568)	436,843
Hillside Capital Incorporated	296,994	0	534	2,758	300,286	(9,045)	291,241
	\$18,261,995	\$0	\$32,863	\$169,586	\$18,464,444	(\$556,202)	\$17,908,242
<u>General Partner</u>							
Cardinal Health Partners Mgmt.	184,465	0	336	1,713	186,514	(5,618)	180,896
Total Partnership	\$18,446,460	\$0	\$33,199	\$171,299	\$18,650,958	(\$561,820)	\$18,089,138

Cardinal Health Partners, L.P.
Statement of Partners' Capital *
For the Three Months Ended March 31, 2005

	Partners' Capital 01/01/05	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Distributions	Partners' Capital 03/31/05
<u>Limited Partners</u>									
LACERA	\$2,926,093	\$0	\$2	(\$13,762)	\$0	(\$13,760)	\$0	\$0	\$2,912,333
Nassau Capital Funds,	2,633,471	0	2	(12,387)	0	(12,385)	0	0	2,621,086
Robert Wood Johnson Foundation	2,194,586	0	2	(10,322)	0	(10,320)	0	0	2,184,266
State Teachers Ret. System of Ohio	2,045,744	0	1	(9,623)	0	(9,622)	0	0	2,036,122
Northwestern University	1,463,010	0	1	(6,881)	0	(6,880)	0	0	1,456,130
Fleet Growth Resources	1,463,010	0	1	(6,881)	0	(6,880)	0	0	1,456,130
Pine Street Holdings I LLC	1,463,010	0	1	(6,881)	0	(6,880)	0	0	1,456,130
WIN 4 Holdings, LLC.	877,841	0	1	(4,129)	0	(4,128)	0	0	873,713
Wachovia Bank Pension Plan	877,841	0	1	(4,129)	0	(4,128)	0	0	873,713
UNISYS	731,507	0	1	(3,441)	0	(3,440)	0	0	728,067
Venture Investment Associates II	585,220	0	0	(2,752)	0	(2,752)	0	0	582,468
S.R. One Limited	438,907	0	0	(2,064)	0	(2,064)	0	0	436,843
Hillside Capital Incorporated	292,617	0	0	(1,376)	0	(1,376)	0	0	291,241
	\$17,992,857	\$0	\$13	(\$84,628)	\$0	(\$84,615)	\$0	\$0	\$17,908,242
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	26,710	0	0	(855)	0	(855)	0	0	25,855
Total Partnership	\$18,019,567	\$0	\$13	(\$85,483)	\$0	(\$85,470)	\$0	\$0	\$17,934,097

* - 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, 2005

	Partners' Contribution Account	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Distributions	Partner Transfer	Partners' Account 03/31/05
<u>Limited Partners</u>									
LACERA	\$10,000,000	\$27,939	(\$1,354,304)	(\$657,720)	(\$1,984,085)	(\$490,985)	(\$4,612,597)	\$0	\$2,912,333
Nassau Capital Funds	9,000,000	25,144	(1,218,877)	(591,946)	(1,785,679)	(441,885)	(4,151,350)	0	2,621,086
Robert Wood Johnson Foundation	7,500,000	20,955	(1,015,729)	(493,288)	(1,488,062)	(368,240)	(3,459,432)	0	2,184,266
State Teachers Ret. System of Ohio	6,992,127	19,539	(946,949)	(459,885)	(1,387,295)	(343,302)	(3,225,408)	0	2,036,122
Northwestern University	5,000,000	13,969	(677,153)	(328,860)	(992,044)	(245,491)	(2,306,335)	0	1,456,130
Fleet Growth Resources	5,000,000	13,969	(677,153)	(328,860)	(992,044)	(245,491)	(2,306,335)	0	1,456,130
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	31	(82,387)	482,007	399,651	79,518	(892,258)	1,869,219	1,456,130
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	1,554	(221,653)	(509,004)	(729,103)	(597,279)	(800,971)	2,742,497	873,713
Wachovia Bank Pension Plan	3,000,000	8,382	(406,291)	(197,316)	(595,225)	(147,294)	(1,383,768)	0	873,713
UNISYS	2,500,000	6,986	(338,576)	(164,429)	(496,019)	(122,747)	(1,153,167)	0	728,067
Venture Investment Associates II	2,000,000	5,587	(270,859)	(131,544)	(396,544)	(98,197)	(992,519)	0	582,468
S.R. One Limited	1,500,000	4,191	(203,145)	(98,658)	(297,612)	(73,648)	(691,897)	0	436,843
Hillside Capital Incorporated	1,000,000	2,793	(135,433)	(65,772)	(198,412)	(49,098)	(461,249)	0	291,241
	\$61,492,127	\$171,805	(\$8,327,913)	(\$4,044,454)	(\$12,200,562)	(\$3,019,163)	(\$28,364,160)	\$0	\$17,908,242
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	621,133	1,734	(1,328,056)	88,775	(1,237,547)	1,083,809	(286,499)	0	180,896
Total Partnership	\$62,113,260	\$173,539	(\$9,655,969)	(\$3,955,679)	(\$13,438,109)	(\$1,935,354)	(\$28,650,659)	\$0	\$18,089,138

Cardinal Health Partners, L.P.
Comprehensive Fund Investment Summary
For the Period from July 25, 1997 to March 31, 2005

Portfolio Company	Investment Cost	Assigned Fair Value	Unrealized Gain (Loss)	Proceeds + Realized Value	Realized Gain (Loss)	Cumulative Investment Return
<u>Private Company Investments</u>						
AccentCare, Inc.	\$4,500,002	\$3,898,100	(\$601,902)	\$0	\$0	(\$601,902)
AthenaHealth, Inc.	3,000,000	10,799,999	7,799,999	0	0	7,799,999
Group Source, Inc. (formerly Esurg)	3,999,999	1,000	(3,998,999)	0	0	(3,998,999)
NexCura, Inc.	4,831,812	1,142,361	(3,689,451)	0	0	(3,689,451)
VISICU, Inc.	4,050,000	2,605,000	(1,445,000)	0	0	(1,445,000)
<u>Fully Disposed Investments</u>						
Cubist Pharmaceuticals	3,999,998	0	0	12,066,659	8,066,661	8,066,661
InLight/ProMedex	3,334,443	0	0	0	(3,334,443)	(3,334,443)
Medcontrax (formerly Syntegra)	3,771,267	0	0	21,804	(3,749,463)	(3,749,463)
Molecular Mining Corporation	1,350,000	0	0	350,000	(1,000,000)	(1,000,000)
ParkStone Medical Information Systems	5,500,000	0	0	0	(5,500,000)	(5,500,000)
PointShare Corporation	3,850,001	0	0	143,012	(3,706,989)	(3,706,989)
Sentinel Health Partners	3,000,000	0	0	0	(3,000,000)	(3,000,000)
Signature Plastic Surgery	4,785,000	0	0	23,455	(4,761,545)	(4,761,545)
TechRx / NDCHealth	4,115,000	0	0	17,949,440	13,834,440	13,834,440
WiseBear, Inc.	1,000,000	0	0	195,660	(804,340)	(804,340)
	\$55,087,522	\$18,446,460	(\$1,935,353)	\$30,750,030	(\$3,955,679)	(\$5,891,032)

TO: The Limited Partners
FROM: John J. Park
DATE: April 15, 2005
SUBJECT: Portfolio Valuations for March 31, 2005

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. This memorandum delineates the portfolio valuations as proposed by the General Partner for those investments not valued at cost as of March 31, 2005.

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, 2005. This valuation represents no change from the valuation as of December 31, 2004.

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 April 8, 2004, AthenaHealth completed a \$7.5 million Series E Preferred stock financing priced at \$5.04 per share and valuing the Company at \$142 million pre-money. A new investor, Granite Global Ventures, led this financing. Cardinal Health Partners did not participate in the financing. We propose to value our investment at the Series E price of \$5.04, resulting in an unrealized gain of \$7,799,999 on our cost basis of \$3,000,000 as of March 31, 2005. This valuation represents no change from the valuation as of December 31, 2004.

Value Computation:

Series C Convertible Preferred Stock		
2,142,857 shares x \$5.04	=	<u>\$10,799,999</u>

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of March 31, 2005
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GROUP SOURCE SOLUTIONS / 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 of \$1,000, until such time as the company attained additional financing or was acquired. In June of 2004, the company merged with ILS, Inc. and all of the Series C preferred was converted into common shares of the newly formed company, Group Source Solutions. Post-merger, we propose to maintain the minimal \$1,000 value for this investment until the investment is sold or the company ceases operations. As of March 31, 2005, 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, 2004.

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 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. The investor syndicate has begun discussions with investment bankers towards an engagement to sell the company. Based upon the banker's preliminary valuation estimates and the unpredictability of the company's financial performance, we propose to value the NexCura investment at 50% of the price of the Series C round. The resulting value for our NexCura investment is \$1,142,361, with an accumulated unrealized loss of \$3,689,451 on our cost basis of \$4,831,812 as of March 31, 2005. This valuation represents no change from the valuation as of December 31, 2004.

Value Computation:

Series B Convertible Preferred Stock		
10,224,654 shares x \$0.191 x 50%	=	\$976,455
Series C Convertible Preferred Stock		
1,737,238 shares x \$0.191 x 50%	=	<u>165,906</u>
Total Value		<u>\$1,142,361</u>

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of March 31, 2005
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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 and to carry the Series C 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, 2005. This valuation represents no change from our valuation as of December 31, 2004.

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, 2005

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value 03/31/05</u>	<u>Fair Value 12/31/04</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	10,799,999	10,799,999	0	
Group Source Solutions/Esurg Corp.	3,999,999	1,000	1,000	0	
NexCura (formerly CancerFacts.com)	4,831,812	1,142,361	1,142,361	0	
VISICU, Inc. (formerly ICUSA)	4,050,000	2,605,000	2,605,000	0	
Total Portfolio	\$20,381,813	\$18,446,460	\$18,446,460	\$0	

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

Comprehensive Assistance Living Services for the Elderly Living at Home

Period Summary: 1st Quarter, 2005

AccentCare's financial performance showed continued improvement in the first quarter of 2005. In March, the company recorded an all-time high for revenues and recorded its 8th consecutive month of positive EBITDA and same store growth. The company also exceeded its EBITDA budget for the fiscal year ended March 31, 2005. Revenues are expected to grow 11% in fiscal 2006 to \$102.5 million. The company is essentially operating at cash flow break-even, but will likely need a small amount of financing during 2006 to fund the final year of its self-insurance reserve for workers compensation. We expect an insider-led financing to close during the next quarter, which coupled with the conversion of the \$10 million in convertible notes, will likely be dilutive to our holdings, while preserving our liquidation preference.

Overall financial performance for the final quarter of Fiscal 2005 (FYE 3/31) was good, despite a 5% revenue shortfall. East Coast revenues were affected by the severe weather in January, which resulted in a \$1 million revenue shortfall for the period. West Coast operations were also slightly behind plan on revenues due to lower than expected private pay hours. Revenues for the year were \$92.5 million, which is 2.6% behind plan. Gross margins were consistent on both coasts at 25%, which was slightly below expectations. Management continues to do an excellent job of controlling corporate overhead expenses. EBITDA was 19% ahead of plan for the quarter, and exceeded plan for the year ended March 31, 2005.

Overall liquidity at AccentCare was impacted by the three payroll month in March for West Coast operations. The company burned \$750K during the quarter, due to the extra payroll and payments made against the GMAC credit facility. As EBITDA continues to improve, management expects the company to operate at cash flow positive by the end of next quarter. However, in order to meet the reserve requirements on the self insurance program for workers compensation in California, the company will likely require \$2 million in financing in early Fiscal 2006. A term sheet for an insider led financing that would also convert the outstanding \$10 million in convertible notes is being drafted. We expect the financing to close late next quarter. Unless the company completes an acquisition, there should be no further financing necessary during Fiscal 2006.

We are very pleased with the progress at AccentCare toward operational stability and profitability. While we remain concerned that regulatory (CA) and labor-related (NY) uncertainties will continue to challenge this team's ability to execute, the company is currently performing well. With sufficient capital resources, we are optimistic that this 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 Actual*</i>	<i>FY06 Budget</i>
Revenues	22,502	54,815	82,209	92,483	102,569
Cost of Services	15,137	37,349	62,978	68,935	74,940
Operating Expenses	14,617	20,508	24,533	24,110	27,183
EBIT	-7,252	-3,042	-5,302	-562	446
Interest and Taxes	102	-558	-1,910	-2,721	-1,770
Net Income	-7,150	-3,600	-7,212	-3,283	-1,324
EBITDA	-5,693	-2,295	-4,390	+275	+1,305

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	23,586	24,993	-1,407
Cost of Services	17,661	18,543	+882
Operating Expenses	5,880	6,488	+608
EBIT	45	-38	+83
Interest and Taxes	776	745	-31
Net Income	-731	-783	+52
EBITDA	+256	+215	+41

Fiscal Year-to-Date: Twelve Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	92,483	94,941	-2,458
Cost of Services	68,935	70,203	+1,268
Operating Expenses	24,110	25,442	+1,332
EBIT	-562	-704	+142
Interest and Taxes	-2,721	-2,896	+175
Net Income	-3,283	-3,600	+317
EBITDA	+275	+267	+8

ACCENTCARE, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 5,278	Accounts Payable	\$ 1,832
Accounts Receivable	18,651	Accrued Expenses	9,149
Other Current Assets	<u>2,526</u>	Other Current Liabilities	<u>11,661</u>
Total Current Assets	26,455	Total Current Liabilities	22,642
Net PP&E	1,045	Long Term Debt	16,377
Intangibles (Net)	10,541	Shareholders Equity	44,785
Other Assets	<u>339</u>	Retained Earnings	<u>-45,424</u>
Total Assets	<u>\$38,380</u>	Total Liabilities & Equity	<u>\$38,380</u>

Comments:

The company was \$2 million ahead of its operating cash burn forecast for Fiscal 2005 (FYE 3/31). Monthly operating cash burn has averaged under \$250K for the year, with management forecasting cash flow positive by the fall of 2006. Working capital needs will be supported by the A/R facility that currently has over \$3.5 million available.

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)	7.0%
Company Valuation at Cardinal Cost	\$64.3 million
Company Valuation at Assigned Fair Value	\$55.7 million

Outlook:

With operational and financial performance improving, we are 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, 2005

Athena performed well in the first quarter of 2005. Revenues for the quarter were \$12 million, a 10% growth over the prior period. Gross margins exceeded plan and the company has been EBITDA positive for the last five consecutive quarters. Operating cash flow for the quarter was +\$279K, mostly driven by improved receivables collection and better than forecast client implementations. New contract signings set a record in March and the company ended the period with a contract backlog exceeding \$14 million. The new Anesthesiology line of business scored its first major client with a \$1 million sale.

Athena posted solid financial results for the quarter. Revenues for March exceeded \$4 million for the first time and revenue growth for the quarter was 10% over Q4 2004. These achievements notwithstanding, revenue was 5% behind of plan for the quarter, due to lower than budgeted collections posting activity in January and February. Implementations for the quarter were \$3.7 million, 6% ahead of plan. Gross margins were above 50% for the quarter and slightly ahead of expectations. Operating expenses were better than plan primarily due to delayed hiring and lower marketing expenditures. EBITDA was 82% better than budget, helping the company produce \$279K of positive cash flow for the quarter. Net new contract signings during the period totaled \$7 million, 10% lower than quota for the period due to one unforeseen account cancellation from backlog. The pipeline for the next quarter is expected to deliver results in line with the \$9.1 million quota for the period.

Athena's current annualized revenue run rate is \$51.6 million, on a contract base of \$65 million. The company is operating at cash flow positive, has a strong balance sheet, high gross margins and a robust recurring revenue model. We view Athena as a very attractive candidate for a liquidity event in the next year and remain excited about the prospects for our 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 Actual*</i>	<i>2005 Budget</i>
Revenues	3,459	11,985	24,666	39,025	58,790
Direct Expenses	6,480	10,137	16,148	21,520	30,833
SG&A	9,278	8,860	10,501	16,497	26,257
EBITDA	-12,299	-7,012	-1,983	1,008	1,700
Depreciation	-1,636	-2,493	-2,894	-3,158	-4,728
Interest and Taxes	855	-55	-475	-1,212	-1,250
Net Income	-13,080	-9,560	-5,352	-3,362	-4,278

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	12,003	12,639	-636
Direct Expenses	6,017	6,550	+533
SG&A	5,534	5,841	+307
EBITDA	452	248	+204
Depreciation	-857	-948	+91
Interest and Taxes	-317	-258	-59
Net Income	-722	-958	+236

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	12,003	12,639	-636
Direct Expenses	6,017	6,550	+533
SG&A	5,534	5,841	+307
EBITDA	452	248	+204
Depreciation	-857	-948	+91
Interest and Taxes	-317	-258	-59
Net Income	-722	-958	+236

ATHENAHEALTH, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 13,180	A/P and Accrued Expenses	\$ 6,180
Accounts Receivable	7,176	Deferred Revenue	2,519
Other Current Assets	<u>521</u>	Current Portion of Debt	<u>6,327</u>
Total Current Assets	20,877	Total Current Liabilities	15,026
Net PP&E	6,193	Long Term Debt	9,160
Intangibles (Net)	2,864	Shareholders Equity	51,057
Other Assets	<u>148</u>	Retained Earnings	<u>-45,161</u>
Total Assets	<u>\$ 30,082</u>	Total Liabilities & Equity	<u>\$ 30,082</u>

Comments:

Athena is \$1 million ahead on its cash forecast for the year due to improved collections and operating performance. Athena has a strong balance sheet to support its building infrastructure investment. Operational cash flow is positive and is expected to continue to show improvement throughout 2005.

Cardinal Health Partners Holdings:

Series C Convertible Preferred Stock	2,142,857 shares
Assigned Fair Value (\$5.04 x 2,142,857)	\$10,799,999
Investment Cost	\$3,000,000
Cost per Share	\$1.40

% Ownership (Full Dilution) 7.2%

Company Valuation at Cardinal Cost	\$41.7 million
Company Valuation at Assigned Fair Value	\$150.0 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.

GROUP SOURCE SOLUTIONS, INC.
(Formerly ESURG Corporation)
Seattle, WA
{www.esurg.com}

Online Supplies for Outpatient Surgery Centers

Period Summary: 1st Quarter, 2005

There is nothing new to report with regards to our investment in Group Source Solutions, Inc. (formerly Esurg Corporation). By manner of review, in May 2004, Esurg completed a merger with Integrated Logistics Systems Group (ILS), a Midwest-based medical supply distributor. The combined entity is now called Group Source Solutions, Inc. The merger was done in tandem with a financing of \$2.5 million by some members of the Esurg investor syndicate. While this is the most viable long-term course for the company, it is not without significant risk and we elected not to participate in the financing. Accordingly, the terms of the merger and financing have diluted our equity ownership position to 0.25% on a fully diluted basis and converted our preferred shares into 74,211 shares of common stock of Group Source Solutions.

As Cardinal is no longer a significant shareholder in the company, Cardinal has lost its information rights and will not receive quarterly financial and operational updates.

Cardinal Health Partners Holdings:

Common Stock	74,211 shares
Assigned Fair Value	\$1,000
Investment Cost	\$3,999,999
Cost per Share	\$1.54
 % Ownership (Full Dilution)	 0.25%

Outlook:

As a result of the merger with ILS, the Cardinal holdings have been diluted substantially and expectations are low for any return from the Group Source/Esurg investment.

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

eCare Tools for Chronic Disease Management

Period Summary: 1st Quarter, 2005

NexCura continued to encounter a difficult market over the first quarter of 2005, with reduced budgets and program reductions prevalent at many of the company's pharmaceutical clients. The company did have some good project wins during the period, but the size and scope of the projects were not up to expectations. During the period, the company completed \$180K of an expected \$400K internal financing, which will likely be sufficient to support operations into a sale. Interest from potential buyers has been good, but no transaction appears imminent and the bankers are hopeful of receiving some offers during the next quarter. Meanwhile, the investors and management are working closely with CEO Peter Hoover to ensure that the company remains operating in the most efficient manner in terms of cash flow.

During the quarter, management and the investor syndicate were focused on improving the company's short-term capital position. As mentioned last quarter, management proposed a rights offering to the current investors and company management in the form of promissory notes with 100% warrant coverage. During the quarter, \$180K was raised from management, founders and non-institutional investors. The company expects to complete the full \$400K offering during Q2 2005 and we believe this will be sufficient capital to fund operations until the company is sold. The company was also able to extend its current credit facilities with Silicon Valley Bank until the end of next quarter.

Financial results for the quarter reflect the impact of the revenue shortfall. Revenues were below plan by 39% primarily due to contract delays and program reductions. Operating expenses were under budget as management has managed overhead as closely as possible to revenues. The company burned \$270K for the quarter, which was funded by the \$180K in financing completed this period coupled with effective use of the company's receivables credit facility. Cash will likely remain very tight for the coming months.

In September 2004, the investor syndicate engaged Freidman Billings Ramsey, a boutique healthcare investment bank, to sell the company. By the end the current quarter, the bankers had begun detailed due diligence with a few prospective acquirers; however no transaction is likely to be completed until this summer. We remain optimistic of completing a transaction that would net the preferred investors \$8-\$10 million.

NEXCURA, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual*</i>	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	1,521	3,018	2,680	3,073	5,371
Cost of Sales	0	287	264	349	1,445
SG&A Expenses	3,861	4,324	4,361	3,341	2,947
EBIT	-2,340	-1,593	-1,945	-617	979
Interest and Taxes	-1,355	-83	2	-102	-177
Net Income	-3,695	-1,676	-1,943	-719	802

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	671	1,116	-445
Cost of Sales	356	380	+24
Operating Expenses	636	745	+109
EBIT	-321	-9	-321
Interest and Taxes	-65	-44	-21
Net Income	-386	-53	-333

Fiscal Year-to-Date: Three Months ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	671	1,116	-445
Cost of Sales	356	380	+24
Operating Expenses	636	745	+109
EBIT	-321	-9	-312
Interest and Taxes	-65	-44	-21
Net Income	-386	-53	-333

NEXCURA, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 22	Accounts Payable	\$ 425
Accounts Receivable	399	Accrued Expenses	377
Other Current Assets	<u>176</u>	Deferred Revenue	<u>1,107</u>
Total Current Assets	597	Total Current Liabilities	1,909
Net PP&E	27	LOC and Other Liabilities	1,225
Intangibles (Net)	0	Shareholders Equity	19,802
Other Assets	<u>247</u>	Retained Earnings	<u>-22,065</u>
Total Assets	<u>\$ 871</u>	Total Liabilities & Equity	<u>\$ 871</u>

Comments:

Management is slightly ahead on its cash flow forecast for the year. The company has completed \$180K of the \$400K financing begun in March, with the balance expected by the end of May. Cash will remain tight as we manage the company towards a sale.

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 x 50%)	\$976,455
Investment Cost	\$4,500,000
Cost per Share	\$0.868
Series C Convertible Preferred Stock	1,737,238 shares
Assigned Fair Value (Investment Cost x 50%)	\$165,906
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)	15.2%
Company Valuation at Cardinal Cost	\$31.8 million
Company Valuation at Assigned Fair Value	\$7.5 million

Outlook:

The initial response from the potential acquirer market has been positive, but with limited capital resources, we remain 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, 2005

The first quarter of 2005 for VISICU continued the company's strong growth record over the past 18 months with the addition of 3 new hospital systems as clients, adding 324 ICU beds. The company currently has 18 activated customers, with 1,403 ICU beds under management, plus 9 customers under contract with an additional 1,047 ICU beds in various stages of implementation. Revenues for the quarter were \$3.5 million, representing a 68% growth over the prior period. This is right in line with the company's expectations of annual revenue growth of 250% for 2005. The company remains on plan to achieve all of its objectives for 2005 and to be in excellent position to explore liquidity options by the end of the year.

Financial results for the quarter were ahead of plan in all respects excluding gross margin. Revenues were 6% ahead of plan as a result of higher than expected add-on orders from existing clients. Gross margins for the period were 78%, which were 3% under budget due to higher than expected third party costs. Operating expenses for the period were favorable to budget due to lower than forecast headcount and professional services. Net loss for the period was 17% ahead of plan. The company missed its new order forecast for Q1 due to one customer delaying signing into April.

The cash balance at the end of March was \$13 million, \$4.3 higher than last quarter, but \$700K below plan due to the push out of one new contract signing into Q2 2005. Management forecasts the company will operate at cash flow positive for each month of 2005, without utilization of its \$2 million credit facility.

Each passing quarter is providing more confirmation of the value of the VISICU technology to its hospital clients. CEO Frank Sample has guided the company efficiently building sales and marketing, while exercising sound cash and operational management. Over the next few months, the company will begin having preliminary discussions with investment bankers. We are very optimistic about the company's prospects for building itself into a significant next generation health care company and providing an outstanding return for our investors.

VISICU, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	2,380	2,218	5,513	19,228
Cost of Sales	1,638	769	1,423	3,634
Operating Expenses	7,718	9,862	11,817	14,399
EBIT	-6,976	-8,413	-7,727	1,195
Interest and Taxes	36	6	+19	-131
Net Income	-6,940	-8,407	-7,708	1,064

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	3,473	3,260	+213
Cost of Sales	755	625	-130
Operating Expenses	3,700	3,790	+90
EBIT	-982	-1,155	+173
Interest and Taxes	+43	+19	+24
Net Income	-939	-1,136	+197

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	3,473	3,260	+213
Cost of Sales	755	625	-130
Operating Expenses	3,700	3,790	+90
EBIT	-982	-1,155	+173
Interest and Taxes	+43	+19	+24
Net Income	-939	-1,136	+197

VISICU, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 12,954	Accounts Payable	\$ 898
Accounts Receivable	3,885	Accrued Expenses	737
Prepaid Expenses	<u>528</u>	Other Current Liabilities	<u>5</u>
Total Current Assets	17,367	Total Current Liabilities	1,640
Net PP&E	1,266	Unearned Revenue	36,906
Deferred Costs	3,988	Shareholders Equity	34,347
Other Assets	<u>249</u>	Retained Earnings	<u>-50,023</u>
Total Assets	<u>\$22,870</u>	Total Liabilities & Equity	<u>\$22,870</u>

Comments:

The cash balance at the end of the quarter was \$700K lower than projected due to one contract signing delay into Q2 2005. The company expects to be cash flow positive for each month of 2005, ending the year with over \$30 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.