

CHP II, L.P.
QUARTERLY REPORT
1st QUARTER, 2005

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1st QUARTER, 2005
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TO: The Limited Partners
FROM: John K. Clarke
DATE: May 27, 2005
SUBJECT: Activity for the Quarter Ended March 31, 2005

During the quarter, the CHP II portfolio continued to make good operational progress and we remain optimistic about the prospects of providing some significant liquidity to our partners during 2005. The following are short summaries of activity for the quarter in each of our portfolio companies.

AllianceCare (formerly Mobile Medical) - The integration of the Alliance Care/Mobile Medical merger led to a disappointing first month, however the company recovered nicely over the last two months and has positive momentum entering Q2. Sequential revenue growth averaged 10% per month for the quarter and the company operated with positive EBITDA for February and March. The expected synergy from merging Alliance Care with Mobile Medical is materializing and revenues and earnings should continue to exhibit strong growth. The company also completed its search for a Chief Operating Officer and has begun to implement improved management tools and increased accountability across the organization.

Alnylam Pharmaceuticals – Alnylam (NASDAQ: ALNY) had a number of notable achievements over the 1st quarter of 2005. The company advanced their RNAi therapeutic programs, expanded the pipeline to include new Direct RNAi therapeutics programs for respiratory disease and spinal cord injury, and formed new strategic collaborations to enhance its development efforts, including an alliance with Medtronic in central nervous system (CNS) diseases. The company ended the period with \$38.3 million in cash, enough capital to support operations into 2007.

AthenaHealth – Athena performed well in the first quarter of 2005. Revenues for the quarter were \$12 million, a 10% growth over the prior period. Gross margins exceeded plan and the company has been EBITDA positive for five consecutive quarters. Operating cash flow for the quarter was +\$279K, mostly driven by improved receivables collection and better than forecast client implementations. New contract signings set a record in March and the company ended the period with a contract backlog exceeding \$14 million and an annualized revenue run rate of \$51.6 million. The company has a strong balance sheet and will be self-supporting for the foreseeable future. We believe the company is well positioned to provide investor liquidity in the next 12-18 months.

CardioOptics – Cardio-Optics had many significant accomplishments during the period. The company completed its program to qualify the Coronary Sinus Access (CSA™) System pre-production prototype units for human testing, filed its 510k submission with the FDA for the CSA™ System, completed its CEO search with the hiring of industry veteran Todd Davenport in February, and progressed its second program, the transparent electrode ablation project, through further animal studies. To support this activity, the current investor syndicate agreed to invest \$3 million in the form of 8% secured convertible promissory notes, \$2 million of which were drawn during the current quarter. Each investor contributed its pro rata portion to the financing, with Cardinal investing \$800K during the quarter.

CodeRyte – The company has been very successful in terms of new customer sales while growth related implementation issues have hindered revenues, which are below expectations. By year-end, essentially all of the implementation issues have been resolved. The company is forecast to turn cash flow positive by the end of calendar 2005. Monthly revenues are currently >\$200K, with breakeven forecast at \$800K. New contract sales for the quarter represented \$540K in annual revenue, 50% above forecast. Contracted backlog at year-end exceeds \$3 million in annual revenue.

IntelliCare America – IntelliCare had a good beginning to 2005, meeting its financial targets and exhibiting strong sequential revenue growth. The company is ahead of its cash flow forecast and should be cash flow positive for the rest of 2005. During the period, the investor syndicate agreed to put in place a \$2.5 million bridge financing facility to encourage the company's credit provider to extend the maturity of its current facility from April 2005 to April 2006. The engagement to sell the company continues with no imminent transaction on the horizon. The investor syndicate is still hopeful that a successful sale of the company (>\$17.5 MM) can be consummated during 2005. The company continues to perform reasonably well and the solid Q1 2005 financial results could prove to be catalytic.

Momenta – Progress on Momenta's (NASDAQ: MNTA) lead product, M-Enoxaparin (M-Enox) remained on plan during the quarter and the company continues to target an ANDA filing with the FDA in mid-2005. M-Enox is a technology-enabled generic version of the low molecular weight heparin drug Lovenox®, the largest selling low molecular weight heparin, with worldwide sales in 2004 of about \$2.4 billion and U.S. market share of approximately 85%. The company also continued to advance its other programs, including glycoproteins, M-Dalteparin, M118, drug delivery and oncology. The company remains on schedule to file an ANDA for M-Dalteparin and an IND for M118 with the FDA in mid-2006. Financial results for the quarter were in line with expectations and the company ended the period with \$54 million in cash.

Replication Medical – The first quarter was an extremely busy time for the Replication: The company continued to ramp up its manufacturing capabilities at its New Jersey facility, completed work on a revised device delivery system, and most significantly, re-opened dialog with a corporate strategic partner regarding investing in Replication with an option to acquire the company. The company elected to pause its patient trials in Europe in order to complete revisions of its delivery system. One additional investigator was signed during the quarter, with another expected soon. The trial is expected to commence under a revised protocol with two patients scheduled for early June. Competitively, Replication continues to lead in the race for first product to receive an IDE. Its closest competitor has apparently experienced setbacks resulting in an announcement that it will revise its basic device material chemistry. We believe this effectively extends our lead by 18-24 months.

Rib-X Pharmaceuticals – Rib-X continues to focus its attention on achieving the following milestones during 2005; a) having a lead compound in Phase I by Q4 followed closely by a back-up compound in order to guarantee one compound from the RX-01 program in the clinic by Q1 2006, b) obtain an in-licensed compound ready for the clinic by Q1 2006, and c) obtain a development candidate(s) from the second tier in-house programs by mid-year 2005. The goal is to establish an appropriate portfolio value from these programs to justify an increased valuation for a likely mid-2006 financing. During the last quarter, the RX-01 program progressed on plan towards its clinical target. In addition, the company refined its in-licensing strategy to focus on niche markets within certain key clinical and market parameters.

Sirtris Pharmaceuticals – In February of 2005, CHP II contributed \$3.0 million to the \$27 million second round financing for Sirtris. This financing was co-led by new investors, Three Arch Partners and Cargill Ventures. The financing valued the company at \$30 pre-money, a 30% step-up from the November 2004 first round financing. Also participating in the financing were new investor Novartis Pharmaceuticals and current investors Polaris Venture Partners, Techno Venture Management, Skyline Ventures and The Wellcome Trust. The financing was completed to accelerate the development program into the clinic. Strategic and financial investor interest remains high, but the company will only pursue an additional financing in conjunction with a significant strategic collaboration.

Included in this report are financial statements for the period, a portfolio valuation memo, an update on each of our portfolio companies, a recent investment research report for Alnylam, and a deal activity report for the quarter.

Deal Flow:

During the quarter, we have reviewed 61 business proposals. Current “A” deals include: Inset Technologies, Mitral Solutions, Neuronetics, Rivanna Pharmaceuticals, Spineology, Triton Biosystems and Wavemark. An alphabetical list of all deals received with a brief business description, deal source and deal status is included in the Appendix to this report.

Financial Results:

There were two capital calls during the period for a total of \$4.7 million. Utilization of these funds included the \$800K investment in Cardio-Optics; the \$276K investment in Replication, the \$3 million investment in Sirtris Pharmaceuticals plus the payment of fund fees and expenses. As of March 31, 2005, cumulative capital contributions stand at \$79.4 million or 67.5% of total commitments. Cash at the end of the period was \$603K and net assets totaled \$71.3 million. Net income for the quarter was \$4.7 million, consisting of \$654K in net operating expenses, offset by a \$5.4 million increase in cumulative unrealized portfolio appreciation. Changes in portfolio valuation for the quarter included an unrealized loss for Alnylam (\$293K) offset by an unrealized gain for Momenta (\$4.6 million); both related to public market price changes, plus a \$1.1 million unrealized gain related to the Sirtris third round financing closed in February.

Looking forward:

We expect events over the next two quarters will drive the cumulative fund net IRR to investors solidly into positive figures. We are confident that the value potential of the portfolio is substantially greater than that of our current carrying value.

With two CHP II portfolio companies now public and a couple of others entertaining potential acquisition interest, we are very hopeful of creating some meaningful liquidity for our partners during 2005. We continue to work diligently to build value in the portfolio and appreciate your input and support.

CHP II, L.P.
Income Statement
For the Period Ended March 31, 2005

	Three Months Ended 03/31/05
Revenue:	
Non Portfolio Income	\$1,765
Interest-Equivalent Amounts	0
Expenses:	
Management Fee	660,795
Professional Fees	6,920
NVCA Dues & Expenses	0
Amortization of Organization Costs	0
Annual Meeting & Miscellaneous	800
Total Expenses	668,515
Net Operating Expense	(666,750)
Investment Income	12,715
Net Income Before Gains (Losses)	(654,035)
Realized Gains (Losses)	0
Unrealized Gains (Losses)	5,369,463
Net Income (Loss)	\$4,715,428

CHP II, L.P.
Balance Sheet
As of March 31, 2005

ASSETS:	Period Ended 03/31/05	Period Ended 12/31/04
Cash and Short-Term Investments	\$603,494	\$695,373
Accrued Interest	84,685	71,970
Venture Capital Investments	70,283,822	60,838,752
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	<u>378,525</u>	<u>356,345</u>
	<u>\$71,350,526</u>	<u>\$61,962,440</u>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$28,403	\$25,745
Partners' Accounts	<u>71,322,123</u>	<u>61,936,695</u>
Total Liabilities and Capital	<u><u>\$71,350,526</u></u>	<u><u>\$61,962,440</u></u>

CHP II, L.P.
Footnotes
As of March 31, 2005

Note 1 – CHP II, L.P. is a Limited Partnership and as such is not subject to income taxes at the partnership level.

Note 2 – Net Organization Costs	03/31/05	12/31/04
Organization Costs	\$183,232	\$183,232
Accumulated Amortization	(183,232)	(183,232)
Total	<u>\$0</u>	<u>\$0</u>

Note 3 – General Partner Promissory Notes	03/31/05	12/31/04
GP Promissory Note Principal	\$377,175	\$354,995
Prepaid NJ State Filing Fees	1,350	1,350
Total	<u>\$378,525</u>	<u>\$356,345</u>

Note 4 – Accrued Expenses	03/31/05	12/31/04
Professional Fees	\$28,403	\$25,745
NVCA Dues & Annual Meeting	0	0
Other Accrued Expenses	0	0
Total	<u>\$28,403</u>	<u>\$25,745</u>

Note 5 – Financial Highlights (Return & IRR)	Net to LP's	Total Fund
Year-to-Date Return on Net Assets	7.61%	7.61%
Internal Rate of Return Since Inception	-4.27%	-4.27%

CHP II, L.P.
Statement of Cash Flows
For the Period Ended March 31, 2005

	Three Months Ended 03/31/05
Cash flows from operating activities	
Net Income Before Gains (Losses)	(\$654,035)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:	
Accrued Interest Receivable	(12,715)
Accrued Organization Costs	0
Other Assets	0
Accrued Expenses & Payables	2,658
Net Cash used in Operating Activities	(664,092)
Cash flows from investing activities	
Purchases of venture capital investments	(4,076,425)
Sales of venture capital investments	818
Net cash used in investing activities	(4,075,607)
Cash flows from financing activities	
Cash contributions by partners	4,647,820
Cash distribution to partners	0
Net cash provided by financing activities	4,647,820
 Net Change in Cash and Short Term Investments	 (91,879)
Cash and Short Term Investments, beginning	695,373
Cash and Short Term Investments, ending	\$603,494

CHP II, L.P.
Schedule of Venture Capital Investments
As of March 31, 2005

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
AllianceCare, Inc.	\$0	\$4,980,410	\$4,980,410	\$4,980,410	\$0
Alnylam Pharmaceuticals	0	8,959,015	8,959,015	15,333,407	6,374,392
AthenaHealth, Inc.	0	5,000,001	5,000,001	8,181,820	3,181,819
Cardio-Optics, Inc.	0	3,801,527	3,801,527	3,801,527	0
CodeRyte, Inc.	0	2,780,004	2,780,004	2,780,004	0
IntelliCare America, Inc.	0	4,000,000	4,000,000	2,464,585	(1,535,415)
Molecular Mining Corp.	0	1,436,455	1,436,455	27,394	(1,409,061)
Momenta Pharmaceuticals, Inc.	0	6,823,506	6,823,506	18,382,322	11,558,816
Replication Medical	0	3,052,353	3,052,353	3,052,353	0
Rib-X Pharmaceuticals, Inc.	0	4,000,000	4,000,000	4,000,000	0
Sirtris Pharmaceuticals, Inc.	0	6,050,000	6,050,000	7,280,000	1,230,000
Totals	\$0	\$50,883,271	\$50,883,271	\$70,283,822	\$19,400,551

CHP II, L.P.
Statement of Partners' Contributions Accounts
As of March 31, 2005

	Partners' Total Subscription	Contributions Account 12/31/04	Period Contribution in Cash	Period Contribution by Note	Contributions Account 03/31/05	Partners' Outstanding Subscription
<u>Limited Partners</u>						
State Teachers Ret. System of Ohio	\$30,000,000	\$19,085,585	\$1,192,597	\$0	\$20,278,182	\$9,721,818
Nassau Capital Funds	10,000,000	6,361,861	397,532	0	6,759,393	3,240,607
Robert Wood Johnson Foundation	10,000,000	6,361,861	397,532	0	6,759,393	3,240,607
Northwestern University	10,000,000	6,361,861	397,532	0	6,759,393	3,240,607
LACERA	10,000,000	6,361,861	397,532	0	6,759,393	3,240,607
Textron Master Trust	10,000,000	6,361,861	397,532	0	6,759,393	3,240,607
Wachovia Investors, Inc. (First Union)	7,500,000	4,771,396	298,149	0	5,069,545	2,430,455
Pension Commissioners of City of LA	5,000,000	3,180,931	198,766	0	3,379,697	1,620,303
Princess Private Equity	5,000,000	3,180,931	198,766	0	3,379,697	1,620,303
Hillside Capital Incorporated	3,500,000	2,226,651	139,137	0	2,365,788	1,134,212
Hamilton Lane-Carpenters Fund	3,000,000	1,908,559	119,259	0	2,027,818	972,182
UNISYS Master Trust	3,000,000	1,908,559	119,259	0	2,027,818	972,182
Venture Investment Associates III, L.P.	2,300,000	1,463,228	91,433	0	1,554,661	745,339
Fleet Growth Resources (Summit)	2,000,000	1,272,372	79,507	0	1,351,879	648,121
S.R. One Limited	2,000,000	1,272,372	79,507	0	1,351,879	648,121
QFinance (Pharma BioDevelopment)	2,000,000	1,272,372	79,507	0	1,351,879	648,121
Private Equity Holdings II, Ltd.	1,000,000	636,186	39,753	0	675,939	324,061
	\$116,300,000	\$73,988,447	\$4,623,300	\$0	\$78,611,747	\$37,688,253
<u>General Partner</u>						
CHP II Management, LLC.	1,174,747	747,358	24,520	22,180	794,058	380,689
Total Partnership	\$117,474,747	\$74,735,805	\$4,647,820	\$22,180	\$79,405,805	\$38,068,942

CHP II, L.P.
Statement of Partners' Distributive Share of Net Assets
For the Period Ended March 31, 2005

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 03/31/05
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$9,338,543	\$8,610,124	\$154,117	\$118,292	\$18,221,076	(\$7,254)	\$18,213,822
Nassau Capital Funds	3,112,847	2,870,040	51,372	39,431	6,073,690	(2,418)	6,071,272
Robert Wood Johnson Foundation	3,112,847	2,870,040	51,372	39,431	6,073,690	(2,418)	6,071,272
Northwestern University	3,112,847	2,870,040	51,372	39,431	6,073,690	(2,418)	6,071,272
LACERA	3,112,847	2,870,040	51,372	39,431	6,073,690	(2,418)	6,071,272
Textron Master Trust	3,112,847	2,870,040	51,372	39,431	6,073,690	(2,418)	6,071,272
Wachovia Investors, Inc. (First Union)	2,334,636	2,152,531	38,529	29,572	4,555,268	(1,813)	4,553,455
Pension Commissioners of City of LA	1,556,423	1,435,020	25,687	19,715	3,036,845	(1,209)	3,035,636
Princess Private Equity	1,556,423	1,435,020	25,687	19,715	3,036,845	(1,209)	3,035,636
Hillside Capital Incorporated	1,089,497	1,004,514	17,980	13,801	2,125,792	(846)	2,124,946
Hamilton Lane-Carpenters Fund	933,853	861,012	15,412	11,829	1,822,106	(725)	1,821,381
UNISYS Master Trust	933,853	861,012	15,412	11,829	1,822,106	(725)	1,821,381
Venture Investment Associates III, L.P.	715,955	660,109	11,816	9,069	1,396,949	(556)	1,396,393
Fleet Growth Resources (Summit)	622,570	574,009	10,274	7,886	1,214,739	(484)	1,214,255
S.R. One Limited	622,570	574,009	10,274	7,886	1,214,739	(484)	1,214,255
QFinance (Pharma BioDevelopment)	622,570	574,009	10,274	7,886	1,214,739	(484)	1,214,255
Private Equity Holdings II, Ltd.	311,284	287,003	5,137	3,943	607,367	(241)	607,126
	\$36,202,412	\$33,378,572	\$597,459	\$458,578	\$70,637,021	(\$28,120)	\$70,608,901
<u>General Partner</u>							
CHP II Management, LLC.	365,681	337,157	6,035	4,632	713,505	(283)	713,222
Total Partnership	\$36,568,083	\$33,715,729	\$603,494	\$463,210	\$71,350,526	(\$28,403)	\$71,322,123

CHP II, L.P.
Statement of Partners' Capital Accounts *
For the Three Months Ended March 31, 2005

<u>Limited Partner</u>	Partners' Capital 01/01/05	Net Capital Contribution	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 03/31/05
State Teachers Ret. System of Ohio	\$15,817,027	\$1,192,597	\$451	(\$167,474)	\$0	(\$167,023)	\$1,371,221	\$0	\$18,213,822
Nassau Capital Funds	5,272,341	397,532	150	(55,825)	0	(55,675)	457,074	0	6,071,272
Robert Wood Johnson Foundation	5,272,341	397,532	150	(55,825)	0	(55,675)	457,074	0	6,071,272
Northwestern University	5,272,341	397,532	150	(55,825)	0	(55,675)	457,074	0	6,071,272
Textron Master Trust	5,272,341	397,532	150	(55,825)	0	(55,675)	457,074	0	6,071,272
LACERA	5,272,341	397,532	150	(55,825)	0	(55,675)	457,074	0	6,071,272
Wachovia Investors (First Union)	3,954,257	298,149	113	(41,869)	0	(41,756)	342,805	0	4,553,455
Pension Commissioners-City of LA	2,636,170	198,766	75	(27,912)	0	(27,837)	228,537	0	3,035,636
Princess Private Equity	2,636,170	198,766	75	(27,912)	0	(27,837)	228,537	0	3,035,636
Hillside Capital Incorporated	1,845,319	139,137	53	(19,539)	0	(19,486)	159,976	0	2,124,946
Hamilton Lane-Carpenters Fund	1,581,702	119,259	45	(16,747)	0	(16,702)	137,122	0	1,821,381
UNISYS Master Trust	1,581,702	119,259	45	(16,747)	0	(16,702)	137,122	0	1,821,381
Venture Investment Associates III	1,212,638	91,433	35	(12,840)	0	(12,805)	105,127	0	1,396,393
Fleet Growth Resources	1,054,468	79,507	30	(11,165)	0	(11,135)	91,415	0	1,214,255
S.R. One Limited	1,054,468	79,507	30	(11,165)	0	(11,135)	91,415	0	1,214,255
QFinance (Pharma BioDevelopment)	1,054,468	79,507	30	(11,165)	0	(11,135)	91,415	0	1,214,255
Private Equity Holdings II, Ltd.	527,233	39,753	15	(5,582)	0	(5,567)	45,707	0	607,126
	\$61,317,327	\$4,623,300	\$1,747	(\$649,242)	\$0	(\$647,495)	\$5,315,769	\$0	\$70,608,901
<u>General Partner</u>									
CHP II Management, LLC.	264,373	24,520	18	(6,558)	0	(6,540)	53,694	0	336,047
Total Partnership	\$61,581,700	\$4,647,820	\$1,765	(\$655,800)	\$0	(\$654,035)	\$5,369,463	\$0	\$70,944,948

*-Statement of Partners' Capital does not include contributions made by the General Partner in the form of Promissory Notes.

CHP II, L.P.
Statement of Partners' Accounts
For the Period from April 25, 2000 to March 31, 2005

	Partners' Contribution Account	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Account
<u>Limited Partners</u>								
State Teachers Ret. System of Ohio	\$20,278,182	\$17,386	(\$3,716,108)	(\$3,320,034)	(\$7,018,756)	\$4,954,396	\$0	\$18,213,822
Nassau Capital Funds	6,759,393	5,796	(1,238,704)	(1,106,679)	(2,339,587)	1,651,466	0	6,071,272
Robert Wood Johnson Foundation	6,759,393	5,796	(1,238,704)	(1,106,679)	(2,339,587)	1,651,466	0	6,071,272
Northwestern University	6,759,393	5,796	(1,238,704)	(1,106,679)	(2,339,587)	1,651,466	0	6,071,272
LACERA	6,759,393	5,796	(1,238,704)	(1,106,679)	(2,339,587)	1,651,466	0	6,071,272
Textron Master Trust	6,759,393	5,796	(1,238,704)	(1,106,679)	(2,339,587)	1,651,466	0	6,071,272
Wachovia Investors, Inc. (First Union)	5,069,545	4,348	(929,028)	(830,009)	(1,754,689)	1,238,599	0	4,553,455
Pension Commissioners of City of LA	3,379,697	2,898	(619,352)	(553,341)	(1,169,795)	825,734	0	3,035,636
Princess Private Equity	3,379,697	2,898	(619,352)	(553,341)	(1,169,795)	825,734	0	3,035,636
Hillside Capital Incorporated	2,365,788	2,028	(433,546)	(387,338)	(818,856)	578,014	0	2,124,946
Hamilton Lane-Carpenters Fund	2,027,818	1,739	(371,611)	(332,004)	(701,876)	495,439	0	1,821,381
UNISYS Master Trust	2,027,818	1,739	(371,611)	(332,004)	(701,876)	495,439	0	1,821,381
Venture Investment Associates III	1,554,661	1,334	(284,903)	(254,536)	(538,105)	379,837	0	1,396,393
Fleet Growth Resources (Summit)	1,351,879	1,159	(247,740)	(221,336)	(467,917)	330,293	0	1,214,255
S.R. One Limited	1,351,879	1,159	(247,740)	(221,336)	(467,917)	330,293	0	1,214,255
QFinance (Pharma BioDevelopment)	1,351,879	1,159	(247,740)	(221,336)	(467,917)	330,293	0	1,214,255
Private Equity Holdings II, Ltd.	675,939	580	(123,870)	(110,668)	(233,958)	165,145	0	607,126
	\$78,611,747	\$67,407	(\$14,406,121)	(\$12,870,678)	(\$27,209,392)	\$19,206,546	\$0	\$70,608,901
<u>General Partner</u>								
CHP II Management, LLC.	794,058	682	(145,517)	(130,006)	(274,841)	194,005	0	713,222
Total Partnership	\$79,405,805	\$68,089	(\$14,551,638)	(\$13,000,684)	(\$27,484,233)	\$19,400,551	\$0	\$71,322,123

CHP II, L.P.
Comprehensive Fund Investment Summary
For the Period from April 25, 2000 to March 31, 2005

Portfolio Company	Investment Cost	GAAP Fair Value	Unrealized Gain (Loss)	Realized Value	Realized Gain (Loss)	Cumulative Investment Return
<u>Public Company Securities</u>						
Alnylam Pharmaceuticals, Inc.	\$8,959,015	\$15,333,407	\$6,374,392	\$0	\$0	\$6,374,392
Momenta Pharmaceuticals, Inc.	6,823,506	18,382,322	11,558,816	0	0	11,558,816
<u>Private Company Investments</u>						
AllianceCare, Inc.	4,980,410	4,980,410	0	0	0	0
AthenaHealth, Inc.	5,000,001	8,181,820	3,181,819	0	0	3,181,819
Cardio-Optics, inc.	3,801,527	3,801,527	0	0	0	0
CodeRyte, Inc.	2,780,004	2,780,004	0	0	0	0
Intellicare America, Inc.	4,000,000	2,464,585	(1,535,415)	0	0	(1,535,415)
Molecular Mining Corporation	1,509,061	27,394	(1,409,061)	72,606	0	(1,409,061)
Replication Medical, Inc.	3,052,353	3,052,353	0	0	0	0
Rib-X Pharmaceuticals, Inc.	4,000,000	4,000,000	0	0	0	0
SirTris Pharmaceuticals, Inc.	6,050,000	7,280,000	1,230,000	0	0	1,230,000
<u>Fully Disposed Investments</u>						
IPhysicianNet, Inc.	5,757,897	0	0	0	(5,757,897)	(5,757,897)
ParkStone Medical Information Systems	7,575,278	0	0	332,491	(7,242,787)	(7,242,787)
	\$64,289,052	\$70,283,822	\$19,400,551	\$405,097	(\$13,000,684)	\$6,399,867

TO: The Limited Partners

FROM: John J. Park

DATE: April 15, 2005

SUBJECT: Portfolio Valuations for March 31, 2005

Investment securities held by CHP II, L.P. (the “Partnership”) have been valued in accordance with the Standard Valuation Policy of the Partnership. In accordance with the Policy, we propose to value restricted securities at cost, until subsequent events of a significant nature indicate the need for a change. This memorandum delineates the portfolio valuation calculations as proposed by the General Partner for those investments not valued at cost as of March 31, 2005.

ALNYLAM PHARMACEUTICALS – On May 28, 2004, Alnylam (NASDAQ:ALNY) completed an initial public offering priced at \$6.00 per share, selling 5.75 million shares, with net proceeds to the company of \$32.4 million. Concurrent with the completion of the IPO, the company enacted a reverse split on all outstanding shares at a ratio of 1.9 to 1, with all shares of preferred stock automatically being converted to common stock. Accordingly, all of the CHP II holdings of preferred stock have converted into 1,859,370 shares of Alnylam common stock, with a combined cost basis of \$7,564,015. In addition, CHP II purchased 232,500 shares of Alnylam common stock in the IPO, at a total cost of \$1,395,000.

As of March 31, 2005, CHP II holds 2,091,870 shares of Alnylam common stock. None of these shares are subject to any trading restrictions. We therefore propose to value the Alnylam investment at the closing market price on March 31, 2005 of \$7.33 per share. This results in a total valuation of \$15,333,407 with an unrealized gain of \$6,374,392 on our cost basis of \$8,959,015 as of March 31, 2005. This valuation represents a decrease of \$292,862 from the valuation for Alnylam as of December 31, 2004.

Value Computation:

Common Stock
2,091,870 shares x \$7.33 = \$15,333,407

CHP II, L.P.**Portfolio Valuations as of March 31, 2005****Page 2 of 4**

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. CHP II was not a participant in the financing. We propose to value our investment at the Series E price of \$5.04, resulting in an unrealized gain of \$3,181,819 on our cost basis of \$5,000,001 as of March 31, 2005. This valuation represents no change from the valuation for AthenaHealth as of December 31, 2004.

Value Computation:

$$\begin{array}{rcl} \text{Series D Convertible Preferred Stock} & & \\ 1,623,377 \text{ shares} \times \$5.04 & = & \underline{\underline{\$8,181,820}} \end{array}$$

INTELLICARE – In May 2002, IntelliCare completed a \$10.15 million second round financing at \$0.1923 per share, valuing the company at \$20.15 post-money. New investor Canaan Partners led the financing, with CHP II contributing \$1 million. We propose to value our investment on the basis of this financing, resulting in an unrealized loss of \$1,535,415 on our cost basis of \$4,000,000 as of March 31, 2005. This valuation represents no change from the valuation for IntelliCare as of December 31, 2004.

Value Computation:

$$\begin{array}{rcl} \text{Series B Convertible Preferred Stock} & & \\ 7,616,146 \text{ CSE's} \times \$0.1923 & = & \$1,464,585 \\ \text{Series C Convertible Preferred Stock} & & \\ 5,200,208 \text{ shares} \times \$0.1923 & = & \underline{1,000,000} \\ \text{Total Value} & & \underline{\underline{\$2,464,585}} \end{array}$$

CHP II, L.P.

Portfolio Valuations as of March 31, 2005

Page 3 of 4

MOLECULAR MINING - During the first quarter of 2003, as the result of an inability to attain additional outside financing and a lack of sufficient operational progress, management and the Board of Directors decided to cease operations and sell the assets of the company. Consequently, we reduced the carrying value of our investment to \$100,000, reflecting a conservative estimate of our share of the Series B Preferred proceeds from liquidation. Since December 2003, the company has distributed \$72,606 to CHP II, representing our share of the liquidation proceeds to date. As a result, we have reduced the carrying value for the investment to \$27,394 (\$100,000 - \$72,606). At this valuation, our investment shows an unrealized loss of \$1,409,061 on a remaining cost basis of \$1,437,273 as of March 31, 2005. Taking into account the \$818 received this period; this valuation represents a decrease of \$818 from our carrying value for Molecular Mining as of December 31, 2004.

Value Computation:

$$\begin{array}{rcl} \text{Series B Convertible Preferred Stock} & & \\ 737,422 \text{ shares} & = & \underline{\$27,394} \end{array}$$

MOMENTA PHARMACEUTICALS – On June 21, 2004, Momenta (NASDAQ:MNTA) completed an initial public offering of its securities priced at \$6.50 per share, selling 6.15 million shares, with net proceeds to the company of \$37.2 million. Concurrent with the completion of the IPO, the company enacted a 1 to 1.28 split on all outstanding shares, with all shares of preferred stock automatically being converted to common stock. Accordingly, all of the CHP II holdings of preferred stock have been converted into 2,101,286 shares of Momenta common stock, with a combined cost basis of \$6,375,006. In addition, CHP II purchased 69,000 shares of Momenta common stock in the IPO, at a total cost of \$448,500.

As of March 31, 2005, CHP II holds 2,170,286 shares of Momenta common stock. None of these shares are subject to any trading restrictions. We therefore propose to value the Momenta investment at the closing market price on March 31, 2005 of \$8.47 per share. This results in a total valuation of \$18,382,322 with an unrealized gain of \$11,558,816 on our cost basis of \$6,823,506 as of March 31, 2005. This valuation represents an increase of \$4,592,325 from the valuation for Momenta as of December 31, 2004.

Value Computation:

$$\begin{array}{rcl} \text{Common Stock} & & \\ 2,170,286 \text{ shares} \times \$8.47 & = & \underline{\$18,382,322} \end{array}$$

CHP II, L.P.

Portfolio Valuations as of March 31, 2005

Page 4 of 4

SIRTRIS PHARMACEUTICALS – On February 25, 2005, Sirtris completed a \$27 million Series B Preferred stock financing priced at \$0.80 per share and valuing the Company at \$30 million pre-money. Two new investors, Three Arch Partners and Cargill Ventures, co-led this financing, with CHP II investing \$3.0 million. We propose to value our investment at the Series B price of \$0.80, resulting in a total value of \$7,280,000, with a corresponding unrealized gain of \$1,230,000 on our cost basis of \$6,050,000 as of March 31, 2005. Including the \$3.0 million invested during the period, this valuation represents an increase of \$4.07 million from the valuation for Sirtris as of December 31, 2004.

Value Computation:

Series A Convertible Preferred Stock		
1,600,000 shares x \$0.80	=	\$1,280,000
Series A-1 Convertible Preferred Stock		
3,750,000 shares x \$0.80		3,000,000
Series B Convertible Preferred Stock		
3,750,000 shares x \$0.80	=	<u>3,000,000</u>
Total Value		<u>\$7,280,000</u>

CHP II, L.P.
Portfolio Investment Valuation Summary
For the Quarter ended March 31, 2005

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value</u> <u>03/31/05</u>	<u>Fair Value</u> <u>12/31/04</u>	<u>Change from</u> <u>Prior Quarter</u>	<u>Reason for Change</u>
AllianceCare, Inc.	\$4,980,410	\$4,980,410	\$4,980,410	\$0	
Alnylam Pharmaceuticals, Inc.	\$8,959,015	\$15,333,407	\$15,626,269	(\$292,862)	Market Price Decrease. (note 1)
AthenaHealth, Inc.	\$5,000,001	\$8,181,820	\$8,181,820	\$0	
CardioOptics, Inc.	\$3,801,527	\$3,801,527	\$3,001,279	\$800,248	Follow-on Investment. (note 2)
CodeRyte, Inc.	\$2,780,004	\$2,780,004	\$2,780,004	\$0	
Intellicare America, Inc.	\$4,000,000	\$2,464,585	\$2,464,585	\$0	
Molecular Mining Corporation	\$1,436,455	\$27,394	\$28,212	(\$818)	Partial Receipt of Dissolution Proceeds.
Momenta Pharmaceuticals	\$6,823,506	\$18,382,322	\$13,789,997	\$4,592,325	Discount Removed/Market Price Increase. (note 3)
Replication Medical	\$3,052,353	\$3,052,353	\$2,776,176	\$276,177	Follow-on Investment. (note 4)
Rib-X Pharmaceuticals	\$4,000,000	\$4,000,000	\$4,000,000	\$0	
Sirtiris Pharmaceuticals	\$6,050,000	\$7,280,000	\$3,210,000	\$4,070,000	Follow-on Investment. (note 5)
Total Portfolio	\$50,883,271	\$70,283,822	\$60,838,752	\$9,445,070	

1. After the completion of the Alnylam IPO in May 2004, CHP II holds 2,091,870 shares of Alnylam common stock. All of these shares are now freely tradable and we propose to value our securities at the closing price for Alnylam common stock (NASDAQ:ALNY) as of March 31, 2005 of \$7.33 per share. The valuation decrease for the period reflects the change from the closing price as of December 31, 2004 of \$7.47 per share.
2. During the quarter, CHP II contributed \$800K towards \$2 million of bridge financing for Cardio-Optics. The financing was in the form of 8% secured convertible promissory notes.
3. After the completion of the Momenta IPO in June 2004, CHP II holds 2,170,286 shares of Momenta common stock. All of these shares are now freely tradable and in accordance with the CHP II valuation policy, we propose to value our holdings at the closing market price for Momenta common stock (NASDAQ: MNTA) as of March 31, 2005 of \$8.47 per share. The valuation increase reflects the change from the closing price as of December 31, 2004 of \$7.06 per share, coupled with the elimination of the 10% discount factor.
4. On March 24, 2005, CHP II invested \$276,177 in the final \$1 million closing of the insider-led Series C preferred financing for Replication.
5. On February 25, 2005, CHP II contributed \$3 million to the \$27 million Series B preferred financing for Sirtiris Pharmaceuticals. The financing was led by new investors Three Arch and Cargill Ventures and valued the company at \$30 million pre-money, a 33% mark-up from the Series A-1 financing round closed in November 2004.

ALLIANCECARE, INC.
(formerly Mobile Medical Industries)
Boca Raton, FL
{www.mobilemedicalind.com}

Provider of comprehensive integrated medical and rehabilitation services.

Period Summary: 1st Quarter, 2005

Complications resulting from the integration of the Alliance Care/Mobile Medical merger led to disappointing financial results for January, however the company recovered nicely over the last two months and has positive momentum entering Q2. Sequential revenue growth averaged 10% per month for the quarter and the company operated with positive EBITDA for February and March. The expected synergy from merging Alliance Care with Mobile Medical is materializing and revenues and earnings should continue to exhibit strong growth. The company also completed its search for a Chief Operating Officer and has begun to implement improved management tools and increased accountability across the organization.

Financial performance as compared to budget was behind plan for the quarter. Most of the variance occurred in January and has essentially put the company one month behind on its operational plan for the year. The January variance was the result of a combination of factors led by lower than forecast patient flow, especially in the higher margin business segments, and \$120K of non-recurring expenses related to the merger integration. Both February and March exhibited solid top line growth as well as improved margins and positive EBITDA. Management expects Q2 results to exhibit 12% revenue growth over Q1 generating \$650K in EBITDA.

In February, the company completed its Chief Operating Officer search with the hiring of Boyd Faust. As COO, Boyd will direct the management and delivery of all clinical services. Prior to joining AllianceCare, Boyd had served as COO of National Surgical Care, which operates ambulatory surgery centers throughout the United States. He was previously a Senior Vice President of a multi-site healthcare system with revenue of \$900 million, where he developed a sub-acute care network operating in the Southeast.

As the quarter ended, momentum is positive throughout the company. The company has seen solid sequential growth in revenue and earnings. The keys for management will be to keep the positive momentum moving forward through the rest of the year and to demonstrate the ability to open new markets in a cost effective and predictable manner. We remain very enthusiastic about the long-term prospects for the company.

ALLIANCECARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Budget</i>
Revenues	23,911	30,440	33,583	41,820	96,257
Direct Expenses	10,967	15,872	17,013	22,808	51,816
SG&A	15,197	19,011	23,287	21,748	37,308
EBIT	-2,253	-4,443	-6,717	-2,736	7,133
Other Inc. & Exp.	-1,760	-1,263	-125	-87	-2,116
Net Income	-4,013	-5,706	-6,842	-2,823	5,017
EBITDA	-1,248	-3,966	-6,174	-2,230	+8,055

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	16,840	19,701	-2,861
Direct Expenses	9,302	10,623	+1,321
SG&A	7,760	8,099	+339
EBIT	-222	979	-1,201
Interest, Taxes & Other	-433	-467	+34
Net Income	-655	512	-1,167
EBITDA	-45	+1,159	-1,204

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	16,840	19,701	-2,861
Direct Expenses	9,302	10,623	+1,321
SG&A	7,760	8,099	+339
EBIT	-222	979	-1,201
Interest, Taxes & Other	-433	-467	+34
Net Income	-655	512	-1,167
EBITDA	-45	+1,159	-1,204

ALLIANCECARE, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 1,435	Accounts Payable	\$ 1,844
Accounts Receivable	9,122	Accrued Expenses	4,226
Other Current Assets	<u>1,723</u>	Other Current Liabilities	<u>2,023</u>
Total Current Assets	12,280	Total Current Liabilities	8,093
Net PP&E	1,573	Debt and Other Liabilities	16,102
Acquired Goodwill (Net)	27,229	Shareholders Equity	44,171
Other Assets	<u>1,120</u>	Retained Earnings	<u>-26,164</u>
Total Assets	<u>\$42,202</u>	Total Liabilities & Equity	<u>\$42,202</u>

Comments:

The company has recently increased its borrowing capacity and begun to operate on a cash flow positive basis. We do not expect any additional financing will be required other than for acquisitions that are currently not forecast.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	400,000 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$4,000,000
Cost per Share	\$10.00

Series C Convertible Preferred Stock	98,041 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$980,410
Cost per Share	\$10.00

% Ownership (Full Dilution)	7.9%
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Company Valuation at CHP II Cost	\$63.0 million
Company Valuation at Assigned Fair Value	\$63.0 million

Outlook:

We are confident that financial performance will continue to show improvement and remain very enthusiastic about the prospects for our investment.

ALNYLAM PHARMACEUTICALS, INC.
Cambridge, MA
{www.alnylam.com}

Therapeutics Based on the Novel Biological Mechanism of RNA Interference

Period Summary: 1st Quarter, 2005

Alnylam (NASDAQ: ALNY) completed a number of notable achievements during the 1st quarter of 2005. The company advanced their RNAi therapeutic programs, expanded the pipeline to include new Direct RNAi therapeutics programs for respiratory disease and spinal cord injury, and formed new strategic collaborations to enhance its development efforts, including an alliance with Medtronic in central nervous system (CNS) diseases.

Financial results for the quarter were in line with expectations. Revenues in the first quarter of 2005 were \$1.6 million, an increase of \$1.5 million from the \$0.1 million reported in the quarter ended March 31, 2004. The increase in revenues is primarily the result of cost reimbursement revenues related to the Merck ocular collaboration agreement. Research and development expenses were \$5.4 million in the first quarter of 2005, as compared to \$10.4 million in Q1 2004. The decrease in R&D expenses is primarily due to lower technology license costs. General and administrative expenses were \$3.0 million in the first quarter of 2005 and generally flat as compared to the first quarter of 2004. At March 31, 2005, Alnylam had cash of \$38.3 million versus \$46.0 million at December 31, 2004. The decrease in cash for the quarter is primarily due to cash spending to fund operations as well as the payment of \$2.0 million license payment to Isis. Alnylam has \$2.2 million available on its capital equipment financing line with Lighthouse Capital.

In January 2005, Alnylam announced its second therapeutic development program, which targets RSV infection, a major cause of respiratory disease in pediatric, elderly, and immune-compromised patient populations. In March 2005, the Company presented in vivo efficacy data for its lead RSV therapeutic candidate at the Annual Meeting of the American Academy of Allergy, Asthma and Immunology. The Company plans to advance this program into clinical trials in the first half of 2006.

In March 2005, Alnylam formed a collaboration with the Cystic Fibrosis Foundation Therapeutics, Inc. (CFFT), the drug discovery and development affiliate of the Cystic Fibrosis Foundation, to explore the potential of Direct RNAi therapeutics for the treatment of cystic fibrosis (CF), a major genetic disease. The CFFT is expected to provide Alnylam with \$1.5 million in up-front and milestone-driven funding for the discovery effort.

Alnylam also formed a collaboration with Medtronic, Inc., to deliver RNAi therapeutics for the treatment of major neurodegenerative disorders such as Parkinson's, Huntington's, and Alzheimer's disease. The collaboration will pursue development of novel drug-device combinations that incorporate RNAi therapeutics, with an initial focus on delivering candidate drugs to specific areas of the brain using novel implantable infusion systems.

ALNYLAM PHARMACEUTICALS (cont.)

FINANCIAL SUMMARY: (\$000)

Statement of Operations:

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>03/31/05</u>	<u>03/31/04</u>	<u>12/31/04</u>	<u>12/31/03</u>
Revenues	1,643	134	4,278	176
Research & Development	5,372	10,435	24,603	17,706
General & Administrative	<u>2,952</u>	<u>3,031</u>	<u>11,939</u>	<u>7,527</u>
Loss from Operations	-6,681	-13,332	-32,264	-25,057
Other Income (Expense)	<u>+81</u>	<u>-250</u>	<u>-390</u>	<u>+24</u>
Net Income (Loss)	-6,600	-13,582	-32,654	-25,033
Earnings Per Share (\$)	-\$0.32	-\$9.39	-\$2.98	-\$29.64

Summary Balance Sheet as of March 31, 2005:

Cash	\$ 38,290	Accounts Payable	\$ 1,653
Receivables	1,714	Accrued Expenses	1,668
Other Current Assets	<u>1,369</u>	Deferred Revenue	<u>5,537</u>
Total Current Assets	41,373	Total Current Liabilities	8,858
Net PP&E	11,456	Other Liabilities (LOC)	10,550
Intangible & Other Assets	<u>6,085</u>	Shareholders Equity (Net)	<u>39,506</u>
Total Assets	<u>\$58,914</u>	Total Liabilities & Equity	<u>\$58,914</u>

Comments:

Management expects to end 2005 with a cash balance in excess of \$25 million. Current capital is forecast to be sufficient to support operations into 2007.

CHP II, L.P. Holdings:

Common Stock	2,091,870 shares
Assigned Fair Value (2,091,870 x \$7.33)	\$15,333,407
Investment Cost	\$8,959,015
Cost per Share	\$4.283
% Ownership (Shares Outstanding)	10.03%
Company Valuation at CHP II Cost	\$89.1 million
Company Valuation at Market (\$7.33 per share)	\$153.2 million

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

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 1st Quarter, 2005

Athena performed well in the first quarter of 2005. Revenues for the quarter were \$12 million, a 10% growth over the prior period. Gross margins exceeded plan and the company has been EBITDA positive for the last five consecutive quarters. Operating cash flow for the quarter was +\$279K, mostly driven by improved receivables collection and better than forecast client implementations. New contract signings set a record in March and the company ended the period with a contract backlog exceeding \$14 million. The new Anesthesiology line of business scored its first major client with a \$1 million sale.

Athena posted solid financial results for the quarter. Revenues for March exceeded \$4 million for the first time and revenue growth for the quarter was 10% over Q4 2004. These achievements notwithstanding, revenue was 5% behind of plan for the quarter, due to lower than budgeted collections posting activity in January and February. Implementations for the quarter were \$3.7 million, 6% ahead of plan. Gross margins were above 50% for the quarter and slightly ahead of expectations. Operating expenses were better than plan primarily due to delayed hiring and lower marketing expenditures. EBITDA was 82% better than budget, helping the company produce \$279K of positive cash flow for the quarter. Net new contract signings during the period totaled \$7 million, 10% lower than quota for the period due to one unforeseen account cancellation from backlog. The pipeline for the next quarter is expected to deliver results in line with the \$9.1 million quota for the period.

Athena's current annualized revenue run rate is \$51.6 million, on a contract base of \$65 million. The company is operating at cash flow positive, has a strong balance sheet, high gross margins and a robust recurring revenue model. We view Athena as a very attractive candidate for a liquidity event in the next 12-18 months and remain excited about the prospects for our investment.

ATHENAHEALTH, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	3,459	11,985	24,666	39,025	58,790
Direct Expenses	6,480	10,137	16,148	21,520	30,833
SG&A	9,278	8,860	10,501	16,497	26,257
EBITDA	-12,299	-7,012	-1,983	1,008	1,700
Depreciation	-1,636	-2,493	-2,894	-3,158	-4,728
Interest and Taxes	855	-55	-475	-1,212	-1,250
Net Income	-13,080	-9,560	-5,352	-3,362	-4,278

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	12,003	12,639	-636
Direct Expenses	6,017	6,550	+533
SG&A	5,534	5,841	+307
EBITDA	452	248	+204
Depreciation	-857	-948	+91
Interest and Taxes	-317	-258	-59
Net Income	-722	-958	+236

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual*</i>	<i>Budget</i>	<i>Variance</i>
Revenues	12,003	12,639	-636
Direct Expenses	6,017	6,550	+533
SG&A	5,534	5,841	+307
EBITDA	452	248	+204
Depreciation	-857	-948	+91
Interest and Taxes	-317	-258	-59
Net Income	-722	-958	+236

ATHENAHEALTH, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 13,180	A/P and Accrued Expenses	\$ 6,180
Accounts Receivable	7,176	Deferred Revenue	2,519
Other Current Assets	<u>521</u>	Current Portion of Debt	<u>6,327</u>
Total Current Assets	20,877	Total Current Liabilities	15,026
Net PP&E	6,193	Long Term Debt	9,160
Intangibles (Net)	2,864	Shareholders Equity	51,057
Other Assets	<u>148</u>	Retained Earnings	<u>-45,161</u>
Total Assets	<u>\$ 30,082</u>	Total Liabilities & Equity	<u>\$ 30,082</u>

Comments:

Athena is \$1 million ahead on its cash forecast for the year due to improved collections and operating performance. Athena has a strong balance sheet to support its building infrastructure investment. Operational cash flow is positive and is expected to continue to show improvement throughout 2005.

CHP II, L.P. Holdings:

Series D Convertible Preferred Stock	1,623,377 shares
Assigned Fair Value (\$5.04 x 1,623,377)	\$8,181,820
Investment Cost	\$5,000,001
Cost per Share	\$3.08

% Ownership (Full Dilution)	5.4%
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Company Valuation at CHP II Cost	\$92.6 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.

CARDIO-OPTICS, INC.
Boulder, CO
{www.cardiooptics.com}

Infrared Light Based Technology to Achieve Vision Through Blood to Guide Therapy

Period Summary: 1st Quarter, 2005

Cardio-Optics had many significant accomplishments during the period. The company completed its program to qualify the Coronary Sinus Access (CSA™) System pre-production prototype units for human testing, filed its 510k submission with the FDA for the CSA™ System, completed its CEO search with the hiring of industry veteran Todd Davenport in February, and progressed its second program, the transparent electrode ablation project, through further animal studies. To support this activity, the current investor syndicate agreed to invest \$3 million in the form of 8% secured convertible promissory notes, \$2 million of which were drawn during the current quarter. Each investor contributed its pro rata portion to the financing, with Cardinal investing \$800K during the quarter.

The CEO recruitment engagement initiated last fall was successfully completed with the hiring of Todd Davenport in early February. Todd has 19 years of experience in executive positions within the cardiovascular medical device industry. He most recently served as President & CEO of Viacor, Inc., a company developing catheter-based techniques for the treatment of heart valve disease. At Viacor, Todd successfully raised \$10.8 million in two rounds of venture capital and moved the company from its founding through clinical trials. Prior to Viacor, Todd ran the European/Middle East heart valve business for St. Jude Medical generating \$140 million in sales.

Financial results for the period reflect the acceleration of the product development programs as approved by the Board last December. The original budget had reflected significant reductions in engineering consultants during the quarter. However, the engineering costs were not abated during the period as the company prioritized the completion of the CSA™ System prototype for human testing. The first human test of the system is expected to be completed in April. The \$3 million in financing to be provided by the current investor group will fund operations through the end of Q3 2005, at which time we expect to have completed a second round financing led by a new institutional or strategic investor. Key milestones for the company over the next 6 months are: acceptance of the 510k submission by the FDA, completion of an initial human clinical study with the CSA™ System, and progression of the transparent electrode project to the point of IDE submission to the FDA.

We are excited about the progress made during the quarter and confident that under Todd's leadership the company will meet its short-term objectives and complete a successful financing later this year.

CARDIO-OPTICS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual*</i>	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	0	0	0	108
Cost of Sales	0	0	0	75
R&D Expenses	1,000	1,031	2,020	4,285
SG&A	1,527	1,036	1,022	2,264
EBIT	-2,527	-2,067	-3,042	-6,516
Interest and Taxes	23	-31	3	-1
Net Income	-2,504	-2,098	-3,039	-6,517

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
Cost of Sales	0	0	0
R&D Expenses	916	390	-526
SG&A	460	688	+228
EBIT	-1,376	-1,078	-298
Interest and Taxes	-14	0	-14
Net Income	-1,390	-1,078	-312

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
Cost of Sales	0	0	0
R&D Expenses	916	390	-526
SG&A	460	688	+228
EBIT	-1,376	-1,078	-298
Interest and Taxes	-14	0	-14
Net Income	-1,390	-1,078	-312

CARDIO-OPTICS, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 1,292	Accounts Payable	\$ 261
Accounts Receivable	0	Accrued Expenses	173
Other Current Assets	<u>5</u>	Convertible Promissory Notes	<u>2,014</u>
Total Current Assets	1,297	Total Current Liabilities	2,448
Net PP&E	135	Long Term Debt - Lease line	6
Intangibles (Net)	0	Shareholders Equity	10,793
Other Assets	<u>37</u>	Retained Earnings	<u>-11,778</u>
Total Assets	<u>\$ 1,469</u>	Total Liabilities & Equity	<u>\$ 1,469</u>

Comments:

In Q4 2004, the current investor syndicate committed \$3 million in bridge financing to support an accelerated development plan implemented last quarter. The company has drawn \$2 million of this commitment to-date. We expect the company to complete a new equity financing round in the later half of 2005.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,938,310 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,001,279
Cost per Share	\$1.55
8% Secured Convertible Promissory Notes (principal balance)	\$800,248
% Ownership (Full Dilution)	26.1%
Company Valuation at CHP II Cost	\$11.5 million
Company Valuation at Assigned Fair Value	\$11.5 million

Outlook:

We remain enthusiastic about the prospects for Cardio-Optics.

CODERYTE, INC.
Bethesda, MD
{www.coderyte.com}

Web-based Automated Coding of Transcribed Medical Documents

Period Summary: 1st Quarter, 2005

CodeRyte opened 2005 with success on many fronts, while financial results lagged expectations. During the quarter the company expanded its service offerings into new specialty areas, had significant sales success and completed its Chief Financial Officer recruiting effort. Revenues have lagged expectations as a result of longer implementation cycles than forecast, mostly due to the unexpectedly large size and complexity of the new clients added over the last nine months. The company has \$2.8 million of annualized revenue in backlog, all of which will be implemented over the next six months. Monthly cash burn is expected to average \$600K over the next 6-9 months as further infrastructure is put into place to meet expected growth. Cash burn is expected to moderate thereafter until the company attains cash flow breakeven in 2006.

The company continually meets or exceeds its sales forecasts, but sales wins have been to much larger accounts than anticipated, with commensurately longer implementation timeframes. Consequently, revenues are lagging plan due to the nature of the clients in the current implementation cycle taking a longer time period to become revenue producing than was expected in the company's forecast. The client support team is actively recruiting to meet demand and shorten the implementation time cycle.

Building on its success in radiology, the company is now offering its coding solutions services to cardiology, orthopedics, emergency medicine and pathology. In March, the company announced the addition of its first three cardiology clients. In addition, CodeRyte was selected by two large multi-practice organizations, one in orthopedics and one in pathology, to utilize CodeRyte's products and services at each of their practices.

Chief Financial Officer John Taylor joined CodeRyte's executive team in February 2005. He previously served as a venture capital consultant to Nokia Venture Partners and Warburg Pincus, where he evaluated a variety of investment opportunities in the technology and telecommunications industries. John was also Senior Vice President of consumer markets and Vice President of Corporate Development for LCI, now Qwest Communications, where he spearheaded the integration process following two different acquisitions and oversaw a division with more than \$800 million in revenue and more than 1,100 employees. He also spent more than a decade in management at MCI.

As the company continues to meet the challenges of high growth, we are encouraged by the sales success the company is having in the marketplace. Management believes this is a reflection of the quality of the product, its execution and the attention to customer service. We remain very enthusiastic about the prospects for CodeRyte.

CODERYTE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview:

	<i>2002 Actual</i> (FYE 6/30)	<i>2003 Actual</i> (FYE 6/30)	<i>2004 Actual*</i> (FYE 6/30)	<i>2005 Budget**</i> (Calendar)
Revenues	332	743	1,502	5,989
Cost of Sales	0	0	0	0
Operating Expenses	1,762	2,576	2,682	9,613
EBITDA	-1,430	-1,833	-1,180	-3,624
Depreciation & Amort.	-23	-12	-7	-225
Other Income (Expense)	-96	462	-169	0
Net Income	-1,549	-1,383	-1,356	-3,849

* - Subject to Audit

** - Represents Calendar 2005 Forecast

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	658	786	-128
Cost of Sales	0	0	0
Operating Expenses	2,114	2,022	-92
EBITDA	-1,456	-1,236	-220
Depreciation & Amort.	-8	-44	+36
Other Income (Expense)	+27	0	+27
Net Income	-1,437	-1,280	-157

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	658	786	-128
Cost of Sales	0	0	0
Operating Expenses	2,114	2,022	-92
EBITDA	-1,456	-1,236	-220
Depreciation & Amort.	-8	-44	+36
Other Income (Expense)	+27	0	+27
Net Income	-1,437	-1,280	-157

CODERYTE, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 7,082	Accounts Payable	\$ 90
Accounts Receivable	610	Accrued Expenses	809
Other Current Assets	<u>100</u>	Deferred Revenue	<u>782</u>
Total Current Assets	7,792	Total Current Liabilities	1,681
Net PP&E	110	Long Term Debt - Lease line	0
Intangibles (Net)	0	Shareholders Equity	16,006
Other Assets	<u>15</u>	Retained Earnings	<u>-9,770</u>
Total Assets	<u>\$ 7,917</u>	Total Liabilities & Equity	<u>\$ 7,917</u>

Comments:

The company is currently \$150K behind its cash flow forecast. Monthly burn is expected to accelerate over the next six months as the company builds its infrastructure. Current capital is expected to last well into 2006.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	326,675 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$2,780,004
Cost per Share	\$8.51
% Ownership (Full Dilution)	15.0%
Company Valuation at CHP II Cost	\$18.5 million
Company Valuation at Assigned Fair Value	\$18.5 million

Outlook:

With its superior proprietary technology, distinct economic advantage over competitive services, and broad applicability in the clinical healthcare market, we continue to have high expectations for our investment in CodeRyte.

INTELLICARE AMERICA, INC.

South Portland, ME

{*www.intellicare.com*}

Integrated Telecommunications, Web and Data Networks for Patient Management

Period Summary: 1st Quarter, 2005

IntelliCare had a good beginning to 2005, meeting its financial targets and exhibiting strong sequential revenue growth. The company is ahead of its cash flow forecast and should be cash flow positive for the rest of 2005. During the period, the investor syndicate agreed to put in place a \$2.5 million bridge financing facility to encourage the company's credit provider to extend the maturity of its current facility from April 2005 to April 2006. The engagement to sell the company continues with no imminent transaction on the horizon. The investor syndicate is still hopeful that a successful sale of the company (>\$17.5 MM) can be consummated during 2005. The company continues to perform reasonably well and the solid Q1 2005 financial results could prove to be catalytic.

Financial results for the period met or exceeded expectations in all areas except gross margin. Revenues for the quarter were 11% ahead of plan and 32% higher than last quarter. This was due primarily to better than expected revenue contribution from XL Health, which is now the company's largest client at almost \$500K per month in revenue. Gross margin was slightly lower than plan due to higher labor expense with the hiring of 50 new nurses during the period to meet expected growth in the coming six months. Operating expenses were 4% better than expectations. As March was a three payroll month, the company's cash balance has fallen below \$1 million. This is expected to be the low point on cash for the year as the company expects to operate at cash flow positive for the remainder of 2005.

The \$1 million Comerica facility comes due in the second quarter of 2005 and the investor syndicate has agreed to put in place a \$2.5 million subordinated bridge financing to encourage the bank to extend the maturity date of the facility. The bridge financing will take the form of convertible promissory notes, which will be callable in increments approved by the Board of Directors as needed. The bridge facility is expected to be put in place by the end of next quarter.

Management and the investor syndicate are exploring all avenues to improve the company's cash position and focus. The plans for operating margin improvement, reduced overhead and customer repricing for the lowest margin accounts that were implemented last quarter have shown good results. We are encouraged by management's progress in improving the financial performance of the company. The primary focus for management remains attaining a self-sustaining cash flow position, while maintaining planned growth.

INTELLICARE AMERICA (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	5,483	7,504	13,550	14,296	19,180
Direct Expenses	6,593	6,945	11,019	11,489	13,911
SG&A	5,195	4,024	5,274	3,535	3,638
EBITDA	-4,085	-3,465	-2,743	-728	1,631
Depreciation	-184	-435	-712	-928	-730
Interest and Taxes	+60	-3	-5	-53	-58
Net Income	-4,209	-3,903	-3,460	-1,709	843

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	4,727	4,291	+436
Cost of Revenues	3,670	3,200	-470
SG&A	813	849	+36
EBITDA	244	242	+2
Depreciation	-216	-173	-43
Interest and Taxes	-15	-14	-1
Net Income	13	55	-42

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	4,727	4,291	+436
Cost of Revenues	3,670	3,200	-470
SG&A	813	849	+36
EBITDA	244	242	+2
Depreciation	-216	-173	-43
Interest and Taxes	-15	-14	-1
Net Income	13	55	-42

INTELLICARE AMERICA (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 799	Accounts Payable	\$ 738
Accounts Receivable	2,469	Accrued Payroll	699
Other Current Assets	<u>179</u>	Other Current Liabilities	<u>1,680</u>
Total Current Assets	3,447	Total Current Liabilities	3,117
Net PP&E	1,049	Long Term Liabilities	261
Intangibles (Net)	367	Shareholders Equity	18,870
Other Assets	<u>21</u>	Retained Earnings	<u>-17,364</u>
Total Assets	<u>\$ 4,884</u>	Total Liabilities & Equity	<u>\$ 4,884</u>

Comments:

The company is currently \$50K ahead on its cash flow budget. March is expected to be the low point of the year and management expects to be cash flow positive for the remainder of 2005. Current resources are sufficient to support the 2005 operating plan as contemplated.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	3,000,000 shares
Assigned Fair Value (\$0.1923 x 7,616,146 CSE's)	\$1,464,585
Investment Cost	\$3,000,000
Cost per Share	\$1.00
Series C Convertible Preferred Stock	5,200,208 shares
Assigned Fair Value	\$1,000,000
Investment Cost	\$1,000,000
Cost per Share	\$0.1923
Series C Preferred Stock Warrants	510,243 shares
Exercise Price Per Share	\$0.1923
% Ownership (Full Dilution)	12.7%
Company Valuation at CHP II Cost	\$31.5 million
Company Valuation at Assigned Fair Value	\$20.2 million

Outlook:

While the company is performing better, our expectations for a return above the current carrying value are low.

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

Software Tools for Genomics Research

Period Summary: 1st Quarter, 2005

As reported previously, the only outstanding item regarding the liquidation and dissolution of Molecular Mining is the sale and/or licensing of the company's intellectual property. PARTEQ Innovations is acting as agent to sell the intangible assets of the company. The agreement contains a revenue sharing component whereby PARTEQ will receive a ramping percentage of the proceeds, based upon the overall amount of the sale. Under the terms of the agreement, if the intangible assets are sold/licensed for a total of under \$25.5 million, the proceeds will be spilt solely between the Series B Preferred shareholders and PARTEQ.

To date CHP II has received \$72,606 in cash distributions related to the sale of the assets of Molecular Mining, with \$818 being received in the current period. No disbursements were received during the current quarter. Our current estimate of total return on the CHP II investment is between \$100K - \$150K. CHP II will receive 18.25% of any future distribution to the Series B investors.

It is expected that the PARTEQ transaction will be complete in 2005 and we will record the final investment realization at that time.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	737,422 shares
Assigned Fair Value	\$27,394
Investment Cost	\$1,437,273
 % Ownership of the Series B Preferred	 18.25%

MOMENTA PHARMACEUTICALS, INC.
(formerly Mimeon, Inc.)
Cambridge, MA
{www.momenta.com}

Glycomics Based Drug Discovery and Development

Period Summary: 1st Quarter, 2005

Progress on Momenta's (NASDAQ: MNTA) lead product, M-Enoxaparin (M-Enox) remained on plan during the quarter and the company continues to target an ANDA filing with the FDA in mid-2005. M-Enox is a technology-enabled generic version of the low molecular weight heparin drug Lovenox®, the largest selling low molecular weight heparin, with worldwide sales in 2004 of about \$2.4 billion and U.S. market share of approximately 85%. The company also continued to advance its other programs, including glycoproteins, M-Dalteparin, M118, drug delivery and oncology. The company remains on schedule to file an ANDA for M-Dalteparin and an IND for M118 with the FDA in mid-2006. Financial results for the quarter were in line with expectations and the company ended the period with \$54 million in cash.

Financial results for the quarter were in line with expectations. For the first quarter of 2005, Momenta reported a net loss of \$3.8 million compared with a net loss of \$2.6 million for the same period last year. The company reported revenue under its collaborative agreement with Sandoz, of \$3.8 million for the first quarter 2005, versus \$1.0 million for the same period in 2004. Under the collaboration, Momenta and Sandoz have agreed to jointly develop, manufacture, and commercialize M-Enox, and Sandoz is responsible for funding substantially all of the development, regulatory, legal and commercialization costs.

Research and development expenses for the first quarter 2005 were \$5.3 million, compared to \$2.2 million for the same period in 2004. The increase in research and development spending was primarily due to increased headcount and increased expenses associated with the M-Enox program. General and administrative expenses for the first quarter 2005 totaled \$2.5 million, compared with \$1.4 million for the same period in 2004. The increase in general and administrative spending was primarily due to increased professional fees, increased headcount, and additional insurance coverage and other public company costs.

At March 31, 2005, the Company held cash and cash equivalents totaling \$50.4 million, compared with \$53.6 million at December 31, 2004. This capital, when combined with the cost sharing arrangement on M-Enox with Sandoz, should provide the company with sufficient operating capital well into 2007.

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

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>03/31/05</u>	<u>03/31/04</u>	<u>12/31/04</u>	<u>12/31/03</u>
Revenues	3,773	1,037	7,832	1,454
Research & Development	5,289	2,240	15,722	5,347
General & Administrative	<u>2,540</u>	<u>1,409</u>	<u>6,751</u>	<u>4,083</u>
Loss from Operations	-4,056	-2,612	-14,641	-7,976
Other Income (Expense)	<u>286</u>	<u>30</u>	<u>566</u>	<u>31</u>
Net Income (Loss)	-3,770	-2,582	-14,075	-7,945
Earnings Per Share (\$)	-\$0.15	-\$9.04	-\$2.56	-\$5.02

Summary Balance Sheet as of March 31, 2005:

Cash	\$ 50,411	Accounts Payable	\$ 2,228
Receivables	3,736	Accrued Expenses	2,439
Other Current Assets	<u>1,328</u>	Deferred Revenue	<u>380</u>
Total Current Assets	55,475	Total Current Liabilities	5,047
Net PP&E	3,463	Other Liabilities (LOC)	1,637
Intangible & Other Assets	<u>1,491</u>	Shareholders Equity (Net)	<u>53,745</u>
Total Assets	<u>\$60,429</u>	Total Liabilities & Equity	<u>\$60,429</u>

Comments:

The company received \$35.5 million in net proceeds from the June 2004 IPO. Current capital is expected to be sufficient to support operations well into 2007.

CHP II, L.P. Holdings:

Common Stock	2,170,286 shares
Assigned Fair Value (2,170,286 x \$8.47)	\$18,382,322
Investment Cost	\$6,823,506
Cost per Share	\$3.144
% Ownership (Shares Outstanding)	8.54%
Company Valuation at CHP II Cost	\$79.8 million
Company Valuation at Market (\$8.47 per share)	\$215.3 million

REPLICATION MEDICAL, INC.
New Brunswick, NJ
{www.replicationmedical.com}

Nucleus replacement device for the treatment of degenerative disc disease in the spine.

Period Summary: 1st Quarter, 2005

The first quarter was an extremely busy time for Replication: The company continued to ramp up it's manufacturing capabilities at it's New Jersey facility, completed work on a revised device delivery system, and most significantly, re-opened dialog with a corporate strategic partner regarding investing in Replication with an option to acquire the company.

The company completed the fit-out of its GMP certified manufacturing lab, which is capable of higher volumes and higher quality standards than devices previously outsourced to a European vender. We are now capable of manufacturing sufficient devices for testing and patient trials. We think the facility is sufficient to get us through IDE trials (~100 patients) and the initial European launch.

The company elected to pause its patient trials in Europe in order to complete revisions of its delivery system. The new system was largely completed during the quarter, in conjunction with the German ortho/spine tools company Zirinski A.G. One additional investigator was signed during the quarter, with another expected soon. The trial is expected to commence under a revised protocol with two patients scheduled for early June.

Competitively, Replication continues to lead in the race for first product to receive an IDE. Its closest competitor has apparently experienced setbacks resulting in an announcement that it will revise its basic device material chemistry. We believe this effectively extends our lead by 18-24 months.

Finally, the company has re-entered discussions with a Fortune 50 medtech company regarding a potential equity investment and co-development agreement. The relationship will likely also include an option by this company to acquire Replication according to a milestone-based payment schedule. While we are optimistic about the long-term prospects for Replication as a stand-alone entity, we are actively considering this proposal, and there is potential for an announcement as soon as the second quarter.

REPLICATION MEDICAL (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual*</i>
Revenues	0	0	0	0
R&D Expenses	1,163	1,255	2,396	2,336
Operating Expenses	266	324	782	388
EBIT	-1,429	-1,579	3,178	-2,724
Interest and Taxes	44	3	27	12
Net Income	-1,385	-1,576	-3,151	-2,712

* Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	503	640	+137
Operating Expenses	146	125	-21
EBIT	-649	-765	+116
Interest and Taxes	2	1	+1
Net Income	-647	-764	+117

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	503	640	+137
Operating Expenses	146	125	-21
EBIT	-649	-765	+116
Interest and Taxes	2	1	+1
Net Income	-647	-764	+117

REPLICATION MEDICAL (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 885	Accounts Payable	\$ 6
Prepaid Expenses	37	Accrued Expenses	2
Other Current Assets	<u>17</u>	Notes Payable	<u>0</u>
Total Current Assets	939	Total Current Liabilities	8
Net PP&E	531	Long Term Debt	0
Intangibles (net)	0	Shareholders Equity	11,870
Other Assets	<u>0</u>	Retained Earnings	<u>-10,408</u>
Total Assets	<u>\$ 1,470</u>	Total Liabilities & Equity	<u>\$ 1,470</u>

Comments:

During the quarter, the current investor syndicate invested the second \$1 million tranche agreed to in December 2004. The company will require additional capital in 2005. With investor interest high, we are confident the company will have no trouble completing a financing if no deal is closed with a strategic partner.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	2,614,516 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$2,500,000
Cost per Share	\$0.9562
Series C Convertible Preferred Stock	290,712 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$552,353
Cost per Share	\$1.90
% Ownership (Full Dilution)	20.7%
Company Valuation at CHP II Cost	\$14.8 million
Company Valuation at Assigned Fair Value	\$14.8 million

Outlook:

The combination of a large and growing market looking for new therapies, multiple large potential acquirers, high product margins and the proprietary nature of the Replication's technology, lead us to be very excited about the prospects for our investment.

RIB-X PHARMACEUTICALS, INC.
New Haven, CT
{*www.rib-x.com*}

Structure-Based Design of Anti-Infective Agents

Period Summary: 1st Quarter, 2005

Rib-X continues to focus its attention on achieving the following milestones during 2005; a) having a lead compound in Phase I by Q4 followed closely by a back-up compound in order to guarantee one compound from the RX-01 program in the clinic a year from now, b) obtain an in-licensed compound ready for the clinic by Q1 2006, and c) obtain a development candidate(s) from the second tier in-house programs by mid-year 2005. The goal is to establish an appropriate portfolio value from these programs to justify an increased valuation for a mid-2006 financing. During the last quarter, the RX-01 program progressed on plan for its clinical target. In addition, the company refined its in-licensing strategy to focus on niche markets within certain key clinical and market parameters.

Advanced preclinical studies for the company's lead compound from the RX-01 program (RX-1284) are progressing on plan and remain on track for the compound to initiate human studies in November 2005. The company has also formalized contracted manufacturing and clinical formulation for the compound. The secondary compound from the program (RX-1741) has also completed some advanced preclinical studies and remains on target for a potential Phase I clinical trial beginning in Q1 2006. A manufacturing agreement has been formalized for RX-1741 for delivery of sufficient quantities of the compound to continue advanced preclinical work by the end of Q2 2005.

Management has proposed three key parameters for identifying suitable compounds for in-licensing including: 1) the opportunity for the compound to meet clinical requirements in an antibacterial niche market, 2) a compound with appropriate anti-infective characteristics (eg spectrum, pharmacokinetics, formulation, and safety) and, 3) products with a market potential of greater than \$50 million annually. Using the model developed during this process, the Rib-X team has identified two specific areas to pursue in the coming months.

Financial performance for the quarter was well ahead of plan in all areas. The significant positive expense variances are primarily the result of lower personnel costs and lower outside professional services related to preclinical studies. Management expects financial performance to be more in line with expectations with the acceleration in coming months of the RX-1741 program. The filing of an initial IND with the FDA is now forecast to occur late next year, rather than the end of this year. Rib-X remains well ahead of its cash burn plan for the year, but expects the burn to accelerate towards \$1.5 million per month as the lead compounds move toward the clinic in the later half of 2005. The company has sufficient capital to operate well into 2007 and likely into Phase II clinical trials for two compounds. Management continues to manage expenditures efficiently.

RIB-X PHARMACEUTICALS, INC. (cont.)**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2001 Actual</i>	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	0	0	148	0	0
R&D Expenses	593	5,283	9,469	10,230	14,604
Operating Expenses	828	2,192	1,750	3,534	3,975
EBIT	-1,421	-7,475	-11,071	-13,764	-18,579
Interest and Taxes	-11	-71	+134	+394	+130
Net Income	-1,432	-7,546	-10,937	-13,370	-18,449

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	1,953	2,602	+649
Operating Expenses	1,498	1,734	+236
EBIT	-3,451	-4,336	+885
Interest and Taxes	+131	+117	+14
Net Income	-3,320	-4,219	+899

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	1,953	2,602	+649
Operating Expenses	1,498	1,734	+236
EBIT	-3,451	-4,336	+885
Interest and Taxes	+131	+117	+14
Net Income	-3,320	-4,219	+899

RIB-X PHARMACEUTICALS, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$ 35,558	Accounts Payable	\$ 964
Accounts Receivable	425	Accrued Expenses	0
Other Current Assets	<u>126</u>	Notes Payable Current	<u>840</u>
Total Current Assets	36,109	Total Current Liabilities	1,804
Net PP&E	4,743	Notes Payable	2,481
Intangibles (net)	0	Shareholders Equity	72,569
Other Assets	<u>249</u>	Retained Earnings	<u>-35,753</u>
Total Assets	<u>\$41,101</u>	Total Liabilities & Equity	<u>\$41,101</u>

Comments:

The company is well ahead of its cash burn plan and will likely be well ahead of plan for the year. With the current cash balance, Rib-X has enough capital to operate well into 2007.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,817,741 shares
Assigned Fair Value (cost)	\$1,125,000
Investment Cost	\$1,125,000
Cost per Share	\$0.6189
Series B Convertible Preferred Stock	4,645,339 shares
Assigned Fair Value (cost)	\$2,875,000
Investment Cost	\$2,875,000
Cost per Share	\$0.6189
% Ownership (Full Dilution)	4.9%
Company Valuation at CHP II Cost	\$80.0 million
Company Valuation at Assigned Fair Value	\$80.0 million

Outlook:

Rib-X is well capitalized, with a high potential and proprietary drug development platform. We remain confident about the prospects for our Rib-X investment.

SIRTRIS PHARMACEUTICALS, INC.
Cambridge, MA
{www.sirtrispharma.com}

Biopharmaceutical Development Utilizing the Body's Natural Ability to Fight Disease

Period Summary: 1st Quarter, 2005

In February of 2005, CHP II contributed \$3.0 million to the \$27 million second round financing for Sirtris. This financing was co-led by new investors, Three Arch Partners and Cargill Ventures. The financing valued the company at \$30 pre-money, a 30% step-up from the November 2004 first round financing. Also participating in the financing were new investor Novartis Pharmaceuticals and current investors Polaris Venture Partners, Techno Venture Management, Skyline Ventures and The Wellcome Trust. The financing was completed to accelerate the development program into the clinic. Strategic and financial investor interest remains high, but the company will only pursue an additional financing in conjunction with a significant strategic collaboration.

The company is still at a very early stage and is continuing to build its infrastructure. The focus over the next few months will be on building the organization, improving the intellectual property and moving the science forward towards identification of a lead drug compound. Key goals for the remainder of 2005 are; completion of a strategic partnership with a major pharmaceutical partner, select an appropriate disease area/target for in-house development, develop or get access to proprietary animal models, and begin preclinical studies on a lead compound. The current goal is to be on track for the filing of an initial IND with the FDA in the first half of 2006.

SIRTRIS PHARMACEUTICALS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2004 Actual*</i>	<i>2005 Budget</i>
Revenues	0	250
R&D Expenses	1,247	4,502
Operating Expenses	554	2,334
EBIT	-1,801	-6,586
Interest and Taxes	+45	+39
Net Income	-1,756	-6,547

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	1,207	1,138	-69
Operating Expenses	819	774	-45
EBIT	-2,026	-1,912	-114
Interest and Taxes	+151	+142	+9
Net Income	-1,875	-1,770	-105

Fiscal Year-to-Date: Three Months Ended March 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	1,207	1,138	-69
Operating Expenses	819	774	-45
EBIT	-2,026	-1,912	-114
Interest and Taxes	+151	+142	+9
Net Income	-1,875	-1,770	-105

SIRTRIS PHARMACEUTICALS, INC. (cont.)

Summary Balance Sheet as of March 31, 2005: (\$000)

Cash	\$41,447	Accounts Payable	\$ 501
Accounts Receivable	0	Accrued Expenses	434
Other Current Assets	<u>180</u>	Notes Payable Current	<u>0</u>
Total Current Assets	41,627	Total Current Liabilities	935
Net PP&E	347	Notes Payable	0
Intangibles (net)	0	Shareholders Equity	44,605
Other Assets	<u>63</u>	Retained Earnings	<u>-3,503</u>
Total Assets	<u>\$42,037</u>	Total Liabilities & Equity	<u>\$42,037</u>

Comments:

Sirtris completed a \$27 million financing during the period. The current cash balance provides sufficient capital to operate on an accelerated clinical plan well into 2008.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,600,000 shares
Assigned Fair Value (1,600,000 x \$0.80)	\$1,280,000
Investment Cost	\$800,000
Cost per Share	\$0.50
Series A-1 Convertible Preferred Stock	3,750,000 shares
Assigned Fair Value (3,750,000 x \$0.80)	\$3,000,000
Investment Cost	\$2,250,000
Cost per Share	\$0.60
Series B Convertible Preferred Stock	3,750,000 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,000,000
Cost per Share	\$0.80
% Ownership (Full Dilution)	12.5%
Company Valuation at CHP II Cost	\$49.0 million
Company Valuation at Assigned Fair Value	\$58.0 million

Outlook:

Sirtris has a strong investor syndicate and proprietary technology with terrific potential addressing large markets. We are very excited about the prospects for the company.