

CARDINAL HEALTH PARTNERS, L.P.

QUARTERLY REPORT

2nd QUARTER, 2006

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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, 2006

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TO: The Limited Partners

FROM: John K. Clarke

DATE: August 25, 2006

SUBJECT: Activity for the Quarter ended June 30, 2006

The highlight of the quarter for the Cardinal Health Partners portfolio occurred on April 4, 2006, with the pricing of the initial public offering filing for Visicu. The offering was priced at \$16.00 per share, 14% above the offering range and provided the company with \$102.7 million in net cash proceeds. In other portfolio news, Athena is ahead of both its revenue and income forecast for the year and remains well positioned to provide investor liquidity within the next 12-18 months. Financial performance at AccentCare was steady as the company works to improve its profitability. A synopsis of activity for the quarter at each active portfolio company follows.

AccentCare – Financial results at AccentCare for first quarter of fiscal 2007 (FYE 3/31) were solid, with the company exceeding forecast for revenues and net income, while missing its EBITDA forecast. Revenues for the period were \$26.5 million, a 3.5% growth over the prior quarter, and 2% ahead of budget. Gross margins were 28% for the quarter, an improvement over FY06, but still slightly behind expectations. EBITDA was +\$347K for the period, 12% behind plan due to the higher west coast overhead. AccentCare has now been EBITDA positive for 23 consecutive months and June marked the 23rd consecutive month of positive same store growth for the company. The company expects to complete three acquisitions of Medicare home health companies in the coming months that are forecast to add \$10 million in annualized revenues and \$1.5 million in EDITDA.

AthenaHealth – New contract bookings and revenue growth were strong in Q2 and Athena is poised to turn the corner to profitability during the second half of 2006. The company reached the mid-year mark ahead of both its revenue and income forecasts, however lower new contract bookings than expected, primarily from Q1, will have an impact on budgeted financial performance for the year. Management's reforecast for 2006, reflecting the impact of the missed sales target for 1H 2006, shows revenues of \$77.2 million or \$2 million lower than plan. EBITDA will also be unfavorably impacted as a result of additional spending on sales and marketing, operational infrastructure improvements, and spending in preparation for a potential initial public offering. EBITDA is now forecast to be \$4.4 million for the year, with the company remaining on target to turn solidly profitable in Q4 2006. The annualized revenue run rate at the end of June was \$77.3 million on a contract base of \$87 million. Over the next two quarters, the company will gear up its preparations for the potential of filing for its IPO as early as year-end 2006.

Visicu – In its first quarter as a public company, Visicu (NASDAQ:EICU) reported solid results for Q2 2006, with excellent revenue growth and stronger than expected earnings. Revenue for the second quarter was \$7.5 million, an 80% increase over the same quarter last year and 13% higher than Q1 2006. Net income for the second quarter increased to \$1.2 million, or \$0.04 per diluted share, double the consensus Wall Street estimate of \$0.02 per share. New contract bookings for the quarter were \$6.4 million. Through the six months ended June 30, 2006, existing customers have increased the number of beds being monitored by Visicu's eICU Program by 30%. Notwithstanding these excellent operating results, management has reduced its operating cash flow forecast for 2006 to \$11-\$15 million due to a lengthening of the customer sales and implementation cycle.

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 income for the quarter was \$12.2 million, consisting of \$60K of net operating expenses for the period and \$12.26 million in net unrealized gains. The unrealized gains consisted of a \$12.26 million mark-up on the Visicu investment related to the change in the discounted market value for the period. There was no investment activity in the portfolio this period and there were no investment realizations. The cash balance at June 30, 2006 was \$721K, with partners' net assets totaling \$58.7 million.

Looking forward:

With the Visicu IPO completed and Athena beginning preparations for investor liquidity, we are more confident than ever that the portfolio has value potential substantially beyond that of our current carrying value and are diligently pursuing all avenues to realize that value. We remain committed to achieving the best possible return for our investors and appreciate your input and support.

Please note that effective April 1, 2006, Cardinal Partners has relocated its headquarters office to 600 Alexander Park, Suite 204, Princeton, NJ 08540. Telephone and facsimile numbers remain the same.

CARDINAL HEALTH PARTNERS, L.P.**Income Statement****For the Period Ended June 30, 2006**

| | Three Months Ended 06/30/06 | Six Months Ended 06/30/06 |
|------------------------------------|-----------------------------------|---------------------------------|
| Revenue: | | |
| Non Portfolio Income | \$6,403 | \$12,168 |
| Interest-Equivalent Amounts | 0 | 0 |
| Expenses: | | |
| Management Fee | 57,750 | 115,500 |
| Professional Fees | 8,812 | 18,812 |
| NVCA Dues & Expenses | 0 | 0 |
| Amortization of Organization Costs | 0 | 0 |
| Annual Meeting & Misc. Expenses | 2,500 | 2,500 |
| Total Expenses | 69,062 | 136,812 |
| Net Operating Expense | (62,659) | (124,644) |
| Investment Income | 2,706 | 5,382 |
| Net Income Before Gains (Losses) | (59,953) | (119,262) |
| Realized Gains (Losses) | 0 | 0 |
| Unrealized Gains (Losses) | 12,259,707 | 17,532,699 |
| Net Income (Loss) | \$12,199,754 | \$17,413,437 |

CARDINAL HEALTH PARTNERS, L.P.

**Balance Sheet
As of June 30, 2006**

| ASSETS: | Period Ended 06/30/06 | Period Ended 03/31/06 |
|---|----------------------------------|----------------------------------|
| Cash and Short-Term Investments | \$720,977 | \$815,917 |
| Cash Held in Escrow (Net of Reserve of \$15,425) | 50,000 | 50,000 |
| Accrued Interest (General Partner Promissory Notes) | 28,767 | 26,061 |
| Venture Capital Investments | 57,763,876 | 45,504,169 |
| Receivable from Portfolio Company | 0 | 0 |
| Other Assets | 156,091 | 156,091 |
| | <u>\$58,719,711</u> | <u>\$46,552,238</u> |
| LIABILITIES & CAPITAL: | | |
| Accrued Expenses and Payables | \$14,000 | \$46,280 |
| Investment due Portfolio Company | 0 | 0 |
| Partners' Accounts | 58,705,711 | 46,505,958 |
| Total Liabilities and Capital | <u>\$58,719,711</u> | <u>\$46,552,238</u> |

CARDINAL HEALTH PARTNERS, L.P.**Footnotes****As of June 30, 2006**

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 Cash Held in Escrow: | <u>06/30/06</u> | <u>03/31/06</u> |
| NexCura Holdback Amount | \$65,425 | \$65,425 |
| Accumulated Amortization | <u>(15,425)</u> | <u>(15,425)</u> |
| Total | <u>\$50,000</u> | <u>\$50,000</u> |

| | | |
|----------------------------------|------------------|------------------|
| Note 3 - Net Organization Costs: | <u>06/30/06</u> | <u>03/31/06</u> |
| Organization Costs | \$179,000 | \$179,000 |
| Accumulated Amortization | <u>(179,000)</u> | <u>(179,000)</u> |
| Total | <u>\$0</u> | <u>\$0</u> |

| | | |
|------------------------------|------------------|------------------|
| Note 4 – Other Assets: | <u>06/30/06</u> | <u>03/31/06</u> |
| GP Promissory Note Principal | \$155,041 | \$155,041 |
| Prepaid NJ State Filing Fees | <u>1,050</u> | <u>1,050</u> |
| Total | <u>\$156,091</u> | <u>\$156,091</u> |

| | | |
|---------------------------------|-----------------|-----------------|
| Note 5 - Accrued Expenses: | <u>06/30/06</u> | <u>03/31/06</u> |
| Accounting & Audit | \$14,000 | \$34,000 |
| Management Fees | 0 | 0 |
| NVCA Dues and Other | 0 | 9,280 |
| Legal & Other Professional Fees | <u>0</u> | <u>3,000</u> |
| Total | <u>\$14,000</u> | <u>\$46,280</u> |

| | | |
|---|--------------------|-------------------|
| Note 6 – Financial Highlights (Return & IRR): | <u>Net to LP's</u> | <u>Total Fund</u> |
| Year-to-Date Return on Net Assets | 35.04% | 44.52% |
| Internal Rate of Return Since Inception | 5.75% | 6.90% |

CARDINAL HEALTH PARTNERS, L.P.
Statement of Cash Flows
For the Period Ended June 30, 2006

| | Three Months Ended 06/30/06 | Six Months Ended 06/30/06 |
|--|-----------------------------------|---------------------------------|
| Cash flows from operating activities | | |
| Net Income Before Gains (Losses) | (\$59,954) | (\$119,262) |
| 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 | 0 |
| Accrued Expenses & Payables | (32,280) | (22,280) |
| Net Cash used in Operating Activities | (94,490) | (146,924) |
| 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 | (94,490) | (146,924) |
| Cash and Short Term Investments, beginning | 815,917 | 867,901 |
| Cash and Short Term Investments, ending | \$720,977 | \$720,977 |

CARDINAL HEALTH PARTNERS, L.P.
Schedule of Venture Capital Investments
As of June 30, 2006

| Company | Debt | Equity | Total Cost | Fair Value | Unrealized Gain (Loss) |
|----------------------|-------------|---------------|-------------------|-------------------|-------------------------------|
| AccentCare, Inc. | \$0 | \$4,500,002 | \$4,500,002 | \$428,721 | (\$4,071,281) |
| AthenaHealth, Inc. | 0 | 3,000,000 | 3,000,000 | 10,799,999 | 7,799,999 |
| Esurg Corporation | 0 | 3,999,999 | 3,999,999 | 1,000 | (3,998,999) |
| VISICU, Inc. (ICUSA) | 0 | 4,050,000 | 4,050,000 | 46,534,156 | 42,484,156 |
| Totals | \$0 | \$15,550,001 | \$15,550,001 | \$57,763,876 | \$42,213,875 |

Cardinal Health Partners, L.P.
Statement of Partners' Contributions Accounts
As of June 30, 2006

| | Partners' Total Subscription | Contributions Account 03/31/06 | Period Contribution in Cash | Period Contribution by Note | Contributions Account 06/30/06 | Partners' Outstanding Subscription |
|---|------------------------------|--------------------------------|-----------------------------|-----------------------------|--------------------------------|------------------------------------|
| <u>Limited Partners</u> | | | | | | |
| LACERA | \$10,000,000 | \$10,000,000 | \$0 | \$0 | \$10,000,000 | \$0 |
| Nassau Capital Funds, L.P. | 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 Master Retirement Trust | 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, 2006

| | Private Securities | Public Securities | Cash | Other Assets | Total Assets | Accrued Expenses | Net Assets 06/30/06 |
|--------------------------------------|--------------------|-------------------|-----------|--------------|--------------|------------------|---------------------|
| <u>Limited Partners</u> | | | | | | | |
| LACERA | \$1,653,625 | \$6,852,361 | \$106,169 | \$34,583 | \$8,646,738 | (\$2,062) | \$8,644,676 |
| Nassau Capital Funds, L.P. | 1,488,261 | 6,167,113 | 95,551 | 31,125 | 7,782,050 | (1,855) | 7,780,195 |
| Robert Wood Johnson Foundation | 1,240,223 | 5,139,283 | 79,625 | 25,938 | 6,485,069 | (1,546) | 6,483,523 |
| State Teachers Ret. System. of Ohio | 1,156,195 | 4,791,087 | 74,230 | 24,181 | 6,045,693 | (1,441) | 6,044,252 |
| Northwestern University | 826,806 | 3,426,153 | 53,083 | 17,292 | 4,323,334 | (1,031) | 4,322,303 |
| Fleet Growth Resources (Summit Bank) | 826,806 | 3,426,153 | 53,083 | 17,292 | 4,323,334 | (1,031) | 4,322,303 |
| Pine Street Holdings I LLC | 826,806 | 3,426,153 | 53,083 | 17,292 | 4,323,334 | (1,031) | 4,322,303 |
| WIN 4 Holdings LLC | 496,091 | 2,055,719 | 31,851 | 10,375 | 2,594,036 | (619) | 2,593,417 |
| Wachovia Bank Pension Plan | 496,091 | 2,055,719 | 31,851 | 10,375 | 2,594,036 | (619) | 2,593,417 |
| UNISYS Master Retirement Trust | 413,403 | 1,713,077 | 26,542 | 8,646 | 2,161,668 | (515) | 2,161,153 |
| Venture Investment Associates II | 330,726 | 1,370,474 | 21,232 | 6,917 | 1,729,349 | (412) | 1,728,937 |
| S.R. One Limited | 248,043 | 1,027,849 | 15,924 | 5,188 | 1,297,004 | (309) | 1,296,695 |
| Hillside Capital Incorporated | 165,364 | 685,243 | 10,617 | 3,458 | 864,682 | (206) | 864,476 |
| | \$10,168,440 | \$42,136,384 | \$652,841 | \$212,662 | \$53,170,327 | (\$12,677) | \$53,157,650 |
| <u>General Partner</u> | | | | | | | |
| Cardinal Health Partners Mgmt. | 1,061,280 | 4,397,772 | 68,136 | 22,196 | 5,549,384 | (1,323) | 5,548,061 |
| Total Partnership | \$11,229,720 | \$46,534,156 | \$720,977 | \$234,858 | \$58,719,711 | (\$14,000) | \$58,705,711 |

Cardinal Health Partners, L.P.
Statement of Partners' Capital *
For the Three Months Ended June 30, 2006

| | Partners' Capital 04/01/06 | Net Capital Contributions | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income (Loss) | Unrealized Gains (Losses) | Distributions | Partners' Capital 06/30/06 |
|------------------------------------|-------------------------------|------------------------------|-------------------------|---------------------------------|-------------------------------|------------------------|---------------------------------|---------------|-------------------------------|
| <u>Limited Partners</u> | | | | | | | | | |
| LACERA | \$7,073,179 | \$0 | \$1,029 | (\$8,546) | \$0 | (\$7,517) | \$1,579,014 | \$0 | \$8,644,676 |
| Nassau Capital Funds, L.P. | 6,365,848 | 0 | 926 | (7,691) | 0 | (6,765) | 1,421,112 | 0 | 7,780,195 |
| Robert Wood Johnson Foundation | 5,304,900 | 0 | 773 | (6,410) | 0 | (5,637) | 1,184,260 | 0 | 6,483,523 |
| State Teachers Ret. System of Ohio | 4,945,441 | 0 | 721 | (5,976) | 0 | (5,255) | 1,104,066 | 0 | 6,044,252 |
| Northwestern University | 3,536,554 | 0 | 516 | (4,273) | 0 | (3,757) | 789,506 | 0 | 4,322,303 |
| Fleet Growth Resources | 3,536,554 | 0 | 516 | (4,273) | 0 | (3,757) | 789,506 | 0 | 4,322,303 |
| Pine Street Holdings I LLC | 3,536,554 | 0 | 516 | (4,273) | 0 | (3,757) | 789,506 | 0 | 4,322,303 |
| WIN 4 Holdings, LLC. | 2,121,967 | 0 | 310 | (2,564) | 0 | (2,254) | 473,704 | 0 | 2,593,417 |
| Wachovia Bank Pension Plan | 2,121,967 | 0 | 310 | (2,564) | 0 | (2,254) | 473,704 | 0 | 2,593,417 |
| UNISYS Master Retirement Trust | 1,768,278 | 0 | 258 | (2,137) | 0 | (1,879) | 394,754 | 0 | 2,161,153 |
| Venture Investment Associates II | 1,414,638 | 0 | 206 | (1,710) | 0 | (1,504) | 315,803 | 0 | 1,728,937 |
| S.R. One Limited | 1,060,970 | 0 | 155 | (1,282) | 0 | (1,127) | 236,852 | 0 | 1,296,695 |
| Hillside Capital Incorporated | 707,327 | 0 | 103 | (855) | 0 | (752) | 157,901 | 0 | 864,476 |
| | \$43,494,177 | \$0 | \$6,339 | (\$52,554) | \$0 | (\$46,215) | \$9,709,688 | \$0 | \$53,157,650 |
| <u>General Partner</u> | | | | | | | | | |
| Cardinal Health Partners Mgmt. | 2,856,740 | 0 | 63 | (13,802) | 0 | (13,739) | 2,550,019 | 0 | 5,393,020 |
| Total Partnership | \$46,350,917 | \$0 | \$6,402 | (\$66,356) | \$0 | (\$59,954) | \$12,259,707 | \$0 | \$58,550,670 |

* - 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, 2006

| | Partners' Capital 01/01/06 | Net Capital Contributions | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income (Loss) | Unrealized Gains (Losses) | Distributions | Partners' Capital 06/30/06 |
|------------------------------------|-------------------------------|------------------------------|-------------------------|---------------------------------|-------------------------------|------------------------|---------------------------------|---------------|-------------------------------|
| <u>Limited Partners</u> | | | | | | | | | |
| LACERA | \$6,401,488 | \$0 | \$1,958 | (\$16,928) | \$0 | (\$14,970) | \$2,258,158 | \$0 | \$8,644,676 |
| Nassau Capital Funds, L.P. | 5,761,325 | 0 | 1,762 | (15,235) | 0 | (13,473) | 2,032,343 | 0 | 7,780,195 |
| Robert Wood Johnson Foundation | 4,801,131 | 0 | 1,469 | (12,696) | 0 | (11,227) | 1,693,619 | 0 | 6,483,523 |
| State Teachers Ret. System of Ohio | 4,475,785 | 0 | 1,370 | (11,836) | 0 | (10,466) | 1,578,933 | 0 | 6,044,252 |
| Northwestern University | 3,200,708 | 0 | 980 | (8,464) | 0 | (7,484) | 1,129,079 | 0 | 4,322,303 |
| Fleet Growth Resources | 3,200,708 | 0 | 980 | (8,464) | 0 | (7,484) | 1,129,079 | 0 | 4,322,303 |
| Pine Street Holdings I LLC | 3,200,708 | 0 | 980 | (8,464) | 0 | (7,484) | 1,129,079 | 0 | 4,322,303 |
| WIN 4 Holdings, LLC. | 1,920,459 | 0 | 588 | (5,078) | 0 | (4,490) | 677,448 | 0 | 2,593,417 |
| Wachovia Bank Pension Plan | 1,920,459 | 0 | 588 | (5,078) | 0 | (4,490) | 677,448 | 0 | 2,593,417 |
| UNISYS Master Retirement Trust | 1,600,355 | 0 | 490 | (4,232) | 0 | (3,742) | 564,540 | 0 | 2,161,153 |
| Venture Investment Associates II | 1,280,299 | 0 | 392 | (3,386) | 0 | (2,994) | 451,632 | 0 | 1,728,937 |
| S.R. One Limited | 960,216 | 0 | 294 | (2,539) | 0 | (2,245) | 338,724 | 0 | 1,296,695 |
| Hillside Capital Incorporated | 640,157 | 0 | 196 | (1,693) | 0 | (1,497) | 225,816 | 0 | 864,476 |
| | \$39,363,798 | \$0 | \$12,047 | (\$104,093) | \$0 | (\$92,046) | \$13,885,898 | \$0 | \$53,157,650 |
| <u>General Partner</u> | | | | | | | | | |
| Cardinal Health Partners Mgmt. | 1,773,435 | 0 | 121 | (27,337) | 0 | (27,216) | 3,646,801 | 0 | 5,393,020 |
| Total Partnership | \$41,137,233 | \$0 | \$12,168 | (\$131,430) | \$0 | (\$119,262) | \$17,532,699 | \$0 | \$58,550,670 |

* - 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, 2006

| | Partners' Contribution Account | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income (Loss) | Unrealized Gains (Losses) | Distributions | Partner Transfer | Partners' Account 06/30/06 |
|--|--------------------------------|----------------------|------------------------------|-------------------------|---------------------|---------------------------|----------------|------------------|----------------------------|
| <u>Limited Partners</u> | | | | | | | | | |
| LACERA | \$10,000,000 | \$30,198 | (\$1,240,222) | (\$969,720) | (\$2,179,744) | \$5,437,017 | (\$4,612,597) | \$0 | \$8,644,676 |
| Nassau Capital Funds, L.P. | 9,000,000 | 27,175 | (1,116,202) | (872,746) | (1,961,773) | 4,893,318 | (4,151,350) | 0 | 7,780,195 |
| Robert Wood Johnson Foundation | 7,500,000 | 22,648 | (930,167) | (727,288) | (1,634,807) | 4,077,762 | (3,459,432) | 0 | 6,483,523 |
| State Teachers Ret. System of Ohio | 6,992,127 | 21,119 | (867,180) | (678,039) | (1,524,100) | 3,801,633 | (3,225,408) | 0 | 6,044,252 |
| Northwestern University | 5,000,000 | 15,099 | (620,112) | (484,859) | (1,089,872) | 2,718,510 | (2,306,335) | 0 | 4,322,303 |
| Fleet Growth Resources | 5,000,000 | 15,099 | (620,112) | (484,859) | (1,089,872) | 2,718,510 | (2,306,335) | 0 | 4,322,303 |
| 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 | 1,161 | (25,346) | 326,008 | 301,823 | 3,043,519 | (892,258) | 1,869,219 | 4,322,303 |
| 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 | 2,231 | (187,427) | (602,604) | (787,800) | 1,181,122 | (800,971) | 2,742,497 | 2,593,417 |
| Wachovia Bank Pension Plan | 3,000,000 | 9,059 | (372,065) | (290,916) | (653,922) | 1,631,107 | (1,383,768) | 0 | 2,593,417 |
| UNISYS Master Retirement Trust | 2,500,000 | 7,550 | (310,055) | (242,429) | (544,934) | 1,359,254 | (1,153,167) | 0 | 2,161,153 |
| Venture Investment Associates II | 2,000,000 | 6,039 | (248,043) | (193,944) | (435,948) | 1,087,404 | (922,519) | 0 | 1,728,937 |
| S.R. One Limited | 1,500,000 | 4,530 | (186,033) | (145,458) | (326,961) | 815,553 | (691,897) | 0 | 1,296,695 |
| Hillside Capital Incorporated | 1,000,000 | 3,019 | (124,025) | (96,972) | (217,978) | 543,703 | (461,249) | 0 | 864,476 |
| | \$61,492,127 | \$185,693 | (\$7,626,393) | (\$5,963,005) | (\$13,403,705) | \$33,433,388 | (\$28,364,160) | \$0 | \$53,157,650 |
| <u>General Partner</u> | | | | | | | | | |
| Cardinal Health Partners Mgmt. | 621,133 | 1,874 | (1,165,189) | (2,403,744) | (3,567,059) | 8,780,486 | (286,499) | 0 | 5,548,061 |
| Total Partnership | \$62,113,260 | \$187,567 | (\$8,791,582) | (\$8,366,749) | (\$16,970,764) | \$42,213,874 | (\$28,650,659) | \$0 | \$58,705,711 |

Cardinal Health Partners, L.P.
Comprehensive Fund Investment Summary
For the Period from July 25, 1997 to June 30, 2006

| Portfolio Company | Investment Cost | Assigned Fair Value | Unrealized Gain (Loss) | Proceeds + Realized Value | Realized Gain (Loss) | Cumulative Investment Return |
|---|--------------------|------------------------|---------------------------|---------------------------------|-------------------------|------------------------------------|
| <u>Public Company Investments</u> | | | | | | |
| VISICU, Inc. | \$4,050,000 | \$46,534,156 | \$42,484,156 | \$0 | \$0 | \$42,484,156 |
| <u>Private Company Investments</u> | | | | | | |
| AccentCare, Inc. | 4,500,002 | 428,721 | (4,071,281) | 0 | 0 | (4,071,281) |
| AthenaHealth, Inc. | 3,000,000 | 10,799,999 | 7,799,999 | 0 | 0 | 7,799,999 |
| Esurg Corporation (aka GroupSource) | 3,999,999 | 1,000 | (3,998,999) | 0 | 0 | (3,998,999) |
| <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) |
| NexCura, Inc. | 4,831,812 | 0 | 0 | 420,742 | (4,411,070) | (4,411,070) |
| 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 | \$57,763,876 | \$42,213,875 | \$31,170,772 | (\$8,366,749) | \$33,847,126 |

TO: The Limited Partners

FROM: John J. Park

DATE: July 10, 2006

SUBJECT: Portfolio Valuations for June 30, 2006

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 market unless they are subject to trading restrictions. The valuation of public securities that are restricted are discounted appropriately until the securities may be freely traded. This memorandum delineates the portfolio valuations as proposed by the General Partner for those investments not valued at cost as of June 30, 2006.

ACCENTCARE – In May 2005, the company completed a \$13.8 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. Concurrent with the financing, the company enacted a 100 to 1 reverse split of the outstanding common and preferred stock of the corporation. As a result, 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. The financing took the form of a Series D preferred priced at \$2.2334 per share, triggering the weighted average anti-dilution protection provided for in the Series A and Series B preferred stock. Due to the dilution sustained from this financing, we propose to reduce the valuation for the AccentCare investment to the Series D preferred price on the basis of common stock equivalents. This results in a total carrying value of \$428,721 for the AccentCare investment, with a corresponding accumulated unrealized loss on the investment of \$4,071,281 on our cost basis of \$4,500,002 as of June 30, 2006. This valuation represents no change from the valuation for AccentCare as of March 31, 2006.

Value Computation:

| | | |
|--------------------------------------|---|------------------|
| Series A Convertible Preferred Stock | | |
| 118,035 CSE's x \$2.2334 | = | \$263,619 |
| Series B Convertible Preferred Stock | | |
| 73,924 CSE's x \$2.2334 | = | <u>165,102</u> |
| Total Value | | <u>\$428,721</u> |

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of June 30, 2006
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, 2006. This valuation represents no change from the valuation as of March 31, 2006.

Value Computation:

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

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. In June of 2005, the company dissolved the merger, and did a \$2.5 million “re-start” financing, that further diluted our common stock holdings through a 10 to 1 reverse stock split. 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, 2006, 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, 2006.

Value Computation:

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

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of June 30, 2006
Page 3 of 3

NEXCURA – In November 2005, NexCura was acquired in a cash transaction by Thomson Financial. After settlement of outstanding liabilities and other costs, the total net consideration available to be distributed to the stockholders was \$2.9 million, subject to a 15% holdback (2 year cash escrow) related to the representations and warranties made by NexCura. At closing, Cardinal received a total of \$370,742 in cash, plus \$65,425 as its share of the escrowed funds. We propose to value the holdback funds held in escrow at \$50,000 representing a conservative estimate of the ultimate funds to be received by Cardinal. This amount is recorded on the balance sheet as Net Cash Held in Escrow. As a result of this transaction we have recorded a cash in escrow receivable on the balance sheet totaling \$50,000, recorded a realized loss for \$4,411,070 { \$4,831,812 - (\$370,742 + \$50,000) }, and reversed a previously unrealized loss of \$4,331,812. This valuation represents no change from the valuation as of March 31, 2006.

Value Computation:

| | |
|--|-----------------|
| Series B & Series C Holdback Funds in Escrow | <u>\$50,000</u> |
|--|-----------------|

VISICU (formerly IC-USA) – On April 5, 2006, Visicu (NASDAQ:EICU) completed an initial public offering of its securities priced at \$16.00 per share. Concurrent with the IPO, all of the Cardinal Health Partners preferred stock holdings were converted 1 for 1 into 3,766,423 shares of Visicu common stock, with a combined cost basis of \$4,050,000. All of these common shares are subject to an underwriter's lockup agreement until November 3, 2006. Accordingly, as is stipulated in the Cardinal Standard Valuation Policy, we propose to value Visicu at a 30% discount from the closing market price for June 30, 2006 of \$17.65 per share. This results in a total carrying value for the Visicu investment of \$46,534,156, producing an unrealized gain of \$42,484,156 on our cost basis of \$4,050,000 as of June 30, 2006. This valuation represents an increase of \$12,259,707 from our valuation for Visicu as of March 31, 2006.

Value Computation:

| | |
|----------------------------------|-----------------------|
| Common Stock | |
| 3,766,423 shares x \$17.65 x 70% | = <u>\$46,534,156</u> |

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Investment Valuation Summary
For the Quarter Ended June 30, 2006

| <u>Portfolio Company</u> | <u>Investment</u> | <u>Fair Value</u> <u>06/30/06</u> | <u>Fair Value</u> <u>03/31/06</u> | <u>Change from</u> <u>Prior Quarter</u> | <u>Reason for Change</u> |
|------------------------------------|-------------------|--------------------------------------|--------------------------------------|--|--------------------------|
| AccentCare, Inc. | \$4,500,002 | \$428,721 | \$428,721 | 0 | |
| AthenaHealth, Inc. | 3,000,000 | 10,799,999 | 10,799,999 | 0 | |
| Esurg Corporation/GroupSource | 3,999,999 | 1,000 | 1,000 | 0 | |
| NexCura (formerly CancerFacts.com) | 65,425 | 50,000 | 50,000 | 0 | |
| VISICU, Inc. (formerly ICUSA) | 4,050,000 | 46,534,156 | 34,274,449 | 12,259,707 | Mark-up (note 1) |
| Total Portfolio | \$15,615,426 | \$57,813,876 | \$45,554,169 | \$12,259,707 | |

(1) The Visicu initial public offering went effective on April 5, 2006 at a price of \$16.00 per share. Cardinal holds 3,766,423, shares of Visicu common stock (NASDAQ:EICU). All of these shares are subject to an underwriter's lockup agreement that restricts Cardinal from selling or distributing any of its shares until November 3, 2006. Accordingly, the valuation for Visicu is discounted 30% from the closing price for June 30, 2006 of \$17.65 per share as is stipulated for restricted securities per the Cardinal Valuation Policy.

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

Comprehensive Assistance Living Services for the Elderly Living at Home

Period Summary: 2nd Quarter, 2006

Financial results at AccentCare for first quarter of fiscal 2007 (FYE 3/31) were solid, with the company exceeding forecast for revenues and net income, while missing its EBITDA forecast. Revenues for the period were \$26.5 million, a 3.5% growth over the prior quarter, and 2% ahead of budget. Gross margins were 28% for the quarter, an improvement over FY06, but still slightly behind expectations. EBITDA was +\$347K for the period, 12% behind plan due to the higher west coast overhead. AccentCare has now been EBITDA positive for 23 consecutive months and June marked the 23rd consecutive month of positive same store growth for the company. The company expects to complete three acquisitions of Medicare home health companies in the coming months that are forecast to add \$10 million in annualized revenues and \$1.5 million in EBITDA.

Management has begun implementing a plan to increase from 1% currently to 33%, the proportion of higher margin Medicare reimbursed skilled nursing services in the company's revenue mix. To accomplish this, the company would acquire multiple smaller (<\$10 MM revenue) Medicare service providers located primarily in the Southwestern United States. Management expects to close on the first three acquisitions of Medicare skilled service providers next quarter. These three acquisitions are expected to provide \$10 million in annualized incremental revenues and \$1.5 million in incremental EBITDA. They would be financed by a combination of seller notes and a \$4 million bridge loan facility from the current investor syndicate. We have evaluated the terms for the bridge loan facility and decided to defer any potential investment by Cardinal until we are more convinced the company will require no further significant financing. While AccentCare has seen significant improvement in financial performance over the past 2 years, we still believe the company will require significant additional financing to attain liquidity for the investors.

ACCENTCARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 3/31)

| | <i>FY03 Actual</i> | <i>FY04 Actual</i> | <i>FY05 Actual</i> | <i>FY06 Actual*</i> | <i>FY07 Budget</i> |
|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| Revenues | 54,815 | 82,209 | 92,483 | 100,819 | 108,292 |
| Cost of Services | 37,349 | 62,978 | 68,935 | 72,963 | 77,637 |
| Operating Expenses | 20,508 | 24,533 | 24,110 | 27,194 | 28,759 |
| EBIT | -3,042 | -5,302 | -562 | +662 | +1,896 |
| Interest and Taxes | -558 | -1,910 | -2,721 | -2,457 | -2,074 |
| Net Income | -3,600 | -7,212 | -3,283 | -1,795 | -178 |
| EBITDA | -2,295 | -4,390 | +275 | +1,325 | +2,535 |

* - Subject to Audit

Last Three Months: Quarter Ended June 30, 2006

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 26,586 | 26,025 | +561 |
| Cost of Services | 19,195 | 18,670 | -525 |
| Operating Expenses | 7,173 | 7,117 | -56 |
| EBIT | +218 | +238 | -20 |
| Interest and Taxes | -472 | -650 | +178 |
| Net Income | -254 | -412 | +158 |
| EBITDA | +347 | +393 | -46 |

Fiscal Year-to-Date: Three Months Ended June 30, 2006

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 26,586 | 26,025 | +561 |
| Cost of Services | 19,195 | 18,670 | -525 |
| Operating Expenses | 7,173 | 7,117 | -56 |
| EBIT | +218 | +238 | -20 |
| Interest and Taxes | -472 | -650 | +178 |
| Net Income | -254 | -412 | +158 |
| EBITDA | +347 | +393 | -46 |

ACCENTCARE, INC. (cont.)

Summary Balance Sheet as of June 30, 2006: (\$000)

| | | | |
|----------------------|-----------------|----------------------------|-----------------|
| Cash | \$ 6,025 | Accounts Payable | \$ 2,947 |
| Accounts Receivable | 20,254 | Accrued Expenses | 3,590 |
| Other Current Assets | <u>1,659</u> | Other Current Liabilities | <u>15,364</u> |
| Total Current Assets | 27,938 | Total Current Liabilities | 21,901 |
| Net PP&E | 1,288 | Long Term Liabilities | 7,766 |
| Intangibles (Net) | 12,093 | Shareholders Equity | 62,143 |
| Other Assets | <u>557</u> | Retained Earnings | <u>-49,934</u> |
| Total Assets | <u>\$41,876</u> | Total Liabilities & Equity | <u>\$41,876</u> |

Comments:

Overall liquidity at AccentCare remained relatively stable over the first quarter of fiscal 2007. The company is \$900K behind its cash forecast due to lower draws than forecast against the A/R line, plus payment of \$500K related to an acquisition. Working capital needs will be supported by the A/R facility that currently has over \$2.5 million available.

Cardinal Health Partners Holdings:

| | |
|--|------------------|
| Series A Convertible Preferred Stock | 2,500,000 shares |
| Assigned Fair Value (118,035 CSE's x \$2.2334) | \$263,619 |
| Investment Cost | \$2,500,000 |
| Cost per Share | \$1.00 |
| Series B Convertible Preferred Stock | 1,176,472 shares |
| Assigned Fair Value (73,924 CSE's x \$2.2334) | \$165,102 |
| Investment Cost | \$2,000,002 |
| Cost per Share | \$1.70 |
| % Ownership (Full Dilution) | 1.25% |
| Company Valuation at Cardinal Cost | \$360.0 million |
| Company Valuation at Assigned Fair Value | \$34.3 million |

Outlook:

We are cautiously optimistic about the long term prospects for AccentCare. However, the June 2005 financing substantially diluted our interest, reducing our expectations for a positive return from this investment.

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

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 2nd Quarter, 2006

New contract bookings and revenue growth were strong in Q2 and Athena is poised to turn the corner to profitability during the second half of 2006. The company reached the mid-year mark ahead of both its revenue and income forecasts, however lower new contract bookings than expected, primarily from Q1, will have an impact on budgeted financial performance for the year. Management's reforecast for 2006, reflecting the impact of the missed sales target for 1H 2006, shows revenues of \$77.2 million or \$2 million lower than plan. EBITDA will also be unfavorably impacted as a result of additional spending on sales and marketing, operational infrastructure improvements, and spending in preparation for a potential initial public offering. EBITDA is now forecast to be \$4.4 million for the year, with the company remaining on target to turn solidly profitable in Q4 2006. The annualized revenue run rate at the end of June was \$77.3 million on a contract base of \$87 million.

Revenues for the quarter were \$18.5 million, 11% higher than the previous quarter and 1.3% over budget. Gross profits increased 7.8% over Q1 to \$8.7 million, while margins declined slightly driven by the timing of operations spending and the ramp up of costs related to a new business segment ahead of any corresponding revenue. EBITDA went from a negative result in Q1 2006 to a positive \$738K, which was slightly below forecast for the period. The primary cause for missing forecast was a recharacterization of \$170K per month from capitalized costs to product development expenses, due to an accounting change adopted during the period. Despite this result, the company remains well ahead of its EBITDA budget for the year. Net income improved by \$628K as compared to the prior quarter and is now \$802K ahead of plan for the year. Total cash at the end of the quarter was \$11.4 million, almost \$500K ahead of plan.

Athena has more than adequate capital resources to be financially self-sustaining until a liquidity event for the investors. During the quarter, management continued its discussions with leading investment bankers and has concluded that the company should begin preparations for a potential initial public offering. Over the next two quarters, the company will gear up its preparations with the goal of being prepared to file for its IPO as early as year-end 2006. We continue to view Athena as a very attractive candidate for a successful liquidity event in the next 12-18 months.

ATHENAHEALTH, INC (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

| | <i>2002 Actual</i> | <i>2003 Actual</i> | <i>2004 Actual</i> | <i>2005 Actual</i> | <i>2006 Budget</i> |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | 11,985 | 24,666 | 38,938 | 53,540 | 79,248 |
| Direct Expenses | 10,137 | 16,148 | 20,512 | 27,751 | 39,973 |
| SG&A | 8,860 | 10,501 | 17,655 | 29,944 | 32,429 |
| EBITDA | -7,012 | -1,983 | 771 | -4,155 | 6,846 |
| Depreciation | -2,493 | -2,894 | -3,159 | -5,483 | -6,094 |
| Interest and Taxes | -55 | -475 | -1,222 | -1,755 | -3,061 |
| Net Income | -9,560 | -5,352 | -3,610 | -11,393 | -2,309 |

Last Three Months: Quarter Ended June 30, 2006

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 18,547 | 18,302 | +245 |
| Direct Expenses | 9,895 | 9,617 | -278 |
| SG&A | 7,904 | 7,898 | -6 |
| EBITDA | +748 | +787 | -39 |
| Depreciation | -1,512 | -1,517 | +5 |
| Interest and Taxes | -625 | -753 | +128 |
| Net Income | -1,389 | -1,483 | +94 |

Fiscal Year-to-Date: Six Months Ended June 30, 2006

| | <i>Actual</i> | <i>Budget</i> | <i>Variance</i> |
|--------------------|---------------|---------------|-----------------|
| Revenues | 35,314 | 35,224 | +90 |
| Direct Expenses | 18,633 | 18,587 | -46 |
| SG&A | 15,984 | 16,480 | +496 |
| EBITDA | +697 | +157 | +540 |
| Depreciation | -2,952 | -2,982 | +30 |
| Interest and Taxes | -1,204 | -1,437 | +233 |
| Net Income | -3,459 | -4,262 | +803 |

ATHENAHEALTH, INC. (cont.)

Summary Balance Sheet as of June 30, 2006: (\$000)

| | | | |
|----------------------|-----------------|----------------------------|-----------------|
| Cash | \$ 11,389 | A/P and Accrued Expenses | \$ 4,875 |
| Accounts Receivable | 8,925 | Deferred Revenue | 3,165 |
| Other Current Assets | <u>1,811</u> | Current Portion of Debt | <u>9,311</u> |
| Total Current Assets | 22,125 | Total Current Liabilities | 18,597 |
| Net PP&E | 14,259 | Long Term Liabilities | 27,519 |
| Intangibles (Net) | 2,005 | Shareholders Equity | 51,778 |
| Other Assets | <u>190</u> | Retained Earnings | <u>-59,315</u> |
| Total Assets | <u>\$38,579</u> | Total Liabilities & Equity | <u>\$38,579</u> |

Comments:

Athena is \$495K ahead of cash forecast for the year. The company continues to invest heavily in infrastructure to support future growth and in preparation for a potential IPO. Spending that was not in the original budget for 2006 will be funded by an expansion to the current sub-debt facility. Management expects to be operationally cash flow positive beginning in Q3 2006.

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.

ESURG CORPORATION
(aka Group Source Solutions, Inc.)
Seattle, WA
{www.esurg.com}

Online Supplies for Outpatient Surgery Centers

Period Summary: 2nd Quarter, 2006

There is nothing new to report related to the Cardinal investment in Esurg Corporation. By way of review, in May 2004, Esurg completed a merger with Integrated Logistics Systems Group (ILS), a Midwest-based medical supply distributor. The combined entity was renamed to 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.

In June 2005, 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 and change the name back to Esurg. While this was 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 on the Esurg investment.

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

eCare Tools for Chronic Disease Management

Period Summary: 2nd Quarter, 2006

As reported previously, NexCura was acquired on November 3, 2005, in a \$6.9 million cash transaction by Thomson, Inc., the \$8B financial publisher. After settlement of outstanding liabilities and other costs, the net consideration available for distribution to the stockholders was \$2.9 million, subject to a 15% holdback (2 year escrow) related to the representations and warranties made by NexCura. At closing, Cardinal received a total of \$370,742 in cash, plus \$65,425 representing its share of the escrowed funds. We expect to receive substantially all of the holdback funds when released in November 2007. We have valued the holdback funds held in escrow at \$50,000 representing a conservative estimate of the ultimate funds to be received by Cardinal. This amount is recorded on the balance sheet as Net Cash Held in Escrow.

Cardinal Health Partners Holdings:

| | |
|------------------------------|-----------------|
| Cash Holdback Held in Escrow | \$ 64,425 |
| Reserve Against Escrow | <u>(15,425)</u> |
| Net Cash Held in Escrow | \$ 50,000 |

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

Remote Monitoring Services for Intensive Care Hospital Units

Period Summary: 2nd Quarter, 2006

In its first quarter as a public company, Visicu (NASDAQ:EICU) reported solid results for Q2 2006, with excellent revenue growth and stronger than expected earnings. Revenue for the second quarter was \$7.5 million, an 80% increase over the same quarter last year and 13% higher than Q1 2006. Net income for the second quarter increased to \$1.2 million, or \$0.04 per diluted share, double the consensus Wall Street estimate of \$0.02 per share. New contract bookings for the quarter were \$6.4 million. Through the six months ended June 30, 2006, existing customers have increased the number of beds being monitored by Visicu's eICU Program by 30%. Notwithstanding these excellent operating results, management has reduced its operating cash flow forecast for 2006 to \$11-\$15 million due to a lengthening of the customer sales and implementation cycle.

Visicu reported significantly higher revenues and operating income for the first half of 2006 over the same period from the prior year. Revenue for the six months ended June 30, 2006 was \$14.2 million, an 85% increase over the same period last year. Adjusted operating income for the period increased to \$2.8 million, resulting in a 19.7% adjusted operating margin, from an adjusted operating loss of \$1.3 million for the same period in 2005. Adjusted operating income (loss) and adjusted operating margin exclude non-cash stock-based compensation expense included in the GAAP results. GAAP net income for the six months ended June 30, 2006 was \$1.6 million as compared to a net loss of 1.6 million for the same period in 2005. Earnings per share for the period were \$0.05 as compared to a net loss per share of \$0.54 for 2005. Total revenue backlog at the end of the second quarter amounted to \$73.4 million, a year-to-date increase of \$3.2 million over December 31, 2005.

During its quarterly conference call, management indicated that the sales and implementation cycle is lengthening as the company moves from "early adopters" to the mass market. New contract bookings in Q2 were \$6.4 million as compared to \$8.4 million in Q1 2006. Given this somewhat slower pace of system activations for 2006, management has reduced its forecast for operating cash flow for the year from \$16-\$20 million to \$11-\$15 million.

In April 2006, Visicu completed an initial public offering of 6.9 million shares at a price to the public of \$16 per share. In conjunction with the offering, all of Cardinal's preferred holdings were converted into 3,766,423 shares of Visicu common stock. All of the Cardinal shares are subject to an underwriter's lockup agreement until November 3, 2006. The company received net cash proceeds of approximately \$102.7 million from the offering. With substantial capital resources and its strong cash flow business model, we remain very confident the Visicu investment will produce an excellent return.

VISICU, INC. (cont.)**FINANCIAL SUMMARY: (\$000)****Statement of Operations:**

| | <u>Three Months Ended</u> | | <u>Six Months Ended</u> | |
|---------------------------------|---------------------------|-----------------|-------------------------|-----------------|
| | <u>06/30/06</u> | <u>06/30/05</u> | <u>06/30/06</u> | <u>06/30/05</u> |
| Revenues | 7,529 | 4,193 | 14,198 | 7,688 |
| Cost of Sales | 1,438 | 877 | 2,841 | 1,632 |
| Operating Expenses | <u>4,975</u> | <u>3,890</u> | <u>9,789</u> | <u>7,688</u> |
| Income (Loss) from Operations | +1,116 | -574 | +1,568 | -1,632 |
| Other Income (Expense) | +1,183 | +71 | +1,321 | -244 |
| Tax Benefit (Expense) | <u>-1,056</u> | <u>-1</u> | <u>-1,332</u> | <u>-2</u> |
| Net Income (Loss) | +1,243 | -504 | +1,557 | -1,878 |
| Diluted Earnings Per Share (\$) | +\$0.04 | -\$0.15 | +0.05 | -\$0.54 |

Summary Balance Sheet as of June 30, 2006:

| | | | |
|---------------------------|------------------|----------------------------|------------------|
| Cash | \$118,128 | Accounts Payable | \$ 1,198 |
| Receivables | 7,139 | Accrued Expenses | 1,166 |
| Other Current Assets | <u>9,287</u> | Deferred Revenue | <u>26,051</u> |
| Total Current Assets | 134,554 | Total Current Liabilities | 28,415 |
| Net PP&E | 1,610 | Long Term Liabilities | 22,347 |
| Intangible & Other Assets | <u>11,879</u> | Shareholders Equity (Net) | <u>97,281</u> |
| Total Assets | <u>\$148,043</u> | Total Liabilities & Equity | <u>\$148,043</u> |

Comments:

With proceeds of \$102.7 million from its IPO in April, the company has more than adequate capital resources to support operations for the foreseeable future.

Cardinal Health Partners Holdings:

| | |
|---|------------------|
| Common Stock | 3,766,423 shares |
| Assigned Fair Value (3,766,423 x \$17.65 x 70%) | \$46,534,156 |
| Investment Cost | \$4,050,000 |
| Cost per Share | \$1.075 |
| % Ownership (Shares Outstanding) | 11.7% |
| Company Valuation at Cardinal Cost | \$34.7 million |
| Company Valuation at Market (\$17.65 per share) | \$569.1 million |