

CARDINAL HEALTH PARTNERS, L.P.

QUARTERLY REPORT

4th QUARTER, 2001

CARDINAL HEALTH PARTNERS, L.P.

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TO: The Limited Partners

FROM: John K. Clarke

DATE: February 15, 2002

SUBJECT: Activity for the Quarter ended December 31, 2001

Our annual meeting was held in New York on December 3rd with participation by almost all of our limited partners. We thank all attendees for their input and counsel during the event. As we bring this challenging year to a close, we are looking forward to 2002 as a year of solid performance at our portfolio companies coupled with an improving financing environment. A synopsis of portfolio company activity for the quarter follows.

AccentCare - Revenues for centers under management continued to be soft leading the Board to replace the CEO. The company has fallen behind plan on acquisitions, but should close a significant deal by the end of next quarter. The new CEO has been given a strong mandate by the Board to improve financial performance. The company has plenty of cash, a commanding market share in the Southwestern U.S. and a solid reputation for service. With the change in management and focus at the company, we are hopeful that operational performance will soon show improvement.

AthenaHealth – Sales for the quarter were a record \$4 million, with the distribution partnership completed last quarter with Siemens already producing a \$1.5 million customer. Revenues were below plan as a result of lower sales for the first six months of the year. Implementation backlog has grown significantly with the higher sales volume and management is moving quickly to add capacity and increase the use of contractors. With a strong backlog and management keenly focused on sales and service quality, Athena is poised for a terrific year in 2002.

Esurg - Esurg made good progress during the quarter to improve financial performance, but ends the year well under plan in terms of revenue. The company has completed a restructuring that has reduced cash burn by 30% and have taken actions that will improve gross margin significantly. Management continues to be resourceful and hardworking, but the company will require additional financing to get through 2002. The company is working with its investors to explore all strategic alternatives including partnering, merger or acquisition with an established regional med/surg distributor.

MedContrax – While 2001 has been a year of solid operational progress for MedContrax, the year has been characterized by frustration with an uncertain competitive environment and the inability to attain additional financing. Management has performed well over the last few months with very limited resources. Cash burn has been reduced to the minimum level

required to support the company's current contractual commitments. During the quarter, the investors retained a banker to sell all or part of the company. Meanwhile, the investor syndicate continues to bridge the company to sustain operations.

Molecular Mining – Software sales have been slow to develop. New product releases in January 2002 are expected to improve sales of the lead product significantly in Q1 and Q2 of 2002. Meanwhile, expenses have been kept well under control until sales improve. Cash flow is ahead of plan and the company has ample capital. Management and the investors are exploring strategic partnering with other bioinformatics companies as the market develops. Overall outlook remains promising.

NexCura - NexCura had a good quarter, with operating cash flow exceeding plan by \$400k. All in all, the company has performed above expectations during 2001. Entering 2002, management is focused on broadening their customer base and increasing recurring revenue. The company has a promising sales pipeline with revenues forecast to be \$5 million in 2002 and management confidently forecasting to be cash flow breakeven for the coming year.

ParkStone – The sale of ParkStone's assets under Chapter 11 was completed during the quarter. Sale proceeds were insufficient to cover the company's creditors and we will receive no return for our equity investment.

Pointshare – In December, Pointshare closed the sale of both of its operating divisions and dissolved the company. We expect a distribution of cash in early January of about \$75k with future distributions from escrow of about \$30k over the next twelve months.

TechRx – Revenues for the quarter were better than plan, but operating income was 10% below plan as the company continues to support its legacy systems while completing development of the T-Rex One product. Deployment of T-rex One is now anticipated in the later half of calendar 2002. While this will have a negative near term impact, management remains confident in their strategy and long-term financial plan. A second >\$100 million deal with a major pharmacy chain is expected to be signed in Q1 2002. While cash burn is a short-term concern here, momentum is strong at Tech-Rx and we remain very positive.

Visicu – New CEO, Frank Sample has reinvigorated the sales effort, with two to three new customers near to signing. Also during the quarter, the performance analysis results at Sentara have shown significant medical and financial benefits from the eICU system. Investor interest has also been reinvigorated, with the company completing a \$3.5 million financing in early January. Frank Sample is off to a great start and we are encouraged.

Fund activity for the quarter shows no investment activity or capital contributions. Net Loss for the quarter ended December 31, 2001, totaled \$1.1 million including \$400K in net operating expenses and a \$700k mark down related to MedContrax.

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

As we enter 2002, we are confident that the portfolio has value potential beyond our current carrying value. We are working diligently to realize that value in our portfolio by frequent interaction with company management and exploring all alternatives in order to ensure the best return for our investors. Brandon, Lisa, Geoff, John and I appreciate your continued support and welcome your input.

CARDINAL HEALTH PARTNERS, L.P.
Income Statement
For the Period Ended December 31, 2001

	Three Months Ended 12/31/01	Twelve Months Ended 12/31/01
Revenue:		
Non Portfolio Income	\$951	\$9,746
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	388,208	1,552,832
Professional Fees	4,134	25,305
NVCA Dues & Expenses	0	3,986
Amortization of Organization Costs	0	0
Miscellaneous Expenses	8,216	9,011
Total Expenses	<u>400,558</u>	<u>1,591,134</u>
Net Operating Expense	(399,607)	(1,581,388)
Investment Income	<u>7,978</u>	<u>31,120</u>
Net Income Before Gains (Losses)	(391,629)	(1,550,268)
Realized Gains (Losses)	(7,350,000)	(14,969,443)
Unrealized Gains (Losses)	<u>6,639,909</u>	<u>(25,018,103)</u>
Net Income (Loss)	<u><u>(\$1,101,720)</u></u>	<u><u>(\$41,537,814)</u></u>

CARDINAL HEALTH PARTNERS, L.P.

Balance Sheet

As of December 31, 2001

ASSETS:	Period Ended 12/31/01	Period Ended 09/30/01
Cash and Short-Term Investments	\$85,371	\$472,628
Accrued Interest	33,658	25,680
Escrow for Investment	0	0
Venture Capital Investments	25,910,607	26,620,698
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	214,082	214,082
	<u>\$26,243,718</u>	<u>\$27,333,088</u>
LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$26,462	\$14,112
Investment due Portfolio Company	0	0
Partners' Accounts	26,217,256	27,318,976
Total Liabilities and Capital	<u>\$26,243,718</u>	<u>\$27,333,088</u>

CARDINAL HEALTH PARTNERS, L.P.

Footnotes

As of December 31, 2001

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>12/31/01</u>	<u>09/30/01</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 - General Partner Promissory Notes:	<u>12/31/01</u>	<u>09/30/01</u>
GP Promissory Note Principal	\$214,082	\$214,082
Offset against Partners' Capital	<u>0</u>	<u>0</u>
Total	<u>\$214,082</u>	<u>\$214,082</u>

Note 4 - Accrued Expenses:	<u>12/31/01</u>	<u>09/30/01</u>
Accounting & Audit	\$17,000	\$13,000
NVCA Dues and Other	8,216	0
Legal & Other Professional Fees	<u>1,246</u>	<u>1,112</u>
Total	<u>\$26,462</u>	<u>\$14,112</u>

CARDINAL HEALTH PARTNERS, L.P.
Statement of Cash Flows
For the Period Ended December 31, 2001

	Three Months Ended 12/31/01	Twelve Months Ended 12/31/01
Cash flows from operating activities		
Net Income Before Gains (Losses)	(\$391,629)	(\$1,550,267)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	(7,978)	(18,928)
Net Organization Costs	0	0
Other Assets	0	0
Accrued Expenses & Payables	12,350	(4,805)
Net Cash used in Operating Activities	<u>(387,257)</u>	<u>(1,574,000)</u>
Cash flows from investing activities		
Purchases of venture capital investments	0	(593,939)
Sales of venture capital investments	0	458,700
Net cash used in investing activities	<u>0</u>	<u>(135,239)</u>
Cash flows from financing activities		
Cash contributions by partners	0	746,626
Cash distribution to partners	0	0
Net cash provided by financing activities	<u>0</u>	<u>746,626</u>
 Net Change in Cash and Short Term Investments	 (387,257)	 (962,613)
Cash and Short Term Investments, beginning	472,628	1,047,984
Cash and Short Term Investments, ending	<u><u>\$85,371</u></u>	<u><u>\$85,371</u></u>

CARDINAL HEALTH PARTNERS, L.P.
Schedule of Venture Capital Investments
As of December 31, 2001

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
AccentCare, Inc.	\$0	\$4,500,002	\$4,500,002	\$3,898,100	(\$601,902)
AthenaHealth, Inc.	0	3,000,000	3,000,000	6,600,000	3,600,000
Esurg Corporation	0	3,999,999	3,999,999	1,627,272	(2,372,727)
MedContrax (Syntegra)	0	3,636,363	3,636,363	200,000	(3,436,363)
Molecular Mining Corporation	0	1,000,000	1,000,000	2,046,400	1,046,400
NexCura (CancerFacts)	166,667	4,500,000	4,666,667	2,166,667	(2,500,000)
Pointshare Corporation	0	2,000,001	2,000,001	50,000	(1,950,001)
Signature Care Network	0	3,500,000	3,500,000	500	(3,499,500)
TechRx Incorporated	0	4,000,000	4,000,000	6,766,668	2,766,668
VISICU, Inc. (ICUSA)	0	4,000,000	4,000,000	2,555,000	(1,445,000)
Totals	\$166,667	\$34,136,365	\$34,303,032	\$25,910,607	(\$8,392,425)

Cardinal Health Partners, L.P.
Statement of Partners' Contributions Accounts
As of December 31, 2001

	Partners' Total Subscription	Contributions Account 09/30/01	Period Contribution in Cash	Period Contribution by Note	Contributions Account 12/31/01	Partners' Outstanding Subscription
<u>Limited Partners</u>						
LACERA	\$10,000,000	\$9,870,637	\$0	\$0	\$9,870,637	\$129,363
Nassau Capital Funds	9,000,000	8,883,574	0	0	8,883,574	116,426
Robert Wood Johnson Foundation	7,500,000	7,402,966	0	0	7,402,966	97,034
State Teachers Ret. System of Ohio	6,992,127	6,902,426	0	0	6,902,426	89,701
Northwestern University	5,000,000	4,935,315	0	0	4,935,315	64,685
Fleet Growth Resources (Summit Bank)	5,000,000	4,935,315	0	0	4,935,315	64,685
Nat. Union Fire Ins. Co. of Pittsburgh	5,000,000	4,935,315	0	0	4,935,315	64,685
WIN 4 Holdings / BofA Capital Corp.	3,000,000	2,961,191	0	0	2,961,191	38,809
First Union National Bank Pension Plan	3,000,000	2,961,191	0	0	2,961,191	38,809
UNISYS	2,500,000	2,467,655	0	0	2,467,655	32,345
Venture Investment Associates II	2,000,000	1,974,128	0	0	1,974,128	25,872
S.R. One Limited	1,500,000	1,480,591	0	0	1,480,591	19,409
Hillside Capital Incorporated	1,000,000	987,067	0	0	987,067	12,933
	\$61,492,127	\$60,697,371	\$0	\$0	\$60,697,371	\$794,756
<u>General Partner</u>						
Cardinal Health Partners Mgmt.	621,133	613,105	0	0	613,105	8,028
Total Partnership	\$62,113,260	\$61,310,476	\$0	\$0	\$61,310,476	\$802,784

Cardinal Health Partners, L.P.
Statement of Partners' Distributive Share of Net Assets
For the Period Ended December 31, 2001

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 12/31/01
<u>Limited Partners</u>							
LACERA	\$4,171,429	\$0	\$13,744	\$39,885	\$4,225,058	(\$4,261)	\$4,220,797
Nassau Capital Funds	3,754,278	0	12,369	35,896	3,802,543	(3,834)	3,798,709
Robert Wood Johnson Foundation	3,128,566	0	10,308	29,913	3,168,787	(3,195)	3,165,592
State Teachers Ret. System. of Ohio	2,917,273	0	9,611	27,893	2,954,777	(2,979)	2,951,798
Northwestern University	2,085,700	0	6,871	19,942	2,112,513	(2,130)	2,110,383
Fleet Growth Resources (Summit Bank)	2,085,700	0	6,871	19,942	2,112,513	(2,130)	2,110,383
Natl. Union Fire Ins. Co. of Pittsburgh	2,085,700	0	6,871	19,942	2,112,513	(2,130)	2,110,383
WIN 4 Holdings LLC	1,251,428	0	4,123	11,965	1,267,516	(1,278)	1,266,238
First Union National Bank Pension Plan	1,251,428	0	4,123	11,965	1,267,516	(1,278)	1,266,238
UNISYS	1,042,848	0	3,436	9,971	1,056,255	(1,065)	1,055,190
Venture Investment Associates II	834,278	0	2,748	7,977	845,003	(852)	844,151
S.R. One Limited	625,721	0	2,061	5,983	633,765	(639)	633,126
Hillside Capital Incorporated	417,151	0	1,374	3,989	422,514	(426)	422,088
	\$25,651,500	\$0	\$84,510	\$245,263	\$25,981,273	(\$26,197)	\$25,955,076
<u>General Partner</u>							
Cardinal Health Partners Mgmt.	259,107	0	861	2,477	262,445	(265)	262,180
Total Partnership	\$25,910,607	\$0	\$85,371	\$247,740	\$26,243,718	(\$26,462)	\$26,217,256

Cardinal Health Partners, L.P.
Statement of Partners' Capital *
For the Period Ended December 31, 2001

	Partners' Capital 01/01/01	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Partners' Capital 12/31/01
<u>Limited Partners</u>								
LACERA	\$10,196,382	\$120,747	\$1,568	(\$228,962)	(\$2,197,052)	(\$2,424,446)	(\$3,671,886)	\$4,220,797
Nassau Capital Funds,	9,176,735	108,672	1,412	(206,066)	(1,977,347)	(2,182,001)	(3,304,697)	3,798,709
Robert Wood Johnson Foundation	7,647,281	90,560	1,177	(171,721)	(1,647,790)	(1,818,334)	(2,753,915)	3,165,592
State Teachers Ret. System of Ohio	7,130,000	84,428	1,097	(160,093)	(1,536,206)	(1,695,202)	(2,567,428)	2,951,798
Northwestern University	5,098,173	60,374	785	(114,481)	(1,098,526)	(1,212,222)	(1,835,942)	2,110,383
Fleet Growth Resources (Commit)	5,098,173	60,374	785	(114,481)	(1,098,526)	(1,212,222)	(1,835,942)	2,110,383
National Union Fire Ins. Co. of Pitt.	5,098,173	60,374	785	(114,481)	(1,098,526)	(1,212,222)	(1,835,942)	2,110,383
WIN 4 Holdings, LLC.	3,058,912	36,224	471	(68,688)	(659,115)	(727,332)	(1,101,565)	1,266,239
First Union Nat. Bank Pension Plan	3,058,912	36,224	471	(68,688)	(659,115)	(727,332)	(1,101,565)	1,266,239
UNISYS	2,549,085	30,187	392	(57,240)	(549,263)	(606,111)	(917,971)	1,055,190
Venture Investment Associates II	2,039,269	24,149	314	(45,792)	(439,411)	(484,889)	(734,378)	844,151
S.R. One Limited	1,529,464	18,112	235	(34,344)	(329,558)	(363,667)	(550,783)	633,126
Hillside Capital Incorporated	1,019,645	12,075	157	(22,897)	(219,705)	(242,445)	(367,187)	422,088
	\$62,700,204	\$742,500	\$9,649	(\$1,407,934)	(\$13,510,140)	(\$14,908,425)	(\$22,579,201)	\$25,955,078
<u>General Partner</u>								
Cardinal Health Partners Mgmt.	4,094,157	4,126	97	(152,079)	(1,459,303)	(1,611,285)	(2,438,902)	48,096
Total Partnership	\$66,794,361	\$746,626	\$9,746	(\$1,560,013)	(\$14,969,443)	(\$16,519,710)	(\$25,018,103)	\$26,003,174

* - 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 December 31, 2001

	Partners' Contribution Account	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income (Loss)	Unrealized Gains (Losses)	Distributions	Partner Transfer	Partners' Account 12/31/01
<u>Limited Partners</u>									
LACERA	\$9,870,637	\$26,306	(\$941,260)	(1,261,686)	(\$2,176,640)	(\$1,530,550)	(\$1,942,650)	\$0	\$4,220,797
Nassau Capital Funds	8,883,574	23,674	(847,135)	(1,135,518)	(1,958,979)	(1,377,494)	(1,748,392)	0	3,798,709
Robert Wood Johnson Foundation	7,402,966	19,729	(705,944)	(946,265)	(1,632,480)	(1,147,912)	(1,456,982)	0	3,165,592
State Teachers Ret. System of Ohio	6,902,426	18,397	(658,141)	(882,187)	(1,521,931)	(1,070,179)	(1,358,518)	0	2,951,798
Northwestern University	4,935,315	13,152	(470,630)	(630,844)	(1,088,322)	(765,273)	(971,337)	0	2,110,383
Fleet Growth Resources (Summit)	4,935,315	13,152	(470,630)	(630,844)	(1,088,322)	(765,273)	(971,337)	0	2,110,383
National Union Fire Ins. Co. of Pitts.	4,935,315	13,152	(470,630)	(630,844)	(1,088,322)	(765,273)	(971,337)	0	2,110,383
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	219,760	1,064	(97,739)	(690,194)	(786,869)	(909,149)	0	2,742,497	1,266,239
First Union National Bank Pension Plan	2,961,191	7,892	(282,377)	(378,506)	(652,991)	(459,164)	(582,797)	0	1,266,239
UNISYS	2,467,655	6,576	(235,314)	(315,422)	(544,160)	(382,637)	(485,668)	0	1,055,190
Venture Investment Associates II	1,974,128	5,261	(188,251)	(252,338)	(435,328)	(306,110)	(388,539)	0	844,151
S.R. One Limited	1,480,591	3,946	(141,188)	(189,253)	(326,495)	(229,582)	(291,388)	0	633,126
Hillside Capital Incorporated	987,067	2,630	(94,128)	(126,169)	(217,667)	(153,054)	(194,258)	0	422,088
	\$60,697,371	\$161,759	(\$5,788,005)	(\$7,758,382)	(\$13,384,628)	(\$9,411,665)	(\$11,946,000)	\$0	\$25,955,078
<u>General Partner</u>									
Cardinal Health Partners Mgmt.	613,105	1,633	(1,302,400)	51,260	(1,249,507)	1,019,239	(120,659)	0	262,178
Total Partnership	\$61,310,476	\$163,392	(\$7,090,405)	(\$7,707,122)	(\$14,634,135)	(\$8,392,426)	(\$12,066,659)	\$0	\$26,217,256

TO: The Limited Partners

FROM: John J. Park

DATE: January 29, 2001

SUBJECT: Portfolio Valuations for December 31, 2001

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. This memorandum delineates the portfolio valuation calculations proposed by the General Partner and approved by the Advisory Committee for the Partnership, for those investments not valued at cost, as of December 31, 2001.

ACCENTCARE – In June 2001, AccentCare completed a \$24.5 million financing at \$0.9215 per share valuing the Company at \$54 million post-money after adjusting for the weighted average anti-dilution of the Series A and Series B Preferred. Two new investors, Three Arch Partners and Highland Capital Partners led this financing. Our investment is valued at the Series C price of \$0.9215, resulting in an unrealized loss of \$601,902 on our cost basis of \$3,500,001 as of December 31, 2001. This valuation represents no change from the valuation as of September 30, 2001.

Value Computation:

Series A Convertible Preferred Stock		
2,620,837 shares x \$0.9215	=	\$2,415,101
Series B Convertible Preferred Stock		
1,609,331 shares x \$0.9215	=	<u>1,482,999</u>
Total Value		<u>\$3,898,100</u>

ATHENAHEALTH – On November 17, 2000, AthenaHealth completed a \$31 million financing at \$3.08 per share, valuing the Company at \$86 million post-money. A new investor, Oak Investment Partners, led this financing. Our investment is valued at the Series D price of \$3.08, resulting in an unrealized gain of \$3,600,000 on our cost basis of \$3,000,000 as of December 31, 2001. This valuation represents no change from the valuation for Athena as of September 30, 2001.

Value Computation:

Series C Convertible Preferred Stock		
2,142,857 shares x \$3.08	=	<u>\$6,600,000</u>

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of December 31, 2001
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ESURG - In August 2001, Esurg completed a \$9 million financing at \$0.6265 per share, valuing the Company at \$36 million post-money. Two new investors, Accenture and United Parcel Service led this financing. Our investment is valued on the basis of this financing, resulting in an unrealized loss of \$2,372,727 on our cost basis of \$3,999,999. This valuation represents no change from the valuation as of September 30, 2001.

Value Computation:

$$\begin{array}{rcl} \text{Series C Convertible Preferred Stock} & & \\ 2,597,401 \text{ shares} \times \$0.6265 & = & \underline{\underline{\$1,627,272}} \end{array}$$

MEDCONTRAX – In September 2001, MedContrax completed a \$500,000 insider financing at \$0.25 per share valuing the Company at \$6.5 million post-money. Subsequent bridge financings with a liquidation preference totaling \$1 million has additionally diluted the potential value of our investment. Accordingly, we propose to value our investment at \$200,000, a 33% discount from the minimum value we expect from a sale of the company. At this value, the investment shows an unrealized loss of \$3,436,363 on our cost basis of \$3,636,363 as of December 31, 2001. This valuation represents a decrease of \$709,091 from the valuation as of September 30, 2001.

Value Computation:

$$\begin{array}{rcl} \text{Series A-1/Series A-4 Convertible Preferred Stock} & & \\ 3,636,364 \text{ shares} \times \$0.25 & = & \underline{\underline{\$909,091}} \end{array}$$

MOLECULAR MINING CORPORATION – In May 2001, Molecular Mining completed an \$8.3 million financing valuing the company at \$17 million post-money. New investor, Sofinov, led this financing. Our investment is now valued at the Series B price of \$2.0464, resulting in an unrealized gain of \$1,046,400 on our cost basis of \$1,000,000. This valuation represents no change from the valuation as of September 30, 2001.

Value Computation:

$$\begin{array}{rcl} \text{Series A Convertible Preferred Stock} & & \\ 1,000,000 \text{ shares} \times \$2.0464 & = & \underline{\underline{\$2,046,400}} \end{array}$$

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of December 31, 2001
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NEXCURA – In October 2000, NexCura completed a \$7 million financing at \$0.868 per share valuing the Company at \$19.9 million post-money. Subsequently, the company has been unable to attract additional investment interest and has curtailed operational expansion to attain cash flow breakeven. Accordingly, in order to correctly reflect the financial risk of the company, we have lowered the value our equity investment to \$2,000,000, resulting in an unrealized loss of \$2,500,000 on our cost basis of \$4,666,667. This valuation represents no change from the valuation as of September 30, 2001.

Value Computation:

Series A Convertible Preferred Stock		
5,184,331 shares x \$0.868 x 44.4%	=	\$2,000,000
10% Convertible Promissory Note	=	<u>166,667</u>
Total Value		<u>\$2,166,667</u>

PARKSTONE MEDICAL – ParkStone has been unable to secure financing and in August 2001 filed for bankruptcy protection. In June 2001, we had reduced the carrying value for ParkStone to a minimal amount. In October 2001, the assets of ParkStone were sold to Pacificare. Proceeds from the sale were insufficient to return any value to the equity investors. Accordingly, we have written the investment value of \$1,000 to \$0, resulting in a realized loss of \$5,500,000 and the reversal of the previously unrealized loss of \$5,499,000. This valuation change represents a decrease of \$1,000 from our carrying value as of September 30, 2001.

POINTSHARE – As reported previously, management has reached agreements to sell both operating units of the company. The transactions will net a total of approximately \$5 million for distribution to the investors. Of this amount, Cardinal should receive ~ \$80,000 due to the preferences of later investment rounds and have reduced the carrying value for our investment to \$50,000. However, no proceeds will be accorded to the Series A or Series B investors. Therefore, we have written-off the Series A and Series B investment reducing the cost basis from \$3,850,001 to \$2,000,001, with a resulting realized loss of \$1,850,000 and the reversal of a previously unrealized loss of \$1,850,000. With the remaining investment valued at \$50,000, we show an unrealized loss of \$1,950,001 on our cost basis of \$2,000,001 as of December 31, 2001. This valuation represents no change from our carrying value as of September 30, 2001.

CARDINAL HEALTH PARTNERS, L.P.
Portfolio Valuations as of December 31, 2001
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SIGNATURE CARE NETWORKS – Without available financing at the end of 1999, we reduced the carrying value for Signature to \$1,000. In June 2001, the promissory notes were deemed worthless and written off, resulting in a realized loss of \$1,285,000, the reversal of a previously unrealized loss of \$1,284,500 and the reduction of the carrying value to \$500. As of December 31, 2001, the remaining unrealized loss on the investment is \$3,499,500 on our cost basis of \$3,500,000. This valuation represents no change from our value as of September 30, 2001.

TECHRX – In July 2000, TechRx completed the acquisition of the pharmacy systems division of National Data Corporation (NDC) with NDC investing \$10 million at \$3.00 per share. Due to the strategic nature of this investment we are valuing our investment at \$2.00 per share, representing the midpoint between \$3.00 per share and the Series B cost of \$1.00 per share. This results in a carrying value of \$6,766,668 with an unrealized gain of \$2,766,668 on our cost basis of \$4,000,000 as of December 31, 2001. This valuation represents no change from the valuation as of September 30, 2001.

Value Computation:

Series B Convertible Preferred Stock		
3,000,000 shares x \$2.00	=	\$6,000,000
Common Stock Warrants		
100,000 shares x \$1.00 (\$2.00 - \$1.00)	=	100,000
Common Stock		
333,334 shares x \$2.00	=	<u>666,668</u>
Total Value		<u>\$6,766,668</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. However, as the company has not met operational expectations since the completion of the Series B financing, we propose to value our investment at one-half of the Series B price until a substantial improvement in operational results or an independent financing event. This results in a carrying value of \$2,555,000, producing an unrealized loss of \$1,445,000 on our cost basis of \$4,000,000. This valuation represents no change from our carrying value as of September 30, 2001.

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%	=	<u>500,000</u>
Total Value		<u>\$2,555,000</u>

CARDINAL HEALTH PARTNERS, L.P.
12/31/2001

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value 12/31/01</u>	<u>Fair Value 09/30/01</u>	<u>Change from Prior Quarter</u>	<u>Reason for Change</u>
AccentCare, Inc.	\$4,500,002	\$3,898,100	\$3,898,100	\$0	
AthenaHealth, Inc.	3,000,000	6,600,000	6,600,000	0	
Esurg Corporation	3,999,999	1,627,272	1,627,272		
MedContrax, Inc. (formerly Syntegra)	3,636,363	200,000	909,091	(709,091)	Mark Down to Minimum Value from Sale. (note 1)
Molecular Mining	1,000,000	2,046,400	2,046,400	0	
NexCura (formerly CancerFacts.com)	4,666,667	2,166,667	2,166,667		
ParkStone Medical Info. Systems	0	0	1,000	(1,000)	Write-off of ParkStone Equity. (note 2)
Pointshare Corporation	2,000,001	50,000	50,000	0	Partial Write-off of Pointshare Equity. (note 3)
Signature Care Networks	3,500,000	500	500	0	
TechRx Incorporated	4,000,000	6,766,668	6,766,668	0	
VISICU, Inc. (formerly ICUSA)	4,000,000	2,555,000	2,555,000	0	
Total Portfolio	\$34,303,032	\$25,910,607	\$26,620,698	(\$710,091)	

- (1) During the quarter, Concert Capital was retained to find a buyer for MedContrax. Currently, expectations are that a value of between \$5-8 million can be obtained from a sale of the assets of the company. After reducing the minimum value by the company's liabilities and taking into account the preferences of recent bridge financings, we have reduced the carrying value for the MedContrax investment to \$200k.
- (2) During the quarter, the sale of ParkStone's assets was completed and it is now clear that there will be no return to the equity investors. We have therefore written off our equity value of \$1,000, recorded a realized loss of \$5,500,000 and reversed a previously unrealized loss of \$5,499,000.
- (3) During the quarter, the General Partner received notice that there would be no return on the Series A and Series B preferred stock. Accordingly, we have reduced our investment cost by \$1,850,000, recorded a realized loss in the same amount and reversed a previously unrealized loss of the same amount. The carrying value for our Series C investment remains at \$50,000.

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

Comprehensive Assistance Living Services for the Elderly Living at Home

Period Summary: 4th Quarter 2001

After the third quarter of Fiscal 2002 (FYE 3/31) showed little change in the disappointing financial performance of Accentcare for the year, the Board initiated a change in senior management. Revenues for the quarter were 41% below plan with existing care center revenue shortfall accounting for more than one-half of the variance. Revenues for the first nine months of FY02 were \$16.5 million, 26% below the forecast of \$22.5 million. The YTD revenue variance is attributable to underperformance in several existing care centers (\$3.4 million) and acquisitions not completed as scheduled (\$2.9 million). Overall same store growth has been flat for the year, with Northern California, San Diego and Temecula declining by more than 10% YTD.

Gross margin also continues to lag plan, but has stabilized this quarter due to price increases implemented in July and cost reduction programs put in place in late summer. The positive variance in cost of sales for the quarter and YTD are primarily due to acquisitions not completed and lower headcount. Operating expense variances are attributable to reduced headcount in field operations and sales & marketing, as management has begun to trim corporate and field expenses to reduce the burn rate and preserve cash.

Given the underperformance of centers under management, the Board elected to terminate Bob Prosek as CEO and placed Dave Barry in the position on an interim basis. Dave Barry was the original CEO of AccentCare when founded in 1999 and has been active as a member of the Board since his departure for personal reasons in early 2000. Barry will provide stability as the company completes its restructuring. Management is moving swiftly to change behavior and focus at the company, terminating non-performing managers and shifting focus to large clients that generate more than \$4,000 per month for services.

At year-end, the company still had not completed five planned acquisitions, most significantly being Just Right Home Services in Southern California. The acquisition of Just Right is now delayed until March or April 2002. Just Right has annual revenues of \$18.5 million and EBITDA of \$900K. Management has identified an additional \$1 million in annualized cost savings that should increase the post-acquisition cash flow to ~ \$2 million. The company continues to pursue a market expansion strategy in New York State.

Dave Barry has a strong mandate from the Board to cut costs and will be delivering his own operations plan in the coming month. The company still has plenty of cash, a commanding market share and a growing reputation for quality service. We are hopeful that Dave can reverse the pattern of operational shortfalls.

ACCENTCARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 3/31)

	<i>2000 Actual</i>	<i>2001 Actual</i>	<i>2002 Budget</i>
Revenues	8,302	18,530	35,686
Cost of Sales	5,389	12,117	23,222
Operating Expenses	6,415	14,894	16,568
EBIT	-3,502	-8,481	-4,104
Interest and Taxes	101	-264	-61
Net Income	-3,401	-8,745	-4,165

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2001

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	5,757	9,796	-4,039
Cost of Sales	3,828	6,357	+2,529
Operating Expenses	3,525	4,456	+931
EBIT	-1,596	-1,017	-579
Interest and Taxes	28	-4	+32
Net Income	-1,568	-1,021	-547

Fiscal Year-to-Date: Nine Months Ended December 31, 2001

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	16,518	22,495	-5,977
Cost of Sales	11,029	14,732	+3,703
Operating Expenses	10,134	11,322	+1,188
EBIT	-4,645	-3,559	-1,086
Interest and Taxes	301	119	+182
Net Income	-4,344	-3,440	-904

ACCENTCARE, INC. (cont.)

Summary Balance Sheet as of December 31, 2001: (\$000)

Cash	\$ 15,620	Accounts Payable	\$ 315
Accounts Receivable	3,257	Accrued Expenses	1,572
Other Current Assets	<u>739</u>	Other Current Liabilities	<u>1,000</u>
Total Current Assets	19,616	Total Current Liabilities	2,887
Net PP&E	947	Long Term Debt	3,773
Intangibles (Net)	12,892	Shareholders Equity	43,558
Other Assets	<u>273</u>	Retained Earnings	<u>-16,490</u>
Total Assets	<u>\$33,728</u>	Total Liabilities & Equity	<u>\$33,728</u>

Comments:

Although, the company is behind plan for income, cash flow has remained close to plan for the year. The company has adequate capital to support operations for at least 2 years. The company's current monthly operating burn rate is \$420K.

Cardinal Health Partners Holdings:

Series A Convertible Preferred Stock	2,500,000 shares
Assigned Fair Value (2,620,837 CSE's x \$0.9215)	\$2,415,101
Investment Cost	\$2,500,000
Cost per Share	\$1.00
Series B Convertible Preferred Stock	1,176,472 shares
Assigned Fair Value (1,609,331 CSE's x \$0.9215)	\$1,482,999
Investment Cost	\$2,000,002
Cost per Share	\$1.70
% Ownership (Full Dilution)	7.14%
Company Valuation at Cardinal Cost	\$63.0 million
Company Valuation at Assigned Fair Value	\$54.6 million

Outlook:

We remain cautiously optimistic about the prospects for our investment in AccentCare.

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

Web-Based Business Services for Medical Groups

Period Summary: 4th Quarter 2001

Despite the fact that Athena did not achieve its ambitious plan for 2001, the year was one of steady and significant progress. Q4 2001 sales were a record \$4 million, with partner-sourced deals remaining the largest lead channel. The distribution partnership completed last quarter with Siemens Medical Solutions has already produced a \$1.5 million customer that closed in December. Margins continue to improve, albeit slowly, as better-priced accounts/renewals are implemented. A program of price increases (or terminations) for unprofitable accounts will be completed by the end of Q1 2002.

Results for the quarter show revenues (which typically lag sales by as much as three months) of \$1.4 million, well below plan revenues of \$4.7 million. The revenue variance results from lower than expected sales in the first half of the year, combined with longer customer implementation cycles. Operating Expenses are lower than plan primarily from lower headcount. The 2002 budget shows slower revenue growth for the first quarter as the implementation team is built to meet demand. Management now expects the company to be breakeven by November 2002, with a cash balance at the time of \$11.7 million.

Service performance issues with the company's lead product AthenaCollector™ are being addressed with the introduction of electronic claims submission at two large-volume payors, aggressively pursuing the rollout of a new vendor for outsourced payment posting and the set-up of an in-house posting operation to handle clients with aggressive posting requirements and to manage peak posting volumes. The aim is to reduce the days outstanding (DSO) from the current 51 to the company's longstanding goal of 40. Management expects that actions already taken will decrease the DSO to the mid-40s by the end of January 2002.

The implementation backlog remains a concern and has increased significantly as a result of the higher sales volume. The high proportion of new deals in new markets and/or large complex clients has led to an increase in implementation cycle time, which has detrimentally affected revenues. To address this, capacity will be added in implementation and market set-up functions and the use of independent contractors will increase until the backlog falls to more desired levels.

With the current backlog and sales pipeline, the company looks on track to meet its Q1 forecast. With management keenly focused on sales, shortening the implementation cycle and improving the service performance for its customers, Athena is poised for a breakout year in 2002.

ATHENAHEALTH, INC (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Actual *</i>	<i>2002 Budget</i>
Revenues	2,580	3,819	17,960
Operating Expenses	4,242	6,480	10,923
SG&A	6,833	10,914	11,489
EBIT	-8,495	-13,575	-4,452
Interest and Taxes	347	844	-21
Net Income	-8,148	-12,731	-4,473

* Subject to Audit

Last Three Months: Quarter Ended December 31, 2001

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	1,374	4,096	-2,722
Cost of Sales	1,840	2,551	+711
SG&A	2,955	3,074	+119
EBIT	-3,421	-1,529	-1,892
Interest and Taxes	79	207	-128
Net Income	-3,342	-1,322	-2,020

Fiscal Year-to-Date: Twelve Months Ended December 31, 2001

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	3,819	8,168	-4,349
Cost of Sales	6,480	7,758	+1,278
SG&A	10,914	11,382	+468
EBIT	-13,575	-10,972	-2,603
Interest and Taxes	844	993	-149
Net Income	-12,731	-9,979	-2,752

** Revised Budget Approved – January 2001

ATHENAHEALTH, INC. (cont.)

Summary Balance Sheet as of December 31, 2001: (\$000)

Cash	\$ 17,013	Accounts Payable	\$ 426
Accounts Receivable	717	Accrued Expenses	1,262
Other Current Assets	<u>563</u>	Other Current Liabilities	<u>273</u>
Total Current Assets	18,293	Total Current Liabilities	1,961
Net PP&E	3,122	Long Term Debt - Lease line	3,383
Intangibles (Net)	0	Shareholders Equity	43,326
Other Assets	<u>1,558</u>	Retained Earnings	<u>-25,697</u>
Total Assets	<u>\$ 22,973</u>	Total Liabilities & Equity	<u>\$ 22,973</u>

Comments:

The company has more than adequate capital to support operations at the current burn for two years. Cash flow for the quarter was on plan, but ends the year almost 20% behind plan. In December, the debt facility was extended with GATX, adding \$2.5 million in capacity. Management expects to be cash flow breakeven by November 2002, with a remaining cash balance of \$11 million.

Cardinal Health Partners Holdings:

Series C Convertible Preferred Stock	2,142,857 shares
Assigned Fair Value (\$3.08 x 2,142,857)	\$6,600,000
Investment Cost	\$3,000,000
Cost per Share	\$1.40

% Ownership (Full Dilution)	8.1%
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Company Valuation at Cardinal Cost	\$36.9 million
Company Valuation at Assigned Fair Value	\$81.3 million

Outlook:

We remain very enthusiastic about the prospects for Athena.

ESURG CORPORATION
Seattle, WA
{www.esurg.com}

Online Supplies for Outpatient Surgery Centers

Period Summary: 4th Quarter 2001

During 2001, Esurg performed significantly under plan in terms of revenue and ended the year \$1 million below plan for operating cash flow. The revenue variance is attributable to three factors, lower total customers than plan, lower number of orders per customer and the lower than expected sales per customer/month. Gross margin has shown good improvement over the last 4 months, but could not recover from underperformance during the first half of the year. Expenses for the year were on plan, but substantially better than plan in Q4 as a result of the restructuring enacted in September and the cancellation of management bonuses for 2001. Even with this successful restructuring, the company only has sufficient capital to support operations for 8-9 months.

Product margins over the last six months have continued to trend positively and are holding above the stated goal of 16%. In December, management was able to renegotiate its agreement with its largest supplier, Allegiance (subsidiary of Cardinal Health, Inc.) that will improve margins for their Med/Surg products by 7%, with a step-up to 8% for higher volume orders. Allegiance has agreed to decrease its freight management fee from 15% to 4%. Management continues to renegotiate its agreement with its fulfillment partners in order to further reduce shipping costs. These actions should produce a further improvement in overall gross margin from 4% in Q4 2001 to 8-9% for Q1 2002.

The sales effort has been refocused to target mid-size, multi-site and procedure-based medical practices and has produced larger average order sizes. New customer closures this quarter included 5 significant accounts with annual sales of \$500-700K each. Average sales per month per customer increased 20% during the quarter to \$1,400. Revenues per billable day have increased to over \$35,000, producing an annual revenue run rate of \$10 million at year-end.

The 2002 plan shows the current financing lasting into the third quarter of 2003. Management is working to add an additional \$3-4 million to the \$11 million financing closed last quarter, but progress has been discouraging. The company has also targeted and initiated discussions with some regional "bricks and mortar" distributors for a strategic partnership or acquisition. The next quarter will be crucial to the company as management attempts to leverage its positive momentum of the last six months with potential financial and/or strategic partners.

ESURG CORPORATION (cont.)**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Actual*</i>	<i>2002 Budget</i>
Revenues	806	5,339	13,067
Cost of Sales	830	5,278	11,815
Operating Expenses	12,015	12,148	11,607
EBIT	-12,039	-12,087	-10,355
Interest and Taxes	656	304	276
Net Income	-11,383	-11,783	-10,079

* Subject to Audit

Last Three Months: Quarter Ended December 31, 2001

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	1,970	5,720	-3,750
Cost of Sales	1,871	5,063	+3,192
Operating Expenses	2,590	2,941	+351
EBIT	-2,491	-2,284	-207
Interest and Taxes	81	305	-224
Net Income	-2,410	-1,979	-431

Fiscal Year-to-Date: Twelve Months ended December 31, 2001

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	5,339	11,208	-5,869
Cost of Sales	5,278	10,189	+4,911
Operating Expenses	12,148	12,027	-121
EBIT	-12,087	-11,008	-1,079
Interest and Taxes	304	818	-514
Net Income	-11,783	-10,190	-1,593

ESURG CORPORATION (cont.)

Summary Balance Sheet as of December 31, 2001: (\$000)

Cash	\$ 5,833	Accounts Payable	\$ 449
Accounts Receivable	1,013	Accrued Expenses	428
Other Current Assets	<u>874</u>	Other Current Liabilities	<u>272</u>
Total Current Assets	7,720	Total Current Liabilities	1,149
Net PP&E	2,033	Long Term Debt	540
Intangibles (Net)	713	Shareholders Equity	36,135
Other Assets	<u>2,448</u>	Retained Earnings	<u>-24,910</u>
Total Assets	<u>\$12,914</u>	Total Liabilities & Equity	<u>\$12,914</u>

Comments:

Monthly cash burn for November and December averaged \$700K. While this is a good improvement over the rest of the year, the company only has enough operating capital to support operations through the third quarter of 2002. Additional fundraising is proving difficult. Management is exploring strategic alternatives including acquisition/roll-up opportunities with traditional distributors.

Cardinal Health Partners Holdings:

Series C Convertible Preferred Stock	2,597,401 shares
Assigned Fair Value (2,597,401 x \$0.6265)	\$1,627,272
Investment Cost	\$3,999,999
Cost per Share	\$1.54

% Ownership (Full Dilution) 4.5%

Company Valuation at Cardinal Cost	\$54.4 million
Company Valuation at Assigned Fair Value	\$36.3 million

Outlook:

We remain guarded about the prospects for our investment in Esurg.

MEDCONTRAX, INC.
(formerly Syntegra Healthcare Management Systems, Inc.)
Rockville, MD
{www.medcontrax.com}

Wholesale Price Clearing House for Pharmaceuticals Market

Period Summary: 4th Quarter 2001

MedContrax ended 2001 with approximately \$4 million in revenues, a year-to-year increase of 60% over 2000. The company projects revenues of \$8.8 million for 2002 and expects to reach breakeven in 2003. The company's major focus in 2001 was in the completion of strategic software modules for the Contract Pricing Network (CPN), enhancement of the CPN network and data infrastructure, and the establishment of an initial sales force. Software modules for Membership & Eligibility and Request for Proposal (RFQ) were completed and launched. Additionally, during 2001 the company signed eight new CPN pharmaceutical clients – Smith Drug, Novation, Proctor & Gamble, F. Dohmen, AmeriNet, Priemer, Pfizer and Pharmacia. Notwithstanding all of their progress, 2001 has been a year characterized by frustration. The company experienced long delays in closing new clients primarily attributable to an uncertain competitive environment that only just recently became rectified. As a result, MedContrax has been unable to attain additional financing and the investors retained Concert Capital to manage an effort to sell the company.

Financial performance for the quarter and the year were behind plan, as revenues from the CPN network have not been realized as expected. Expenses have been relatively close to plan after adjusting for the aborted sale of the Med-ecom division. Management has done a nice job managing its limited capital without compromising the company's ability to deliver on its current contractual commitments. The Med-ecom division is currently operating at essentially breakeven and expects to remain so in 2002. Cash burn for the quarter was slightly ahead of plan, but remains at ~ \$400K per month.

During the quarter, the investor syndicate bridged the company an additional \$750K in the form of a Series A5 financing, bringing the total amount bridged to-date to \$1.25 million. The bridge financings carry a pre-money value of \$6 million and a senior liquidation preference. An analysis of the marginal expected return from this bridge led us to elect not to participate in the financing. In addition, we will be able to participate in future financings in Q1 2002, when the expected return from a sale will be clearer. In the meantime, we have reduced the carrying value of our Medcontrax investment to \$200,000 to account for the preferences contained in the bridge financings.

We continue to work closely with management and the investor syndicate to explore all strategic alternatives in order to provide financial stability and potential liquidity.

MEDCONTRAX. INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Preliminary*</i>	<i>2002 Budget</i>
Revenues	1,723	3,914	8,765
Cost of Sales	949	1,649	4,191
Operating Expenses	9,101	9,887	9,824
EBIT	-8,237	-7,622	-5,250
Interest and Taxes	353	65	-25
Net Income	-7,974	-7,557	-5,275

* Subject to Audit

Last Three Months: Quarter Ended December 31, 2001

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	1,146	2,195	-1,049
Cost of Sales	384	592	+208
Operating Expenses	2,369	2,234	-135
EBIT	-1,607	-631	-976
Interest and Taxes	-22	-13	-9
Net Income	-1,629	-644	-985

Fiscal Year-to-Date: Twelve Months Ended December 31, 2001

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	3,914	5,838	-1,924
Cost of Sales	1,649	1,968	+319
Operating Expenses	9,887	9,161	-726
EBIT	-7,622	-5,291	-2,331
Interest and Taxes	65	71	-6
Net Income	-7,557	-5,220	-2,337

** Revised Budget – March 2001

MEDCONTRAX. INC. (cont.)

Summary Balance Sheet as of December 31, 2001: (\$000)

Cash	\$ 660	Accounts Payable	\$ 607
Accounts Receivable	549	Accrued Expenses	222
Other Current Assets	<u>93</u>	Other Current Liabilities	<u>560</u>
Total Current Assets	1,302	Total Current Liabilities	1,389
Net PP&E	2,305		
Goodwill	1,532	Shareholders Equity	20,094
Other Assets	<u>61</u>	Retained Earnings	<u>-16,283</u>
Total Assets	<u>\$ 5,200</u>	Total Liabilities & Equity	<u>\$ 5,200</u>

Comments:

Cash is being managed very tightly. The investors continue to bridge the company to maintain value through either a financing or a sale.

Cardinal Health Partners Holdings:

Series A-1 Convertible Preferred Stock	2,500,000 shares
Assigned Fair Value	\$0
Investment Cost	\$2,500,000
Cost per Share	\$1.00
Series A-3 Convertible Preferred Stock	909,091 shares
Assigned Fair Value	\$0
Investment Cost	\$909,091
Cost per Share	\$1.00
Series A-4 Convertible Preferred Stock	227,273
Assigned Fair Value	\$200,000
Investment Cost	\$227,273
Cost per Share	\$1.00
% Ownership (Full Dilution)	14.1%
Company Valuation at Cardinal Cost	\$25.4 million
Company Valuation at Assigned Fair Value	\$6.3 million

Outlook:

In its current state, we have low expectations for a return on our MedContrax investment.

MOLECULAR MINING CORPORATION
Kingston, Ontario
{www.molecularmining.com}

Software Tools for Genomics Research

Period Summary: 4th Quarter 2001

Financial results for the 2001 show the company slowly moving into its commercialization phase. Software sales are well behind plan for the year; however monthly product sales are improving as the company continues to build its sales team. Distributor and OEM relationships have also been slow to develop. The company plans new product releases for January 2002 with improved commercial functionality and management expects sales of its lead product GeneLinkerGold™ to increase significantly in Q1 and Q2 2002.

Revenue generating collaborations have also lagged plan due to longer than anticipated sales cycles. Momentum has picked up at the end of the quarter with several formal proposals and work plans are under discussion or negotiation. Management has reformulated its collaborative offering and business development process around program areas in an effort to reduce the sales cycle and improve close ratios.

The company continues to build its senior management team with current recruiting efforts for a Director of Software Development and VP of Business Development. In the meantime, management has done a good job keeping expenses in line while developing its sales channels. Expenses are lower than plan primarily from lower headcount and reduced consulting expenses. Financial performance for the year was ahead of plan in terms for net income and cash flow.

The FY 2002 financial plan shows revenues growing to \$2.6 million next year, with software sales representing 60% of the total. We are cautiously optimistic that the current management team can attain this goal. Along with our co-investors, we will be monitoring sales closely for the first six months of the year. Additionally, we are exploring strategic partnerships with other bioinformatics companies in order to attain a greater breadth of market reach for Molecular Mining's products.

MOLECULAR MINING CORPORATION (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Preliminary</i>	<i>2002 Budget</i>
Revenues	39	146	2,655
Cost of Sales	0	0	0
Operating Expenses	1,516	2,862	5,814
EBIT	-1,477	-2,716	-3,159
Interest and Taxes	93	141	126
Net Income	-1,384	-2,575	-3,033

Last Three Months: Quarter Ended December 31, 2001

	<i>Actual</i>	<i>Budget*</i>	<i>Variance</i>
Revenues	22	389	-367
Cost of Sales	0	0	0
Operating Expenses	951	850	-101
EBIT	-929	-461	-468
Interest and Taxes	33	61	-28
Net Income	-896	-400	-496

Fiscal Year-to-Date: Twelve Months Ended December 31, 2001

	<i>Actual</i>	<i>Budget*</i>	<i>Variance</i>
Revenues	146	600	-454
Cost of Sales	0	0	0
Operating Expenses	2,862	3,096	+234
EBIT	-2,716	-2,496	-220
Interest and Taxes	141	185	-44
Net Income	-2,575	-2,311	-264

* Revised Forecast – May 2001

MOLECULAR MINING CORPORATION (cont.)

Summary Balance Sheet as of December 31, 2001: (\$000)

Cash	\$ 5,334	Accounts Payable	\$ 46
Accounts Receivable	169	Accrued Expenses	76
Prepaid Expenses	<u>20</u>	Notes Payable	<u>0</u>
Total Current Assets	5,523	Total Current Liabilities	122
Net PP&E	228	Long Term Debt	0
Intangibles (net)	189	Shareholders Equity	10,436
Other Assets	<u>0</u>	Retained Earnings	<u>-4,618</u>
Total Assets	<u>\$ 5,940</u>	Total Liabilities & Equity	<u>\$ 5,940</u>

Comments:

Cash burn has remained low as the company slowly builds its infrastructure. With the financing closed in May, Molecular Mining has adequate capital to support operations for another 18 months.

Cardinal Health Partners Holdings:

Series A Convertible Preferred Stock	1,000,000 shares
Assigned Fair Value (\$2.0464 x 1,000,000)	\$2,046,400
Investment Cost	\$1,000,000
Cost per Share	\$1.00
Series B Preferred Stock Warrants	34,206 shares
Exercise Price Per Share	\$2.0464
% Ownership (Full Dilution)	11.5%
Company Valuation at Cardinal Cost	\$8.7 million
Company Valuation at Assigned Fair Value	\$18.0 million

Outlook:

We are optimistic about the prospects for Molecular Mining.

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

eCare Tools for Chronic Disease Management

Period Summary: 4th Quarter 2001

In the fourth quarter, NexCura continued to perform ahead of expectations, with operating cash flow better than plan by \$400K for 2001. Management is forecasting 2002 to be cash flow breakeven, and with some good fortune, achieve free cash flow in excess of \$500k. The company has a promising sales pipeline that with reasonable success can attain revenue levels of \$5 million for 2002.

Revenues for the fourth quarter were almost \$1 million, substantially better than plan due to higher than anticipated licensing revenues from new contracts, plus the recognition of some deferred revenues. Operating expenses have been successfully reduced to \$350K per month with lower headcount and improved cost control measures. Headcount will be maintained at current levels until new contracts have been signed. In an effort to ensure employee retention and maximize performance, creative employee incentive and reward systems are being implemented to reward achievement of revenue and cash flow goals.

With limited resources, management has done an excellent job building its sales pipeline in multiple channels and closing new business. The company is in later stage discussions to secure its third substantial development and licensing deal focusing on disease management decision tools in the pulmonary field.

All in all, the company has made better than expected progress in 2001. The challenges for NexCura are to demonstrate consistent growth by broadening its product offerings and customer base, increase recurring revenue, recruit and retain key management talent and stabilize the capital structure of the company either through securing strategic and/or financial capital, or completing a business combination. The company has good momentum entering 2002 and we are cautiously encouraged by their progress.

NEXCURA, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Actual*</i>	<i>2002 Budget</i>
Revenues	440	1,978	5,067
Cost of Sales	0	0	140
Operating Expenses	7,882	4,109	4,744
EBIT	-7,442	-2,131	183
Interest and Taxes	-220	105	-87
Net Income	-7,662	-2,026	96

* Subject to Audit

Last Three Months: Quarter Ended December 31, 2001

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	985	465	+520
Cost of Sales	0	0	0
Operating Expenses	1,077	1,070	-7
EBIT	-92	-605	+513
Interest and Taxes	-5	0	-5
Net Income	-97	-605	+508

Fiscal Year-to-Date: Twelve Months ended December 31, 2001

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	1,978	1,560	+418
Cost of Sales	0	0	0
Operating Expenses	4,109	4,412	+303
EBIT	-2,131	-2,852	+721
Interest and Taxes	105	0	+105
Net Income	-2,026	-2,852	+826

NEXCURA, INC. (cont.)

Summary Balance Sheet as of December 31, 2001: (\$000)

Cash	\$ 774	Accounts Payable	\$ 256
Accounts Receivable	576	Accrued Expenses	10
Other Current Assets	<u>58</u>	Deferred Revenue	<u>1,351</u>
Total Current Assets	1,408	Total Current Liabilities	1,617
Net PP&E	394	Long Term Debt	516
Intangibles (Net)	0	Shareholders Equity	11,886
Other Assets	<u>0</u>	Retained Earnings	<u>-12,217</u>
Total Assets	<u>\$ 1,802</u>	Total Liabilities & Equity	<u>\$ 1,802</u>

Comments:

Management has successfully scaled back operating expenses to ~ \$300K per month. With many of NexCura's contracts providing cash payments upfront for product development, the company is now in essence operationally cash flow breakeven.

Cardinal Health Partners Holdings:

Series B Convertible Preferred Stock	5,184,331 shares
Assigned Fair Value	\$2,000,000
Investment Cost	\$4,500,000
Cost per Share	\$0.868
10% Convertible Promissory Note	\$166,667
Common and Preferred Stock Warrants	288,912
Average Exercise Price Per Share	\$0.074
% Ownership (Full Dilution)	17.8%
Company Valuation at Cardinal Cost	\$25.3 million
Company Valuation at Assigned Fair Value	\$12.7 million

Outlook:

The company has made good forward progress in 2001, however until financial stability becomes evident and/or a suitable strategic buyer is identified, we remain guarded about the prospects for our investment in NexCura.

PARKSTONE MEDICAL INFORMATION SYSTEMS, INC.
Weston, FL
{www.parkstone.com}

Handheld Formulary, Referral and Billing Management Tool for Physicians

Period Summary: 4th Quarter 2001

In October, the sale of ParkStone's assets to the RX-Connect subsidiary of PacificCare Health Systems was completed as part of the Chapter 11 bankruptcy proceeding. A total of \$1.5 million in cash was received from the sale of the assets. At the time of the Chapter 11 filing, the company had secured debt outstanding totaling \$8.75 million. The bankruptcy trustee will prosecute preference actions against certain of the company's vendors, but the likelihood of a recovery substantial enough to provide any return to the equity holders is highly unlikely. Therefore, during the quarter we have written-off our investment resulting in a realized loss of \$5,500,000 and the reversal of the previously unrealized loss of \$5,499,000.

POINTSHARE CORPORATION
Bellevue, WA
{www.pointshare.com}

Infrastructure Application Provider for Physician Practices

Period Summary: 4th Quarter 2001

As reported last quarter, Pointshare has sold its two operating divisions, Community Healthcare Connection (CHC) and Information Products & Services (IPS) in separate transactions. Both transactions closed in December. The CHC division was sold to Siemens Medical Solutions Health Services Corporation for \$3.5 million in cash. The agreement stipulated that \$2.87 million be paid at closing with \$630K to be held in escrow for up to 12 months. The IPS division was sold for \$2.25 million to its management team paid as follows: \$500K in cash, the assumption of \$1 million in outstanding PointShare liabilities and a \$750K note payable maturing in 12 months.

After settlement of outstanding liabilities and set aside for contingencies, \$2.1 million was available for immediate distribution to the equity holders. The distribution was based on the liquidation preference of the Series C and Series D preferred stockholders. The total preference amount is \$46.7 million, with Cardinal holding \$2 million or 4.285%. The initial \$2.1 million distribution was completed in early January 2002 with Cardinal receiving \$89,983. An escrow account was established to hold the \$630K from Siemens, \$483K in set aside for expenses and the \$750K note. Cardinal would receive 4.285% of any future distributions from the escrow.

As a consequence of the sale, the Series A and Series B investments were deemed worthless and written-off during the quarter resulting in a realized loss of \$1,850,000 and the reversal of a previously unrealized loss of the same amount.

Cardinal Health Partners Holdings:

Series C Convertible Preferred Stock	727,273 shares
Assigned Fair Value	\$50,000
Investment Cost	\$2,000,001
Cost Per Share	\$2.75
Percentage of Total Liquidation Preference	4.285%

SIGNATURE CARE NETWORKS
(formerly Signature Plastic Surgery, Inc.)
Marlton, NJ
{www.signaturesurgery.com}

Internet Based Services for Cosmetic Surgery Practices

Period Summary: 4th Quarter 2001

No new activity to report for the period. Completion of final tax and regulatory filings for Signature is still awaiting approval from company counsel, with the dissolution of the company happening shortly thereafter.

Cardinal Health Partners Holdings:

Series A Convertible Preferred Stock	6,000,000 shares
Assigned Fair Value	\$500
Investment Cost	\$3,500,000
Cost per Share	\$0.583
 % Ownership (Full Dilution)	 60%

TECHRX INCORPORATED.
Pittsburgh, PA
{www.tech-rx.com}

Leading Software Systems for High Volume Prescription Fulfillment

Period Summary: 4th Quarter 2001

The development cycle for the T-Rex One product has taken longer than expected, with anticipated deployment dates now extending into Fiscal 2003 (FYE 6/30). While, this will have a negative impact on the company's near term financial results, management remains confident in their market strategy and long-term financial plan. Meanwhile, legacy systems continue to perform well and provide positive operating cash flow. With the signing of the \$90 million CVS deal last quarter, and the expected signing of a \$120 million deal with a second major pharmacy chain within the next 60 days, the company is poised for a breakout year in FY 2003.

Revenues for the quarter were \$11.6 million, 2% higher than plan. This is primarily attributable to favorable variance in the retail segment for hardware/software sales and increased professional services to chain customers. Cost of sales for the period were 4% above plan as a result of higher third party hardware and software costs, in line with the increased retail sales. Operating expenses for the period were \$9.2 million, almost 10% above plan. The variance is due to software development & product management expenses primarily related to the delays incurred in the T-Rex One development project and the continued support of legacy systems.

The original FY 2002 plan was predicated on the early adoption of the T-Rex One product by independent pharmacies beginning in July 2001 and in chains beginning October 2001. Product development has taken longer than expected and anticipated deployment dates have now extended into FY 2003. This delay will detrimentally affect revenues by \$1.8 million for Fiscal 2002. In addition, expenses are expected to be \$1.9 million higher than plan due to the combination of continued support of legacy systems and higher than expected development costs until the product is completed.

The original plan also anticipated an accelerated adoption of the T-Rex One system by independents to be followed by the large chains. Management now believes that the large chains will be the early adopters and the independents will follow. The company is currently developing a hybrid version of the T-Rex system and legacy systems for early deployment to small chains and independents in Q4 of Fiscal 2002 in an effort to hasten adoption of the new system once completed.

TECHRX INCORPORATED (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 6/30)

	<i>2000 Actual</i>	<i>2001 Actual *</i>	<i>2002 Budget</i>
Revenues	8,077	44,658	49,140
Cost of Revenue	4,552	30,542	29,336
Operating Expenses	7,673	25,251	25,922
Goodwill Amortization	157	4,373	0
EBIT	-4,305	-15,508	-6,118
Interest and Taxes	447	-3,812	-4,680
Net Income	-3,858	-19,320	-10,798

* - Subject to audit.

Last Three Months: Quarter Ended December 31, 2001

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	11,574	11,320	+254
Cost of Revenue	7,523	7,208	-315
Operating Expenses	9,160	8,364	-796
Goodwill Amortization	0	0	0
EBIT	-5,109	-4,252	-857
Interest and Taxes	-464	-241	-223
Net Income	-5,573	-4,493	-1,080

Fiscal Year-to-Date: Six Months Ended December 31, 2001

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	22,996	22,118	+878
Cost of Revenue	14,835	14,125	-710
Operating Expenses	18,050	17,151	-899
Goodwill Amortization	0	0	0
EBIT	-9,889	-9,158	-731
Interest and Taxes	-650	-481	-169
Net Income	-10,539	-9,639	-900

TECHRX INCORPORATED (cont.)

Summary Balance Sheet as of December 31, 2001: (\$000)

Cash	\$ 8,696	Accounts Payable	\$ 3,823
Accounts Receivable	7,303	Accrued Expenses	10,285
Other Current Assets	<u>1,527</u>	Deferred Revenue	<u>6,414</u>
Total Current Assets	17,526	Total Current Liabilities	20,522
Net PP&E	3,965	Notes Payable	20,218
		Accrued Fees Non Current	1,357
Other Assets	9,255	Shareholders Equity	54,959
Intangible Assets	<u>0</u>	Retained Earnings	<u>-66,310</u>
Total Assets	<u>\$30,746</u>	Total Liabilities & Equity	<u>\$30,746</u>

Comments:

Operational cash flow for Fiscal 2002 is currently behind plan, as anticipated staff reductions in legacy systems have not occurred. Management is currently forecasting an unfavorable cash variance of \$4 million for the fiscal year. The \$11.4 million pre-payment loan from the CVS deal should give the company sufficient cash to get through Fiscal 2002.

Cardinal Health Partners Holdings:

Series B Convertible Preferred Stock	3,000,000 shares
Assigned Fair Value (3,000,000 x \$2.00)	\$6,000,000
Investment Cost	\$3,000,000
Cost per Share	\$1.00
Common Stock	333,334 Shares
Assigned Fair Value (333,334 x \$2.00)	\$666,668
Investment Cost	\$1,000,000
Cost per Share	\$3.00
Common Stock Warrants	100,000 shares
Assigned Fair Value (100,000 x \$1.00)	\$100,000
Exercise Price Per Share	\$1.00
% Ownership (Full Dilution)	7.0%
Company Valuation at Cardinal Cost	\$57.1 million
Company Valuation at Assigned Fair Value	\$96.7 million

Outlook:

We remain enthusiastic about our investment in TechRx.

VISICU, INC.
(formerly IC-USA, Inc.)
Baltimore, MD
{*www.visicu.com*}

Remote Monitoring Services for Intensive Care Hospital Units

Period Summary: 4th Quarter 2001

The addition of Frank Sample as CEO has reinvigorated the sales effort entering 2002. The company is poised to sign two or three new customers over the next three months, with implementation beginning in the later half of 2002. Interest has been strong for the higher margin product model although the sales cycle will be long as the market is still in the very early adoption stage. In December, Cap Gemini Ernst & Young completed the performance analysis of the Visicu eICU system at Sentara Norfolk General Hospital. The results show significant medical and financial benefits to Sentara. This third party validation should provide a significant boost to Visicu's sales and marketing efforts. A copy of the report summary is enclosed.

For the quarter, revenues were \$417K or 56% of plan. The unfavorable revenue variance is attributable to lower than forecast ICU beds under management. Cost of sales shows a favorable variance attributable to the lower headcount resulting from the fewer beds under management. The favorable operating expense variances are attributable primarily to reduced headcount compared to budget in sales and marketing, and a lower utilization of consultants and/or contract labor for IT projects than originally anticipated. Management continues to do an excellent job of keeping expenses in line until additional revenue generating contracts are completed.

The 2002 plan forecasts revenues of \$6.5 million, with 85% of revenue realized in the second half of the year. The plan assumes that the second service model eICU will begin operation in Q4 2002 with 40 beds initially. Management also anticipates the expansion of the Sentara eICU from 45 to 90 beds during 2002. Sales of the CXCN technology turn-key system product account for almost 50% of forecast revenues, with four units expected to be sold in the second half of the year.

In January 2002, the company completed a \$3.5 million financing on terms substantially similar to the June 2000, Series B financing. This financing should supply adequate capital for management for the first three quarters of 2002, with the company forecast to turn profitable in Q4. Management is hopeful of raising an additional \$1-2 million from strategic partners over the next few months.

VISICU, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2000 Actual</i>	<i>2001 Actual*</i>	<i>2002 Budget</i>
Revenues	606	1,431	6,505
Cost of Sales	1,025	1,821	4,066
Operating Expenses	6,553	6,653	6,939
EBIT	-6,972	-7,043	-4,500
Interest and Taxes	262	232	15
Net Income	-6,710	-6,811	-4,485

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2001

	<i>Actual</i>	<i>Budget **</i>	<i>Variance</i>
Revenues	417	750	-333
Cost of Sales	474	850	+376
Operating Expenses	1,496	1,975	+479
EBIT	-1,553	-2,075	+522
Interest and Taxes	20	30	-10
Net Income	-1,533	-2,045	+512

Fiscal Year-to-Date: Twelve Months Ended December 31, 2001

	<i>Actual</i>	<i>Budget **</i>	<i>Variance</i>
Revenues	1,431	1,865	-434
Cost of Sales	1,821	2,302	+481
Operating Expenses	6,653	7,291	+638
EBIT	-7,043	-7,728	+685
Interest and Taxes	232	243	-11
Net Income	-6,811	-7,485	+674

** - Revised Budget – July 2001

VISICU, INC. (cont.)**Summary Balance Sheet as of December 31, 2001: (\$000)**

Cash	\$ 1,925	Accounts Payable	\$ 694
Accounts Receivable	83	Accrued Expenses	20
Prepaid Expenses	<u>146</u>	Deferred Revenue	<u>39</u>
Total Current Assets	2,154	Total Current Liabilities	753
Net PP&E	999	Note Payable & LTD	0
Deposits	0	Shareholders Equity	18,603
Other Assets	<u>0</u>	Retained Earnings	<u>-16,203</u>
Total Assets	<u>\$ 3,153</u>	Total Liabilities & Equity	<u>\$ 3,153</u>

Comments:

Cash flow for Fiscal 2001 shows a slight positive variance from plan. The company completed a \$3.5 million financing in January 2002. With this financing complete, the Fiscal 2002 forecast shows the company reaching cash flow positive in the last quarter of the year. Management and the investor group are seeking an additional \$1-2 million in strategic and/or add-on financing to provide some cushion for 2002.

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
% Ownership (Full Dilution)	17.9%
Company Valuation at Cardinal Cost	\$22.3 million
Company Valuation at Assigned Fair Value	\$14.3 million

Outlook:

We are cautiously optimistic about the prospects for Visicu.