

CHP II, L.P.
QUARTERLY REPORT
1st QUARTER, 2006

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If you have any questions regarding treatment of any confidential information received in connection with your investment in the Funds, please contact John J. Park at (609) 924-6452 or by email at johnpark@cardinalpartners.com.

CHP II, L.P.
QUARTERLY REPORT
1st QUARTER, 2006
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TO: The Limited Partners
FROM: John K. Clarke
DATE: June 15, 2006
SUBJECT: Activity for the Quarter Ended March 31, 2006

Highlights for the first quarter of 2006 include: distribution of all of our holdings in Alnylam at a total distributed value of \$34.9 million, completion of a third financing round for Sirtris at a 40% mark-up to the previous round, and completion the 16th investment in the CHP II portfolio, a first round financing of AxoGen, Inc. The remainder of the CHP II portfolio continued to make good operational progress and we remain confident that the portfolio will continue to produce top quartile returns for our investors. The following are short summaries of activity for the quarter in each of our portfolio companies.

AllainceCare (aka Mobile Medical Industries) - Financial performance for Q1 2006 shows significant improvement over the last two quarters, but is still below budget. Revenues for the period were \$19.7 million, an increase of 3.3% over Q4 2005, despite a \$1.5 million (30%) reduction in therapy revenues due to the implementation of the Medicare Part B Therapy Cap. Gross margins improved \$300K over last quarter, despite carrying \$900K of therapy labor expense related to the Part B Therapy Cap. During the period, the company underwent a change in operational management, introduced a performance pay model for clinicians, and implemented a new technology platform. With these new management initiatives in place, we are hopeful that the remainder of 2006 will continue to show improved performance.

Alnylam Pharmaceuticals – During the quarter, CHP II completed in-kind distributions of all of its holdings of Alnylam Pharmaceuticals common stock. The distributions were valued at total of \$34.85 million and resulted in the recording of a realized gain of \$25.9 million on our cost basis of \$8.95 million. The return on our investment in Alnylam was 3.9 times cost producing an IRR of 54.6% over the life of the investment.

AthenaHealth – Athena had a good beginning to 2006. Revenues for the quarter were on plan at \$16.9 million, an 11% growth over the prior quarter and 40% higher than the prior year period. EBITDA was \$357K, almost \$1 million better than forecast. New customer implementations were a record \$6.1 million and should drive significant revenue growth through Q2 2006. However, Athena missed its sales target for the quarter, which will impact revenues for Q3 and Q4. Management's revised forecast for 2006 reflecting the impact of the missed sales target for Q1 shows revenues of \$77.1 million, \$2 million lower than plan for the year, but having a negligible effect on net income, with the company still on target to turn solidly profitable in Q4 2006. The annualized revenue run rate at the end of March was \$76.1 million on a contract base of \$85 million. We continue to view Athena as a very attractive candidate for a successful liquidity event in the next 12-18 months.

aTyr Pharma - aTyr Pharma is an early stage biopharmaceutical company with its initial platform focused on therapeutics for revascularization and skin regeneration. The company is in the first stage of pre-clinical development with two novel biologics and currently forecasts beginning initial human clinical trials of its first biopharmaceutical in 2008. To this end, pre-clinical efficacy studies in wound healing, cosmeceutical, and vascular therapeutic models have begun with academic investigators at leading Universities, contract research organizations, and collaborative corporate partnerships. Concurrently, management is negotiating exclusive license agreements with two institutions that will solidify its intellectual property position in the wound healing and cosmeceutical areas. Management expects to complete these agreements by the end of Q2 2006. A first round financing will be initiated shortly thereafter.

AxoGen - On February 27, 2006, Cardinal invested \$3.25 million as part of the \$7.75 million first round financing for AxoGen, Inc. ("AxoGen"). The financing was led by Cardinal Partners and included co-investors DeNovo Ventures and Accuitive Medical Ventures. The financing was completed at a pre-money value of \$6.9 million, with Cardinal holding 22.2% ownership position on a fully diluted basis post-investment. Lisa Skeete Tatum will represent CHP II on the company's Board of Directors. AxoGen is developing and commercializing an allograft medical device that regenerates peripheral nerves, restoring function and sensory.

CardioOptics - Cardio-Optics had a good start to 2006. Sales of the CSA™ system are tracking to plan, with six systems delivered during the period and five evaluation purchase orders received. Sales projections for the CSA™ system total \$4.3 million in 2006. The CSA™ system was utilized in nine clinical procedures during the quarter, with excellent image quality, but disappointing stability. Financial results for the period were on plan, with the company slightly ahead of its cash forecast. Good progress was made on the development of the TE Catheter Ablation product and the company remains on plan to submit an Investigational Device Exemption application ("IDE") with the FDA in 2006.

CodeRyte - The first quarter of 2006 was one of significant change at CodeRyte. The company completed a reorganization geared towards improved coordination between implementation services and engineering. The company missed its sales target for the quarter, but made significant progress with several important prospects. Financial performance was ahead of plan with revenues growing by 10% over the prior quarter and expenses running well ahead of forecast due to delayed hiring related to the reorganization completed during the quarter. In addition, the company completed an \$8.5 million insider led financing and a \$2.75 million credit facility.

MitralSolutions, Inc. - Product development remains on track, with management expecting to complete pre-clinical testing of the open surgical product by mid-year 2006 and file a 501(k) submission with the FDA in Q4 2006. Financially the company is currently burning ~\$200K per month, which is \$50K under plan. Cash burn is expected to ramp up closer to plan in the coming quarter. During the current period, the company relocated to permanent office space, completed the \$4.5 second closing on the first round financing, and began to fill out the senior management team.

Momenta - For the first quarter of 2006, Momenta reported a net loss of \$11.3 million, compared with a net loss of \$3.8 million for the same period last year. During the quarter the company continued to guide its lead product M-Enoxaparin through the FDA review process and prepare for possible commercialization. The company also made significant progress on its second product, M118 and remains on target to file an IND with the FDA in mid-2006. At March 31, 2006, the Company held cash, cash equivalents, and marketable securities of \$148.9 million.

Replication Medical – In July 2005, Replication completed an agreement with Abbott Laboratories whereby Abbott has the option to acquire Replication at a \$90-\$100 million valuation upon the approval from the U.S. FDA of an Investigational Device Exemptions application (“IDE”) for pivotal clinical trials. A pre-IDE meeting with the FDA was held in early April, and the company now expects to file its IDE application in Q3 2006. In July 2006, Abbott must exercise an extension to the option for \$5 million or lose its rights. \$3 million of the option extension payment will be in the form of an equity investment and \$2 million will be paid to the Replication shareholders.

Rib-X Pharmaceuticals – During the quarter, Rib-X continued to progress its lead compound through Phase I clinical trials, while discontinuing a parallel program due to safety concerns. The company also is close to completing the in-licensing of a surgical prophylaxis product that has reached phase II clinical studies. Finally, a third development program has been initiated to treat community acquired methicillin resistant infections. Management expects to complete a \$50 million third round financing by the end of Q2 2006 to support operations through mid-2008.

Sirtris Pharmaceuticals – During the quarter, Sirtris completed a \$22 million Series C financing led by new investor Bessemer Ventures. The company is now more than sufficiently capitalized to pursue its development programs into the clinic. The key goals for the next 6-9 months are: completion of a strategic partnership with one or more major pharmaceutical partners and moving the company’s lead compound SRT501 into the clinic. Management currently expects to file an initial Investigational New Drug Application (“IND”) with the FDA for SRT 501 in 2006.

Included in this report are financial statements for the period, a portfolio valuation memo, an investment memorandum for AxoGen, Inc., an update report for each of our portfolio companies and a deal activity report for the quarter.

Deal Flow:

During the quarter, we have reviewed 43 new business proposals. Current “A” deals include: Andara Life Sciences, Angiogenex, EKO Systems, Helicor and Tivamed. 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:

During the quarter, there were three capital calls for a total of \$7.95 million. Utilization of these funds included the \$3.25 million investment in AxoGen, the \$1.7 million follow-on investment for CodeRyte, the \$2.0 million follow-on investment for Sirtris Pharmaceuticals and the payment of fund fees and expenses. As of March 31, 2006, cumulative capital contributions stand at \$94 million or 80% of total fund commitments. During the quarter, the fund distributed all of its holdings in Alnylam Pharmaceuticals at a total value of \$34.9 million. Cash at the end of the period was \$458K and net assets totaled \$70.7 million. Net income for the quarter was \$8.1 million, consisting of \$583K in net operating expenses, \$25.9 million in realized gains related to the Alnylam distributions, and a \$17.2 million decrease in cumulative unrealized portfolio appreciation. Changes in portfolio valuation for the quarter included an unrealized loss for Momenta of \$1.1 million related to a public market price decrease, the reversal of previously unrealized gains totaling \$18.9 million for Alnylam, plus an unrealized gain on Sirtris of \$2.9 million related to the Series C financing.

Looking forward:

During the quarter, we completed three in-kind distributions of Anlylam Pharmaceuticals common stock totaling \$34.9 million in value. This brings the total cumulative distributions through March 31, 2006 to \$85.9 million or 91.3% of contributed capital. The cumulative CHP II net to investors IRR now stands at 15.0%. We appreciate your input and support and remain committed to providing additional meaningful liquidity to our partners during 2006.

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

CHP II, L.P.
Income Statement
For the Three Months Ended March 31, 2006

	Three Months Ended 03/31/06
Revenue:	
Non Portfolio Income	\$14,873
Interest-Equivalent Amounts	0
Expenses:	
Management Fee	579,091
Professional Fees	13,046
NVCA Dues & Expenses	0
Amortization of Organization Costs	0
Annual Meeting & Miscellaneous	10,000
Total Expenses	602,137
Net Operating Expense	(587,264)
Investment Income	4,196
Net Income Before Gains (Losses)	(583,068)
Realized Gains (Losses)	25,893,148
Unrealized Gains (Losses)	(17,211,237)
Net Income (Loss)	\$8,098,843

CHP II, L.P.
Balance Sheet
As of March 31, 2006

ASSETS:	Period Ended 03/31/06	Period Ended 12/31/05
	<hr/>	<hr/>
Cash and Short-Term Investments	\$457,791	\$2,195,454
Cash Held in Escrow (Net of Reserve of \$274,892)	500,000	500,000
Accrued Interest	839	549
Venture Capital Investments	69,684,380	86,708,653
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	185,442	210,083
	<hr/>	<hr/>
	\$70,828,452	\$89,614,739
	<hr/>	<hr/>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$61,283	\$45,112
Partners' Accounts	70,767,169	89,569,627
	<hr/>	<hr/>
Total Liabilities and Capital	\$70,828,452	\$89,614,739
	<hr/>	<hr/>

CHP II, L.P.
Footnotes
As of March 31, 2006

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 Cash Held in Escrow	03/31/06	12/31/05
IntelliCare Escrowed Funds	\$774,892	\$774,892
Reserve on IntelliCare Escrow	(274,892)	(274,892)
Total	<u>\$500,000</u>	<u>\$500,000</u>

Note 3 – Accrued Interest	03/31/06	12/31/05
General Partner Promissory Notes	\$839	\$549
Cardio-Optics 8% Convertible Notes	0	0
Total	<u>\$839</u>	<u>\$549</u>

Note 4 – Net Organization Costs	03/31/06	12/31/05
Organization Costs	\$183,232	\$183,232
Accumulated Amortization	(183,232)	(183,232)
Total	<u>\$0</u>	<u>\$0</u>

Note 5 – Other Assets	03/31/06	12/31/05
GP Promissory Note Principal	\$184,092	\$208,733
Prepaid Management Fees	0	0
Prepaid NJ State Filing Fees	1,350	1,350
Total	<u>\$185,442</u>	<u>\$210,083</u>

Note 6 – Accrued Expenses and Payables	03/31/06	12/31/05
Professional Fees	\$39,707	\$27,279
NVCA Dues & Annual Meeting	18,451	17,833
Management Fees	3,125	0
Other Accrued Expenses	0	0
Total	<u>\$61,283</u>	<u>\$45,112</u>

Note 7 – Financial Highlights (Return & IRR)	Net to LP's	Total Fund
Year-to-Date Return on Net Assets	8.24%	10.29%
Internal Rate of Return Since Inception	15.00%	17.80%

CHP II, L.P.
Statement of Cash Flows
For the Three Months Ended March 31, 2006

	Three Months Ended 03/31/06
Cash flows from operating activities	
Net Income Before Gains (Losses)	(\$583,068)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:	
Accrued Interest Receivable	(290)
Accrued Organization Costs	0
Other Assets	24,641
Accrued Expenses & Payables	16,171
Net Cash used in Operating Activities	(542,546)
Cash flows from investing activities	
Purchases of venture capital investments	(9,145,979)
Sales of venture capital investments	861
Net cash used in investing activities	(9,145,118)
Cash flows from financing activities	
Cash contributions by partners	7,950,001
Cash distribution to partners	0
Net cash provided by financing activities	7,950,001
 Net Change in Cash and Short Term Investments	 (1,737,663)
Cash and Short Term Investments, beginning	2,195,454
Cash and Short Term Investments, ending	\$457,791

CHP II, L.P.
Schedule of Venture Capital Investments
As of March 31, 2006

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
AllianceCare, Inc.	\$0	\$5,401,130	\$5,401,130	\$5,401,130	\$0
AthenaHealth, Inc.	0	5,000,001	5,000,001	8,181,820	3,181,819
aTyr Pharma, Inc.	0	600,000	600,000	600,000	0
AxoGen, Inc.	0	3,250,000	3,250,000	3,250,000	0
Cardio-Optics, Inc.	0	6,169,002	6,169,002	10,190,042	4,021,040
CodeRyte, Inc.	0	4,425,982	4,425,982	4,425,982	0
MitralSolutions, Inc.	0	3,250,000	3,250,000	3,250,000	0
Momenta Pharmaceuticals, Inc.	0	2,948,504	2,948,504	9,374,956	6,426,092
Replication Medical	0	3,066,759	3,066,759	8,818,809	5,752,050
Rib-X Pharmaceuticals, Inc.	0	4,000,000	4,000,000	4,000,000	0
Sirtris Pharmaceuticals, Inc.	0	8,050,001	8,050,001	12,192,001	4,142,000
Totals	\$0	\$46,161,379	\$46,161,379	\$69,684,380	\$23,523,001

CHP II, L.P.
Statement of Partners' Contributions Accounts
As of March 31, 2006

	Partners' Total Subscription	Contribution Account 12/31/05	Period Contribution in Cash	Period Contribution by Note	Partner Transfer of Interest	Contribution Account 03/31/06	Partners' Outstanding Subscription
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$30,000,000	\$21,986,634	\$2,030,224	\$0	\$0	\$24,016,858	\$5,983,142
Nassau Capital Funds, L.P.	10,000,000	7,328,878	676,742	0	0	8,005,620	1,994,380
Robert Wood Johnson Foundation	10,000,000	7,328,878	676,742	0	0	8,005,620	1,994,380
Northwestern University	10,000,000	7,328,878	676,742	0	0	8,005,620	1,994,380
LACERA	10,000,000	7,328,878	676,742	0	0	8,005,620	1,994,380
Wachovia Investors (First Union)	7,500,000	5,496,658	507,556	0	0	6,004,214	1,495,786
AlpInvest US Secondary 2003	5,000,000	3,664,439	338,371	0	0	4,002,810	997,190
HarbourVest VII Limited	5,000,000	3,664,439	338,371	0	0	4,002,810	997,190
Pension Commissioners of City of LA	5,000,000	3,664,439	338,370	0	0	4,002,809	997,191
Princess Private Equity	5,000,000	3,664,439	338,370	0	0	4,002,809	997,191
Hillside Capital Incorporated	3,500,000	2,565,106	236,860	0	0	2,801,966	698,034
Hamilton Lane-Carpenters Fund	3,000,000	2,198,663	203,022	0	0	2,401,685	598,315
UNISYS Master Trust	3,000,000	2,198,663	203,022	0	0	2,401,685	598,315
Venture Investment Associates III, L.P.	2,300,000	1,685,642	155,649	0	0	1,841,291	458,709
Fleet Growth Resources (Summit)	2,000,000	1,465,775	135,348	0	0	1,601,123	398,877
S.R. One Limited	2,000,000	1,465,775	135,348	0	0	1,601,123	398,877
PharmaBio Development, Inc.	2,000,000	1,465,775	135,348	0	0	1,601,123	398,877
Private Equity Holdings II, Ltd.	1,000,000	732,888	67,674	0	0	800,562	199,438
<u>General Partner</u>							
	\$116,300,000	\$85,234,847	\$7,870,501	\$0	\$0	\$93,105,348	\$23,194,652
CHP II Management, LLC.	1,174,747	860,958	41,738	37,762	0	940,458	234,289
Total Partnership	\$117,474,747	\$86,095,805	\$7,912,239	\$37,762	\$0	\$94,045,806	\$23,428,941

CHP II, L.P.
Statement of Partners' Distributive Share of Net Assets
For the Period Ended March 31, 2006

	Public Securities	Private Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 03/31/06
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$1,971,043	\$12,680,352	\$96,253	\$144,292	\$14,891,940	(\$12,885)	\$14,879,055
Nassau Capital Funds, L.P.	657,013	4,226,777	32,084	48,097	4,963,971	(4,295)	4,959,676
Robert Wood Johnson Foundation	657,013	4,226,777	32,084	48,097	4,963,971	(4,295)	4,959,676
Northwestern University	657,013	4,226,777	32,084	48,097	4,963,971	(4,295)	4,959,676
LACERA	657,013	4,226,777	32,084	48,097	4,963,971	(4,295)	4,959,676
AlpInvest US Secondary Investments 2003	328,504	2,113,365	16,042	24,049	2,481,960	(2,148)	2,479,812
HarbourVest VII Limited	328,504	2,113,365	16,042	24,049	2,481,960	(2,148)	2,479,812
Wachovia Investors (First Union)	492,758	3,170,069	24,063	36,073	3,722,963	(3,221)	3,719,742
Pension Commissioners of City of LA	328,504	2,113,374	16,042	24,049	2,481,969	(2,147)	2,479,822
Princess Private Equity	328,504	2,113,374	16,042	24,049	2,481,969	(2,147)	2,479,822
Hillside Capital Incorporated	229,954	1,479,366	11,229	16,834	1,737,383	(1,503)	1,735,880
Hamilton Lane-Carpenters Fund	197,107	1,268,053	9,625	14,430	1,489,215	(1,289)	1,487,926
UNISYS Master Trust	197,107	1,268,053	9,625	14,430	1,489,215	(1,289)	1,487,926
Venture Investment Associates III, LP	151,115	972,169	7,379	11,063	1,141,726	(988)	1,140,738
Fleet Growth Resources, Inc.	131,404	845,364	6,417	9,620	992,805	(859)	991,946
S.R. One, Limited	131,404	845,364	6,417	9,620	992,805	(859)	991,946
PharmaBio Development, Inc.	131,404	845,364	6,417	9,620	992,805	(859)	991,946
Private Equity Holdings II, Ltd.	65,700	422,674	3,208	4,809	496,391	(429)	495,962
<u>General Partner</u>	\$7,641,064	\$49,157,414	\$373,137	\$559,375	\$57,730,990	(\$49,951)	\$57,681,039
CHP II Management, LLC.	1,733,532	11,152,370	84,654	126,906	13,097,462	(11,332)	13,086,130
Total Partnership	\$9,374,596	\$60,309,784	\$457,791	\$686,281	\$70,828,452	(\$61,283)	\$70,767,169

CHP II, L.P.
Statement of Partners' Capital Accounts *
For the Three Months Ended March 31, 2006

<u>Limited Partner</u>	Partners' Capital 01/01/06	Net Capital Contribution	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 03/31/06
State Teachers Ret. System of Ohio	\$20,093,614	\$2,030,224	\$3,798	(\$122,159)	\$5,289,950	\$5,171,589	(\$3,516,242)	(\$8,900,130)	\$14,879,055
Nassau Capital Funds, L.P.	6,697,844	676,742	1,266	(40,719)	1,763,317	1,723,864	(1,172,081)	(2,966,693)	4,959,676
Robert Wood Johnson Foundation	6,697,844	676,742	1,266	(40,719)	1,763,317	1,723,864	(1,172,081)	(2,966,693)	4,959,676
Northwestern University	6,697,844	676,742	1,266	(40,719)	1,763,317	1,723,864	(1,172,081)	(2,966,693)	4,959,676
LACERA	6,697,844	676,742	1,266	(40,719)	1,763,317	1,723,864	(1,172,081)	(2,966,693)	4,959,676
Wachovia Investors (First Union)	5,023,390	507,556	950	(30,540)	1,322,486	1,292,896	(879,061)	(2,225,039)	3,719,742
AlpInvest US Secondary 2003	3,348,922	338,371	633	(20,360)	881,658	861,931	(586,040)	(1,483,372)	2,479,812
HarbourVest VII Limited	3,348,922	338,371	633	(20,360)	881,658	861,931	(586,040)	(1,483,372)	2,479,812
Pension Commissioners-City of LA	3,348,933	338,370	633	(20,360)	881,658	861,931	(586,040)	(1,483,372)	2,479,822
Princess Private Equity	3,348,933	338,370	633	(20,360)	881,658	861,931	(586,040)	(1,483,372)	2,479,822
Hillside Capital Incorporated	2,344,251	236,860	443	(14,252)	617,161	603,352	(410,228)	(1,038,355)	1,735,880
Hamilton Lane-Carpenters Fund	2,009,366	203,022	380	(12,216)	528,995	517,159	(351,625)	(889,996)	1,487,926
UNISYS Master Trust	2,009,366	203,022	380	(12,216)	528,995	517,159	(351,625)	(889,996)	1,487,926
Venture Investment Associates III	1,540,522	155,649	291	(9,366)	405,563	396,488	(269,579)	(682,342)	1,140,738
Fleet Growth Resources	1,339,568	135,348	253	(8,144)	352,663	344,772	(234,416)	(593,326)	991,946
S.R. One Limited	1,339,568	135,348	253	(8,144)	352,663	344,772	(234,416)	(593,326)	991,946
PharmaBio Development, Inc.	1,339,568	135,348	253	(8,144)	352,663	344,772	(234,416)	(593,326)	991,946
Private Equity Holdings II, Ltd.	669,797	67,674	127	(4,072)	176,332	172,387	(117,208)	(296,688)	495,962
General Partner	\$77,896,096	\$7,870,501	\$14,724	(\$473,569)	\$20,507,371	\$20,048,526	(\$13,631,300)	(\$34,502,784)	\$57,681,039
CHP II Management, LLC.	11,464,798	104,141	149	(124,372)	5,385,777	5,261,554	(3,579,937)	(348,518)	12,902,038
Total Partnership	\$89,360,894	\$7,974,642	\$14,873	(\$597,941)	\$25,893,148	\$25,310,080	(\$17,211,237)	(\$34,851,302)	\$70,583,077

*-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, 2006

	Partners' Contribution Account	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Interest Transfer	Partners' Account
<u>Limited Partners</u>									
State Teachers Ret. System of Ohio	\$24,016,858	\$26,776	(\$4,040,382)	\$12,006,913	\$7,993,307	\$4,805,731	(\$21,936,841)	\$0	\$14,879,055
Nassau Capital Funds, L.P.	8,005,620	8,927	(1,346,794)	4,002,305	2,664,438	1,601,910	(7,312,292)	0	4,959,676
Robert Wood Johnson Foundation	8,005,620	8,927	(1,346,794)	4,002,305	2,664,438	1,601,910	(7,312,292)	0	4,959,676
Northwestern University	8,005,620	8,927	(1,346,794)	4,002,305	2,664,438	1,601,910	(7,312,292)	0	4,959,676
LACERA	8,005,620	8,927	(1,346,794)	4,002,305	2,664,438	1,601,910	(7,312,292)	0	4,959,676
Textron Master Trust	0	7,661	(1,306,075)	2,238,988	940,574	2,773,991	(4,345,599)	631,034	0
Wachovia Investors (First Union)	6,004,214	6,696	(1,010,096)	3,001,726	1,998,326	1,201,432	(5,484,230)	0	3,719,742
AlpInvest US Secondary 2003	4,002,810	633	(20,360)	881,658	861,931	(586,040)	(1,483,372)	(315,517)	2,479,812
HarbourVest VII Limited	4,002,810	633	(20,360)	881,658	861,931	(586,040)	(1,483,372)	(315,517)	2,479,812
Pension Commissioners of City of LA	4,002,809	4,463	(673,399)	2,001,149	1,332,213	800,957	(3,656,157)	0	2,479,822
Princess Private Equity	4,002,809	4,463	(673,399)	2,001,149	1,332,213	800,957	(3,656,157)	0	2,479,822
Hillside Capital Incorporated	2,801,966	3,123	(471,378)	1,400,806	932,551	560,670	(2,559,307)	0	1,735,880
Hamilton Lane-Carpenters Fund	2,401,685	2,678	(404,039)	1,200,691	799,330	480,572	(2,193,661)	0	1,487,926
UNISYS Master Trust	2,401,685	2,678	(404,039)	1,200,691	799,330	480,572	(2,193,661)	0	1,487,926
Venture Investment Associates III	1,841,291	2,053	(309,764)	920,530	612,819	368,439	(1,681,811)	0	1,140,738
Fleet Growth Resources (Summit)	1,601,123	1,785	(269,358)	800,460	532,887	320,382	(1,462,446)	0	991,946
S.R. One Limited	1,601,123	1,785	(269,358)	800,460	532,887	320,382	(1,462,446)	0	991,946
PharmaBio Development, Inc.	1,601,123	1,785	(269,358)	800,460	532,887	320,382	(1,462,446)	0	991,946
Private Equity Holdings II, Ltd.	800,562	893	(134,680)	400,231	266,444	160,190	(731,234)	0	495,962
<u>General Partner</u>									
CHP II Management, LLC.	940,458	1,050	(639,616)	8,750,453	8,111,887	4,892,784	(858,999)	0	13,086,130
Total Partnership	\$94,045,806	\$104,863	(\$16,302,837)	\$55,297,243	\$39,099,269	\$23,523,001	(\$85,900,907)	\$0	\$70,767,169

CHP II, L.P.
Comprehensive Fund Investment Summary
For the Period from April 25, 2000 to March 31, 2006

Portfolio Company	Investment Cost	GAAP Fair Value	Unrealized Gain (Loss)	Realized Value	Realized Gain (Loss)	Cumulative Investment Return
<u>Public Company Securities</u>						
Momenta Pharmaceuticals, Inc.	\$6,823,506	\$9,374,596	\$6,426,092	\$48,449,605	\$44,574,603	\$51,000,695
<u>Private Company Investments</u>						
AllianceCare, Inc.	5,401,130	5,401,130	0	0	0	0
AthenaHealth, Inc.	5,000,001	8,181,820	3,181,819	0	0	3,181,819
aTyr Pharma, Inc.	600,000	600,000	0	0	0	0
AxoGen, Inc.	3,250,000	3,250,000	0	0	0	0
Cardio-Optics, inc.	6,169,002	10,190,042	4,021,040	0	0	4,021,040
CodeRyte, Inc.	4,425,982	4,425,982	0	0	0	0
MitralSolutions, Inc.	3,250,000	3,250,000	0	0	0	0
Replication Medical, Inc.	3,066,759	8,818,809	5,752,050	0	0	5,752,050
Rib-X Pharmaceuticals, Inc.	4,000,000	4,000,000	0	0	0	0
SirTris Pharmaceuticals, Inc.	8,050,001	12,192,001	4,142,000	0	0	4,142,000
<u>Fully Disposed Investments</u>						
Alnylam Pharmaceuticals, Inc.	8,959,015	0	0	34,851,302	25,892,287	25,892,287
Intellicare America	4,000,000	0	0	3,155,344	(844,656)	(844,656)
IPhysicianNet, Inc.	5,757,897	0	0	0	(5,757,897)	(5,757,897)
Molecular Mining Corporation	1,509,060	0	0	107,664	(1,401,396)	(1,401,396)
ParkStone Medical Information	7,575,278	0	0	409,850	(7,165,698)	(7,165,698)
Investment Portfolio Totals	\$77,837,631	\$69,684,380	\$23,523,001	\$86,973,495	\$55,297,243	\$78,820,244

TO: The Limited Partners of CHP II, L.P.

FROM: John J. Park

DATE: April 17, 2006

SUBJECT: Portfolio Valuations for March 31, 2006

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, 2006.

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 were 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.

During the current quarter, CHP II completed three distributions of Alnylam common stock totaling 2,091,870 shares. On January 10, 2006, CHP II distributed 700,000 shares at \$14.45 per share for a total distribution value of \$10,115,000. On March 6, 2006, CHP II distributed 700,000 shares at \$17.26 per share for a total distribution value of \$12,082,000. Finally, on March 29, 2006, CHP II distributed 691,870 shares at \$18.29 per share for a total distribution value of \$12,654,302. In summary, during the period CHP II distributed all of its Alnylam holdings, 2,091,870 shares, at a total value of \$34,851,302. These distributions resulted in the recording of a realized gain of \$25,892,287 on the investment cost basis of \$8,959,015, the reversal of a previously unrealized gain related to Alnylam of \$18,988,368 and the reduction of the valuation for Alnylam to \$0. After accounting for the distributions completed during the period, this valuation represents a decrease of \$27,947,383 from the valuation for Alnylam as of December 31, 2005.

CHP II, L.P.

Portfolio Valuations as of March 31, 2006

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 investment valuation of \$8,181,820, with a corresponding unrealized gain of \$3,181,819 on our cost basis of \$5,000,001 as of March 31, 2006. This valuation represents no change from the valuation for AthenaHealth as of December 31, 2005.

Value Computation:

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

CARDIO-OPTICS – On October 20, 2005, CardioOptics held an initial closing of \$21.5 million on a Series B preferred financing round that totaled \$28 million. The Series B preferred was priced at \$3.296 per share, placing a \$27.5 million pre-money value on the financing. The round was led by new investor Novo A/S and also included new investors, The Hillman Company and Investor Growth Capital. Cardinal invested a total of \$3,801,372 in the round, including the conversion of \$1,578,722 in promissory notes plus accrued interest and \$633,649 in accrued accumulating dividends on Cardinal's Series A preferred holdings. We propose to value the CardioOptics investment on the basis of the Series B financing round at \$3.296 per share. This results in a total carrying value for the investment of \$10,190,042, with a corresponding unrealized gain of \$4,021,040 on our cost basis of \$6,169,002 as of March 31, 2006. This valuation represents no change from the valuation for Cardio Optics as of December 31, 2005.

Value Computation:

$$\begin{array}{rcl} \text{Series A Convertible Preferred Stock} & & \\ 1,938,310 \text{ shares} \times \$3.296 & = & \$ 6,388,670 \\ \text{Series B Convertible Preferred Stock} & & \\ 1,153,329 \text{ shares} \times \$3.296 & = & \underline{3,801,372} \\ \text{Total Value} & & \underline{\underline{\$10,190,042}} \end{array}$$

CHP II, L.P.**Portfolio Valuations as of March 31, 2006****Page 3 of 4**

INTELLICARE – On November 2, 2005, IntelliCare was acquired by PolyMedica Corporation in a \$20 million cash transaction, with 10% of the gross proceeds placed in escrow for one year. Cardinal received a total of \$2,655,344 in cash, plus \$774,892 in escrow. We propose to value the \$775K in cash held in escrow at \$500,000 representing a conservative accounting for the amount expected to be ultimately received by CHP II. Accordingly, we have recorded \$500K as net cash in escrow on the balance sheet, recorded a net realized loss of \$844,656, and reversed a previously unrealized loss of \$1,535,415. The net valuation for the cash held in escrow represents no change from the valuation for the IntelliCare escrow as of December 31, 2005.

Value Computation:

Net Cash in Escrow (\$774,892 - \$274,892)	<u>\$ 500,000</u>
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MOMENTA PHARMACEUTICALS – On June 21, 2004, Momena (NASDAQ:MNTA) completed an initial public offering of its securities priced at \$6.50 per share. Concurrently, all of the CHP II preferred stock holdings were converted into 2,101,286 shares of Momena common stock, with a combined cost basis of \$6,375,006. In addition, CHP II purchased 69,000 shares of Momena common stock in the IPO, at a total cost of \$448,500.

On July 19, 2005, CHP II distributed 1,693,450 shares of Momena at \$28.61 per share for a total distributed value of \$48,449,605, resulting in a realized gain of \$44,574,602. As a result of this distribution, the investment cost basis for Momena was reduced by \$3,875,002 and Cardinal's share holdings were reduced to 476,836 of Momena common.

As of March 31, 2006, CHP II continues to hold 476,836 shares of Momena common stock. None of these shares are subject to any trading restrictions. We therefore propose to value these shares at the closing market price on March 31, 2006 of \$19.66 per share. This results in a total valuation of \$9,374,596 with a corresponding unrealized gain of \$6,426,092 on our remaining cost basis of \$2,948,504 as of March 31, 2006. This valuation represents a decrease of \$1,134,869 from the valuation for Momena as of December 31, 2005.

Value Computation:

Common Stock	
476,836 shares x \$19.66	= <u>\$9,374,596</u>

CHP II, L.P.**Portfolio Valuations as of March 31, 2006****Page 4 of 4**

REPLICATION MEDICAL – On July 21, 2005, Abbott Laboratories invested \$12 million at \$5.00 per share in the form of a Series D preferred stock. As this investment was strategic in nature, we propose to value our holdings in Replication, in accordance with the Standard Valuation Policy of CHP II, at the midpoint between our previous investment carrying value per share (investment cost) and the Series D price of \$5.00. This results in a carrying value for the Replication investment of \$2.9781 for each share of Series B preferred (midpoint between \$0.9562 and \$5.00), and \$3.45 per share for each share of Series C preferred (midpoint between \$1.90 and \$5.00). Accordingly, the total carrying value for the Replication investment is \$8,818,809, with a corresponding unrealized gain of \$5,752,050 on our cost basis of \$3,066,759 as of March 31, 2006. This valuation represents no change from the valuation for Replication as of December 31, 2005.

Value Computation:

Series B Convertible Preferred Stock		
2,614,516 shares x \$2.9781	=	\$7,786,290
Series C Convertible Preferred Stock		
299,281 shares x \$3.45	=	<u>1,032,519</u>
Total Value		<u>\$8,818,809</u>

SIRTRIS PHARMACEUTICALS – On March 14, 2006, Sirtris completed a \$22 million Series C Preferred stock financing priced at \$1.12 per share and valuing the Company at \$95 million pre-money. New investor Bessemer Ventures led this financing, with CHP II investing \$2.0 million. We propose to value our investment at the Series C price of \$1.12, resulting in a total value of \$7,280,000, with a corresponding unrealized gain of \$4,142,000 on our cost basis of \$8,050,001 as of March 31, 2006. Including the \$2 million investment during the quarter, this valuation represents an increase of \$4,912,001 from the valuation for Sirtris as of December 31, 2005.

Value Computation:

Series A Convertible Preferred Stock		
1,600,000 shares x \$1.12	=	\$ 1,792,000
Series A-1 Convertible Preferred Stock		
3,750,000 shares x \$1.12	=	4,200,000
Series B Convertible Preferred Stock		
3,750,000 shares x \$1.12	=	4,200,000
Series C Convertible Preferred Stock		
1,785,715 shares x \$1.12	=	<u>2,000,001</u>
Total Value		<u>\$12,192,001</u>

CHP II, L.P.

Report for the Quarter Ended March 31, 2006

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CHP II, L.P.
Portfolio Investment Valuation Summary
For the Quarter ended March 31, 2006

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value 03/31/06</u>	<u>Fair Value 12/31/05</u>	<u>Change from Prior Quarter</u>	<u>Reason for Change</u>
AllianceCare, Inc.	\$5,401,130	\$5,401,130	\$5,401,130	\$0	
Alnylam Pharmaceuticals, Inc.	\$0	\$0	\$27,947,383	(\$27,947,383)	Distribution of Shares. (note 1)
AthenaHealth, Inc.	\$5,000,001	\$8,181,820	\$8,181,820	\$0	
aTyr Pharma, Inc.	\$600,000	\$600,000	\$600,000	\$0	
AxoGen, Inc.	\$3,250,000	\$3,250,000	\$0	\$3,250,000	New Investment. (note 2)
CardioOptics, Inc.	\$6,169,002	\$10,190,042	\$10,190,042	\$0	
CodeRyte, Inc.	\$4,425,982	\$4,425,982	\$2,780,004	\$1,645,978	Follow-on Investment. (note 3)
Intellicare America, Inc.	\$774,892	\$500,000	\$500,000	\$0	
Mitral Solutions, Inc.	\$3,250,000	\$3,250,000	\$1,000,000	\$2,250,000	Follow-on Investment. (note 4)
Momenta Pharmaceuticals	\$2,948,504	\$9,374,596	\$10,509,465	(\$1,134,869)	Market Price Decrease. (note 5)
Replication Medical	\$3,066,759	\$8,818,809	\$8,818,809	\$0	
Rib-X Pharmaceuticals	\$4,000,000	\$4,000,000	\$4,000,000	\$0	
Sirtiris Pharmaceuticals	\$8,050,001	\$12,192,001	\$7,280,000	\$4,912,001	Follow-on Investment. (note 6)
Total Portfolio	\$46,936,271	\$70,184,380	\$87,208,653	(\$17,024,273)	

1. During the quarter, CHP II distributed all of its holdings of Alnylam common stock to its partners at an average value of \$16.835 per share for a total distributed value of \$34.85 million, resulting in a 3.9 times return on the Alnylam investment.
2. On February 27, 2006, CHP II contributed \$3.25 million towards the \$7.75 million first round financing for AxoGen, Inc. The financing was led by Cardinal and priced at a pre-money valuation of \$6.8 million. DeNovo Ventures and Accutiv Medical Ventures were co-investors.
3. During the quarter, CodeRyte completed an \$8.5 million second round financing led by the current investor syndicate. CHP II invested \$1.65 million in the financing representing its pro-rata allocation. Concurrent with the financing, the company closed on a \$2.75 million credit facility with Silicon Valley Bank.
4. On March 13th, CHP II contributed \$2.25 million towards the \$4.8 million second closing of the Series B financing for MitralSolutions.
5. CHP II currently holds 476,836 shares of Momenta common stock. As all of these shares are freely tradable and the proposed value is therefore based on the closing market price for Momenta (NASDAQ: MNTA) as of March 31, 2006 of \$19.66 per share. The valuation decrease reflects the change from the closing price as of December 31, 2005 of \$22.04 per share.
6. On March 14, 2006, CHP II contributed \$2 million to the \$22 million Series C preferred financing for Sirtiris Pharmaceuticals. The financing was led by new investor Bessemer Ventures and valued the company at \$95 million pre-money, a 40% mark-up from the Series B financing round closed in February, 2005.

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

Provider of comprehensive integrated medical and rehabilitation services.

Period Summary: 1st Quarter, 2006

Financial performance for Q1 2006 shows significant improvement over the last two quarters, but is still below budget. Revenues for the period were \$19.7 million, an increase of 3.3% over Q4 2005, despite a \$1.5 million (30%) reduction in therapy revenues due to the implementation of the Medicare Part B Therapy Cap. Gross margins improved \$300K over last quarter, despite carrying \$900K of therapy labor expense related to the Part B Therapy Cap. During the period, the company underwent a change in operational management, introduced a performance pay model for clinicians, and implemented a new technology platform. With these new management initiatives in place, we are hopeful that the remainder of 2006 will continue to show improved performance.

Financial results for the period were significantly impacted by changes in the Medicare reimbursement landscape. These include the Part B Therapy Cap, the elimination of the Home Health rate increase, and changes in Physician reimbursement. Revenues for the period were 12% below plan, with the majority of that variance due to the \$1.5 million reduction in therapy revenues brought about by the Part B Cap. Gross margin would have been in line with expectations if not for the labor cost carryover related to the Part B Cap. The implementation of the Cap is now complete and expected to accelerate therapy revenue growth going forward.

Management's reforecast based on 1st quarter actual results shows revenues of \$88 million producing EBITDA of \$3.3 million. The company remains on target to achieve cash flow breakeven by mid-2006. Capital resources are tight, but with sound cash management the company has adequate capital resources to support current operations. The HFG credit facility has current availability of \$5 million that will act as a buffer for short-term cash flow requirements.

Management currently believes the company is 24 months away from being ready for an IPO. Other liquidity options are being discussed and include a sale of the company or a recapitalization by a mid to late stage financial investor. The focus for 2006 will be to accelerate the de novo growth program, margin improvement and possibly complete some smaller accretive acquisitions. As fully contemplated, this plan would require an additional capital infusion of at least \$5-\$10 million.

ALLIANCECARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual*</i>	<i>2006 Budget</i>
Revenues	30,440	33,583	41,820	74,460	103,417
Direct Expenses	15,872	17,013	22,808	43,682	56,721
SG&A	19,011	23,287	21,748	33,053	42,225
EBIT	-4,443	-6,717	-2,736	-2,275	4,471
Other Inc. & Exp.	-1,263	-125	-87	-2,242	+476
Net Income	-5,706	-6,842	-2,823	-4,517	4,947
EBITDA	-3,966	-6,174	-2,230	-1,417	+5,471

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	19,660	22,468	-2,808
Direct Expenses	12,311	12,257	-54
SG&A	8,418	9,310	+892
EBIT	-1,069	901	-1,970
Interest, Taxes & Other	-710	-624	-86
Net Income	-1,779	277	-2,056
EBITDA	-782	+277	-1,933

Fiscal Year-to-Date: Three Months Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	19,660	22,468	-2,808
Direct Expenses	12,311	12,257	-54
SG&A	8,418	9,310	+892
EBIT	-1,069	901	-1,970
Interest, Taxes & Other	-710	-624	-86
Net Income	-1,779	277	-2,056
EBITDA	-782	+277	-1,933

ALLIANCECARE, INC. (cont.)

Summary Balance Sheet as of March 31, 2006: (\$000)

Cash	\$ 1,135	Accounts Payable	\$ 2,859
Accounts Receivable	14,278	Accrued Expenses	5,917
Other Current Assets	<u>1,161</u>	Other Current Liabilities	<u>7,158</u>
Total Current Assets	16,574	Total Current Liabilities	15,934
Net PP&E	2,019	Debt and Other Liabilities	17,571
Acquired Goodwill (Net)	27,972	Shareholders Equity	46,497
Other Assets	<u>900</u>	Retained Earnings	<u>-32,537</u>
Total Assets	<u>\$47,465</u>	Total Liabilities & Equity	<u>\$47,465</u>

Comments:

Operating cash burn for the quarter slowed to \$250K per month. The company is ahead of its cash flow budget by \$200K and remains on target to attaining cash flow break even by mid-year 2006. The company currently has adequate borrowing capacity to cover its current operating cash requirements.

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	140,113 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$1,401,130
Cost per Share	\$10.00
Warrants for Series C Convertible Preferred Stock	42,033 shares
Exercise Price Per Share	\$10.00
% Ownership (Full Dilution)	8.3%
Company Valuation at CHP II Cost	\$65.2 million
Company Valuation at Assigned Fair Value	\$65.2 million

Outlook:

The AllianceCare management team needs to show improved financial performance in 2006. We remain cautiously optimistic about the prospects for the company.

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

Therapeutics Based on the Novel Biological Mechanism of RNA Interference

Period Summary: 1st Quarter, 2006

During the current quarter, CHP II completed three distributions of Alnylam common stock totaling 2,091,870 shares, representing all of our holdings. The distributions were valued at a total of \$34.85 million and resulted in the recording of a realized gain of \$25.9 million on our cost basis of \$8.95 million. The return on our investment in Alnylam was 3.9 times cost, producing an IRR of 54.6% over the life of the investment. Company highlights for the quarter include; the announced allowance of a U.S. patent broadly covering RNAi therapeutics, a significant increase in revenues related to strategic alliances, and the completion of a \$62.3 million secondary public offering.

During the quarter, the United States Patent and Trademark Office (USPTO) allowed claims in two patent applications that broadly cover methods for making siRNAs, the molecules that mediate RNAi. The USPTO issued "Notices of Allowance" for patent applications 10/832,248 and 10/832,432 in the Tuschl II patent series. The patent series is exclusively licensed to Alnylam for RNAi therapeutics on a world-wide basis through an agreement with Garching Innovation GmbH, the licensing agent for the Max Planck Society. The newly allowed claims broadly cover methods of making siRNAs, with or without chemical modifications, for any target in mammalian cells and is a very significant milestone for the Alnylam intellectual property portfolio.

Financial results for the quarter show a net loss of \$8.9 million, or \$0.30 per share, as compared to \$6.6 million, or \$0.32 per share, in the first quarter of 2005. Revenues in the first quarter of 2006 were \$5.7 million, a significant increase from \$1.6 million during the first quarter of 2005. Included in revenues in the first quarter of 2006 was \$4.4 million of cost reimbursement and amortization revenues related to the company's main collaboration with Novartis, \$0.8 million of cost reimbursement revenues related to its Novartis flu collaboration as well as \$0.3 million of cost reimbursement and amortization revenues related to its Merck collaborations. Research and development (R&D) expenses were \$11.9 million in the first quarter of 2006, including \$1.5 million of non-cash stock-based compensation, as compared to \$5.4 million in the first quarter of 2005, which included \$0.2 million of non-cash stock-based compensation. The increase in R&D expenses was primarily due to clinical trial and manufacturing-related expenses in support of our clinical program for respiratory syncytial virus (RSV) infection which began in December 2005.

As of March 31, 2006, Alnylam has cash and cash equivalents of \$132.3 million, compared to \$80.0 million at December 31, 2005. The increase was primarily due to \$62.2 million of net proceeds from the company's secondary public offering of approximately 5.1 million shares of common stock at \$13.00 per share completed in January 2006.

ALNYLAM PHARMACEUTICALS (cont.)

FINANCIAL SUMMARY: (\$000)

Statement of Operations:

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>03/31/06</u>	<u>03/31/05</u>	<u>12/31/05</u>	<u>12/31/04</u>
Revenues	5,717	1,643	5,716	4,278
Research & Development	11,930	5,372	35,319	24,603
General & Administrative	<u>3,584</u>	<u>2,952</u>	<u>13,869</u>	<u>11,939</u>
Loss from Operations	-9,797	-6,681	-43,472	-32,264
Other Income (Expense)	<u>+937</u>	<u>+81</u>	<u>+699</u>	<u>-390</u>
Net Income (Loss)	-8,860	-6,600	-42,773	-32,654
Earnings Per Share (\$)	-\$0.30	-\$0.32	-\$1.96	-\$2.98

Summary Balance Sheet as of March 31, 2006:

Cash	\$132,275	Accounts Payable	\$ 3,928
Receivables	3,116	Accrued Expenses	5,675
Other Current Assets	<u>1,729</u>	Deferred Revenue	<u>10,387</u>
Total Current Assets		Total Current Liabilities	19,990
Net PP&E	11,359	Long Term Liabilities	15,781
Intangible & Other Assets	<u>5,354</u>	Shareholders Equity (Net)	<u>117,916</u>
Total Assets	<u>\$153,687</u>	Total Liabilities & Equity	<u>\$153,687</u>

Comments:

The company expects to end 2006 with a cash balance in excess of \$115 million. Current capital resources are forecast to be sufficient to support operations into 2009.

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

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 1st Quarter, 2006

Athena had a good beginning to 2006. Revenues for the quarter were on plan at \$16.9 million, an 11% growth over the prior quarter and 40% higher than the prior year period. EBITDA was \$357K, almost \$1 million better than forecast. New customer implementations were a record \$6.1 million and should drive significant revenue growth through Q2 2006. However, Athena missed its sales target for the quarter, which will impact revenues for Q3 and Q4. Management's revised forecast for 2006 reflecting the impact of the missed sales target for Q1 shows revenues of \$77.1 million, \$2 million lower than plan for the year, but having a negligible effect on net income, with the company still on target to turn solidly profitable in Q4 2006. The annualized revenue run rate at the end of March was \$76.1 million on a contract base of \$85 million.

Other financial parameters for Athena remained strong during the period. Gross profits improved 7.6% for the quarter despite the move of some indirect costs to the direct cost line. Overall gross margins for the quarter were lower for this reason, but nevertheless improved to 50.4% in March. This led to improved bottom line results for the quarter as the higher gross profit was greater than increases in indirect expenses. EBITDA significantly exceeded its target leading to total cash at the end of the period coming in \$300K ahead of plan. The period also saw the successful implementation of the new \$5 million loan facility that was partially funded at the end of the quarter.

Management's reforecast for the year shows lower revenue growth than originally expected for the second half of the year, so reductions have been made to planned expenditures to ensure the balance sheet meets expectations. We continue to expect Athena to be financially self-sustaining until a liquidity event for the investors. During 2005, management began discussions with investment bankers and has projected that a liquidity event would be best timed in late 2006/early 2007 based upon forecasted 2007 revenues of \$110 million with EBITDA of \$19 million. We continue to view Athena as a very attractive candidate for a successful liquidity event in the next 12-18 months.

ATHENAHEALTH, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Budget</i>
Revenues	11,985	24,666	39,025	53,554	79,248
Direct Expenses	10,137	16,148	21,520	27,525	39,973
SG&A	8,860	10,501	16,497	29,067	32,429
EBITDA	-7,012	-1,983	1,008	-3,038	6,846
Depreciation	-2,493	-2,894	-3,158	-4,940	-6,094
Interest and Taxes	-55	-475	-1,212	-1,904	-3,061
Net Income	-9,560	-5,352	-3,362	-9,882	-2,309

Last Three Months: Quarter Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	16,855	16,923	-68
Direct Expenses	8,738	8,927	+189
SG&A	7,760	8,573	+813
EBITDA	+357	-577	+934
Depreciation	-1,533	-1,465	-68
Interest and Taxes	-580	-684	+104
Net Income	-1,756	-2,726	+970

Fiscal Year-to-Date: Three Months Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	16,855	16,923	-68
Direct Expenses	8,738	8,927	+189
SG&A	7,760	8,573	+813
EBITDA	+357	-577	+934
Depreciation	-1,533	-1,465	-68
Interest and Taxes	-580	-684	+104
Net Income	-1,756	-2,726	+970

ATHENAHEALTH, INC. (cont.)

Summary Balance Sheet as of March 31, 2006: (\$000)

Cash	\$ 11,622	A/P and Accrued Expenses	\$ 6,066
Accounts Receivable	8,373	Deferred Revenue	3,063
Other Current Assets	<u>1,977</u>	Current Portion of Debt	<u>8,715</u>
Total Current Assets	22,012	Total Current Liabilities	17,844
Net PP&E	14,409	Long Term Liabilities	26,943
Intangibles (Net)	3,829	Shareholders Equity	51,764
Other Assets	<u>190</u>	Retained Earnings	<u>-56,111</u>
Total Assets	<u>\$40,440</u>	Total Liabilities & Equity	<u>\$40,440</u>

Comments:

Athena burned \$1.1 million during the quarter, but was \$300K ahead of plan. The company expects to operate at cash flow positive beginning in Q3 2006 as they continue to invest heavily in infrastructure to support future growth. The new \$5 million loan facility was put in place at the end of the quarter, but has not been fully funded.

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%

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.

ATYR PHARMA, INC.
Princeton, NJ

Biopharmaceutical Development of Novel Protein Biologics for Regenerative Medicine.

Period Summary: 1st Quarter, 2006

aTyr Pharma is an early stage biopharmaceutical company with its initial platform focused on therapeutics for revascularization and skin regeneration. The company is in the first stage of pre-clinical development with two novel biologics and currently forecasts beginning initial human clinical trials of its first biopharmaceutical in 2008. To this end, pre-clinical efficacy studies in wound healing, cosmeceutical, and vascular therapeutic models have begun with academic investigators at leading Universities, contract research organizations, and collaborative corporate partnerships. Concurrently, management is negotiating exclusive license agreements with two institutions that will solidify its intellectual property position in the wound healing and cosmeceutical areas. Management expects to complete these agreements by the end of Q2 2006. A first round financing will be initiated shortly thereafter.

Recent discussion has focused on expanding the operations of aTyr Pharma, which is currently developing lead biologics in a virtual mode, to include a research and discovery operation with laboratory and office space. With the expanded capability, aTyr would create a platform technology around all the components of the multisynthetase complex to discover new biological fragments with cellular signaling functions and develop them into therapeutics. Management is currently evaluating the scientific opportunity to develop a research plan and budget.

The September 2005 \$739K seed financing is expected to support operations through most of 2006. We expect the company to initiate a first round of institutional financing beginning at the end of next quarter on the basis of a solidified IP portfolio and pre-clinical progress in one or both of its lead programs.

ATYR PHARMA, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2005 Actual*</i>	<i>2006 Budget</i>
Revenues	0	0
R&D Expenses	30	476
SG&A	88	184
EBIT	-48	-660
Interest and Taxes	+5	+6
Net Income	-113	-654

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	58	148	+90
SG&A	56	57	+1
EBIT	-114	-205	+91
Interest and Taxes	+3	+3	0
Net Income	-111	-202	+91

Fiscal Year-to-Date: Three Months Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	58	148	+90
SG&A	56	57	+1
EBIT	-114	-205	+91
Interest and Taxes	+3	+3	0
Net Income	-111	-202	+91

ATYR PHARMA, INC. (cont.)

Summary Balance Sheet as of March 31, 2006: (\$000)

Cash	\$ 522	A/P and Accrued Expenses	\$ 11
Accounts Receivable	0	Deferred Revenue	0
Other Current Assets	<u>0</u>	Current Portion of Debt	<u>0</u>
Total Current Assets	522	Total Current Liabilities	11
Net PP&E	2	Long Term Liabilities	0
Intangibles (Net)	0	Shareholders Equity	739
Other Assets	<u>2</u>	Retained Earnings	<u>-224</u>
Total Assets	<u>\$ 526</u>	Total Liabilities & Equity	<u>\$ 526</u>

Comments:

The \$739K seed financing completed in September 2005 is forecast to last through most of 2006. Discussions with potential first round investors have begun and we anticipate completion of a financing round by the end of Q3 2006.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	800,000 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$600,000
Cost per Share	\$0.80
% Ownership (Full Dilution)	40.0%
Company Valuation at CHP II Cost	\$1.5 million
Company Valuation at Assigned Fair Value	\$1.5 million

Outlook:

We are very enthusiastic about the prospects of our investment in aTyr Pharma. aTyr is focused on an emerging technology with many Potential therapeutic and cosmetic targets. The technology will also require a relatively small investment to validate its initial targets.

cardinal partners

TO: The Limited Partners
FROM: The General Partner
DATE: February 27, 2006
SUBJECT: Investment in AxoGen, Inc.

On February 27, 2006, Cardinal invested \$3.25 million as part of the \$7.75 million first round financing for AxoGen, Inc. ("AxoGen"). The financing was led by Cardinal Partners and included co-investors DeNovo Ventures and Accuitive Medical Ventures. The financing was completed at a pre-money value of \$6.9 million, with Cardinal holding 22.2% ownership position on a fully diluted basis post-investment. Lisa Skeete Tatum will represent CHP II on the company's Board of Directors.

AxoGen is developing and commercializing an allograft medical device that regenerates peripheral nerves, restoring function and sensory. The company is currently located in Gainesville, FL. The company's website can be found at www.axogeninc.com.

History:

AxoGen was founded in May 2003 by Jamie M. Grooms to pioneer the commercialization of peripheral nerve grafting and nerve regeneration technologies. The company has licensed technologies from University of Florida's McKnight Brain Institute, the University of Texas and other research institutions, as well as developed its own technologies. They combine scientific breakthroughs that reveal the mechanism of axon growth and regeneration, and have been incorporated into AxoGen's products. The AxoGen products will allow surgeons to repair peripheral nerve damage more successfully and effectively than ever before.

Since its inception in 2003, AxoGen raised \$1,250,000 in seed capital from its founders to license the IP developed by the McKnight Brain Institute and the University of Texas, and began engineering of initial prototypes of the company's introductory peripheral nerve grafting product.

Market Opportunity:

The market for peripheral nerve repair is not well developed today, offering a clear opportunity for AxoGen. Because no practiced technology effectively facilitates peripheral nerves to regenerate, surgeons have few options for repair of peripheral nerves and the market remains largely undeveloped.

AXOGEN, INC. (cont.)

Every year in the US, several million people suffer traumatic, iatrogenic or nontraumatic peripheral nerve injury. Injuries to the peripheral nervous system (PNS) are a major source of disability, impairing the ability to move muscles or to feel normal sensations. To correct these problems, more than one million procedures were performed in the US in 2002, totaling more than \$10 billion in medical costs. In addition, more than 250,000 patients in the US suffered major traumatic peripheral nerve injuries, but were not treated or were undertreated. The potential US market for AxoGen products exceeds \$1 billion.

Iatrogenic (Prostatectomy) Nerve Injury - Iatrogenic injuries, where nerve injury is induced in a patient by a physician's activity, manner, or therapy, account for thousands of potential procedures. AxoGen's first iatrogenic injury target is erectile dysfunction after prostatectomy. Every year around 200,000 US patients require prostatectomy procedures, often suffering major injury to peripheral nerves near the prostate. It is estimated that between 20% and 50% of prostatectomy procedures require sacrifice of one or both nerves (cavernous nerve) that support erectile function and bladder control. Urologists are seeking a way to address cavernous nerve repair after prostatectomy, to aid patients who might otherwise lose erectile functionality. Another compelling iatrogenic target is restoring the phrenic nerve after coronary artery bypass grafting (CABG). Each year, between 35,000 and 75,000 patients suffer paralysis of the diaphragm due to phrenic nerve injury after a CABG procedure. These two examples are representative of scores of serious iatrogenic injuries that could be helped by AxoGen products.

Traumatic Nerve Injury - Every year, between 250,000 and 300,000 US patients suffer major traumatic wounds to peripheral nerves, including injuries from collisions, motor vehicle accidents, gun wounds, fractures, dislocations, lacerations, or some other form of penetrating trauma. Peripheral nerves commonly injured through trauma include the digital, median, ulnar, radial, facial, spinal accessory and brachial plexus nerves. Due to difficult or low-efficacy treatment options, only a small percentage of patients are actually treated for their traumatic peripheral nerve injury leaving the many patients without the benefit of intervention. Unfortunately, even those patients who receive treatment do not recover optimally; more than half of the patients suffered significant reduced muscle strength or sensitivity. Not surprisingly, a large percentage of patients treated for traumatic peripheral nerve injury must return for follow up care to address continued functional deficits.

Overview of Products:

AxoGen products and technologies are designed to overcome fundamental challenges to efficacious nerve repair, speeding natural nerve regeneration, and dramatically improving PNS surgical procedures. AxoGen products will enhance patient recovery, enhance the surgeon revenue model, and reduce overall medical costs, growing the peripheral nerve repair market rapidly. AxoGen's first product will be a peripheral nerve graft that will include a number of features that are unique to other repair options.

AXOGEN, INC. (cont.)

AxoGen will first launch *Avance™ Nerve Conduit*, a product which is classified as implantable allograft tissue, allowing short-term market penetration. Next, AxoGen will expand its allograft market by developing new procedures for longer nerve graft repair, such as repairing the cavernous nerve after prostatectomy and repairing the phrenic nerve after CABG. Following that, AxoGen will launch partner products such as surgical cuffs and xenograft nerve grafts. The latter product would be classified as a medical device with a relatively short regulatory pathway.

AxoGen's 2-Stage Commercial Launch

Stage One: The first stage will begin with the launch of the *Avance™ Nerve Graft* for traumatic nerve repair, focusing on a version of the product for use in nerve injury gaps of 3cm or less. Allograft nerves, which will be recovered under the nation's organ and tissue donation program, have a regulatory status that will allow AxoGen to distribute the *Avance™ Nerve Conduit* more quickly. AxoGen will launch the short-graft version of *Avance™* into the traumatic injury repair market, providing the first advanced and bioactivated nerve graft competing with nonbioactivated or sub-optimal collagen guides and autografts. Within months of closing its Series B round of investment, AxoGen will complete final testing of the processing methodology it has developed, will complete scale-up of a cGMP facility to begin manufacturing *Avance™*, and will begin marketing *Avance* in the traumatic market.

Stage Two: While generating revenues from the initial launch of the short version of the *Avance™ Nerve Graft*, AxoGen will be preparing for the launch of its long-graft version of the *Avance™* product. The *Avance™* long-graft will stand alone in the marketplace as the first off the shelf product to treat nerve gaps longer than 3cm. It will be introduced into the iatrogenic markets, in addition to the trauma market. Importantly, this long-graft will be processed and prepared using the same technology and manufacturing process as the short-graft version of *Avance™*. In this stage, AxoGen will also develop follow-on products to aid peripheral nerve repair.

Sales & Distribution

AxoGen will seek large strategic distribution partners in the trauma market and will distribute its products through a network of its own distributors in iatrogenic markets. AxoGen will direct sale or recruit distributors who are already servicing surgeons in its target markets. Many independent medical supply distributors around the US do not have a nerve regeneration product of any sort to offer to surgeons at this time.

Marketing

AxoGen will support the sales and distribution effort by targeting surgeons directly. AxoGen will maintain a highly visible presence at industry trade shows for its target surgeons, while sponsoring educational programs for the attending surgeons, as well as, promotional gatherings and sponsoring podium presentations by renowned surgeons.

AXOGEN, INC. (cont.)

Patents & Intellectual Property

AxoGen has a strong intellectual property position, with exclusive worldwide licenses to core nerve regeneration technologies and allograft and xenograft transplant technologies. AxoGen is continually expanding its IP portfolio through its R&D and licensing efforts. AxoGen's intellectual property will provide a strong competitive advantage to AxoGen and a barrier to entry.

Competition

AxoGen will compete in the market against established surgical procedures, such as the current "gold standard" procedure using autograft, and against various companies that produce synthetic conduits for surgical use. Surgical procedures that involve autografting are common today, as is nontreatment. Autologous grafting (using the patient's own nerve) presents treatment difficulties because it requires two procedures, invites complications, is costly and time consuming, may require the primary surgeon to partner with another surgeon, and creates a functional deficit at the site of donation. The proven efficacy of AxoGen's products, compared with the secondary problems of autografting, will be compelling in the marketplace. In addition, many surgeons who do not routinely use grafting procedures because of the trouble with autografting will welcome AxoGen's new products.

AxoGen will also compete against companies that currently provide synthetic peripheral nerve grafts for surgical use. The major competitor in synthetic grafts is Integra Life Sciences (NASDAQ:IART), which includes among its many product lines NeuraGen, a collagen tube that acts as a mechanical conduit for nerve growth. NeuraGen lacks the biological qualities that an allograft nerve possesses to promote nerve regeneration, lacks the advantages of AxoGen's patented processing techniques and bioactivation, does not provide familiar surgeon handling characteristics and performs sub-optimally. The other competitors in synthetic grafts, including Synovis, are smaller than Integra, have no discernable advantages over Integra, and have less market penetration.

Management:

AxoGen has operated with a minimal staff for most of its existence. The company plans to recruit additional senior level engineering, regulatory, and administrative personnel over the next 6 months.

Jamie Grooms – Chief Executive Officer: Jamie M. Grooms has extensive executive leadership experience launching, growing and managing biotechnology companies. Jamie was the co-Founder and former CEO of Regeneration Technologies (Nasdaq: RTIX), inventing the primary value-added technologies that formed the basis of RTI's product line.

AXOGEN, INC. (cont.)

Jamie led the company through initial venture capital fundraising and eventually to its initial public offering in 2000, raising \$75 million in proceeds. Mr. Grooms has extensive experience in all areas of operation of the allograft business, working at the Virginia Tissue Bank (now LifeNet), Osteotech, and CryoLife in various positions of leadership. In 1992, Grooms was brought in as CEO of the University of Florida Tissue Bank. He holds a degree in biology from Old Dominion.

John P. Engels – Director of Operations: John Engels provides operational and financial leadership for AxoGen, managing AxoGen's fundraising partnerships and business development efforts. Mr. Engels has extensive experience in entrepreneurial finance, working on life science deals for PA Early Stage Partners, a venture capital fund in Philadelphia, and working as an entrepreneurial consultant to University of Florida's technology licensing office. He worked for several years in a boutique investment banking firm CACM, pioneering a multi-billion dollar emissions trading market; and helped launch Power Navigator, a high-speed electricity transmission exchange. John holds an MBA in Management and Operations from the Wharton School of Business at the University of Pennsylvania, and a BA from the University of Chicago.

Karen Zaderej - Vice President of Sales and Marketing: Ms. Zaderej has over 19 years of experience in the medical device market. At Johnson & Johnson, she held senior positions in Marketing, Business Development and R&D, as well as ran a manufacturing business. After leaving J&J, she started Zaderej Medical Consulting to assist medical device companies build and execute winning commercialization plans. She has an MBA from the Kellogg Graduate School of Business and a BS in Chemical Engineering from Purdue University .

Scientific Advisors:

David Muir, PhD - Dr. David Muir is a world-leader in nerve regeneration and repair research and development. He is a joint professor of neuroscience and pediatrics at the University of Florida's renowned McKnight Brain Institute and has received more than \$3.5 million to pursue research on the peripheral nervous system from the National Institutes of Health and other sources. He has authored many journal publications on peripheral nerve repair and is the principal inventor of several UF nerve repair technologies. He received his Ph.D. from the Mount Sinai Medical Center at the City University of New York and his B.S. from Tulane University in Psychobiology.

Bruce A. Mast, MD - Dr. Bruce Mast graduated with honors from Robert Wood Johnson Medical School in 1987. He completed training in Plastic and Reconstructive Surgery at the University of Pittsburgh and Children's Hospital. From 1995 to 2000 Dr. Mast was on the faculty of the UF Division of Plastic and Reconstructive Surgery where he was involved in most aspects of plastic and cosmetic surgery teaching and patient-care. Dr. Mast joined Accent Physician Specialists in 2000. Dr. Mast has lectured internationally and has

AXOGEN, INC. (cont.)

published over 45 journal articles and book chapters. He is Board Certified by the American Board of Plastic Surgery and the American Board of Surgery. In addition, he is a Fellow of the American College of Surgeons.

Jason J. Rosenberg, MD - Dr. Rosenberg is a practicing surgeon at the Plastic Surgery Center in Gainesville, FL. Prior to that, Dr. Rosenberg was Assistant Professor of Plastic and Reconstructive Surgery at the University of Florida College of Medicine. Dr. Rosenberg graduated with honors from the University of Florida College of Medicine in 1990. He completed a fellowship in microvascular surgery at the Department of Plastic and Reconstructive Surgery at the MD Anderson Cancer Center where he worked in peripheral nerve grafting, including cavernous nerve grafting after prostatectomy.

Financial Projections:

We forecast the company will initiate a second round of financing at the end of 2007, based on initial sales of its lead product as well as initiating human clinical testing for its second product. Cardinal has reserved \$3 million for future financings at AxoGen and we expect to be diluted slightly to a ~20% ownership position on a fully diluted basis.

<u>AxoGen, Inc.</u>	Projected	Projected	Projected	Projected
(\$000)	2006	2007	2008	2009
Revenue	0	1,625	9,500	25,858
Cost of Sales	0	1,007	4,119	9,100
Gross Profit	0	618	5,381	16,758
Development Costs	1,671	1,099	1,837	3,816
SG&A	1,949	3,036	7,133	12,089
EBIT	-3,620	-3,517	3,589	853

Outlook:

AxoGen has a proprietary technology focused on an emerging market space that has large potential. There are several companies that would find AxoGen an attractive acquisition target: BioMet, J&J, St. Jude and Stryker among them. The capital requirements to get this investment to an exit are relatively low (\$10-\$15 million) and allows for Cardinal to have significant ownership in a company that has great attractiveness to potential acquirers. We forecast that investor liquidity will be obtained through acquisition in 2008-2009 based upon the successful clinical use and/or FDA approval of the second stage product. Valuation of the company at acquisition is expected to range from \$75 to \$150 million based upon comparable acquisitions in the market.

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

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

Period Summary: 1st Quarter, 2006

Cardio-Optics had a good start to 2006. Sales of the CSA™ system are tracking to plan, with six systems delivered during the period and five evaluation purchase orders received. Sales projections for the CSA™ system total \$4.3 million in 2006. The CSA™ system was utilized in nine clinical procedures during the quarter, with excellent image quality, but disappointing stability. Financial results were on plan, with the company slightly ahead of its cash forecast. Good progress was made on the development of the TE Catheter Ablation product and the company remains on plan to submit an Investigational Device Exemption application (“IDE”) with the FDA in 2006.

During the quarter, the CSA™ system was utilized in seven (7) Bi-Ventricular pacer placement procedures and two (2) Atrial Fibrillation placement procedures. Results from these clinical procedures show that the images produced are compelling superior, but difficult to stabilize. The company is working with Cleveland Clinic physicians before, during and after each clinical use to define parameters and potential techniques to improve image stability. The CCF physicians have been extremely helpful and are actively supporting these efforts. The company is also assessing potential software upgrades that can be incorporated to address this need.

Company management currently forecasts the filing of an IDE for its second product, the TE Catheter Ablation Product, in Q3 2006, with the goal of attaining IDE approval by the end of the year. In order to meet the aggressive plan, the company will need to: complete system design and animal studies under protocols that address current competitive approaches, utilize a proactive FDA strategy, and actively recruit Principal Investigators at leading RF ablation centers across the United States.

The key milestones for the company for 2006 are: continuing to build the internal infrastructure to support the marketing and sales of the CSA™ System; development of an intellectual property strategy to build the Cardio-Optics patent portfolio; and attain IDE approval for the TE Catheter Ablation System. Given the size of the October 2005 Series B financing, we anticipate the company will require no further financing until an investor liquidity event. All of the major cardiovascular device players have shown considerable interest in the Cardio-Optics technology and product line and we anticipate that one or more of them will pursue an acquisition as the ablation product moves through the FDA approval process.

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 Actual*</i>	<i>2006 Budget</i>
Revenues	0	0	0	0	4,320
Cost of Sales	0	0	0	0	3,183
R&D Expenses	1,000	1,031	2,020	1,425	1,742
SG&A	1,527	1,036	1,022	4,422	8,978
EBIT	-2,527	-2,067	-3,042	-5,847	-9,583
Interest and Taxes	23	-31	3	-32	+518
Net Income	-2,504	-2,098	-3,039	-5,879	-9,065

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	121	140	-19
Cost of Sales	99	107	+8
R&D Expenses	506	448	-58
SG&A	1,761	1,788	+27
EBIT	-2,245	-2,203	-42
Interest and Taxes	+170	+168	+2
Net Income	-2,075	-2,035	-40

Fiscal Year-to-Date: Three Months Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	121	140	-19
Cost of Sales	99	107	+8
R&D Expenses	506	448	-58
SG&A	1,761	1,788	+27
EBIT	-2,245	-2,203	-42
Interest and Taxes	+170	+168	+2
Net Income	-2,075	-2,035	-40

CARDIO-OPTICS, INC. (cont.)

Summary Balance Sheet as of March 31, 2006: (\$000)

Cash	\$ 16,891	Accounts Payable	\$ 891
Inventory	1,584	Accrued Expenses	249
Other Current Assets	<u>129</u>	Convertible Promissory Notes	<u>0</u>
Total Current Assets	18,604	Total Current Liabilities	1,140
Net PP&E	721	Long Term Debt - Lease line	29
Intangibles (Net)	0	Shareholders Equity	37,269
Other Assets	<u>81</u>	Retained Earnings	<u>-19,032</u>
Total Assets	<u>\$19,406</u>	Total Liabilities & Equity	<u>\$19,406</u>

Comments:

Average monthly cash burn for 2006 is expected to be \$500K. The company is currently \$75K ahead of its cash forecast for the year. Current capital resources are expected to last well into 2008.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,938,310 shares
Assigned Fair Value	\$6,388,670
Investment Cost	\$2,367,630
Cost per Share	\$1.2215
Series B Convertible Preferred Stock	1,153,329 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,801,372
Cost per Share	\$3.296
% Ownership (Full Dilution)	18.2%
Company Valuation at CHP II Cost	\$33.5 million
Company Valuation at Assigned Fair Value	\$55.0 million

Outlook:

Cardio-Optics made significant progress in 2005 and has a strong balance sheet. We are confident that the company will meet its objectives and provide a superior investment return.

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

Web-based Automated Coding of Transcribed Medical Documents

Period Summary: 1st Quarter, 2006

The first quarter of 2006 was one of significant change at CodeRyte. The company completed a reorganization geared towards improved coordination between implementation services and engineering. The company missed its sales target for the quarter, but made significant progress with several important prospects. Financial performance was ahead of plan with revenues growing by 10% over the prior quarter and expenses running well ahead of forecast due to delayed hiring related to the reorganization completed during the quarter. In addition, the company completed an \$8.5 million insider led financing and a \$2.75 million credit facility.

During the quarter, the company completed an \$8.5 million Series C financing with the current investor syndicate. The financing was done at a \$24.4 million pre-money valuation, including a 10% addition to the employee option pool. The financing was co-led by Venrock, Cardinal and Polaris, with all of the current investors participating to their prorata allocation in the financing. Cardinal invested \$1.65 million in the round and holds a 14.2% ownership position on a fully diluted basis post-investment. Concurrent with the financing, the company closed on a \$2.75 million credit facility with Silicon Valley Bank. The company should now have adequate financial resources to operate through 2007 when management has projected the company to be cash flow breakeven.

Financial results for the period reflect a small revenue shortfall resulting from an implementation lag with one customer. Monthly revenues are currently over \$320K, with breakeven forecast at \$800K. Contracted backlog currently exceeds \$350K in monthly revenues. Operating expenses for the period were well below budget as a result of a more deliberate hiring process in all areas of the company. The monthly cash burn for the company for the remainder of the year is expected to be \$500K, as they continue to build infrastructure and the sales force.

The 2006 forecast includes significant infrastructure investment needed to support anticipated growth in the coming years. Revenue growth and the speed of revenue growth remain the prime areas of focus for senior management in the coming year. Much attention will be directed towards speeding up the sales process and streamlining the implementation cycle for new clients. Management faces significant challenges in both of these areas to meet their aggressive goals. We are working closely with the team and our co-investors to monitor progress and offer support.

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 Actual*</i> (Calendar)	<i>2006 Budget</i> (Calendar)
Revenues	332	743	1,502	3,057	6,024
Cost of Sales	0	0	0	0	0
Operating Expenses	1,762	2,576	2,682	9,575	14,062
EBITDA	-1,430	-1,833	-1,180	-6,488	-8,038
Depreciation & Amort.	-23	-12	-7	-48	-203
Other Income (Exp.)	-96	462	-169	+81	+85
Net Income	-1,549	-1,383	-1,356	-6,455	-8,156

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	963	971	-8
Cost of Sales	0	0	0
Operating Expenses	2,907	3,376	+469
EBITDA	-1,944	-2,405	+461
Depreciation & Amort.	-22	-22	0
Other Income (Expense)	+37	+33	+4
Net Income	-1,929	-2,394	+465

Fiscal Year-to-Date: Three Months Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	963	971	-8
Cost of Sales	0	0	0
Operating Expenses	2,907	3,376	+469
EBITDA	-1,944	-2,405	+461
Depreciation & Amort.	-22	-22	0
Other Income (Expense)	+37	+33	+4
Net Income	-1,929	-2,394	+465

CODERYTE, INC. (cont.)**Summary Balance Sheet as of March 31, 2006: (\$000)**

Cash	\$ 7,174	Accounts Payable	\$ 75
Accounts Receivable	1,194	Accrued Expenses	879
Other Current Assets	<u>45</u>	Deferred Revenue	<u>234</u>
Total Current Assets	8,413	Total Current Liabilities	1,188
Net PP&E	167	Long Term Liabilities	589
Intangibles (Net)	125	Shareholders Equity	24,460
Other Assets	<u>71</u>	Retained Earnings	<u>-17,461</u>
Total Assets	<u>\$ 8,776</u>	Total Liabilities & Equity	<u>\$ 8,776</u>

Comments:

The company is currently \$500K ahead of its cash flow forecast and burning \$500K per month as it builds its infrastructure. Current capital is expected to last through 2007, when the company is forecast to be cash flow breakeven.

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
Series C Convertible Preferred Stock	171,456 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$1,645,978
Cost per Share	\$9.60
% Ownership (Full Dilution)	14.2%
Company Valuation at CHP II Cost	\$32.9 million
Company Valuation at Assigned Fair Value	\$32.9 million

Outlook:

With its superior proprietary technology, 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, 2006

On November 2, 2005, IntelliCare was acquired by PolyMedica Corporation in a \$20 million cash transaction, with 10% of the gross proceeds placed in escrow for one year (related to the representations and warranties made by IntelliCare). At closing, Cardinal received a total of \$2,655,344 in cash, plus \$774,892 representing its share of the escrowed funds.

We have valued the funds held in escrow at \$500,000 representing a conservative estimate of the ultimate funds to be received by Cardinal. This amount is recorded on the balance sheet as Net Cash Held in Escrow.

There was no activity during the quarter that impacts the funds being held in escrow. The escrow is scheduled to be released in November 2006.

CHP II, L.P. Holdings:

Cash Holdback Held in Escrow	\$ 774,892
Reserve Against Escrow	<u>(274,892)</u>
Net Cash Held in Escrow	\$ 500,000

MITRALSOLUTIONS, INC.
Ft. Lauderdale, FL

**Development of Innovative Surgical and Percutaneous Medical Devices for Treatment
of Valvular Heart Disease and Congestive Heart Failure.**

Period Summary: 1st Quarter, 2006

Product development remains on track, with management expecting to complete pre-clinical testing of the open surgical product by mid-year 2006 and file a 501(k) submission with the FDA in Q4 2006. Financially the company is currently burning ~\$200K per month, which is \$50K under plan. Cash burn is expected to ramp up closer to plan in the coming quarter. During the current period, the company relocated to permanent office space, completed the \$4.5 second closing on the first round financing, and began to fill out the senior management team.

As the quarter came to an end, the company has relocated to permanent office space in Ft. Lauderdale and hired additional engineering and administrative staff including a VP of Research & Development, a VP of Regulatory and Quality Assurance and a VP of Finance. During the current quarter, the company began bench testing of its initial open surgical product and will initiate animal testing in the next quarter. Management expects to complete the design phase by the end of Q2 2006 and file a 510(k) application for this product in Q4 2006. The company will be holding initial meetings with the FDA in April, to review the submission process. Product development for the company's percutaneous product will lag the open surgical product by about 6-9 months.

During the quarter, the company held the second closing of \$4.5 million on the Series B financing. Cardinal contributed \$2.25 million to this closing and now owns 30.7% of the company on a fully diluted basis. The company is currently burning an average of \$200K per month. This is expected to ramp to \$300K per month over the next few months as the company completes product design, pre-clinical testing, and prepares the 510(k) submission. We forecast the company will initiate a second round of financing in 2007, based upon the 510(k) approval of the open surgical product and significant progress towards on development of the percutaneous product. Cardinal currently has reserved \$3 million for future financing needs for Mitral.

MITRALSOLUTIONS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview:

	<i>2004 Actual</i>	<i>2005 Actual*</i>	<i>2006 Budget</i>
Revenues	0	0	0
R&D Expenses	158	133	2,102
Operating Expenses	255	823	1,033
EBIT	-413	-956	-3,135
Other Income (Expense)	0	-55	-379
Net Income	-413	-1,011	-3,526

* - Subject to Audit

Last Three Months: Quarter Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	235	406	+171
Operating Expenses	334	295	-39
EBIT	-569	-701	+132
Other Income (Expense)	-59	-60	+1
Net Income	-628	-761	+133

Fiscal Year-to-Date: Three Months Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	235	406	+171
Operating Expenses	334	295	-39
EBIT	-569	-701	+132
Other Income (Expense)	-59	-60	+1
Net Income	-628	-761	+133

MITRALSOLUTIONS, INC. (cont.)

Summary Balance Sheet as of March 31, 2006: (\$000)

Cash	\$ 5,146	Accounts Payable	\$ 56
Accounts Receivable	0	Accrued Expenses	0
Other Current Assets	<u>256</u>	Other Current Liabilities	<u>136</u>
Total Current Assets	5,402	Total Current Liabilities	192
Net PP&E	19	Long Term Debt - Lease line	0
Intangibles (Net)	83	Shareholders Equity	7,380
Other Assets	<u>22</u>	Retained Earnings	<u>-2,046</u>
Total Assets	<u>\$ 5,526</u>	Total Liabilities & Equity	<u>\$ 5,526</u>

Comments:

The cash balance above reflects the receipt of the \$4.5 million from the March 13, 2006, second closing of the Series B financing. During the 1st quarter, Mitral was burning \$200K of cash per month. That is forecast to accelerate to twice that amount over the next several months as the company ramps product development and prepares for its 510(k) filing.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	12,037,038 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,250,000
Cost per Share	\$0.27
% Ownership (Full Dilution)	30.7%
Company Valuation at CHP II Cost	\$10.6 million
Company Valuation at Assigned Fair Value	\$10.6 million

Outlook:

The capital requirements to get this investment to a successful exit are relatively low and allows for Cardinal to have significant ownership in a company that has several early auctionable milestones for potential acquirers. We are very excited about the prospects for an excellent return on our investment in Mitral.

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

Glycomics Based Drug Discovery and Development

Period Summary: 1st Quarter, 2006

For the first quarter of 2006, Momenta reported a net loss of \$11.3 million, including the effects from the adoption of SFAS 123R, compared with a net loss of \$3.8 million for the same period last year. During the quarter the company continued to guide its lead product M-Enoxaparin through the FDA review process and prepare for possible commercialization. The company also made significant progress on its second product, M118 and remains on target to file an IND with the FDA in mid-2006. At March 31, 2006, the Company held cash, cash equivalents, and marketable securities of \$148.9 million, compared with \$156.3 million at December 31, 2005.

Revenue for the first quarter of 2006 was \$2.9 million, compared to \$3.8 million for the first quarter of 2005. The decrease was related to timing of reimbursable expenses. The Company expects that revenue will increase for the full year 2006 versus 2005. Revenue in all periods was earned under the Company's collaborative agreement with Sandoz for M-Enoxaparin. Research and development expenses for the first quarter of 2006 were \$9.8 million, compared to \$5.3 million for the same period in 2005. The increase in research and development expenses was primarily due to increased headcount-related expenses (including an increase in stock-based compensation of \$0.6 million of which \$0.5 million is related to the implementation of SFAS 123R) and increased M118 preclinical and other development program expenses. General and administrative expenses for the first quarter of 2006 totaled \$6.0 million, compared with \$2.5 million for the same period in 2005. The increase in general and administrative expenses was primarily due to increased headcount-related expenses (including an increase in stock-based compensation of \$1.3 million of which \$1.0 million is related to the implementation of SFAS 123R) and increased professional fees.

During the quarter, the company continued to advance M118, its second product offering, through preclinical and manufacturing activities in support of an IND filing. The data from the preclinical studies demonstrate that M118 has greater efficacy than heparin in models of acute coronary syndromes without significant increases in bleeding times, supporting the potential for an improved therapeutic index. However, these results need to be confirmed in human clinical trials. In addition, M118 continues to show good reversibility with protamine, a property that low molecular weight heparins generally do not possess. The company continues to target an IND filing for M118 during mid-2006.

MOMENTA PHARMACEUTICALS, INC. (cont.)

FINANCIAL SUMMARY: (\$000)

Statement of Operations:

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>03/31/06</u>	<u>03/31/05</u>	<u>12/31/05</u>	<u>12/31/04</u>
Revenues	2,878	3,773	14,479	7,832
Research & Development	9,816	5,289	25,178	15,722
General & Administrative	<u>5,968</u>	<u>2,540</u>	<u>14,059</u>	<u>6,751</u>
Loss from Operations	-12,906	-4,056	-24,758	-14,641
Other Income (Expense)	<u>+1,575</u>	<u>+286</u>	<u>+3,096</u>	<u>+556</u>
Net Income (Loss)	-11,331	-3,770	-21,662	-14,075
Earnings Per Share (\$)	-\$0.37	-\$0.15	-\$0.79	-\$2.56

Summary Balance Sheet as of March 31, 2006:

Cash	\$148,851	Accounts Payable	\$ 4,083
Unbilled Revenue	2,570	Accrued Expenses	2,243
Other Current Assets	<u>3,348</u>	Other Current Liabilities	<u>1,461</u>
Total Current Assets	154,769	Total Current Liabilities	7,787
Net PP&E	7,102	Other Liabilities (LOC)	4,260
Intangible & Other Assets	<u>1,778</u>	Shareholders Equity (Net)	<u>151,602</u>
Total Assets	<u>\$163,649</u>	Total Liabilities & Equity	<u>\$163,649</u>

Comments:

Following the July 2005 secondary public offering, the cash position of the company is substantial. No additional capital should be required for many years.

CHP II, L.P. Holdings:

Common Stock	476,836 shares
Assigned Fair Value (476,836 x \$19.66)	\$9,374,596
Investment Cost	\$2,948,504
Cost per Share	\$6.183
% Ownership (Shares Outstanding)	1.88%
Company Valuation at CHP II Cost	\$157.1 million
Company Valuation at Market (\$19.66 per share)	\$600.2 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, 2006

In July 2005, Replication completed an agreement with Abbott Laboratories whereby Abbott has the option to acquire Replication at a \$90-\$100 million valuation upon the approval from the U.S. FDA of an Investigational Device Exemptions application (“IDE”) for pivotal clinical trials. A pre-IDE meeting with the FDA was held in early April, and the company now expects to file its IDE application in Q3 2006. In July 2006, Abbott must exercise an extension to the option for \$5 million or lose its rights. \$3 million of the option extension payment will be in the form of an equity investment and \$2 million will be paid to the Replication shareholders.

The company held a pre-IDE meeting with the FDA in early April 2006. The results of the meeting were mostly favorable, but may lead to a one to two month delay in the filing of the IDE application. The company now expects to submit its IDE to the FDA for approval during Q3 2006. Pre-clinical testing to-date has gone very well and the company is on schedule on its manufacturing plan for the Neu Disc™. All data required for the IDE submission is expected to be completed by the end of June 2006. To-date monthly cash burn has been \$110K lower than expected, but we expect the burn to increase to \$400K by mid-2006 as the company moves through the IDE approval process with the FDA. The current forecast shows the expected initiation of pivotal clinical trials at year-end 2006.

If Abbott exercises the extension to the option, acceptance of the IDE in the form that meets Abbott’s stipulations, now expected around year-end 2006, would trigger a \$45 million payment. CE mark approval in Europe is also expected near the end of 2006, triggering an additional \$10 million payment. Most of the remaining milestone and revenue based payments are expected to occur in 2007-2008, with smaller amounts in 2009-2012. In total, we forecast payments from Abbott to range from \$90-\$100 million, with CHP II receiving ~21% of all payments.

Abbott’s Spinal Concept subsidiary remains actively engaged with the company in all aspects of its operation and clinical plan. Cardinal Principals Brandon Hull and Chuck Hadley continue to work intensively with company management to ensure that the specified milestones are met in a timely fashion, which should deliver an excellent return on this 2003 investment.

REPLICATION MEDICAL (cont.)**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Budget</i>
Revenues	0	0	0	0	0
R&D Expenses	1,255	2,396	2,600	2,662	3,668
Operating Expenses	324	782	456	1,127	4,346
EBIT	-1,579	3,178	-3,056	-3,749	-8,104
Interest and Taxes	3	27	12	+91	+100
Net Income	-1,576	-3,151	-3,044	-3,658	-8,004

Last Three Months: Quarter Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	761	872	+111
Operating Expenses	275	402	+127
EBIT	-1,036	-1,274	+238
Interest and Taxes	+66	+40	+26
Net Income	-970	-1,234	+264

Fiscal Year-to-Date: Three Months Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	761	872	+111
Operating Expenses	275	402	+127
EBIT	-1,036	-1,274	+238
Interest and Taxes	+66	+40	+26
Net Income	-970	-1,234	+264

REPLICATION MEDICAL (cont.)

Summary Balance Sheet as of March 31, 2006: (\$000)

Cash	\$ 10,011	Accounts Payable	\$ 30
Prepaid Expenses	56	Accrued Expenses	162
Other Current Assets	<u>42</u>	Notes Payable	<u>0</u>
Total Current Assets	10,109	Total Current Liabilities	192
Net PP&E	549	Long Term Debt	0
Intangibles (net)	0	Shareholders Equity	25,550
Other Assets	<u>17</u>	Retained Earnings	<u>-15,067</u>
Total Assets	<u>\$10,675</u>	Total Liabilities & Equity	<u>\$10,675</u>

Comments:

Monthly cash burn is expected to ramp up to \$400K by mid-2006 as the company moves through the IDE approval process with the FDA. The company now has more than adequate capital resources to attain IDE approval, at which point Abbott is expected to exercise its option to purchase the company.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	2,614,516 shares
Assigned Fair Value (2,614,516 x \$2.9781)	\$7,786,290
Investment Cost	\$2,500,000
Cost per Share	\$0.9562
Series C Convertible Preferred Stock	299,281 shares
Assigned Fair Value (299,281 x \$3.45)	\$1,032,519
Investment Cost	\$566,759
Cost per Share	\$1.90
% Ownership (Full Dilution)	18.5%
Company Valuation at CHP II Cost	\$16.9 million
Company Valuation at Assigned Fair Value	\$48.6 million

Outlook:

The potential payout from the Abbott transaction has us very excited about the prospects for our investment in Replication.

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

Structure-Based Design of Anti-Infective Agents

Period Summary: 1st Quarter, 2006

During the quarter, Rib-X continued to progress its lead compound through Phase I clinical trials, while discontinuing a parallel program due to safety concerns. The company also is close to completing the in-licensing of a surgical prophylaxis product that has reached phase II clinical studies. Finally, a third development program has been initiated to treat community acquired methicillin resistant infections. Management expects to complete a \$50 million third round financing in the coming quarter to support operations into 2008. Cardinal will be participating, as will all of the other current investors.

Financial performance for the quarter was well ahead of plan due to the shut-down of the RX-101 program due to safety concerns during the period. However, the company continues the ramp up in expenditures related to the Phase I clinical trial for the parallel lead program Rx-01, while progressing two other pre-clinical programs. Cash burn is averaging close to \$2 million per month during Q1 2006. This is expected to accelerate to almost \$3 million by the end of the year. The company remains well ahead of its cash forecast, but will require additional capital by the end of 2006.

Management has proposed an aggressive clinical development program for 2006, moving three programs into the clinic during the year. The goal is to build a pipeline of products which will support a \$500 million enterprise valuation by the end of 2007. The current cash balance is not sufficient to fund this revised clinical plan. Accordingly, the company initiated a \$50 million fundraising effort last quarter. The current investor group will all be participants in the financing providing up to \$40 million, with Cardinal participating to its prorata allocation of the financing (\$2-\$3 million). Several new investors, including some strategic in nature are interested. We expect the financing to be completed sometime in the second quarter of 2006.

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

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual*</i>	<i>2006 Budget</i>
Revenues	0	148	0	502	783
R&D Expenses	5,283	9,469	10,230	5,178	23,549
Operating Expenses	2,192	1,750	3,534	11,630	13,221
EBIT	-7,475	-11,071	-13,764	-16,306	-35,987
Interest and Taxes	-71	+134	+394	+635	+1,310
Net Income	-7,546	-10,937	-13,370	-15,671	-34,677

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	583	-583
R&D Expenses	2,925	6,722	+4,071
Operating Expenses	3,043	3,312	+269
EBIT	-5,694	-9,451	+3,757
Interest and Taxes	+159	+133	+26
Net Income	-5,535	-9,318	+3,783

Fiscal Year-to-Date: Three Months Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	583	-583
R&D Expenses	2,651	6,722	+4,071
Operating Expenses	3,043	3,312	+269
EBIT	-5,694	-9,451	+3,757
Interest and Taxes	+159	+133	+26
Net Income	-5,535	-9,318	+3,783

RIB-X PHARMACEUTICALS, INC. (cont.)

Summary Balance Sheet as of March 31, 2006: (\$000)

Cash	\$ 18,650	Accounts Payable	\$ 1,515
Accounts Receivable	225	Accrued Expenses	0
Other Current Assets	<u>310</u>	Notes Payable Current	<u>534</u>
Total Current Assets	19,185	Total Current Liabilities	2,049
Net PP&E	3,663	Notes Payable	1,994
Intangibles (net)	0	Shareholders Equity	72,781
Other Assets	<u>250</u>	Retained Earnings	<u>-53,726</u>
Total Assets	<u>\$23,098</u>	Total Liabilities & Equity	<u>\$23,098</u>

Comments:

While the company is well ahead of its cash burn plan for 2006, monthly cash burn has accelerated to almost \$2.0 million per month. Management expects to complete a \$50 million financing by the end of next quarter to provide adequate capital resources to operate well into 2008.

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 for the Treatment of Neurodegenerative and
Metabolic Diseases via Activation of the SIRT1 Enzyme**

Period Summary: 1st Quarter, 2006

During the quarter, Sirtris completed a \$22 million Series C financing led by new investor Bessemer Ventures. With the company now more than sufficiently capitalized to pursue multiple development programs into the clinic, the key goals for the next 6-9 months are: completion of a strategic partnership with one or more major pharmaceutical partners and moving the company's lead compound SRT501 into the clinic. Management currently expects to file an initial Investigational New Drug Application ("IND") with the FDA for SRT 501 in 2006.

Sirtris now has 33 full time employees, including essentially all of the leading sirtruin experts. The company has five development programs in various stages of pre-clinical development addressing such wide ranging indications as diabetes and obesity to aging. The lead program is set to begin Phase I clinical studies next quarter and is on track towards the filing of an IND this year. The company is in late stage discussions with multiple large pharmaceutical companies regarding strategic alliances. However, given the significant capital resources currently available to Sirtris, management has been steadfast on terms to complete a deal.

On March 14 2006, CHP II contributed \$2.0 million to the \$22 million third round financing for Sirtris. The Series C round was led by new investor Bessemer Venture Partners, and also included Genzyme Ventures and QVT Fund, as well as all of the current investor syndicate. The financing valued the company at \$90 pre-money, a 40% step-up from the February 2005 second round financing. Sirtris also secured \$15 million in venture debt financing from Hercules Technology Growth Capital (NasdaqNM: HTGC) of which Sirtris will initially draw down \$10 million. Proceeds from this financing will be used to accelerate Sirtris' therapeutic programs, particularly those focused on metabolic and neurological diseases.

Strategic partner, mezzanine and investment banker interest has been very strong. Over the next 12 months the company is expecting to complete a couple of significant strategic partnerships. Should the company be successful in this effort and remain on track on its clinical plan, Sirtris would be in good position to begin exploring an investor liquidity event in 2007.

SIRTRIS PHARMACEUTICALS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2004 Actual</i>	<i>2005 Actual*</i>	<i>2006 Budget</i>
Revenues	0	68	75
R&D Expenses	1,247	7,060	10,315
Operating Expenses	554	3,695	3,725
EBIT	-1,801	-10,687	-13,965
Interest and Taxes	+45	+1,123	+1,250
Net Income	-1,756	-9,564	-12,715

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	75	-75
R&D Expenses	2,925	2,890	-35
Operating Expenses	907	876	-31
EBIT	-3,832	-3,691	-141
Interest and Taxes	+330	+215	+115
Net Income	-3,502	-3,476	-26

Fiscal Year-to-Date: Three Months Ended March 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	75	-75
R&D Expenses	2,925	2,890	-35
Operating Expenses	907	876	-31
EBIT	-3,832	-3,691	-141
Interest and Taxes	+330	+215	+115
Net Income	-3,502	-3,476	-26

SIRTRIS PHARMACEUTICALS, INC. (cont.)

Summary Balance Sheet as of March 31, 2006: (\$000)

Cash	\$ 50,877	Accounts Payable	\$ 1,075
Accounts Receivable	0	Accrued Expenses	333
Other Current Assets	<u>424</u>	Notes Payable Current	<u>0</u>
Total Current Assets	51,301	Total Current Liabilities	1,408
Net PP&E	955	Notes Payable	0
Intangibles (net)	0	Shareholders Equity	65,772
Other Assets	<u>26</u>	Retained Earnings	<u>-14,898</u>
Total Assets	<u>\$52,282</u>	Total Liabilities & Equity	<u>\$52,282</u>

Comments:

Sirtris has raised a total of \$66.5 million since inception in mid-2004. Current monthly cash burn is \$1.2 million. The company has sufficient capital to operate thru 2008.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,600,000 shares
Assigned Fair Value (1,600,000 x \$1.12)	\$1,792,000
Investment Cost	\$800,000
Series A-1 Convertible Preferred Stock	3,750,000 shares
Assigned Fair Value (3,750,000 x \$1.12)	\$4,200,000
Investment Cost	\$2,250,000
Series B Convertible Preferred Stock	3,750,000 shares
Assigned Fair Value (3,750,000 x \$1.12)	\$4,200,000
Investment Cost	\$3,000,000
Series C Convertible Preferred Stock	1,785,715 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$2,000,001
Cost per Share	\$1.12
% Ownership (Full Dilution)	10.5%
Company Valuation at CHP II Cost	\$76.7 million
Company Valuation at Assigned Fair Value	\$116.1 million

Outlook:

Sirtris is very well capitalized and has a proprietary technology with vast potential addressing large markets. We are very excited about the prospects for our investment.