

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

**QUARTERLY REPORT**

**3rd QUARTER, 2005**

The information set forth in this report is confidential. It includes trade secrets and proprietary commercial and financial information regarding the business, operations and financial condition of one or more of the investment partnerships (the “Funds”) affiliated with CARDINAL PARTNERS and such Funds’ respective portfolio companies. This information is provided with the understanding that each limited partner will maintain the strict confidentiality of the information and will use it solely in respect of such limited partner’s participation as an investor in one or more of the Funds and not for any other purpose. No limited partner may disclose or reproduce any portion of the information contained in this report without the prior consent of CARDINAL PARTNERS.

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](mailto:johnpark@cardinalpartners.com).

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

**QUARTERLY REPORT**

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**TABLE OF CONTENTS**

QUARTERLY ACTIVITY SUMMARY .....	1
FINANCIAL STATEMENTS .....	3
SUMMARY VALUATION MEMO .....	13
ACCENTCARE, INC. ....	18
ATHENAHEALTH, INC. ....	21
ESURG CORPORATION (aka GROUP SOURCE SOLUTIONS, INC.) .....	24
NEXCURA, INC. (Formerly CANCERFACTS.COM) .....	25
VISICU, INC. (Formerly IC-USA, INC.) .....	28

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TO: The Limited Partners

FROM: John K. Clarke

DATE: November 15, 2005

SUBJECT: Activity for the Quarter ended September 30, 2005

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Activity for the quarter focused on portfolio progress towards building value and attaining liquidity. Athena and VISICU continued to perform well both operationally and financially. Each is well positioned to provide investor liquidity within the next 12-18 months, with Visicu beginning its process for filing an initial public offering this quarter. Financial performance at AccentCare also showed more improvement as the company works to improve its profitability. At NexCura, management has reached agreement for the company to be acquired and expects to close the transaction next quarter. A synopsis of activity for the quarter at each active portfolio company follows.

***AccentCare*** – Financial performance at AccentCare continues to show significant improvement. Over the past 12 months, revenues have grown 15%, gross margin has improved, overhead has been reduced by over 15% and EBITDA has improved by \$3.0 million. Financial results for the current period reflect a \$1.5 million positive adjustment related to an over accrual of workers compensation costs in CA for prior fiscal years. The adjustment is being booked ratably over the 12 months of Fiscal 2006, with each month reflecting a \$125K reduction in expense. Management's forecast for the next 12 months shows revenues of \$106 million, with EBITDA of \$3 million. The company has been EBITDA positive for 13 consecutive months.

***AthenaHealth*** – Athena has performed well for the first nine months of 2005 as compared to plan, posting better than forecast results for all metrics except revenues. Athena will miss its revenue target for the year due to lower than forecast sales for Q2 and implementations running slightly behind plan. 2005 was forecast to be a year of significant investment for growth (sales/marketing along with product development). The company has adequate capital resources to support its continued growth and infrastructure investment, but will likely restructure its debt in the coming months to free up more liquidity. Management forecasts the company to end 2005 with revenues of \$54 million and a sales backlog of \$20 million. 2006 revenues are forecast to be \$85 million, with the company turning profitable by mid-year. Management has begun discussions with investment bankers towards a potential late 2006/early 2007 initial public offering.

**NexCura** – During the quarter, NexCura had some good project wins and exceeded its forecast for the first time this year. The company operated at cash flow neutral and will likely have sufficient resources to support operations into a sale. Management held very productive and encouraging discussions with one potential acquirer and as the quarter ended was in final negotiations on an agreement of sale. Under the terms of the agreement, NexCura would be purchased by Thomson Financial for \$6.9 million in cash, netting the investors about \$3.75 million after settlement of all outstanding liabilities. Cardinal would receive approximately \$500K, with 15% held in escrow for one year. While we were hopeful of completing a transaction that would have netted more to the investors, we are satisfied that we have attained the best result for the investors, as well as the employees and customers of the company.

**Visicu** – The company ended Q3 2005 with 29 customers under contract for a total of 3,558 ICU beds. Revenues for 2005 are expected to be in excess of \$19 million, an increase of 244% over 2004. In addition, the company is on target to end the year with a signed contract backlog exceeding \$60 million. Expenses for the year are favorable to budget due to lower than forecast headcount and outside consulting fees. Overall, the company is on sound financial footing, with more than adequate capital resources to support operations and continued growth. Management has initiated its effort to file for an initial public offering with a leading investment banker. We are hopeful of reporting an initial filing with the SEC next quarter.

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 \$515,786, consisting of \$85K of net operating expenses for the period plus \$600,559 in net unrealized gains consisting of a \$1.2 million mark-up on Visicu offset by the \$600K write down for NexCura. There was no investment activity in the portfolio, nor were there any investment realizations during the period. The cash balance at the end of the period was \$9K, with partners' net assets totaling \$15.6 million.

### **Looking forward:**

Our Limited Partner Annual Meeting will be held in New York City on Thursday, December 1<sup>st</sup> at the Mandarin Oriental Hotel beginning at 10:00 am. A complete agenda for the meeting has been inserted with this report. Should you have any questions regarding the meeting, please contact our meeting coordinator Pam Shaw at our Princeton office. We hope to see many of you in New York.

We are confident 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.

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

	Three Months Ended 09/30/05	Nine Months Ended 09/30/05
Revenue:		
Non Portfolio Income	\$12	\$36
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	81,909	245,727
Professional Fees	5,500	17,250
NVCA Dues & Expenses	0	0
Amortization of Organization Costs	0	0
Annual Meeting & Misc. Expenses	112	2,931
Total Expenses	87,521	265,908
Net Operating Expense	(87,509)	(265,872)
Investment Income	2,736	8,117
Net Income Before Gains (Losses)	(84,773)	(257,755)
Realized Gains (Losses)	0	0
Unrealized Gains (Losses)	600,559	(2,297,541)
Net Income (Loss)	\$515,786	(\$2,555,296)

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

**Balance Sheet**

**As of September 30, 2005**

<b>ASSETS:</b>	<b>Period Ended 09/30/05</b>	<b>Period Ended 06/30/05</b>
Cash and Short-Term Investments	\$9,298	\$9,361
Accrued Interest (General Partner Promissory Notes)	20,649	17,914
Escrow for Investment	0	0
Venture Capital Investments	16,148,919	15,548,360
Receivable from Portfolio Company	0	0
Other Assets	156,091	156,091
	<u>\$16,334,957</u>	<u>\$15,731,726</u>
<b>LIABILITIES &amp; CAPITAL:</b>		
Accrued Expenses and Payables	\$715,645	\$628,199
Investment due Portfolio Company	0	0
Partners' Accounts	15,619,312	15,103,527
Total Liabilities and Capital	<u>\$16,334,957</u>	<u>\$15,731,726</u>

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

**Footnotes**

**As of September 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:	<u>09/30/05</u>	<u>06/30/05</u>
Organization Costs	\$179,000	\$179,000
Accumulated Amortization	<u>(179,000)</u>	<u>(179,000)</u>
Total	<u>\$0</u>	<u>\$0</u>

Note 3 – Other Assets:	<u>09/30/05</u>	<u>06/30/05</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 4 - Accrued Expenses:	<u>09/30/05</u>	<u>06/30/05</u>
Accounting & Audit	\$16,500	\$11,000
Management Fees	686,618	604,909
NVCA Dues and Other	12,327	12,290
Legal & Other Professional Fees	<u>0</u>	<u>0</u>
Total	<u>\$715,645</u>	<u>\$628,199</u>

Note 5 – Financial Highlights (Return & IRR):	<u>Net to LP's</u>	<u>Total Fund</u>
Year-to-Date Return on Net Assets	-14.06%	-14.06%
Internal Rate of Return Since Inception	-8.31%	-8.31%

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

	Three Months Ended 09/30/05	Nine Months Ended 09/30/05
<b>Cash flows from operating activities</b>		
Net Income Before Gains (Losses)	(\$84,773)	(\$257,755)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	(2,736)	(8,118)
Net Organization Costs	0	0
Other Assets	0	21,804
Accrued Expenses & Payables	87,446	241,985
Net Cash used in Operating Activities	(63)	(2,084)
<b>Cash flows from investing activities</b>		
Purchases of venture capital investments	0	0
Sales of venture capital investments	0	0
Net cash used in investing activities	0	0
<b>Cash flows from financing activities</b>		
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	 (63)	 (2,084)
Cash and Short Term Investments, beginning	9,361	11,382
Cash and Short Term Investments, ending	\$9,298	\$9,298



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

<b>Company</b>	<b>Debt</b>	<b>Equity</b>	<b>Total Cost</b>	<b>Fair Value</b>	<b>Unrealized Gain (Loss)</b>
AccentCare, Inc.	\$0	\$4,500,002	\$4,500,002	\$1,000,000	(\$3,500,002)
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)
NexCura (CancerFacts)	0	4,831,812	4,831,812	500,000	(4,331,812)
VISICU, Inc. (ICUSA)	0	4,050,000	4,050,000	3,847,920	(202,080)
Totals	\$0	\$20,381,813	\$20,381,813	\$16,148,919	(\$4,232,894)

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

	Partners' Total Subscription	Contributions Account 06/30/05	Period Contribution in Cash	Period Contribution by Note	Contributions Account 09/30/05	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 September 30, 2005**

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 09/30/05
<u>Limited Partners</u>							
LACERA	\$2,599,970	\$0	\$1,496	\$28,454	\$2,629,920	(\$115,218)	\$2,514,702
Nassau Capital Funds	2,339,958	0	1,347	25,609	2,366,914	(103,696)	2,263,218
Robert Wood Johnson Foundation	1,949,991	0	1,122	21,342	1,972,455	(86,415)	1,886,040
State Teachers Ret. System. of Ohio	1,817,705	0	1,045	19,894	1,838,644	(80,552)	1,758,092
Northwestern University	1,299,945	0	749	14,227	1,314,921	(57,608)	1,257,313
Fleet Growth Resources (Summit Bank)	1,299,945	0	749	14,227	1,314,921	(57,608)	1,257,313
Pine Street Holdings I LLC	1,299,945	0	749	14,227	1,314,921	(57,608)	1,257,313
WIN 4 Holdings LLC	780,005	0	448	8,537	788,990	(34,566)	754,424
Wachovia Bank Pension Plan	780,005	0	448	8,537	788,990	(34,566)	754,424
UNISYS	649,974	0	374	7,114	657,462	(28,804)	628,658
Venture Investment Associates II	519,994	0	300	5,691	525,985	(23,044)	502,941
S.R. One Limited	389,988	0	224	4,268	394,480	(17,282)	377,198
Hillside Capital Incorporated	260,005	0	149	2,846	263,000	(11,522)	251,478
	\$15,987,430	\$0	\$9,200	\$174,973	\$16,171,603	(\$708,489)	\$15,463,114
<u>General Partner</u>							
Cardinal Health Partners Mgmt.	161,489	0	98	1,767	163,354	(7,156)	156,198
Total Partnership	\$16,148,919	\$0	\$9,298	\$176,740	\$16,334,957	(\$715,645)	\$15,619,312

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

	Partners' Capital 07/01/05	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Distributions	Partners' Capital 09/30/05
<u>Limited Partners</u>									
LACERA	\$2,431,663	\$0	\$2	(\$13,651)	\$0	(\$13,649)	\$96,688	\$0	\$2,514,702
Nassau Capital Funds,	2,188,481	0	2	(12,285)	0	(12,283)	87,020	0	2,263,218
Robert Wood Johnson Foundation	1,823,762	0	1	(10,238)	0	(10,237)	72,515	0	1,886,040
State Teachers Ret. System of Ohio	1,700,031	0	1	(9,545)	0	(9,544)	67,605	0	1,758,092
Northwestern University	1,215,793	0	1	(6,825)	0	(6,824)	48,344	0	1,257,313
Fleet Growth Resources	1,215,793	0	1	(6,825)	0	(6,824)	48,334	0	1,257,313
Pine Street Holdings I LLC	1,215,793	0	1	(6,825)	0	(6,824)	48,344	0	1,257,313
WIN 4 Holdings, LLC.	729,511	0	1	(4,094)	0	(4,093)	29,006	0	754,424
Wachovia Bank Pension Plan	729,511	0	1	(4,094)	0	(4,093)	29,006	0	754,424
UNISYS	607,899	0	0	(3,413)	0	(3,413)	24,172	0	628,658
Venture Investment Associates II	486,333	0	0	(2,730)	0	(2,730)	19,338	0	502,941
S.R. One Limited	364,743	0	0	(2,048)	0	(2,048)	14,503	0	377,198
Hillside Capital Incorporated	243,174	0	1	(1,365)	0	(1,364)	9,668	0	251,478
	\$14,952,487	\$0	\$12	(\$83,938)	\$0	(\$83,926)	\$594,553	\$0	\$15,463,114
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	(4,001)	0	0	(848)	0	(848)	6,006	0	1,157
Total Partnership	\$14,948,486	\$0	\$12	(\$84,786)	\$0	(\$84,774)	\$600,559	\$0	\$15,464,271

\* - 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 Nine Months Ended September 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 09/30/05
<u>Limited Partners</u>									
LACERA	\$2,926,093	\$0	\$6	(\$41,503)	\$0	(\$41,497)	(\$369,894)	\$0	\$2,514,702
Nassau Capital Funds,	2,633,471	0	5	(37,353)	0	(37,348)	(332,905)	0	2,263,218
Robert Wood Johnson Foundation	2,194,586	0	4	(31,128)	0	(31,124)	(277,422)	0	1,886,040
State Teachers Ret. System of Ohio	2,045,744	0	4	(29,020)	0	(29,016)	(258,636)	0	1,758,092
Northwestern University	1,463,010	0	3	(20,752)	0	(20,749)	(184,948)	0	1,257,313
Fleet Growth Resources	1,463,010	0	3	(20,752)	0	(20,749)	(184,948)	0	1,257,313
Pine Street Holdings I LLC	1,463,010	0	3	(20,752)	0	(20,749)	(184,948)	0	1,257,313
WIN 4 Holdings, LLC.	877,841	0	2	(12,450)	0	(12,448)	(110,969)	0	754,424
Wachovia Bank Pension Plan	877,841	0	2	(12,450)	0	(12,448)	(110,969)	0	754,424
UNISYS	731,507	0	1	(10,376)	0	(10,375)	(92,474)	0	628,658
Venture Investment Associates II	585,220	0	1	(8,301)	0	(8,300)	(73,979)	0	502,941
S.R. One Limited	438,907	0	1	(6,226)	0	(6,225)	(55,484)	0	377,198
Hillside Capital Incorporated	292,617	0	1	(4,150)	0	(4,149)	(36,990)	0	251,478
	\$17,992,857	\$0	\$36	(\$255,213)	\$0	(\$255,177)	(\$2,274,566)	\$0	\$15,463,114
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	26,710	0	0	(2,578)	0	(2,578)	(22,975)	0	1,157
Total Partnership	\$18,019,567	\$0	\$36	(\$257,791)	\$0	(\$257,755)	(\$2,297,541)	\$0	\$15,464,271

\* - 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 September 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 09/30/05
<u>Limited Partners</u>									
LACERA	\$10,000,000	\$27,943	(\$1,382,045)	(\$657,720)	(\$2,011,822)	(\$860,879)	(\$4,612,597)	\$0	\$2,514,702
Nassau Capital Funds	9,000,000	25,147	(1,243,843)	(591,946)	(1,810,642)	(774,790)	(4,151,350)	0	2,263,218
Robert Wood Johnson Foundation	7,500,000	20,957	(1,036,535)	(493,288)	(1,508,866)	(645,662)	(3,459,432)	0	1,886,040
State Teachers Ret. System of Ohio	6,992,127	19,542	(966,346)	(459,885)	(1,406,689)	(601,938)	(3,225,408)	0	1,758,092
Northwestern University	5,000,000	13,971	(691,024)	(328,860)	(1,005,913)	(430,439)	(2,306,335)	0	1,257,313
Fleet Growth Resources	5,000,000	13,971	(691,024)	(328,860)	(1,005,913)	(430,439)	(2,306,335)	0	1,257,313
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	33	(96,258)	482,007	385,782	(105,430)	(892,258)	1,869,219	1,257,313
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	1,555	(229,974)	(509,004)	(737,423)	(708,248)	(800,971)	2,742,497	754,424
Wachovia Bank Pension Plan	3,000,000	8,383	(414,612)	(197,316)	(603,545)	(258,263)	(1,383,768)	0	754,424
UNISYS	2,500,000	6,986	(345,511)	(164,429)	(502,954)	(215,221)	(1,153,167)	0	628,658
Venture Investment Associates II	2,000,000	5,588	(276,408)	(131,544)	(402,364)	(172,176)	(922,519)	0	502,941
S.R. One Limited	1,500,000	4,192	(207,307)	(98,658)	(301,773)	(129,132)	(691,897)	0	377,198
Hillside Capital Incorporated	1,000,000	2,794	(138,207)	(65,772)	(201,185)	(86,088)	(461,249)	0	251,478
	\$61,492,127	\$171,828	(\$8,498,498)	(\$4,044,454)	(\$12,371,124)	(\$5,293,729)	(\$28,364,160)	\$0	\$15,463,114
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	621,133	1,734	(1,329,779)	88,775	(1,239,270)	1,060,834	(286,499)	0	156,198
Total Partnership	\$62,113,260	\$173,562	(\$9,828,277)	(\$3,955,679)	(\$13,610,394)	(\$4,232,895)	(\$28,650,659)	\$0	\$15,619,312

**Cardinal Health Partners, L.P.**  
**Comprehensive Fund Investment Summary**  
**For the Period from July 25, 1997 to September 30, 2005**

Portfolio Company	Investment Cost	Assigned Fair Value	Unrealized Gain (Loss)	Proceeds + Realized Value	Realized Gain (Loss)	Cumulative Investment Return
<b><u>Private Company Investments</u></b>						
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
Esurg Corporation (aka GroupSource)	3,999,999	1,000	(3,998,999)	0	0	(3,998,999)
NexCura, Inc.	4,831,812	500,000	(4,331,812)	0	0	(4,331,812)
VISICU, Inc.	4,050,000	3,847,920	(202,080)	0	0	(202,080)
<b><u>Fully Disposed Investments</u></b>						
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	\$16,148,919	(\$4,232,894)	\$30,750,030	(\$3,955,679)	(\$8,188,573)

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TO: The Limited Partners

FROM: John J. Park

DATE: October 15, 2005

SUBJECT: Portfolio Valuations for September 30, 2005

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Investment securities held by Cardinal Health Partners, L.P. (the “Partnership”) have been valued in accordance with the Amended Standard Valuation Policy of the Partnership. In accordance with the Policy, restricted securities are valued at cost, until subsequent events of a significant nature indicate the need for a change. 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 September 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 the \$1,000,000 valuation, the unrealized loss on the investment is \$3,500,002 on our cost basis of \$4,500,002 as of September 30, 2005. This valuation represents no change from the valuation for AccentCare as of June 30, 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 September 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 September 30, 2005. This valuation represents no change from the valuation as of June 30, 2005.

Value Computation:

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

**ESURG CORPORATION/GROUPSOURCE**– 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, GroupSource 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 September 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 June 30, 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 September 30, 2005**  
**Page 3 of 3**

**NEXCURA** – In September 2005, the company reached agreement to be acquired in a cash transaction for \$6.9 million. We propose to value our investment at \$500,000 representing the current estimate of Cardinal's share of the proceeds after settlement of all outstanding liabilities. At a \$500,000 valuation, the accumulated unrealized loss on the investment is \$4,381,812 on a cost basis of \$4,831,812 as of September 30, 2005. This valuation represents a decrease of \$642,361 from the valuation as of June 30, 2005.

Value Computation:

Series B Convertible Preferred Stock		
10,224,654 shares at Liquidation Value	=	\$250,000
Series C Convertible Preferred Stock		
1,737,238 shares at Liquidation Value	=	<u>250,000</u>
Total Value		<u>\$500,000</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 Series C 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. In September 2005, the Board approved a \$0.33 per share cash distribution to the shareholders. Cardinal will receive \$1,242,920 in October 2005. We propose to add this amount to investment valuation for Visicu as of September 30, 2005. This results in a carrying value of \$3,847,920, producing an unrealized loss of \$1,202,080 on our cost basis of \$4,050,000 as of September 30, 2005. This valuation represents an increase of \$1,242,920 from our valuation as of June 30, 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	=	50,000
Distribution		
3,766,423 shares x \$0.33	=	<u>1,242,920</u>
Total Value		<u>\$3,847,920</u>

**CARDINAL HEALTH PARTNERS, L.P.**  
**Portfolio Investment Valuation Summary**  
**For the Quarter Ended September 30, 2005**

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value</u> <u>09/30/05</u>	<u>Fair Value</u> <u>06/30/05</u>	<u>Change from</u> <u>Prior Quarter</u>	<u>Reason for Change</u>
AccentCare, Inc.	\$4,500,002	\$1,000,000	\$1,000,000	\$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)	4,831,812	500,000	1,142,361	(642,361)	Mark Down (note 1)
VISICU, Inc. (formerly ICUSA)	4,050,000	3,847,920	2,605,000	1,242,920	Mark Up (note 2)
Total Portfolio	\$20,381,813	\$16,148,919	\$15,548,360	\$600,559	

- (1) During the quarter, NexCura reached agreement to be acquired in a \$6.9 million cash transaction. After settlement of all liabilities and outstanding debt, approximately \$3.75 million will be available for distribution to the equity holders. In total, Cardinal will receive approximately \$500k from the sale, on the basis of liquidation preferences.
- (2) At the end of the quarter, the Visicu Board of Directors approved a \$0.33 per share distribution on each outstanding share of VISICU stock. Cardinal will receive \$1,242,920 and accordingly increases the value of its investment by the same amount.

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

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

Period Summary: 3rd Quarter, 2005

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Financial performance at AccentCare continues to show significant improvement. Over the past 12 months, revenues have grown 15%, gross margin has improved, overhead has been reduced by over 15% and EBITDA has improved by \$3.0 million. Financial results for the current period reflect a \$1.5 million positive adjustment related to an over accrual of workers compensation costs in CA for prior fiscal years. The adjustment is being booked ratably over the 12 months of Fiscal 2006, with each month reflecting a \$125K reduction in expense. Management's forecast for the next 12 months shows revenues of \$106 million, with EBITDA of \$3 million. The company has been EBITDA positive for 13 consecutive months.

Overall financial performance for the second quarter of Fiscal 2006 (FYE 3/31) was close to plan. Revenues were \$25.2 million, a 2% growth over the prior quarter, but 2% below plan. Gross margins were 29% for the period, a substantial improvement over the June quarter and 3% better than forecast. West coast labor market tightness was the primary driver in the revenue shortfall to plan. Management has decided to discontinue the skilled services business segment, other than Medicare services, that has never performed up to expectations and has lost money every quarter. This segment represented ~\$2 million in annual revenue and will be phased out over the last six months of Fiscal 2006. EBITDA was +\$912K for the period, an increase of 70% over the prior quarter, and 38% ahead of plan, after accounting for the workers compensation adjustment discussed earlier.

Overall liquidity at AccentCare has improved by \$2.2 million over the last 12 months. Management is forecasting continued improvement in EBITDA for the next 12 months, improving liquidity by a further \$2-\$3 million. Management also believes the workers compensation reserve is now fully funded going forward, at least through Fiscal 2008. The company is currently pursuing the acquisition of a \$44 million revenue company located in New York State, forecast to produce \$2.5 million in EBITDA for 2005. The purchase consideration will be in the range of \$11-\$12 million (including assumed liabilities of \$3 million) and should be able to be financed through a restructuring of the company's current facilities with GMAC.

We are very pleased with the progress made by AccentCare over the last two years. The management team put in place during 2003 has done a great job improving performance both operationally and financially. While we remain concerned that regulatory and labor shortage 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 we suffered in the June 2005 financing, 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
<b>Net Income</b>	<b>-7,150</b>	<b>-3,600</b>	<b>-7,212</b>	<b>-3,283</b>	<b>-1,324</b>
<b>EBITDA</b>	<b>-5,693</b>	<b>-2,295</b>	<b>-4,390</b>	<b>+275</b>	<b>+1,305</b>

\* - Subject to Audit

Last Three Months: Quarter Ended September 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	25,201	25,631	-430
Cost of Services	17,870	18,765	+895
Operating Expenses	6,579	6,790	+211
EBIT	752	76	+676
Interest and Taxes	991	422	-569
<b>Net Income</b>	<b>-239</b>	<b>-346</b>	<b>+107</b>
<b>EBITDA</b>	<b>+912</b>	<b>+301</b>	<b>+611</b>

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	50,005	50,850	-845
Cost of Services	36,142	37,133	+991
Operating Expenses	12,975	13,432	+457
EBIT	888	285	+603
Interest and Taxes	1,520	895	-625
<b>Net Income</b>	<b>-632</b>	<b>-610</b>	<b>-22</b>
<b>EBITDA</b>	<b>+1,235</b>	<b>+729</b>	<b>+506</b>

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

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

Cash	\$ 6,838	Accounts Payable	\$ 956
Accounts Receivable	19,193	Accrued Expenses	4,175
Other Current Assets	<u>1,911</u>	Other Current Liabilities	<u>12,990</u>
Total Current Assets	27,942	Total Current Liabilities	18,121
Net PP&E	871	Long Term Liabilities	9,112
Intangibles (Net)	11,451	Shareholders Equity	62,147
Other Assets	<u>765</u>	Retained Earnings	<u>-48,351</u>
Total Assets	<u>\$41,029</u>	Total Liabilities & Equity	<u>\$41,029</u>

**Comments:**

Overall liquidity at AccentCare has declined slightly over the period, due to lower than forecast collections in September. The company is slightly behind its cash forecast due to lower than forecast proceeds from the financing that closed in June. Working capital needs will be supported by the A/R facility that currently has over \$4.4 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)	1.5%
Company Valuation at Cardinal Cost	\$225.0 million
Company Valuation at Assigned Fair Value	\$50.0 million

**Outlook:**

We are cautiously optimistic about the long term prospects for AccentCare. However, the June 2005 financing substantially diluted our interest, reducing the expected return on our investment.

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

**Web-Based Business Practice Management Services for Physician Offices**

Period Summary: 3rd Quarter, 2005

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Athena has performed well for the first nine months of 2005 as compared to plan, posting better than forecast results for all metrics except revenues. Athena will miss its revenue target for the year due to lower than forecast sales for Q2 and implementations running slightly behind plan. 2005 was forecast to be a year of significant investment for growth (sales/marketing along with product development). The company has adequate capital resources to support its continued growth and infrastructure investment, but will likely restructure its debt in the coming months to free up more liquidity. Management forecasts the company to end 2005 with revenues of \$54 million and a sales backlog of \$20 million. 2006 revenues are forecast to be \$85 million, with the company turning profitable by mid-year. Management has begun discussions with investment bankers towards a potential late 2006/early 2007 initial public offering.

Revenues for the quarter were \$13.6 million, an 8% growth over the prior period, although 10% below budget. This shortfall was due to go live delays and some larger accounts coming in below expectations for the period. Gross margin was lower in Q3 than it had been during the first half of the year due to costs associated with the new corporate headquarters (opened in July), plus some non-recurring expenses that were accelerated into Q3, but forecast for Q4. This resulted in EBITDA being negative for the first time in two years. Margins rebounded in September and management expects EBITDA to be solidly positive in Q4. For the year, EBITDA and net income remain well ahead of budget. Sales bookings for the quarter were a record \$8.5 million.

Athena has performed well throughout 2005, while undertaking significant expenditures in infrastructure to support future growth. Revenues have grown 30% over the prior year and sales bookings have grown by 38% over 2004. We continue to view Athena as a very attractive candidate for a liquidity event in the next 12-18 months and management has begun holding initial meetings with leading investment bankers in the sector.

**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
<b>Net Income</b>	<b>-13,080</b>	<b>-9,560</b>	<b>-5,352</b>	<b>-3,362</b>	<b>-4,278</b>

\* - Subject to Audit

Last Three Months: Quarter Ended September 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	13,649	15,188	-1,539
Direct Expenses	7,288	8,107	+819
SG&A	7,333	6,919	-414
EBITDA	-972	+162	-1,134
Depreciation	-1,336	-1,339	+3
Interest and Taxes	-415	-259	-156
<b>Net Income</b>	<b>-2,723</b>	<b>-1,436</b>	<b>-1,287</b>

Fiscal Year-to-Date: Nine Months Ended September 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	38,304	41,348	-3,044
Direct Expenses	19,767	22,543	+2,776
SG&A	18,638	19,221	+583
EBITDA	-101	-416	+315
Depreciation	3,171	-3,426	+255
Interest and Taxes	1,065	-885	-180
<b>Net Income</b>	<b>-4,337</b>	<b>-4,727</b>	<b>+390</b>



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

Cash	\$ 11,029	A/P and Accrued Expenses	\$ 6,426
Accounts Receivable	6,399	Deferred Revenue	3,778
Other Current Assets	<u>1,257</u>	Current Portion of Debt	<u>8,072</u>
Total Current Assets	18,685	Total Current Liabilities	18,276
Net PP&E	13,354	Long Term Liabilities	15,103
Intangibles (Net)	3,328	Shareholders Equity	51,088
Other Assets	<u>150</u>	Retained Earnings	<u>-48,950</u>
Total Assets	<u>\$35,517</u>	Total Liabilities & Equity	<u>\$35,517</u>

**Comments:**

Athena is \$1 million behind on its cash forecast due to accelerated costs in Q3 related to the new corporate headquarters and the AthenaIndia initiative. The company expects to turn cash flow positive again by November. 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.

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

**Online Supplies for Outpatient Surgery Centers**

Period Summary: 3rd Quarter, 2005

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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.

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 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 Esurg/Group Source investment.

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

**eCare Tools for Chronic Disease Management**

Period Summary: 3rd Quarter, 2005

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During the quarter, NexCura had some good project wins and exceeded its forecast for the first time this year. The company operated at cash flow neutral and will likely have sufficient resources to support operations into a sale. Management held very productive and encouraging discussions with one potential acquirer and as the quarter ended was in final negotiations on an agreement of sale. Under the terms of the agreement, NexCura would be purchased by Thomson Financial for \$6.9 million in cash, netting the investors about \$3.75 million after settlement of all outstanding liabilities. Cardinal would receive approximately \$500K, with 15% held in escrow for one year. While we were hopeful of completing a transaction that would have netted more to the investors, we are satisfied that we have attained the best result for the investors, as well as the employees and customers of the company.

Financial results for the quarter were good, with the company exceeding plan by all measures. Revenues were above plan by 5%, while margins and operating expense were well ahead of expectations. The company operated at cash flow neutral for the quarter, due to sound cash management and effective use of the company's receivables credit facility. Cash will likely remain tight but manageable until the expected close of the sale transaction. The company was also able to extend its current credit facility with Silicon Valley Bank until the end of October.

Our 1998 investment in NexCura (then "Cancerfacts") was premised by the belief that their state-of-the-art decision support tools would find broad acceptance among insurers, drug & device manufacturers, and clinicians. NexCura was able to attract top tier strategic partners including the American Cancer Society, American Heart Association, and the American Lung Association, as well as major pharmaceutical customers, and became an influential factor in the clinical decisions made by hundreds of thousands of patients suffering from life-threatening, chronic diseases. The company faced many challenges over the years, and was ultimately unable to generate a value proposition sufficiently compelling to propel it toward a meaningful scale. We initiated an effort to sell the company in Q3 '04, resulting in the acquisition by Thomson, the \$8B international publisher. In the seven years we managed this investment, we succeeded in generating an ongoing series of new opportunities to succeed, but are disappointed at an outcome that returned so little of our investment.

**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
<b>Net Income</b>	<b>-3,695</b>	<b>-1,676</b>	<b>-1,943</b>	<b>-719</b>	<b>802</b>

\* - Subject to Audit

Last Three Months: Quarter Ended September 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	1,435	1,371	+64
Cost of Sales	361	400	+39
Operating Expenses	524	750	+226
EBIT	550	221	+329
Interest and Taxes	-303	-45	-258
<b>Net Income</b>	<b>247</b>	<b>176</b>	<b>+71</b>

Fiscal Year-to-Date: Nine Months ended September 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	2,706	3,759	-1,053
Cost of Sales	1,041	1,153	+112
Operating Expenses	1,832	2,247	+415
EBIT	-167	359	-526
Interest and Taxes	-450	-128	-322
<b>Net Income</b>	<b>-617</b>	<b>231</b>	<b>-848</b>

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

Cash	\$ 23	Accounts Payable	\$ 660
Accounts Receivable	520	Accrued Expenses	570
Other Current Assets	<u>111</u>	Deferred Revenue	<u>575</u>
Total Current Assets	654	Total Current Liabilities	1,805
Net PP&E	13	LOC and Other Liabilities	1,502
Intangibles (Net)	0	Shareholders Equity	20,406
Other Assets	<u>52</u>	Retained Earnings	<u>-22,994</u>
Total Assets	<u>\$ 719</u>	Total Liabilities & Equity	<u>\$ 719</u>

**Comments:**

The company was cash flow neutral for the quarter. Management expects the company will have sufficient resources to operate until the sale transaction is closed next quarter.

**Cardinal Health Partners Holdings:**

Series B Convertible Preferred Stock	5,184,331 shares
Common Stock Equivalents	10,224,654 shares
Assigned Fair Value (Liquidation Value)	\$250,000
Investment Cost	\$4,500,000
Cost per Share	\$0.868
Series C Convertible Preferred Stock	1,737,238 shares
Assigned Fair Value (Liquidation Value)	\$250,000
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	\$3.4 million

**Outlook:**

Cardinal will receive ~\$500K under the terms of the nearly completed sale transaction.

**VISICU, INC.**  
**Baltimore, MD**  
**{[www.visicu.com](http://www.visicu.com)}**

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

Period Summary: 3rd Quarter, 2005

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The company ended Q3 2005 with 29 customers under contract for a total of 3,558 ICU beds. Revenues for 2005 are expected to be in excess of \$19 million, an increase of 244% over 2004. In addition, the company is on target to end the year with a signed contract backlog exceeding \$60 million. Expenses for the year are favorable to budget due to lower than forecast headcount and outside consulting fees. Overall, the company is on sound financial footing, with more than adequate capital resources to support operations and continued growth. Management has initiated its effort to file for an initial public offering with a leading investment banker. We are hopeful of reporting an initial filing with the SEC next quarter.

Visicu continued its strong sales performance during the period with the addition of 3 new customers, which when coupled with add-ons from existing customers showed a total of 263 ICU beds ordered with a total contract value of \$6.5 million. The company now has 29 customers, representing 133 hospitals. Revenues for the quarter were \$4.9 million, representing a 17% growth over the prior period. Revenues for the year are \$12.6 million and are now expected to run about 5% behind plan for the year due to some contract signing and activation delays. Operating expenses, while behind budget for the period due to SOX compliance related expenditures and higher than forecast sales commissions, remain ahead of budget for the year. The contracted sales backlog at the end of the quarter stands at \$58.5 million.

The cash balance at the end of September was \$17 million, \$3 million higher than last quarter, but \$3 million below plan due to the push out of two new contract signings and two budgeted activations into Q4 2005. The company will also be cash flow positive for Q4 2005. In September, the Board of Directors voted a \$0.33 per share distribution to each of the current Visicu shareholders to return some of the excess cash of the company to the investors.

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 is on track 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
<b>Net Income</b>	<b>-6,940</b>	<b>-8,407</b>	<b>-7,708</b>	<b>1,064</b>

\* - Subject to Audit

Last Three Months: Quarter Ended September 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	4,869	5,489	-620
Cost of Sales	1,048	1,030	-18
Operating Expenses	3,662	3,591	-71
EBIT	159	868	-709
Interest and Taxes	+103	+85	+18
<b>Net Income</b>	<b>+262</b>	<b>953</b>	<b>-691</b>

Fiscal Year-to-Date: Nine Months Ended September 30, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	12,557	13,100	-543
Cost of Sales	2,623	2,470	-153
Operating Expenses	11,060	11,175	+115
EBIT	-1,126	-545	-581
Interest and Taxes	+219	+199	+20
<b>Net Income</b>	<b>-907</b>	<b>-346</b>	<b>-561</b>

## VISICU, INC. (cont.)

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

Cash	\$ 17,004	Accounts Payable	\$ 1,007
Accounts Receivable	5,702	Accrued Expenses	1,254
Prepaid Expenses	<u>4,343</u>	Other Current Liabilities	<u>105</u>
Total Current Assets	27,049	Total Current Liabilities	2,366
Net PP&E	1,414	Unearned Revenue	42,176
Deferred Costs	4,539	Shareholders Equity	34,941
Other Assets	<u>608</u>	Retained Earnings	<u>-45,873</u>
Total Assets	<u>\$33,610</u>	Total Liabilities & Equity	<u>\$33,610</u>

### Comments:

The cash balance is \$3 million lower than expected due to two contract signings and two client activations being delayed into Q4 2005. The company expects to be cash flow positive again in Q4, ending the year with over \$20 million in cash.

### 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)	12.7%
Company Valuation at Cardinal Cost	\$31.8 million
Company Valuation at Assigned Fair Value	\$23.0 million

### Outlook:

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