

CARDINAL HEALTH PARTNERS, L.P.

QUARTERLY REPORT

2nd 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.

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2nd QUARTER, 2005

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TO: The Limited Partners

FROM: John K. Clarke

DATE: August 22, 2005

SUBJECT: Activity for the Quarter ended June 30, 2005

Activity for the quarter focused on portfolio progress towards building value and attaining liquidity. Athena and VISICU met or exceeded expectations in almost all areas of financial and operational performance. Each is well positioned to provide investor liquidity within the next 12-18 months. Financial performance at AccentCare continues to show improvement, while capital resources remain tight and the company works to improve its profitability. Management at NexCura has done a good job in a very challenging market, as we actively pursue an acquirer for the business. A synopsis of activity for the quarter at each active portfolio company follows.

AccentCare – Financial performance at AccentCare for the first quarter of Fiscal 2006 (FYE 3/31) was slightly below expectations, but the company continued to operate on a cash flow positive basis. In June, the company posted an all-time high for revenues and recorded its 11th consecutive month of positive EBITDA and same store growth. Gross margins were weaker than expected and management has taken actions to better control carepartner pay rates and to manage contract margins. During the quarter, management finalized negotiations with its insurance actuaries related to the self-insurance program for workers compensation. It was determined that an additional \$1.5 million will be required to meet reserve requirements for Fiscal 2006. To fund this additional reserve, in June, the company closed a \$12 million insider-led Series D financing that included the conversion of the \$10 million convertible promissory notes held by the current investor syndicate. The financing was completed at a post-money value of \$36 million, significantly diluted non-participating investors (including Cardinal), while maintaining liquidation preferences. Accordingly, we have reduced the carrying value for our investment to \$1 million and recorded an unrealized loss for the period of \$2.9 million.

AthenaHealth – Athena continued to perform well in the second quarter of 2005. Gross margins exceeded plan and the company has been EBITDA positive for the last six consecutive quarters. EBITDA and net income remain well ahead of budget. As the result of disappointing sales during the quarter, revenues were 6% below plan for the period, but strong June implementations and a large schedule of go lives in Q3 will contribute toward much stronger revenue growth (>17%) in the coming quarter. Operating cash flow for the quarter was >\$900K and the company will be self-supporting for the foreseeable future. Athena's current annualized revenue run rate is \$51.6 million, on a contract base of \$69 million. We continue to believe Athena is well positioned to provide investor liquidity in the next 12-18 months.

NexCura – Nexcura continues to encounter a difficult market with reduced budgets and program reductions prevalent at most of the company's pharmaceutical clients. The company did have some good project wins, but many were not the size and scope management had expected. This has resulted in a significant revenue shortfall as compared to plan. During the quarter, the company completed the \$400K internal financing round begun last quarter. This capital will likely be sufficient to support operations into a sale. Management has held very productive and encouraging discussions with one potential acquirer and expectations are high that the company will receive a letter of intent in the coming 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 – Visicu continued its strong sales performance during the period with the addition of 2 new customers, which when coupled with add-ons from existing customers showed a total of 437 ICU beds ordered with a total contract value of \$8.2 million. The company now has 29 customers, representing 113 hospitals. Visicu is actively managing 1,492 ICU beds and has 1,273 additional ICU beds in various stages of implementation. Revenues for the quarter were \$4.2 million, representing a 20% growth over the prior period. Revenues for the year are \$7.7 million and remain ahead of plan. Despite contract delays leading to lower than expected cash flow for the period, management still expects to end the year with over \$20 million in cash. The company is on plan to achieve all of its objectives for 2005 and to be in excellent position to explore investor liquidity options by the end of the year. Management has begun having preliminary discussions with some high profile investment bankers.

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 \$3.0 million, consisting of \$88K of net operating expenses for the period, plus the \$2.9 million write down related to AccentCare. There was no investment activity in the portfolio, nor were there any investment realization during the period. The cash balance at the end of the period was \$9K, with partners' net assets totaling \$15.1 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 continued input and support.

CARDINAL HEALTH PARTNERS, L.P.**Income Statement****For the Period Ended June 30, 2005**

	Three Months Ended 06/30/05	Six Months Ended 06/30/05
Revenue:		
Non Portfolio Income	\$12	\$24
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	81,909	163,818
Professional Fees	5,500	11,750
NVCA Dues & Expenses	0	0
Amortization of Organization Costs	0	0
Annual Meeting & Misc. Expenses	2,819	2,819
Total Expenses	90,228	178,387
Net Operating Expense	(90,216)	(178,363)
Investment Income	2,706	5,382
Net Income Before Gains (Losses)	(87,510)	(172,981)
Realized Gains (Losses)	0	0
Unrealized Gains (Losses)	(2,898,100)	(2,898,100)
Net Income (Loss)	(\$2,985,610)	(\$3,071,081)

CARDINAL HEALTH PARTNERS, L.P.
Balance Sheet
As of June 30, 2005

ASSETS:	Period Ended 06/30/05	Period Ended 03/31/05
Cash and Short-Term Investments	\$9,361	\$33,199
Accrued Interest (General Partner Promissory Notes)	17,914	15,208
Escrow for Investment	0	0
Venture Capital Investments	15,548,360	18,446,460
Receivable from Portfolio Company	0	0
Other Assets	156,091	156,091
	<u>\$15,731,726</u>	<u>\$18,650,958</u>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$628,199	\$561,820
Investment due Portfolio Company	0	0
Partners' Accounts	15,103,527	18,089,138
Total Liabilities and Capital	<u>\$15,731,726</u>	<u>\$18,650,958</u>

CARDINAL HEALTH PARTNERS, L.P.**Footnotes****As of June 30, 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:	06/30/05	03/31/05
Organization Costs	\$179,000	\$179,000
Accumulated Amortization	(179,000)	(179,000)
Total	<u>\$0</u>	<u>\$0</u>

Note 3 – Other Assets:	06/30/05	03/31/05
GP Promissory Note Principal	\$155,041	\$155,041
Prepaid NJ State Filing Fees	1,050	1,050
Total	<u>\$156,091</u>	<u>\$156,091</u>

Note 4 - Accrued Expenses:	06/30/05	03/31/05
Accounting & Audit	\$11,000	\$27,250
Management Fees	609,909	523,000
NVCA Dues and Other	12,290	11,570
Legal & Other Professional Fees	0	0
Total	<u>\$633,199</u>	<u>\$561,820</u>

Note 5 – Financial Highlights (Return & IRR):	Net to LP's	Total Fund
Year-to-Date Return on Net Assets	-16.90%	-16.90%
Internal Rate of Return Since Inception	-8.85%	-8.85%

CARDINAL HEALTH PARTNERS, L.P.
Statement of Cash Flows
For the Period Ended June 30, 2005

	Three Months Ended 06/30/05	Six Months Ended 06/30/05
Cash flows from operating activities		
Net Income Before Gains (Losses)	(\$87,510)	(\$172,981)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	(2,706)	(5,382)
Net Organization Costs	0	0
Other Assets	0	21,804
Accrued Expenses & Payables	66,378	154,538
Net Cash used in Operating Activities	(23,838)	(2,021)
Cash flows from investing activities		
Purchases of venture capital investments	0	0
Sales of venture capital investments	0	0
Net cash used in investing activities	0	0
Cash flows from financing activities		
Cash contributions by partners	0	0
Cash distribution to partners	0	0
Net cash provided by financing activities	0	0
 Net Change in Cash and Short Term Investments	 (23,838)	 (2,021)
Cash and Short Term Investments, beginning	33,199	11,382
Cash and Short Term Investments, ending	\$9,361	\$9,361

CARDINAL HEALTH PARTNERS, L.P.
Schedule of Venture Capital Investments
As of June 30, 2005

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
AccentCare, Inc.	\$0	\$4,500,002	\$4,500,002	\$1,000,000	(\$3,500,002)
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	\$15,548,360	(\$4,833,453)

Cardinal Health Partners, L.P.
Statement of Partners' Contributions Accounts
As of June 30, 2005

	Partners' Total Subscription	Contributions Account 03/31/05	Period Contribution in Cash	Period Contribution by Note	Contributions Account 06/30/05	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 June 30, 2005

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 06/30/05
<u>Limited Partners</u>							
LACERA	\$2,503,283	\$0	\$1,507	\$28,014	\$2,532,804	(\$101,141)	\$2,431,663
Nassau Capital Funds	2,252,937	0	1,356	25,213	2,279,506	(91,025)	2,188,481
Robert Wood Johnson Foundation	1,877,476	0	1,131	21,011	1,899,618	(75,856)	1,823,762
State Teachers Ret. System. of Ohio	1,750,101	0	1,054	19,586	1,770,741	(70,710)	1,700,031
Northwestern University	1,251,601	0	753	14,007	1,266,361	(50,568)	1,215,793
Fleet Growth Resources (Summit Bank)	1,251,601	0	753	14,007	1,266,361	(50,568)	1,215,793
Pine Street Holdings I LLC	1,251,601	0	753	14,007	1,266,361	(50,568)	1,215,793
WIN 4 Holdings LLC	750,997	0	451	8,405	759,853	(30,342)	729,511
Wachovia Bank Pension Plan	750,997	0	451	8,405	759,853	(30,342)	729,511
UNISYS	625,803	0	377	7,003	633,183	(25,284)	607,899
Venture Investment Associates II	500,657	0	301	5,603	506,561	(20,228)	486,333
S.R. One Limited	375,486	0	226	4,202	379,914	(15,171)	364,743
Hillside Capital Incorporated	250,336	0	150	2,802	253,288	(10,114)	243,174
	\$15,392,876	\$0	\$9,263	\$172,265	\$15,574,404	(\$621,917)	\$14,952,487
<u>General Partner</u>							
Cardinal Health Partners Mgmt.	155,484	0	98	1,740	157,322	(6,282)	151,040
Total Partnership	\$15,548,360	\$0	\$9,361	\$174,005	\$15,731,726	(\$628,199)	\$15,103,527

Cardinal Health Partners, L.P.
Statement of Partners' Capital *
For the Three Months Ended June 30, 2005

	Partners' Capital 04/01/05	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Distributions	Partners' Capital 06/30/05
<u>Limited Partners</u>									
LACERA	\$2,912,333	\$0	\$2	(\$14,090)	\$0	(\$14,088)	(\$466,582)	\$0	\$2,431,663
Nassau Capital Funds,	2,621,086	0	1	(12,681)	0	(12,680)	(419,925)	0	2,188,481
Robert Wood Johnson Foundation	2,184,266	0	1	(10,568)	0	(10,567)	(349,937)	0	1,823,762
State Teachers Ret. System of Ohio	2,036,122	0	2	(9,852)	0	(9,850)	(326,241)	0	1,700,031
Northwestern University	1,456,130	0	1	(7,046)	0	(7,045)	(233,292)	0	1,215,793
Fleet Growth Resources	1,456,130	0	1	(7,046)	0	(7,045)	(233,292)	0	1,215,793
Pine Street Holdings I LLC	1,456,130	0	1	(7,046)	0	(7,045)	(233,292)	0	1,215,793
WIN 4 Holdings, LLC.	873,713	0	0	(4,227)	0	(4,227)	(139,975)	0	729,511
Wachovia Bank Pension Plan	873,713	0	0	(4,227)	0	(4,227)	(139,974)	0	729,511
UNISYS	728,067	0	0	(3,522)	0	(3,522)	(116,646)	0	607,899
Venture Investment Associates II	582,468	0	1	(2,819)	0	(2,818)	(93,317)	0	486,333
S.R. One Limited	436,843	0	1	(2,114)	0	(2,113)	(69,987)	0	364,743
Hillside Capital Incorporated	291,241	0	0	(1,409)	0	(1,409)	(46,658)	0	243,174
	\$17,908,242	\$0	\$11	(\$86,647)	\$0	(\$86,636)	(\$2,869,119)	\$0	\$14,952,487
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	25,855	0	0	(875)	0	(875)	(28,981)	0	(4,001)
Total Partnership	\$17,934,097	\$0	\$11	(\$87,522)	\$0	(\$87,511)	(\$2,898,100)	\$0	\$14,948,486

* - 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' Capital *
For the Six Months Ended June 30, 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 06/30/05
<u>Limited Partners</u>									
LACERA	\$2,926,093	\$0	\$4	(\$27,852)	\$0	(\$27,848)	(\$466,582)	\$0	\$2,431,663
Nassau Capital Funds,	2,633,471	0	3	(25,068)	0	(25,065)	(419,925)	0	2,188,481
Robert Wood Johnson Foundation	2,194,586	0	3	(20,890)	0	(20,887)	(349,937)	0	1,823,762
State Teachers Ret. System of Ohio	2,045,744	0	3	(19,475)	0	(19,472)	(326,241)	0	1,700,031
Northwestern University	1,463,010	0	2	(13,927)	0	(13,925)	(233,292)	0	1,215,793
Fleet Growth Resources	1,463,010	0	2	(13,927)	0	(13,925)	(233,292)	0	1,215,793
Pine Street Holdings I LLC	1,463,010	0	2	(13,927)	0	(13,925)	(233,292)	0	1,215,793
WIN 4 Holdings, LLC.	877,841	0	1	(8,356)	0	(8,355)	(139,975)	0	729,511
Wachovia Bank Pension Plan	877,841	0	1	(8,356)	0	(8,355)	(139,975)	0	729,511
UNISYS	731,507	0	1	(6,963)	0	(6,962)	(116,646)	0	607,899
Venture Investment Associates II	585,220	0	1	(5,571)	0	(5,570)	(93,317)	0	486,333
S.R. One Limited	438,907	0	1	(4,178)	0	(4,177)	(69,987)	0	364,743
Hillside Capital Incorporated	292,617	0	0	(2,785)	0	(2,785)	(46,658)	0	243,174
	\$17,992,857	\$0	\$24	(\$171,275)	\$0	(\$171,251)	\$2,869,119)	\$0	\$14,952,487
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	26,710	0	0	(1,730)	0	(1,730)	(28,981)	0	(4,001)
Total Partnership	\$18,019,567	\$0	\$24	(\$173,005)	\$0	(\$172,981)	(\$2,898,100)	\$0	\$14,948,486

* - 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 June 30, 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 06/30/05
<u>Limited Partners</u>									
LACERA	\$10,000,000	\$27,941	(\$1,368,394)	(\$657,720)	(\$1,998,173)	(\$957,567)	(\$4,612,597)	\$0	\$2,431,663
Nassau Capital Funds	9,000,000	25,145	(1,231,558)	(591,946)	(1,798,359)	(861,810)	(4,151,350)	0	2,188,481
Robert Wood Johnson Foundation	7,500,000	20,956	(1,026,297)	(493,288)	(1,498,629)	(718,177)	(3,459,432)	0	1,823,762
State Teachers Ret. System of Ohio	6,992,127	19,541	(956,801)	(459,885)	(1,397,145)	(669,543)	(3,225,408)	0	1,700,031
Northwestern University	5,000,000	13,970	(684,199)	(328,860)	(999,089)	(478,783)	(2,306,335)	0	1,215,793
Fleet Growth Resources	5,000,000	13,970	(684,199)	(328,860)	(999,089)	(478,783)	(2,306,335)	0	1,215,793
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	32	(89,433)	482,007	392,6061	(153,774)	(892,258)	1,869,219	1,215,793
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	(225,880)	(509,004)	(733,330)	(737,254)	(800,971)	2,742,497	729,511
Wachovia Bank Pension Plan	3,000,000	8,382	(410,518)	(197,316)	(599,452)	(287,269)	(1,383,768)	0	729,511
UNISYS	2,500,000	6,986	(342,098)	(164,429)	(499,541)	(239,393)	(1,153,167)	0	607,899
Venture Investment Associates II	2,000,000	5,588	(273,678)	(131,544)	(399,634)	(191,514)	(922,519)	0	486,333
S.R. One Limited	1,500,000	4,192	(205,259)	(98,658)	(299,725)	(143,635)	(691,897)	0	364,743
Hillside Capital Incorporated	1,000,000	2,793	(136,842)	(65,772)	(199,821)	(95,756)	(461,249)	0	243,174
	\$61,492,127	\$171,816	(\$8,414,560)	(\$4,044,454)	(\$12,287,198)	(\$5,888,282)	(\$28,364,160)	\$0	\$14,952,487
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	621,133	1,734	(1,328,931)	88,775	(1,238,422)	1,054,828	(286,499)	0	151,040
Total Partnership	\$62,113,260	\$173,550	(\$9,743,491)	(\$3,955,679)	(\$13,525,620)	(\$4,833,454)	(\$28,650,659)	\$0	\$15,103,527

Cardinal Health Partners, L.P.
Comprehensive Fund Investment Summary
For the Period from July 25, 1997 to June 30, 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	\$1,000,000	(\$3,500,002)	\$0	\$0	(\$3,500,002)
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	\$15,548,360	(\$4,833,453)	\$30,750,030	(\$3,955,679)	(\$8,789,132)

TO: The Limited Partners

FROM: John J. Park

DATE: July 15, 2005

SUBJECT: Portfolio Valuations for June 30, 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 June 30, 2005.

ACCENTCARE – In June 2005, the company completed a \$12 million insider led financing that included the conversion of \$10 million in promissory notes. The financing valued the equity of the company at \$36 million post-money. The financing significantly diluted non-participating investors, while preserving the existing liquidation preferences of previous preferred series. Cardinal was not a participant in the financing. However, we believe that the company’s value in a sale transaction would exceed \$50 million. As a result, we propose a reduction in the valuation for the AccentCare investment from \$3.9 million to \$1 million, representing the amount Cardinal would receive based upon liquidation preference from a sale of the company at a valuation of \$50 million. At a \$1 million valuation, the unrealized loss on the investment is \$3,500,002 on our cost basis of \$4,500,002 as of June 30, 2005. This valuation represents a decrease of \$2,898,100 from the valuation for AccentCare as of March 31, 2005.

Value Computation:

Series A Convertible Preferred Stock	
2,500,000 shares	\$0
Series B Convertible Preferred Stock	
1,176,472 shares x \$1.70 x 50%	= <u>1,000,000</u>
Total Value	<u>\$1,000,000</u>

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of June 30, 2005
Page 2 of 3

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 June 30, 2005. This valuation represents no change from the valuation as of March 31, 2005.

Value Computation:

$$\begin{array}{rcl} \text{Series C Convertible Preferred Stock} & & \\ 2,142,857 \text{ shares} \times \$5.04 & = & \underline{\$10,799,999} \end{array}$$

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 June 30, 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 March 31, 2005.

Value Computation:

$$\begin{array}{rcl} \text{Common Stock} & & \\ 74,211 \text{ shares} & = & \underline{\$1,000} \end{array}$$

CARDINAL HEALTH PARTNERS, L.P.**Portfolio Valuations as of June 30, 2005****Page 3 of 3**

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 June 30, 2005. This valuation represents no change from the valuation as of March 31, 2005.

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>

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 June 30, 2005. This valuation represents no change from our valuation as of March 31, 2005.

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 June 30, 2005

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value</u> <u>06/30/05</u>	<u>Fair Value</u> <u>03/31/05</u>	<u>Change from</u> <u>Prior Quarter</u>	<u>Reason for Change</u>
AccentCare, Inc.	\$4,500,002	\$1,000,000	\$3,898,100	(\$2,898,100)	Mark Down. (note 1)
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	\$15,548,360	\$18,446,460	(\$2,898,100)	

(1) During the quarter, AccentCare completed an insider-led financing that valued the company at \$36 million post-money. The terms of the financing maintained our liquidation preference, while significantly diluting our ownership. As we believe the current fair value for AccentCare exceeds \$50 million, we have reduced the carrying value for the investment to \$1 million, representing the amount that Cardinal would receive from a \$50 million sale.

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

Comprehensive Assistance Living Services for the Elderly Living at Home

Period Summary: 2nd Quarter, 2005

Financial performance at AccentCare for the first quarter of Fiscal 2006 (FYE 3/31) was slightly below expectations, but the company continued to operate on a cash flow positive basis. In June, the company posted an all-time high for revenues and recorded its 11th consecutive month of positive EBITDA and same store growth. Gross margins were weaker than expected and management has taken actions to better control carepartner pay rates and to manage contract margins. During the quarter, management finalized negotiations with its insurance actuaries related to the self-insurance program for workers compensation. It was determined that an additional \$1.5 million will be required to meet reserve requirements for Fiscal 2006. To fund this, in June, the company closed a \$12 million insider-led Series D financing that included the conversion of the \$10 million convertible promissory notes held by the current investor syndicate. The financing was completed at a post-money value of \$36 million, significantly diluted non-participating investors (including Cardinal), while maintaining liquidation preferences. Accordingly, we have reduced the carrying value for our investment to \$1 million and recorded an unrealized loss for the period of \$2.9 million.

Overall financial performance for the first quarter of Fiscal 2006 (FYE 3/31) was close to plan. Revenues were \$24.8 million, a 5% growth over the prior quarter, but 2% below plan. Gross margins were 26% for the period, a 1% improvement over the March quarter, but still 1% below plan. In May, the company reached an accord with its union in New York on a two-year labor contract extension, which enabled the company to accept a rate increase from its primary customer on the East Coast. With this rate increase and tighter controls on the West Coast, management expects to see improved margins for the remainder of FY 2006. EBITDA was \$323K for the period, an increase of 26% over the prior quarter, but almost 24% behind plan primarily as a result of the under budget margins discussed earlier.

Overall liquidity at AccentCare improved 43% over the period. The company had positive cash flow from operation of \$250K during the quarter. As EBITDA continues to improve, management expects the company to continue operating at cash flow positive for each of the next four quarters. Unless the company completes an acquisition, there should be no further financing necessary during Fiscal 2006.

We are pleased with the progress at AccentCare toward operational stability and profitability. While we remain concerned that regulatory (CA) and labor-related (NY) issues will continue to challenge this team's ability to execute, with sufficient capital resources, we are optimistic that this management team will deliver. However, with the dilution of June financing and likely future financings, we are less optimistic of a positive return on our investment.

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 June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	24,804	25,219	-415
Cost of Services	18,272	18,368	+96
Operating Expenses	6,396	6,642	+246
EBIT	136	209	-73
Interest and Taxes	529	473	-56
Net Income	-393	-264	-129
EBITDA	+323	+428	-105

Fiscal Year-to-Date: Three Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	24,804	25,219	-415
Cost of Services	18,272	18,368	+96
Operating Expenses	6,396	6,642	+246
EBIT	136	209	-73
Interest and Taxes	529	473	-56
Net Income	-393	-264	-129
EBITDA	+323	+428	-105

ACCENTCARE, INC. (cont.)

Summary Balance Sheet as of June 30, 2005: (\$000)

Cash	\$ 6,228	Accounts Payable	\$ 1,030
Accounts Receivable	19,519	Accrued Expenses	4,930
Other Current Assets	<u>1,397</u>	Other Current Liabilities	<u>10,841</u>
Total Current Assets	27,144	Total Current Liabilities	16,801
Net PP&E	878	Long Term Liabilities	9,581
Intangibles (Net)	11,472	Shareholders Equity	58,510
Other Assets	<u>247</u>	Retained Earnings	<u>-45,151</u>
Total Assets	<u>\$39,741</u>	Total Liabilities & Equity	<u>\$39,741</u>

Comments:

Overall liquidity at AccentCare has improved by \$1.7 million over the period. The company is slightly behind its cash flow forecast for the year due to lower than forecast proceeds from the Series D financing that closed in June. Working capital needs will be supported by the A/R facility that currently has over \$4.8 million available.

Cardinal Health Partners Holdings:

Series A Convertible Preferred Stock	2,500,000 shares
Assigned Fair Value	\$0
Investment Cost	\$2,500,000
Cost per Share	\$1.00
Series B Convertible Preferred Stock	1,176,472 shares
Assigned Fair Value (1,176,472 shares x \$1.70 x 50%)	\$1,000,000
Investment Cost	\$2,000,002
Cost per Share	\$1.70
% Ownership (Full Dilution)	2.0%
Company Valuation at Cardinal Cost	\$225.0 million
Company Valuation at Assigned Fair Value	\$50.0 million

Outlook:

With operational and financial performance improving, we are cautiously optimistic about the longer term prospects for the company. However, additional capital will likely be required further diluting our interest and reducing the likelihood of a positive return on our investment.

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

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 2nd Quarter, 2005

Athena continued to perform well in the second quarter of 2005. Revenues for the quarter were \$12.6 million, a 6% growth over the prior period, although 6% below budget. Strong June implementations and a large schedule of go lives in Q3 will contribute toward much stronger growth (>17%) in the coming quarter. Gross margins exceeded plan and the company has been EBITDA positive for the last six consecutive quarters. EBITDA and net income remain well ahead of budget. Operating cash flow for the quarter was >\$900K, as the result of improved collections coupled with higher than forecast client implementations. Sales for the quarter were a disappointing 50% of forecast, primarily from a lengthening sales cycle as compared to plan. The company made significant quantitative and qualitative progress in its new growth programs of Anesthesiology, small group practices and clinicals.

Athena posted good financial results for the quarter. Revenues for the period were \$12.6 million for the period and stand at \$24.6 million year-to-date. The current annualized revenue run rate exceeds \$51 million. Revenues were 6% behind plan for both the quarter and YTD. Revenue growth has been hindered by lower sales and slower revenue ramp-up at new accounts. Implementations for the quarter were \$3.75 million, 63% ahead of plan. Gross margins were 49% for the quarter and slightly ahead of expectations. Operating expenses were better than plan primarily due to lower headcount. EBITDA exceeded budget by 153%, helping the company produce \$916K of positive cash flow for the quarter. Net new contract signings during the period totaled \$4.8 million, 50% lower than quota for the period. Deal volume was high, however, the larger deals originally forecast to close during the period (totaling \$4.9 MM) are now expected to close in Q3. The company has experienced a lengthening in the sales cycle for the larger accounts. The pipeline for the next quarter stands at \$35 MM, with \$7.1 MM in the final stages of negotiation. We fully expect to see sales growth exceed 60% in the next quarter.

Athena's current annualized revenue run rate is \$51.6 million, on a contract base of \$69 million. While the forecast for the remainder of the year will be adversely affected by the lower Q2 sales, the company is operating at cash flow positive, has a strong balance sheet, high gross margins, a robust recurring revenue model and a strong sales pipeline. We view Athena as a very attractive candidate for a liquidity event in the next 12-18 months and remain very 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	-4,533
Interest and Taxes	855	-55	-475	-1,212	-1,445
Net Income	-13,080	-9,560	-5,352	-3,362	-4,278

* - Subject to Audit

Last Three Months: Quarter Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	12,652	13,521	-869
Direct Expenses	6,461	7,886	+1,425
SG&A	5,745	6,461	+716
EBITDA	446	-826	+1,272
Depreciation	-978	-1,139	+161
Interest and Taxes	-360	-368	+8
Net Income	-892	-2,333	+1,441

Fiscal Year-to-Date: Six Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	24,655	26,160	-1,505
Direct Expenses	12,479	14,436	+1,957
SG&A	11,305	12,302	+997
EBITDA	871	-578	+1,449
Depreciation	-1,835	-2,087	+252
Interest and Taxes	-650	-626	-24
Net Income	-1,614	-3,291	+1,677

ATHENAHEALTH, INC. (cont.)**Summary Balance Sheet as of June 30, 2005: (\$000)**

Cash	\$ 14,095	A/P and Accrued Expenses	\$ 7,126
Accounts Receivable	6,136	Deferred Revenue	2,588
Other Current Assets	<u>1,056</u>	Current Portion of Debt	<u>7,034</u>
Total Current Assets	21,287	Total Current Liabilities	16,748
Net PP&E	10,063	Long Term Liabilities	12,956
Intangibles (Net)	3,078	Shareholders Equity	51,079
Other Assets	<u>178</u>	Retained Earnings	<u>-46,177</u>
Total Assets	<u>\$34,606</u>	Total Liabilities & Equity	<u>\$34,606</u>

Comments:

Athena is \$1.25 million ahead on its cash forecast for the year due to improved collections and operating performance. Lower Q2 sales are expected to adversely impact cash flow performance for the remainder of 2005, with the company operating at closer to cash flow neutral. Management is exploring options to restructure its long term debt and free up some more liquidity by year-end to support continued operational expansion.

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: 2nd Quarter, 2005

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. The terms of the merger and financing 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.

During the current quarter, the management of Group Source Solutions concluded that the integration of Esurg with Integrated Logistics Systems Group (ILS) was not producing the desired results. The ILS business was spun out to its prior owners and the Esurg investor syndicate agreed to provide the company with an additional \$2 million in financing. While this is the most viable long-term course for the company, it is not without significant risk and Cardinal elected not to participate in the financing. Accordingly, the terms of the financing have further diluted our equity ownership position to 0.1% on a fully diluted basis.

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)	 0.10%

Outlook:

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: 2nd Quarter, 2005

Nexcure continues to encounter a difficult market with reduced budgets and program reductions prevalent at most of the company's pharmaceutical clients. The company did have some good project wins, but many were not the size and scope management had expected. This has resulted in a significant revenue shortfall as compared to plan. During the quarter, the company completed the \$400K internal financing round begun last quarter. This capital will likely be sufficient to support operations into a sale. Management has held very productive and encouraging discussions with one potential acquirer and expectations are high that the company will receive a letter of intent in the coming 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.

As reported last quarter, in February, the company proposed a rights offering to the current investors and company management in the form of promissory notes with 100% warrant coverage. During the current quarter, \$220K was raised from management, founders and non-institutional investors, completing the financing at its cap of \$400K. 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 facility with Silicon Valley Bank until the end of September.

Financial results for the quarter reflect the impact of the revenue shortfall. Revenues were below plan by 50% 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 \$250K for the quarter, which was funded by the \$220K 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 of the current quarter, management and the bankers were optimistic that one potential acquirer would put forward an expression of interest letter in the coming quarter. We are hopeful of completing a transaction this year that would net the investors \$5-8 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 June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	600	1,272	-672
Cost of Sales	324	373	+49
Operating Expenses	672	752	+80
EBIT	-396	147	-543
Interest and Taxes	-82	-39	-43
Net Income	-478	108	-586

Fiscal Year-to-Date: Six Months ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	1,271	2,388	-1,117
Cost of Sales	680	753	+73
Operating Expenses	1,308	1,497	+189
EBIT	-717	138	-855
Interest and Taxes	-147	-83	-64
Net Income	-864	55	-919

NEXCURA, INC. (cont.)

Summary Balance Sheet as of June 30, 2005: (\$000)

Cash	\$ 22	Accounts Payable	\$ 423
Accounts Receivable	409	Accrued Expenses	456
Other Current Assets	<u>121</u>	Deferred Revenue	<u>1,149</u>
Total Current Assets	552	Total Current Liabilities	2,028
Net PP&E	14	LOC and Other Liabilities	1,320
Intangibles (Net)	0	Shareholders Equity	18,591
Other Assets	<u>89</u>	Retained Earnings	<u>-21,284</u>
Total Assets	<u>\$ 655</u>	Total Liabilities & Equity	<u>\$ 655</u>

Comments:

The company had a net cash burn of \$250K for the quarter. The company has completed the \$400K financing begun in March, which we expect will be sufficient to support operation into Q4. 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
% Ownership (Full Dilution)	14.7%
Company Valuation at Cardinal Cost	\$32.8 million
Company Valuation at Assigned Fair Value	\$7.7 million

Outlook:

The 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: 2nd Quarter, 2005

Visicu continued its strong sales performance during the period with the addition of 2 new customers, which when coupled with add-ons from existing customers showed a total of 437 ICU beds ordered with a total contract value of \$8.2 million. The company now has 29 customers, representing 113 hospitals. Visicu is actively managing 1,492 ICU beds and has 1,273 additional ICU beds in various stages of implementation. Revenues for the quarter were \$4.2 million, representing a 20% growth over the prior period. Revenues for the year are \$7.7 million and remain ahead of plan. Despite contract delays leading to lower than expected cash flow for the period, management still expects to end the year with over \$20 million in cash. The company is on plan to achieve all of its objectives for 2005 and to be in excellent position to explore investor liquidity options by the end of the year. Management has begun preliminary discussions with some high profile investment bankers.

Financial results for the quarter were on plan excluding gross margin. Revenues were 3% behind as a result of contract signing delays at 2 new clients. Gross margins for the period were 80%, an improvement over the prior period, but still 1% 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 behind plan as a result of the combined effect of lower revenues and margins. The company remains ahead of plan for the year in all areas except gross margin. The company missed its new order forecast for Q2 due to two customers delaying signing into July.

The cash balance at the end of June was \$14 million, \$1.1 higher than last quarter, but \$1.5 million below plan due to the push out of two new contract signings into Q3 2005. Management forecasts the company will operate at cash flow positive for each month of 2005 and end the year with over \$20 million in cash. The company has a \$2 million credit facility that has been unutilized to-date. Management is currently negotiating an increase of this facility to \$5 million to support anticipated capital expenditure requirements in 2006.

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. The company has begun preliminary discussions with investment bankers, towards the goal of a potential Q1 2006 IPO. 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 June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	4,198	4,352	-154
Cost of Sales	836	815	-21
Operating Expenses	3,720	3,798	+78
EBIT	-358	-261	-97
Interest and Taxes	+74	+68	+6
Net Income	-284	-193	-91

Fiscal Year-to-Date: Six Months Ended June 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	7,688	7,611	+77
Cost of Sales	1,575	1,440	-135
Operating Expenses	7,398	7,584	+186
EBIT	-1,285	-1,413	+128
Interest and Taxes	+116	+114	+2
Net Income	-1,169	-1,299	+130

VISICU, INC. (cont.)**Summary Balance Sheet as of June 30, 2005: (\$000)**

Cash	\$ 14,140	Accounts Payable	\$ 564
Accounts Receivable	4,395	Accrued Expenses	932
Prepaid Expenses	<u>452</u>	Other Current Liabilities	<u>5</u>
Total Current Assets	18,987	Total Current Liabilities	1,501
Net PP&E	1,258	Unearned Revenue	38,656
Deferred Costs	4,089	Shareholders Equity	34,856
Other Assets	<u>242</u>	Retained Earnings	<u>-50,437</u>
Total Assets	<u>\$24,576</u>	Total Liabilities & Equity	<u>\$24,576</u>

Comments:

The cash balance at the end of the quarter was \$1.5 million lower than projected due to two contract signings delayed into Q3 2005. The company expects to be cash flow positive for each month of 2005, ending the year with over \$20 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.