

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

**QUARTERLY REPORT**

**3rd QUARTER, 2006**

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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TO: The Limited Partners

FROM: John K. Clarke

DATE: November 20, 2006

SUBJECT: Activity for the Quarter ended September 30, 2006

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The Cardinal Health Partners portfolio continued on a steady track towards investor liquidity this quarter. AthenaHealth is performing nicely, has selected a lead investment banker, and remains well positioned for a liquidity event within the next 12-18 months. AccentCare announced a significant acquisition, while financial performance was ahead of plan and showing signs of improved profitability. Visicu's (NASDAQ:EICU) financial performance beat street estimates for the period, however slower than expected new contract bookings led some investors to sell resulting in a loss of market value. A synopsis of activity for the quarter at each active portfolio company follows.

***AccentCare*** – Financial results at AccentCare for second quarter of fiscal 2007 (FYE 3/31) were again solid, with the company exceeding forecast for revenues and net income, while missing its EBITDA forecast. Revenues for the period were \$28.4 million, a 7% growth over the prior quarter, and 4% ahead of budget. Gross margins were 29% for the quarter, an improvement over the prior period, and in line with expectations. EBITDA was +\$777K for the period, an improvement of 124% over the prior quarter, but 3% behind plan. During the quarter, the company announced an agreement to acquire SunPlus Home Health Services, Inc. from its parent, Sun Healthcare Group (NASDAQ:SUNH). SunPlus provides home health care, private duty home care, and home infusion services at 22 locations in California and Ohio. The division had revenues of \$61 million for 2005 with 1,300+ employees. AccentCare is forecasting a post-acquisition contribution in excess of \$5 million of incremental EBITDA for fiscal 2008. Completion of the transaction is expected by the early part of calendar 2007 and it will be completely financed by debt.

***AthenaHealth*** – New contract bookings and revenue growth at Athena were strong for the quarter, but overall financial performance has begun to show the effect of lower than forecast new contract bookings earlier in the year. The company is performing ahead of management's Q2 reforecast for the year (\$77.2 million in revenues, \$4.4 million in EBITDA), which reflected the impact of the missed sales from Q1 2006. Net new contract bookings for Q3 were \$7.5 million, 97.5% of forecast. The annualized revenue run rate at the end of September was \$82 million on a contract base of \$93 million. In September, the company announced the hiring of financial services veteran, James MacDonald as Chief Operating Officer. The company has selected a lead investment banker and begun preparations for filing for an initial public offering. The current plan is to be prepared to file in early 2007, assuming market conditions warrant.

**Visicu** – Visicu (NASDAQ:EICU) reported significantly higher revenue and operating income for the third quarter over the previous quarter and the same quarter from the prior year. Operating results for the first nine months of 2006 have also exceeded expectations. Notwithstanding these excellent results, a perceived lengthening of the customer sales and implementation cycle coupled with lower than expected reported backlog led to over a 40% decline in the market value for Visicu during the quarter, as some of the IPO investors sold their holdings. While we are obviously disappointed by this decline in value, the fundamentals of the company; excellent cash flow, recurring long term contracts and high barriers to entry, remain strong. We are optimistic that the current pipeline of qualified prospects representing \$75-\$85 million in total potential bookings over the initial contract term will lead to significant new contract signings in the coming months and a recovery of confidence in the market.

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

### **Financial Results:**

Net loss for the quarter was \$22.9 million, consisting of \$49K of net operating expenses for the period and a \$22.9 million decline in net unrealized portfolio valuation. The unrealized loss consisted of a \$22.9 million mark-down 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 September 30, 2006 was \$674K, with partners' net assets totaling \$35.8 million.

### **Looking forward:**

Our Limited Partner Annual Meeting will be held in New York City on Thursday, November 30th at the Mandarin Oriental Hotel beginning at 9:00 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 Pamela Shaw at our Princeton office. We hope to see many of you in New York.

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.***

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

	Three Months Ended 09/30/06	Nine Months Ended 09/30/06
Revenue:		
Non Portfolio Income	\$4,995	\$17,163
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	49,625	165,125
Professional Fees	7,000	25,812
NVCA Dues & Expenses	0	0
Amortization of Organization Costs	0	0
Annual Meeting & Misc. Expenses	38	2,537
Total Expenses	56,663	193,474
Net Operating Expense	(51,668)	(176,311)
Investment Income	2,736	8,117
Net Income Before Gains (Losses)	(48,932)	(168,194)
Realized Gains (Losses)	0	0
Unrealized Gains (Losses)	(22,884,786)	(5,352,087)
Net Income (Loss)	(\$22,933,718)	(\$5,520,281)

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

**Balance Sheet**

**As of September 30, 2006**

<b>ASSETS:</b>	<b>Period Ended 09/30/06</b>	<b>Period Ended 06/30/06</b>
Cash and Short-Term Investments	\$674,272	\$720,977
Cash Held in Escrow (Net of Reserve of \$15,425)	50,000	50,000
Accrued Interest (General Partner Promissory Notes)	31,502	28,767
Venture Capital Investments	34,879,090	57,763,876
Receivable from Portfolio Company	0	0
Other Assets	156,091	156,091
	<u>\$35,790,955</u>	<u>\$58,719,711</u>
<b>LIABILITIES &amp; CAPITAL:</b>		
Accrued Expenses and Payables	\$18,962	\$14,000
Investment due Portfolio Company	0	0
Partners' Accounts	35,771,993	58,705,711
Total Liabilities and Capital	<u>\$35,790,955</u>	<u>\$58,719,711</u>

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

**Footnotes**

**As of September 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>09/30/06</u>	<u>06/30/06</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>09/30/06</u>	<u>06/30/06</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>09/30/06</u>	<u>06/30/06</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>09/30/06</u>	<u>06/30/06</u>
Accounting & Audit	\$21,000	\$14,000
Management Fees	(2,000)	0
NVCA Dues and Other	(38)	0
Legal & Other Professional Fees	<u>0</u>	<u>0</u>
Total	<u>\$18,962</u>	<u>\$14,000</u>

Note 6 – Financial Highlights (Return & IRR):	<u>Net to LP's</u>	<u>Total Fund</u>
Year-to-Date Return on Net Assets	-11.10%	-17.21%
Internal Rate of Return Since Inception	.60%	.073%

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

	Three Months Ended 09/30/06	Nine Months Ended 09/30/06
<b>Cash flows from operating activities</b>		
Net Income Before Gains (Losses)	(\$48,932)	(\$168,194)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	(2,735)	(8,117)
Net Organization Costs	0	0
Other Assets	0	0
Accrued Expenses & Payables	4,962	(17,318)
Net Cash used in Operating Activities	(46,705)	(193,629)
<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	 (46,705)	 (193,629)
Cash and Short Term Investments, beginning	720,977	867,901
Cash and Short Term Investments, ending	\$674,272	\$674,272



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

<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	\$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	23,649,370	19,599,370
Totals	\$0	\$15,550,001	\$15,550,001	\$34,879,090	\$19,329,089

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

	Partners' Total Subscription	Contributions Account 06/30/06	Period Contribution in Cash	Period Contribution by Note	Contributions Account 09/30/06	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 Share of Net Assets**  
**For the Period Ended September 30, 2006**

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 09/30/06
<u>Limited Partners</u>							
LACERA	\$1,786,561	\$3,762,428	\$107,271	\$37,800	\$5,694,060	(\$3,017)	\$5,691,043
Nassau Capital Funds, L.P.	1,607,901	3,386,178	96,544	34,019	5,124,642	(2,715)	5,121,927
Robert Wood Johnson Foundation	1,339,925	2,821,833	80,455	28,349	4,270,562	(2,263)	4,268,299
State Teachers Ret. System. of Ohio	1,249,118	2,630,596	75,001	26,428	3,981,143	(2,109)	3,979,034
Northwestern University	893,269	1,881,192	53,635	18,899	2,846,995	(1,508)	2,845,487
Fleet Growth Resources (Summit Bank)	893,269	1,881,192	53,635	18,899	2,846,995	(1,508)	2,845,487
Pine Street Holdings I LLC	893,269	1,881,192	53,635	18,899	2,846,995	(1,508)	2,845,487
WIN 4 Holdings LLC	535,972	1,128,737	32,182	11,340	1,708,231	(905)	1,707,326
Wachovia Bank Pension Plan	535,972	1,128,737	32,182	11,340	1,708,231	(905)	1,707,326
UNISYS Master Retirement Trust	446,635	940,597	26,817	9,450	1,423,499	(754)	1,422,745
Venture Investment Associates II	357,312	752,487	21,454	7,560	1,138,813	(603)	1,138,210
S.R. One Limited	267,982	564,359	16,091	5,670	854,102	(453)	853,649
Hillside Capital Incorporated	178,659	376,249	10,727	3,780	569,415	(302)	569,113
	\$10,985,844	\$23,135,777	\$659,629	\$232,433	\$35,013,683	(\$18,550)	\$34,995,133
<u>General Partner</u>							
Cardinal Health Partners Mgmt.	243,876	513,593	14,643	5,160	777,272	(412)	776,860
Total Partnership	\$11,229,720	\$23,649,370	\$674,272	\$237,593	\$35,790,955	(\$18,962)	\$35,771,993

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

	Partners' Capital 07/01/06	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Distributions	Partners' Capital 09/30/06
<u>Limited Partners</u>									
LACERA	\$8,644,676	\$0	\$804	(\$6,945)	\$0	(\$6,141)	(\$2,947,492)	\$0	\$5,691,043
Nassau Capital Funds, L.P.	7,780,195	0	725	(6,251)	0	(5,526)	(2,652,742)	0	5,121,927
Robert Wood Johnson Foundation	6,483,523	0	603	(5,209)	0	(4,606)	(2,210,618)	0	4,268,299
State Teachers Ret. System of Ohio	6,044,252	0	562	(4,857)	0	(4,295)	(2,060,923)	0	3,979,034
Northwestern University	4,322,303	0	402	(3,473)	0	(3,071)	(1,473,745)	0	2,845,487
Fleet Growth Resources	4,322,303	0	402	(3,473)	0	(3,071)	(1,473,745)	0	2,845,487
Pine Street Holdings I LLC	4,322,303	0	402	(3,473)	0	(3,071)	(1,473,745)	0	2,845,487
WIN 4 Holdings, LLC.	2,593,417	0	241	(2,084)	0	(1,843)	(884,248)	0	1,707,326
Wachovia Bank Pension Plan	2,593,417	0	241	(2,084)	0	(1,843)	(884,248)	0	1,707,326
UNISYS Master Retirement Trust	2,161,153	0	201	(1,736)	0	(1,535)	(736,873)	0	1,422,745
Venture Investment Associates II	1,728,937	0	161	(1,389)	0	(1,228)	(589,499)	0	1,138,210
S.R. One Limited	1,296,695	0	120	(1,042)	0	(922)	(442,124)	0	853,649
Hillside Capital Incorporated	864,476	0	80	(694)	0	(614)	(294,749)	0	569,113
	\$53,157,650	\$0	\$4,944	(\$42,710)	\$0	(\$37,766)	(\$18,124,751)	\$0	\$34,995,133
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	5,393,020	0	51	(11,217)	0	(11,166)	(4,760,034)	0	621,819
Total Partnership	\$58,550,670	\$0	\$4,995	(\$53,927)	\$0	(\$48,932)	(\$22,884,786)	\$0	\$35,616,952

\* - 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, 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 09/30/06
<u>Limited Partners</u>									
LACERA	\$6,401,488	\$0	\$2,762	(\$23,873)	\$0	(\$21,111)	(\$689,334)	\$0	\$5,691,043
Nassau Capital Funds, L.P.	5,761,325	0	2,487	(21,486)	0	(18,999)	(620,399)	0	5,121,927
Robert Wood Johnson Foundation	4,801,131	0	2,072	(17,905)	0	(15,833)	(516,999)	0	4,268,299
State Teachers Ret. System of Ohio	4,475,785	0	1,932	(16,693)	0	(14,761)	(481,990)	0	3,979,034
Northwestern University	3,200,708	0	1,382	(11,937)	0	(10,555)	(344,666)	0	2,845,487
Fleet Growth Resources	3,200,708	0	1,382	(11,937)	0	(10,555)	(344,666)	0	2,845,487
Pine Street Holdings I LLC	3,200,708	0	1,382	(11,937)	0	(10,555)	(344,666)	0	2,845,487
WIN 4 Holdings, LLC.	1,920,459	0	829	(7,162)	0	(6,333)	(206,800)	0	1,707,326
Wachovia Bank Pension Plan	1,920,459	0	829	(7,162)	0	(6,333)	(206,800)	0	1,707,326
UNISYS Master Retirement Trust	1,600,355	0	691	(5,968)	0	(5,277)	(172,333)	0	1,422,745
Venture Investment Associates II	1,280,299	0	553	(4,775)	0	(4,222)	(137,867)	0	1,138,210
S.R. One Limited	960,216	0	414	(3,581)	0	(3,167)	(103,400)	0	853,649
Hillside Capital Incorporated	640,157	0	276	(2,387)	0	(2,111)	(68,933)	0	569,113
	\$39,363,798	\$0	\$16,991	(\$146,803)	\$0	(\$129,812)	(\$4,238,853)	\$0	\$34,995,133
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	1,773,435	0	172	(38,554)	0	(38,382)	(1,113,234)	0	621,819
Total Partnership	\$41,137,233	\$0	\$17,163	(\$185,357)	\$0	(\$168,194)	(\$5,352,087)	\$0	\$35,616,952

\* - 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, 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 09/30/06
<u>Limited Partners</u>									
LACERA	\$10,000,000	\$31,002	(\$1,247,167)	(\$969,720)	(\$2,185,885)	\$2,489,525	(\$4,612,597)	\$0	\$5,691,043
Nassau Capital Funds, L.P.	9,000,000	27,900	(1,122,453)	(872,746)	(1,967,299)	2,240,576	(4,151,350)	0	5,121,927
Robert Wood Johnson Foundation	7,500,000	23,251	(935,376)	(727,288)	(1,639,413)	1,867,144	(3,459,432)	0	4,268,299
State Teachers Ret. System of Ohio	6,992,127	21,681	(872,037)	(678,039)	(1,528,395)	1,740,710	(3,225,408)	0	3,979,034
Northwestern University	5,000,000	15,501	(623,585)	(484,859)	(1,092,943)	1,244,765	(2,306,335)	0	2,845,487
Fleet Growth Resources	5,000,000	15,501	(623,585)	(484,859)	(1,092,943)	1,244,765	(2,306,335)	0	2,845,487
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	1,563	(28,819)	326,008	298,752	1,569,774	(892,258)	1,869,219	2,845,487
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	2,472	(189,511)	(602,604)	(789,643)	296,874	(800,971)	2,742,497	1,707,326
Wachovia Bank Pension Plan	3,000,000	9,300	(374,149)	(290,916)	(655,765)	746,859	(1,383,768)	0	1,707,326
UNISYS Master Retirement Trust	2,500,000	7,751	(311,791)	(242,429)	(546,469)	622,381	(1,153,167)	0	1,422,745
Venture Investment Associates II	2,000,000	6,200	(249,432)	(193,944)	(437,176)	497,905	(922,519)	0	1,138,210
S.R. One Limited	1,500,000	4,650	(187,075)	(145,458)	(327,883)	373,429	(691,897)	0	853,649
Hillside Capital Incorporated	1,000,000	3,099	(124,719)	(96,972)	(218,592)	248,954	(461,249)	0	569,113
	\$61,492,127	\$190,637	(\$7,669,103)	(\$5,963,005)	(\$13,441,471)	\$15,308,637	(\$28,364,160)	\$0	\$34,995,133
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	621,133	1,925	(1,176,406)	(2,403,744)	(3,578,225)	4,020,451	(286,499)	0	776,860
Total Partnership	\$62,113,260	\$192,562	(\$8,845,509)	(\$8,366,749)	(\$17,019,696)	\$19,329,088	(\$28,650,659)	\$0	\$35,771,993

\* - The Statement of Partners' Accounts includes Contributions made by the General Partner in the Form of Promissory Notes.

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

Portfolio Company	Investment Cost	Assigned Fair Value	Unrealized Gain (Loss)	Proceeds + Realized Value	Realized Gain (Loss)	Cumulative Investment Return
<b><u>Public Company Investments</u></b>						
VISICU, Inc.	\$4,050,000	\$23,649,370	\$19,599,370	\$0	\$0	\$19,599,370
<b><u>Private Company Investments</u></b>						
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)
NexCura, Inc. (formerly Cancerfacts)	4,831,812	0	0	420,742	(4,411,070)	(4,411,070)
<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	\$34,879,090	\$19,329,089	\$31,170,772	(\$8,366,749)	\$10,962,340

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TO: The Limited Partners

FROM: John J. Park

DATE: October 10, 2006

SUBJECT: Portfolio Valuations for September 30, 2006

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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 market unless they are subject to 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, 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 September 30, 2006. This valuation represents no change from the valuation for AccentCare as of June 30, 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 September 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 September 30, 2006. This valuation represents no change from the valuation for the AthenaHealth investment as of June 30, 2006.

Value Computation:

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

**GROUP SOURCE SOLUTIONS / ESURG** – In early 2001, the company made significant operational cutbacks in order to conserve operating capital. Accordingly, in Q1 2002 we reduced the value of the Esurg investment to a minimal value of \$1,000, until such time as the company attained additional financing or was acquired. In June of 2004, the company merged with ILS, Inc. and all of the Series C preferred was converted into common shares of the newly formed company, Group Source Solutions. 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 September 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 June 30, 2006.

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, 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. This valuation represents no change from the valuation for the NexCura escrow as of June 30, 2006.

Value Computation:

Series B & Series C Holdback Funds in Escrow	<u>\$50,000</u>
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**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 October 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 September 30, 2006 of \$8.97 per share. This results in a total carrying value for the Visicu investment of \$23,649,370, producing an unrealized gain of \$19,599,370 on our cost basis of \$4,050,000 as of September 30, 2006. This valuation represents a decrease of \$22,884,786 from our valuation for Visicu as of June 30, 2006.

Value Computation:

Common Stock			
3,766,423 shares	x	\$8.97 x 70%	= <u>\$23,649,370</u>

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

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value</u> <u>09/30/06</u>	<u>Fair Value</u> <u>06/30/06</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	23,649,370	46,534,156	(22,884,786)	Market Price Decrease (note 1)
Total Portfolio	\$15,615,426	\$34,929,090	\$57,813,876	(\$22,884,786)	

(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 October 3, 2006. Accordingly, the valuation for Visicu is discounted 30% from the closing price for September 30, 2006 of \$8.97 per share as is stipulated for restricted securities per the Cardinal Valuation Policy. The valuation decrease reflects the change from the closing price for Visicu as of June 30, 2006 of \$17.65 per share.

**ACCENTCARE, INC.**  
**Dana Point, CA**  
**{[www.accentcare.com](http://www.accentcare.com)}**

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

Period Summary: 3rd Quarter, 2006

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Financial results at AccentCare for second quarter of fiscal 2007 (FYE 3/31) were again solid, with the company exceeding forecast for revenues and net income, while missing its EBITDA forecast. Revenues for the period were \$28.4 million, a 7% growth over the prior quarter, and 4% ahead of budget. Gross margins were 29% for the quarter, an improvement over the prior period, and in line with expectations. EBITDA was +\$777K for the period, an improvement of 124% over the prior quarter, but 3% behind plan. During the quarter, the company announced an agreement to acquire SunPlus Home Health Services, Inc. from its parent, Sun Healthcare Group (NASDAQ:SUNH). SunPlus provides home health care, private duty home care, and home infusion services at 22 locations in California and Ohio. The division had revenues of \$61 million for 2005 with 1,300+ employees. AccentCare is forecasting a post-acquisition contribution in excess of \$5 million of incremental EBITDA for fiscal 2008. Completion of the transaction is expected by the early part of calendar 2007 and it will be completely financed by debt.

At the end of the current quarter, the acquisition of two smaller (<\$5 million annual revenue) Medicare service providers located in the Southwestern United States were completed. These acquisitions are expected to provide \$8 million in annualized incremental revenues and \$1.4 million in incremental EBITDA. These were financed by a combination of seller notes and a \$6 million bridge loan facility from the current investor syndicate put in place in July. We 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.

With the announcement of the SunPlus agreement, management is on target to attain its goal of increasing the proportion of higher margin Medicare reimbursed skilled nursing services in the company's revenue mix to above 33%. AccentCare has now been EBITDA positive for 26 consecutive months and September marked the 26<sup>th</sup> consecutive month of positive same store growth for the company. The company has seen significant improvement in financial performance over the past 2 years and looks to be on track to achieving sustainable profitability over the next twelve months. However, the balance sheet remains weak and has \$3 million in seller debt payments that will come due over the next two years. Accordingly, we continue to believe the company will require some additional financing prior to a liquidity event 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
<b>Net Income</b>	<b>-3,600</b>	<b>-7,212</b>	<b>-3,283</b>	<b>-1,795</b>	<b>-178</b>
<b>EBITDA</b>	<b>-2,295</b>	<b>-4,390</b>	<b>+275</b>	<b>+1,325</b>	<b>+2,535</b>

\* - Subject to Audit

Last Three Months: Quarter Ended September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	28,355	27,182	+1,173
Cost of Services	20,193	19,423	-770
Operating Expenses	7,543	7,120	-423
EBIT	+619	+639	-20
Interest and Taxes	-540	-479	-61
<b>Net Income</b>	<b>+79</b>	<b>+160</b>	<b>-81</b>
<b>EBITDA</b>	<b>+777</b>	<b>+799</b>	<b>-22</b>

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	54,941	53,207	+1,734
Cost of Services	39,388	38,093	-1,295
Operating Expenses	14,716	14,237	-479
EBIT	+837	+877	-40
Interest and Taxes	-1,012	-1,129	+117
<b>Net Income</b>	<b>-175</b>	<b>-252</b>	<b>+77</b>
<b>EBITDA</b>	<b>+1,124</b>	<b>+1,192</b>	<b>-68</b>

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

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

Cash	\$ 5,978	Accounts Payable	\$ 2,972
Accounts Receivable	20,593	Accrued Expenses	7,489
Other Current Assets	<u>1,356</u>	Other Current Liabilities	<u>12,724</u>
Total Current Assets	27,927	Total Current Liabilities	23,185
Net PP&E	1,361	Long Term Liabilities	7,308
Intangibles (Net)	12,093	Shareholders Equity	62,143
Other Assets	<u>1,399</u>	Retained Earnings	<u>-49,856</u>
Total Assets	<u>\$42,780</u>	Total Liabilities & Equity	<u>\$42,780</u>

**Comments:**

Overall liquidity at AccentCare improved over the second quarter of fiscal 2007 by \$2 million as a result of improved collections for the period. The company is \$1 million behind its cash forecast due to lower draws than forecasted 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 \$5.8 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 significantly positive return for Cardinal from this investment.

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

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

Period Summary: 3rd Quarter, 2006

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New contract bookings and revenue growth at Athena were strong for the quarter, but overall financial performance has begun to show the effect of lower than forecast new contract bookings earlier in the year. The company is performing ahead of management's Q2 reforecast for the year (\$77.2 million in revenues, \$4.4 million in EBITDA), which reflected the impact of the missed sales from Q1 2006. Net new contract bookings for Q3 were \$7.5 million, 97.5% of forecast. The annualized revenue run rate at the end of September was \$82 million on a contract base of \$93 million. In September, the company announced the hiring of financial services veteran, James MacDonald as Chief Operating Officer.

Revenues for the quarter were \$19.5 million, 5% higher than the previous quarter, but 6% under budget due to the missed sales forecast from Q1 2006. Gross profits increased 11% over Q2 to \$9.6 million, but were 7% below budget due to the lower than forecast revenues for the period. Gross margins were 49% for the period, a significant improvement over the prior quarter and margins are now slightly ahead of plan for the year. EBITDA for the quarter was \$997K, an improvement of 33% over Q2 2006, but well under forecast substantially due to increased sales and marketing expenditures. Net income improved by \$181K over the prior quarter and is now within 1% of plan for the year. Total cash at the end of the quarter was \$13.4 million, well ahead of plan. In September, the company closed on a \$2 million addition to its current subordinated debt line.

Athena successfully completed its Chief Operating Officer recruiting effort this quarter, naming James M. MacDonald to the position in September. Mr. MacDonald brings over 25 years of experience in senior management roles with direct responsibility for technology development, business operations, and client service in the financial services industry. Prior to joining AthenaHealth, he spent seven years at Fidelity Investments; his most recent position was President of Fidelity's Human Resources Services Company. During his tenure at Fidelity, he was Chief Information Officer at Fidelity's Management & Research Company and Fidelity's Employer Services Company. Mr. MacDonald has also served as a partner at Computer Sciences Corporation and Chief Information Officer for State Street Corporation.

Athena has more than adequate capital resources to be financially self-sustaining until a liquidity event for the investors. During the quarter, management selected a lead investment banker to begin preparations for a potential initial public offering. The current goal is to be prepared to file an S1 registration statement by early 2007. 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
<b>Net Income</b>	<b>-9,560</b>	<b>-5,352</b>	<b>-3,610</b>	<b>-11,393</b>	<b>-2,309</b>

Last Three Months: Quarter Ended September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	19,522	20,727	-1,205
Direct Expenses	9,897	10,475	+578
SG&A	8,628	7,975	-653
EBITDA	+997	+2,277	-1,280
Depreciation	-1,637	-1,650	+13
Interest and Taxes	-568	-837	+269
<b>Net Income</b>	<b>-1,208</b>	<b>-210</b>	<b>-998</b>

Fiscal Year-to-Date: Nine Months Ended September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	54,836	55,951	-1,115
Direct Expenses	28,530	29,062	+532
SG&A	24,612	24,455	-157
EBITDA	+1,694	+2,434	-740
Depreciation	-4,589	-4,632	+43
Interest and Taxes	-1,772	-2,274	+502
<b>Net Income</b>	<b>-4,667</b>	<b>-4,472</b>	<b>-195</b>



**ATHENAHEALTH, INC. (cont.)****Summary Balance Sheet as of September 30, 2006: (\$000)**

Cash	\$ 13,438	A/P and Accrued Expenses	\$ 6,532
Accounts Receivable	9,534	Deferred Revenue	3,454
Other Current Assets	<u>1,931</u>	Current Portion of Debt	<u>9,803</u>
Total Current Assets	24,903	Total Current Liabilities	19,789
Net PP&E	13,365	Long Term Liabilities	29,047
Intangibles (Net)	1,792	Shareholders Equity	51,987
Other Assets	<u>231</u>	Retained Earnings	<u>-60,532</u>
Total Assets	<u>\$40,291</u>	Total Liabilities & Equity	<u>\$40,291</u>

**Comments:**

Athena is \$1.5 million 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 a \$2 million expansion to the current sub-debt facility that closed in Q3. Management forecasts the company to begin operating at cash flow positive in Q2 2007.

**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, 2006

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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: 3rd Quarter, 2006

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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. To-date, no claims have been made by Thomson and 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 Cardinal 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: 3rd Quarter, 2006

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Visicu (NASDAQ:EICU) reported significantly higher revenue and operating income for the third quarter over the previous quarter and the same quarter from the prior year. Operating results for the first nine months of 2006 have also exceeded expectations. Notwithstanding these excellent results, a perceived lengthening of the customer sales and implementation cycle coupled with lower than expected reported backlog led to a greater than 40% decline in the market value for Visicu during the quarter. While we are obviously disappointed by this decline in value, the fundamentals of the company; excellent cash flow, recurring long term contracts and high barriers to entry, remain strong. We are optimistic that the current pipeline of qualified prospects representing \$75 to \$85 million in total potential bookings over the initial contract term will lead to some significant new contract signings in the coming months and a recovery of market confidence in the Visicu business model.

Financial results for the period were generally better than street estimates. Revenue for the quarter was \$8.2 million, 8% higher than the previous quarter, and a 68% increase over the same quarter last year. Revenue for the nine months ended September 30, 2006 was \$22.4 million, a 78% increase over the same period last year. Operating income for the third quarter increased to \$2.0 million, a 78% increase over Q2 2006 and \$2.5 million higher than the same quarter last year. Operating income for the first nine months of 2006 was \$3.6 million, an increase of \$5.2 million over the same period in 2005. Net income for the third quarter of 2006 was \$2.5 million, or \$0.07 per diluted share. Net income for the third quarter of 2005, including an income tax benefit of \$11.3 million, was \$11.4 million, or \$0.42 per diluted share. Total revenue backlog at the end of the third quarter amounted to \$72.4 million, a year-to-date increase of \$2.2 million over December 31, 2005.

The Company is increasing both its revenue and operating margin guidance for 2006. The Company now expects 2006 revenue to increase 63-64%, an increase over previously issued guidance of 53-56%, and expects 2006 adjusted operating margins to increase to 21-23%, an increase over previously issued guidance of 16-18%. It also now expects that 2006 operating margins will be 13-15% of revenue for the year, an increase over previously issued guidance of 7-9%. The increases are primarily due to faster than expected expansion of the eICU Program in the company's customer base and lower than expected legal fees.

With substantial capital resources and a strong cash flow business model, we remain very confident that the Cardinal investment in Visicu will produce an excellent return.

**VISICU, INC. (cont.)**

**FINANCIAL SUMMARY: (\$000)**

**Statement of Operations:**

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>09/30/06</u>	<u>09/30/05</u>	<u>09/30/06</u>	<u>09/30/05</u>
Revenues	8,158	4,870	22,356	12,558
Cost of Sales	1,539	1,023	4,380	2,655
Operating Expenses	<u>4,629</u>	<u>3,882</u>	<u>14,418</u>	<u>11,570</u>
Income (Loss) from Operations	+1,990	-35	+3,558	-1,667
Other Income (Expense)	+1,570	+114	+2,891	+224
Tax Benefit (Expense)	<u>-1,060</u>	<u>+11,349</u>	<u>-2,392</u>	<u>+11,347</u>
Net Income (Loss)	+2,500	+11,428	+4,057	+9,904
Diluted Earnings Per Share (\$)	+\$0.08	+\$0.42	+0.13	+\$0.36

**Summary Balance Sheet as of September 30, 2006:**

Cash	\$116,693	Accounts Payable	\$ 2,783
Receivables	6,175	Accrued Expenses	1,404
Other Current Assets	<u>9,464</u>	Deferred Revenue	<u>27,291</u>
Total Current Assets	132,332	Total Current Liabilities	31,478
Net PP&E	1,581	Long Term Liabilities	19,655
Intangible & Other Assets	<u>17,551</u>	Shareholders Equity (Net)	<u>100,331</u>
Total Assets	<u>\$151,464</u>	Total Liabilities & Equity	<u>\$151,464</u>

**Comments:**

With net 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 \$8.97 x 70%)	\$23,649,370
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 (\$8.97 per share)	\$301.5 million