

CHP II, L.P.
QUARTERLY REPORT
3rd 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.

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3rd QUARTER, 2006
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TO: The Limited Partners
FROM: John K. Clarke
DATE: November 20, 2006
SUBJECT: Activity for the Quarter Ended September 30, 2006

Highlights for the third quarter of 2006 include: the \$10.5 million financing agreement for aTyr Pharma, good performance and vision to liquidity for AthenaHealth, and solid clinical progress at Rib-X Pharmaceuticals and Sirtris Pharmaceuticals. The remainder of the CHP II portfolio continued to make steady operational and clinical 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) - Overall financial performance for Q3 2006 was disappointing. Revenues for the period were 3% lower than the previous quarter at \$18.8 million and well below forecast. Gross margins declined 270 basis points from last quarter, but increased sequentially each month and were back to 38.8% in September primarily due to the completion of the pay model conversion begun in July. EDITDA declined \$390K relative to Q2 due primarily to the lower gross margins in July and August. EBITDA improved \$350K from August to September and is expected to turn positive in October. To support current operations, the investor syndicate contributed a \$4 million bridge financing during the quarter. The company has received a merger/strategic partnering proposal from a leading provider in the assisted living sector. Management and the Board are evaluating the proposal and expect to make a counter offer next quarter. Branch locations in underperforming markets with low growth potential have been put on the market. Management is hopeful a sale of these assets could provide up to a \$5 million cash infusion.

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

aTyr Pharma - Atyr Pharma continues to make excellent progress as it begins its transformation from a virtual project oriented business model to a fully operational early stage biopharmaceutical development company. During the quarter, the company reached agreement on a second exclusive license agreement that will solidify its intellectual property position in the wound healing and cosmeceutical areas. Management also reached agreement on a sublease of laboratory space in San Diego that can support 12-15 full time employees. Proof of concept pre-clinical studies performed in *in vivo* models continued to produce encouraging results supporting the potential of the technology in wound management and vascular therapy. Finally, the company is close to completing a \$10.5 million first round financing co-led by new investors Alta Partners and Polaris Venture Partners.

AxoGen - AxoGen remains on track to meet its 2006 clinical development goals for its lead Advance™ peripheral nerve graft product. Process development will be finalized in early 2007 and a contract manufacturing facility has been finalized. Negotiations are nearing completion with a leading medical device company towards a comprehensive marketing and distribution partnership. Management is hopeful of having this in place by the end of the year. The company has also initiated its validation, testing and commercialization/regulatory programs towards a target launch of Q3 2007 for the Advance™ product. Financially, the company has not spent as expected on its R&D plan year-to-date, but spending has now ramped to expected levels as the company move towards completing its design phase.

CardioOptics – CardioOptics experienced disappointing clinical results and resulting lower product sales this quarter. Sales of the CSA™ system for the quarter were well off plan as customers were experiencing inadequate visualization performance from the production catheter as compared to the beta versions. A series of development programs to improve visualization in the production models have been defined, with initial improvements to be introduced in Q4 2006. Other financial results were well ahead of plan, with the company slightly behind on its cash forecast due to not drawing on its credit facility as forecasted. Development of the TE Catheter Ablation product has been put on hold until the visualization improvement projects have concluded. Consequently, the company will not meet its objective of filing an Investigational Device Exemption application (“IDE”) for the TE Catheter Ablation product in 2006.

CodeRyte – CodeRyte continued to progress steadily towards its primary goals for 2006 of revenue growth and streamlined implementation during the current quarter. In Q3 2006, the company installed 3.9 million new notes live for an increase of 700% over the prior year period. Financial performance was ahead of plan with revenues growing by 11% over the prior quarter and expenses running well ahead of forecast due to lower than expected headcount. The company just missed its sales target for the quarter, but set a record by closing over \$2 million in new bookings during the period. Monthly cash burn is currently \$630K and is expected to steadily decrease to \$500-\$550K per month by year-end 2006. With the financing and credit facility completed earlier this year, the company has adequate financial resources to support operations into 2008. Management projects the company will begin to operate at cash flow breakeven by Q4 2007.

MitralSolutions, Inc. - Results from animal testing performed this quarter have confirmed the device mechanism for adjustment has performed well and the company has initiated a prototype design freeze. In-vivo pre-clinical animal testing is now complete and the company has begun in-vitro (bench) testing of the device in preparation for initial human clinical testing in late 2006/early 2007. The company remains on track to file its 510(k) submission with the FDA for its open surgical product in Q1 2007. Financially cash burn ramped to \$267K per month during the quarter as expected. The company is still \$150K ahead of its cash flow forecast for the year.

Momenta – Momenta had an eventful quarter of clinical and strategic progress. During the period, Momenta entered its first proprietary product into clinical trials, the anti-coagulant, named M118. M118 is a next-generation anticoagulant designed specifically for use in treating patients diagnosed with stable angina and acute coronary syndromes. The company continued to advance M-Enoxaparin, its lead product, toward potential commercialization and to make progress on the characterization and process development work for other technology-enabled generics. In addition, the company announced a second significant strategic partnership agreement with Sandoz, the generics division of Novartis. Finally, the company announced the transition of leadership from Alan Crane to Craig Wheeler.

Replication Medical – The deadline for Abbott Laboratories to exercise its option to extend its right to acquire Replication based on milestones came and passed in July, with no action taken by Abbott. There has been substantial and abrupt personnel turnover at Abbott in the group that signed the original agreement last summer and no new champion appeared to spearhead the Replication opportunity to Abbott corporate. The company will continue to update Abbott with our progress, but other potential suitors for the technology have now been re-engaged. In other news this quarter, the company has discovered some evidence of extrusion of the device in a few early patients. Management believes the causes of the extrusion relate to the mechanical properties of the devices implanted in these patients, coupled with the original implementation methodology, which is no longer the preferred method of inserting the device. The company has completed a redesign that improves the mechanical properties of the device and has revised the timing for its IDE application to the FDA to early 2007.

Rib-X Pharmaceuticals – During the quarter, Rib-X continued its aggressive focus on three goals – driving its lead program RX-01 through the clinic, completing the Investigational New Drug (“IND”) application for the newly acquired compound from Abbott Laboratories (RX-03), and delivering potential drug candidates from its secondary RX-02 program. Though each of these programs has met with some slippage in their timelines, the company continues to be on target towards achieving its key value creation milestones demonstrating that the Rib-X pipeline and business strategy will support a \$500 million valuation for the company by the end of 2007. These valuation milestones as set by management last quarter are: phase II clinical data for RX-01; RX-03 in phase III clinical trials; and RX-02 in phase I clinical trials.

Sirtris Pharmaceuticals – During the quarter, Sirtris successfully completed initial phase I clinical studies for toxicology and pharmacokinetics on its lead compound SRT 501. In the coming quarter, two phase Ib studies will be initiated targeting type II diabetes and neurological or mitochondrial disorders. Data from these studies should be available by the end of Q1 2007. Assuming the data from these studies is favorable, management is hopeful of beginning phase II trials in the latter half of 2007. With the lead program moving through 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 selecting and initiating work on a second target beyond SIRT1. With more than adequate capital resources, the company will concentrate on building value through its development programs. Management has targeted the filing for an IPO as a goal for 2007, if market conditions permit.

Included in this report are financial statements for the period, a portfolio valuation memo, 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 50 new business proposals. Current “A” deals include: BioConnect, DecisionQ Corporation, EKO Systems, FluidNet, Soft Scope Technologies, Tivamed and Viamet Pharmaceuticals. 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 was one capital call for a total of \$4.0 million. Utilization of these funds will include the \$3.0 million investment in aTyr Pharma, the \$598K bridge note investment for AllianceCare, and payment of fund fees and expenses. As of September 30, 2006, cumulative capital contributions stand at \$101.5 million or 86% of total fund commitments. Cash at the end of the period was \$3.1 million and net assets totaled \$74.1 million. Net loss for the quarter was \$140K, consisting of \$526K in net operating expenses and a \$386K increase in cumulative unrealized portfolio appreciation. Changes in portfolio valuation for the quarter included an unrealized gain for Momenta of \$386K related to a public market price increase. Year-to-date net income stands at \$4.0 million.

Looking forward:

Total cumulative distributions through September 30, 2006 stand at \$85.9 million or 85% of contributed capital. We forecast an additional \$8-\$10 million in liquidity from the portfolio during 2006. The cumulative CHP II net to investors IRR now stands at 13.4%, solidly in the upper quartile for 2000 vintage year venture funds.

Our Limited Partner Annual Meeting will be held in New York City on Thursday, November 30th at the Mandarin Oriental Hotel beginning at 9:00 am. A complete agenda for the meeting has been inserted with this report. Should you have any questions regarding the meeting, please contact our meeting coordinator Pam Shaw at our Princeton office. We hope to see many of you in New York.

We appreciate your input and support and remain committed to providing top tier returns to our investors.

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 Period Ended September 30, 2006

	Three Months Ended 09/30/06	Nine Months Ended 09/30/06
Revenue:		
Non Portfolio Income	\$10,563	\$26,171
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	527,119	1,692,801
Professional Fees	18,274	88,497
NVCA Dues & Expenses	0	0
Amortization of Organization Costs	47	3,597
Annual Meeting & Miscellaneous	0	30,000
Total Expenses	545,440	1,814,895
Net Operating Expense	(534,877)	(1,788,724)
Investment Income	8,538	16,406
Net Income Before Gains (Losses)	(526,339)	(1,772,318)
Realized Gains (Losses)	0	25,893,148
Unrealized Gains (Losses)	386,237	(20,139,010)
Net Income (Loss)	(\$140,102)	\$3,981,820

CHP II, L.P.
Balance Sheet
As of September 30, 2006

ASSETS:	Period Ended 09/30/06	Period Ended 06/30/06
	<u> </u>	<u> </u>
Cash and Short-Term Investments	\$3,094,346	\$237,151
Cash Held in Escrow (Net of Reserve of \$274,892)	500,000	500,000
Accrued Interest	13,049	4,511
Venture Capital Investments	70,354,516	69,370,370
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	<u>221,217</u>	<u>202,216</u>
	<u><u>\$74,183,128</u></u>	<u><u>\$70,314,248</u></u>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$32,983	\$24,000
Partners' Accounts	<u>74,150,145</u>	<u>70,290,248</u>
Total Liabilities and Capital	<u><u>\$74,183,128</u></u>	<u><u>\$70,314,248</u></u>

CHP II, L.P.
Footnotes
As of September 30, 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	09/30/06	06/30/06
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	09/30/06	06/30/06
General Partner Promissory Notes	\$8,776	\$4,511
Portfolio Company Promissory Notes	4,273	0
Total	<u>\$13,049</u>	<u>\$4,511</u>

Note 4 – Net Organization Costs	09/30/06	06/30/06
Organization Costs	\$183,232	\$183,232
Accumulated Amortization	(183,232)	(183,232)
Total	<u>\$0</u>	<u>\$0</u>

Note 5 – Other Assets	09/30/06	06/30/06
GP Promissory Note Principal	\$219,717	\$200,716
Prepaid NJ State Filing Fees	1,500	1,500
Total	<u>\$221,217</u>	<u>\$202,216</u>

Note 6 – Accrued Expenses and Payables	09/30/06	06/30/06
Professional Fees	\$31,000	\$24,000
NVCA Dues & Annual Meeting	0	0
Management Fees	1,875	0
Other Accrued Expenses	108	0
Total	<u>\$32,983</u>	<u>\$24,000</u>

Note 7 – Financial Highlights (Return & IRR)	Net to LP's	Total Fund
Year-to-Date Return on Net Assets	2.14%	2.52%
Internal Rate of Return Since Inception	13.36%	15.83%

CHP II, L.P.
Statement of Cash Flows
For the Period Ended September 30, 2006

	Three Months Ended 09/30/06	Nine Months Ended 09/30/06
Cash flows from operating activities		
Net Income Before Gains (Losses)	(\$526,339)	(\$1,772,318)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	(8,538)	(12,500)
Accrued Organization Costs	0	0
Other Assets	(19,001)	(11,134)
Accrued Expenses & Payables	8,982	(12,130)
Net Cash used in Operating Activities	(544,896)	(1,808,082)
Cash flows from investing activities		
Purchases of venture capital investments	(597,909)	(12,743,888)
Sales of venture capital investments	0	861
Net cash used in investing activities	(597,909)	(12,743,027)
Cash flows from financing activities		
Cash contributions by partners	4,000,000	15,450,001
Cash distribution to partners	0	0
Net cash provided by financing activities	4,000,000	15,450,001
 Net Change in Cash and Short Term Investments	 2,857,195	 898,892
Cash and Short Term Investments, beginning	237,151	2,195,454
Cash and Short Term Investments, ending	\$3,094,346	\$3,094,346

CHP II, L.P.
Schedule of Venture Capital Investments
As of September 30, 2006

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
AllianceCare, Inc.	\$597,909	\$5,401,130	\$5,999,039	\$5,999,039	\$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	6,446,823	3,498,319
Replication Medical	0	3,066,759	3,066,759	8,818,809	5,752,050
Rib-X Pharmaceuticals, Inc.	0	7,000,000	7,000,000	7,000,000	0
Sirtris Pharmaceuticals, Inc.	0	8,050,001	8,050,001	12,192,001	4,142,000
Totals	\$597,909	\$49,161,379	\$49,759,288	\$70,354,516	\$20,595,228

CHP II, L.P.
Statement of Partners' Contributions Accounts
As of September 30, 2006

	Partners' Total Subscription	Contribution Account 06/30/06	Period Contribution in Cash	Period Contribution by Note	Partner Transfer of Interest	Contribution Account 09/30/06	Partners' Outstanding Subscription
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$30,000,000	\$24,910,667	\$1,021,496	\$0	\$0	\$25,932,163	\$4,067,837
Nassau Capital Funds, L.P.	10,000,000	8,303,556	340,499	0	0	8,644,055	1,355,945
Robert Wood Johnson Foundation	10,000,000	8,303,556	340,499	0	0	8,644,055	1,355,945
Northwestern University	10,000,000	8,303,556	340,499	0	0	8,644,055	1,355,945
LACERA	10,000,000	8,303,556	340,499	0	0	8,644,055	1,355,945
Wachovia Investors (First Union)	7,500,000	6,227,666	255,374	0	0	6,483,040	1,016,960
AlpInvest US Secondary 2003	5,000,000	4,151,778	170,249	0	0	4,322,027	677,973
HarbourVest VII Limited	5,000,000	4,151,778	170,249	0	0	4,322,027	677,973
Pension Commissioners of City of LA	5,000,000	4,151,777	170,249	0	0	4,322,026	677,974
Princess Private Equity	5,000,000	4,151,777	170,249	0	0	4,322,026	677,974
Hillside Capital Incorporated	3,500,000	2,906,244	119,175	0	0	3,025,419	474,581
Hamilton Lane-Carpenters Fund	3,000,000	2,491,067	102,149	0	0	2,593,216	406,784
UNISYS Master Trust	3,000,000	2,491,067	102,149	0	0	2,593,216	406,784
Venture Investment Associates III, L.P.	2,300,000	1,909,817	78,315	0	0	1,988,132	311,868
Fleet Growth Resources (Summit)	2,000,000	1,660,710	68,100	0	0	1,728,810	271,190
S.R. One Limited	2,000,000	1,660,710	68,100	0	0	1,728,810	271,190
PharmaBio Development, Inc.	2,000,000	1,660,710	68,100	0	0	1,728,810	271,190
Private Equity Holdings II, Ltd.	1,000,000	830,356	34,050	0	0	864,406	135,594
<u>General Partner</u>							
	\$116,300,000	\$96,570,348	\$3,960,000	\$0	\$0	\$100,530,348	\$15,769,652
CHP II Management, LLC.	1,174,747	975,458	20,999	19,001	0	1,015,458	159,289
Total Partnership	\$117,474,747	\$97,545,806	\$3,980,999	\$19,001	\$0	\$101,545,806	\$15,928,941

CHP II, L.P.
Statement of Partners' Distributive Share of Net Assets
For the Period Ended September 30, 2006

	Public Securities	Private Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 09/30/06
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$1,387,071	\$13,750,110	\$665,765	\$157,983	\$15,960,929	(\$7,096)	\$15,953,833
Nassau Capital Funds, L.P.	462,356	4,583,362	221,922	52,660	5,320,300	(2,365)	5,317,935
Robert Wood Johnson Foundation	462,356	4,583,362	221,922	52,660	5,320,300	(2,365)	5,317,935
Northwestern University	462,356	4,583,362	221,922	52,660	5,320,300	(2,365)	5,317,935
LACERA	462,356	4,583,362	221,922	52,660	5,320,300	(2,365)	5,317,935
Wachovia Investors (First Union)	346,766	3,437,509	166,441	39,495	3,990,211	(1,774)	3,988,437
AlpInvest US Secondary Investments 2003	231,176	2,291,658	110,960	26,330	2,660,124	(1,183)	2,658,941
HarbourVest VII Limited	231,176	2,291,658	110,960	26,330	2,660,124	(1,183)	2,658,941
Pension Commissioners of City of LA	231,177	2,291,667	110,960	26,330	2,660,134	(1,183)	2,658,951
Princess Private Equity	231,177	2,291,667	110,960	26,330	2,660,134	(829)	2,658,951
Hillside Capital Incorporated	161,825	1,604,172	77,672	18,432	1,862,101	(710)	1,861,272
Hamilton Lane-Carpenters Fund	138,709	1,375,029	66,578	15,798	1,596,114	(710)	1,595,404
UNISYS Master Trust	138,709	1,375,029	66,578	15,798	1,596,114	(544)	1,595,404
Venture Investment Associates III, LP	106,343	1,054,185	51,043	12,112	1,223,683	(473)	1,223,139
Fleet Growth Resources, Inc.	92,472	916,682	44,385	10,532	1,064,071	(473)	1,063,598
S.R. One, Limited	92,472	916,682	44,385	10,532	1,064,071	(473)	1,063,598
PharmaBio Development, Inc.	92,472	916,682	44,385	10,532	1,064,071	(473)	1,063,598
Private Equity Holdings II, Ltd.	46,236	458,331	22,192	5,266	532,025	(237)	531,788
<u>General Partner</u>	\$5,377,205	\$53,304,509	\$2,580,952	\$612,440	\$61,875,106	(\$27,511)	\$61,847,595
CHP II Management, LLC.	1,069,618	10,603,184	513,394	121,826	12,308,022	(5,472)	12,302,550
Total Partnership	\$6,446,823	\$63,907,693	\$3,094,346	\$734,266	\$74,183,128	(\$32,983)	\$74,150,145

CHP II, L.P.
Statement of Partners' Capital Accounts *
For the Three Months Ended September 30, 2006

<u>Limited Partner</u>	Partners' Capital 07/01/06	Net Capital Contribution	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 09/30/06
State Teachers Ret. System of Ohio	\$14,960,421	\$1,021,496	\$2,697	(\$109,688)	\$0	(\$106,991)	\$78,907	\$0	\$15,953,833
Nassau Capital Funds, L.P.	4,986,797	340,499	899	(36,563)	0	(35,664)	26,303	0	5,317,935
Robert Wood Johnson Foundation	4,986,797	340,499	899	(36,563)	0	(35,664)	26,303	0	5,317,935
Northwestern University	4,986,797	340,499	899	(36,563)	0	(35,664)	26,303	0	5,317,935
LACERA	4,986,797	340,499	899	(36,563)	0	(35,664)	26,303	0	5,317,935
Wachovia Investors (First Union)	3,740,083	255,374	675	(27,422)	0	(26,747)	19,727	0	3,988,437
AlpInvest US Secondary 2003	2,493,372	170,249	450	(18,281)	0	(17,831)	13,151	0	2,658,941
HarbourVest VII Limited	2,493,372	170,249	450	(18,281)	0	(17,831)	13,151	0	2,658,941
Pension Commissioners-City of LA	2,493,382	170,249	450	(18,281)	0	(17,831)	13,151	0	2,658,951
Princess Private Equity	2,493,382	170,249	450	(18,281)	0	(17,831)	13,151	0	2,658,951
Hillside Capital Incorporated	1,745,373	119,175	315	(12,797)	0	(12,482)	9,206	0	1,861,272
Hamilton Lane-Carpenters Fund	1,496,064	102,149	269	(10,970)	0	(10,701)	7,892	0	1,595,404
UNISYS Master Trust	1,496,064	102,149	269	(10,970)	0	(10,701)	7,892	0	1,595,404
Venture Investment Associates III	1,146,978	78,315	206	(8,410)	0	(8,204)	6,050	0	1,223,139
Fleet Growth Resources	997,370	68,100	180	(7,312)	0	(7,132)	5,260	0	1,063,598
S.R. One Limited	997,370	68,100	180	(7,312)	0	(7,132)	5,260	0	1,063,598
PharmaBio Development, Inc.	997,370	68,100	180	(7,312)	0	(7,132)	5,260	0	1,063,598
Private Equity Holdings II, Ltd.	498,675	34,050	90	(3,657)	0	(3,567)	2,630	0	531,788
General Partner	\$57,996,464	\$3,960,000	\$10,457	(\$425,226)	\$0	(\$414,769)	\$305,900	\$0	\$61,847,595
CHP II Management, LLC.	12,093,068	20,999	106	(111,677)	0	(111,571)	80,337	0	12,082,833
Total Partnership	\$70,089,532	\$3,980,999	\$10,563	(\$536,903)	\$0	(\$526,340)	\$386,237	\$0	\$73,930,428

*-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' Capital Accounts *
For the Nine Months Ended September 30, 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 09/30/06
State Teachers Ret. System of Ohio	\$20,093,614	\$3,945,529	\$6,683	(\$367,429)	\$5,289,950	\$4,929,204	(\$4,114,384)	(\$8,900,130)	\$15,953,833
Nassau Capital Funds, L.P.	6,697,844	1,315,177	2,228	(122,477)	1,763,317	1,643,068	(1,371,461)	(2,966,693)	5,317,935
Robert Wood Johnson Foundation	6,697,844	1,315,177	2,228	(122,477)	1,763,317	1,643,068	(1,371,461)	(2,966,693)	5,317,935
Northwestern University	6,697,844	1,315,177	2,228	(122,477)	1,763,317	1,643,068	(1,371,461)	(2,966,693)	5,317,935
LACERA	6,697,844	1,315,177	2,228	(122,477)	1,763,317	1,643,068	(1,371,461)	(2,966,693)	5,317,935
Wachovia Investors (First Union)	5,023,390	986,382	1,671	(91,857)	1,322,486	1,232,300	(1,028,596)	(2,225,039)	3,988,437
AlpInvest US Secondary 2003	3,348,922	657,588	1,114	(61,238)	881,658	821,534	(685,731)	(1,483,372)	2,658,941
HarbourVest VII Limited	3,348,922	657,588	1,114	(61,238)	881,658	821,534	(685,731)	(1,483,372)	2,658,941
Pension Commissioners-City of LA	3,348,933	657,587	1,114	(61,238)	881,658	821,534	(685,731)	(1,483,372)	2,658,951
Princess Private Equity	3,348,933	657,587	1,114	(61,238)	881,658	821,534	(685,731)	(1,483,372)	2,658,951
Hillside Capital Incorporated	2,344,251	460,313	780	(42,867)	617,161	575,074	(480,011)	(1,038,355)	1,861,272
Hamilton Lane-Carpenters Fund	2,009,366	394,553	667	(36,743)	528,995	492,919	(411,438)	(889,996)	1,595,404
UNISYS Master Trust	2,009,366	394,553	667	(36,743)	528,995	492,919	(411,438)	(889,996)	1,595,404
Venture Investment Associates III	1,540,522	302,490	512	(28,170)	405,563	377,905	(315,436)	(682,342)	1,223,139
Fleet Growth Resources	1,339,568	263,035	446	(24,495)	352,663	328,614	(274,293)	(593,326)	1,063,598
S.R. One Limited	1,339,568	263,035	446	(24,495)	352,663	328,614	(274,293)	(593,326)	1,063,598
PharmaBio Development, Inc.	1,339,568	263,035	446	(24,495)	352,663	328,614	(274,293)	(593,326)	1,063,598
Private Equity Holdings II, Ltd.	669,797	131,518	223	(12,248)	176,332	164,307	(137,146)	(296,688)	531,788
General Partner	\$77,896,096	\$15,295,501	\$25,909	(\$1,424,402)	\$20,507,371	\$19,108,878	(\$15,950,096)	(\$34,502,784)	\$61,847,595
CHP II Management, LLC.	11,464,798	143,516	262	(374,088)	5,385,777	5,011,951	(4,188,914)	(348,518)	12,082,833
Total Partnership	\$89,360,894	\$15,439,017	\$26,171	(\$1,798,490)	\$25,893,148	\$24,120,829	(\$20,139,010)	(\$34,851,302)	\$73,930,428

*-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 September 30, 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	\$25,932,163	\$29,661	(\$4,285,652)	\$12,006,913	\$7,750,922	\$4,207,589	(\$21,936,841)	\$0	\$15,953,833
Nassau Capital Funds, L.P.	8,644,055	9,889	(1,428,552)	4,002,305	2,583,642	1,402,530	(7,312,292)	0	5,317,935
Robert Wood Johnson Foundation	8,644,055	9,889	(1,428,552)	4,002,305	2,53,642	1,402,530	(7,312,292)	0	5,317,935
Northwestern University	8,644,055	9,889	(1,428,552)	4,002,305	2,583,642	1,402,530	(7,312,292)	0	5,317,935
LACERA	8,644,055	9,889	(1,428,552)	4,002,305	2,583,642	1,402,530	(7,312,292)	0	5,317,935
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)	6,483,040	7,417	(1,071,413)	3,001,726	1,937,730	1,051,897	(5,484,230)	0	3,988,437
AlpInvest US Secondary 2003	4,322,027	1,114	(61,238)	881,658	821,534	(685,731)	(1,483,372)	(315,517)	2,658,941
HarbourVest VII Limited	4,322,027	1,114	(61,238)	881,658	821,534	(685,731)	(1,483,372)	(315,517)	2,658,941
Pension Commissioners of City of LA	4,322,026	4,944	(714,277)	2,001,149	1,291,816	701,266	(3,656,157)	0	2,658,951
Princess Private Equity	4,322,026	4,944	(714,277)	2,001,149	1,291,816	701,266	(3,656,157)	0	2,658,951
Hillside Capital Incorporated	3,025,419	3,460	(499,993)	1,400,806	904,273	490,887	(2,559,307)	0	1,861,272
Hamilton Lane-Carpenters Fund	2,593,216	2,965	(428,566)	1,200,691	775,090	420,759	(2,193,661)	0	1,595,404
UNISYS Master Trust	2,593,216	2,965	(428,566)	1,200,691	775,090	420,759	(2,193,661)	0	1,595,404
Venture Investment Associates III	1,988,132	2,274	(328,568)	920,530	594,236	322,582	(1,681,811)	0	1,223,139
Fleet Growth Resources (Summit)	1,728,810	1,978	(285,709)	800,460	516,729	280,505	(1,462,446)	0	1,063,598
S.R. One Limited	1,728,810	1,978	(285,709)	800,460	516,729	280,505	(1,462,446)	0	1,063,598
PharmaBio Development, Inc.	1,728,810	1,978	(285,709)	800,460	516,729	280,505	(1,462,446)	0	1,063,598
Private Equity Holdings II, Ltd.	864,406	989	(142,856)	400,231	258,364	140,252	(731,234)	0	531,788
<u>General Partner</u>									
CHP II Management, LLC.	1,015,458	1,163	(889,332)	8,750,453	7,862,284	4,283,807	(858,999)	0	\$12,302,550
Total Partnership	\$101,545,806	\$116,161	(\$17,503,386)	\$55,297,243	\$37,910,018	\$20,595,228	(\$85,900,907)	\$0	\$74,150,145

CHP II, L.P.
Comprehensive Fund Investment Summary
For the Period from April 25, 2000 to September 30, 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	\$6,446,823	\$3,498,319	\$48,449,605	\$44,574,603	\$48,072,922
<u>Private Company Investments</u>						
AllianceCare, Inc.	5,999,039	5,999,039	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.	7,000,000	7,000,000	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	409,580	(7,165,698)	(7,165,698)
Investment Portfolio Totals	\$81,435,540	\$70,354,516	\$20,595,228	\$86,973,495	\$55,297,243	\$75,892,471

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

FROM: John J. Park

DATE: October 10, 2006

SUBJECT: Portfolio Valuations for September 30, 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. Public securities are valued at market unless they are subject to trading restrictions. This memorandum delineates the portfolio valuation calculations as proposed by the General Partner for those investments not valued at cost as of September 30, 2006.

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 September 30, 2006. This valuation represents no change from the valuation for AthenaHealth as of June 30, 2006.

Value Computation:

Series D Convertible Preferred Stock	
1,623,377 shares x \$5.04	= <u>\$8,181,820</u>

CHP II, L.P.
Portfolio Valuations as of September 30, 2006
Page 2 of 4

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 September 30, 2006. This valuation represents no change from the valuation for Cardio Optics as of June 30, 2006.

Value Computation:

Series A Convertible Preferred Stock		
1,938,310 shares x \$3.296	=	\$ 6,388,670
Series B Convertible Preferred Stock		
1,153,329 shares x \$3.296	=	<u>3,801,372</u>
Total Value		<u>\$10,190,042</u>

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 June 30, 2006.

Value Computation:

Net Cash in Escrow (\$774,892 - \$274,892)	<u>\$ 500,000</u>
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CHP II, L.P.
Portfolio Valuations as of September 30, 2006
Page 3 of 4

MOMENTA PHARMACEUTICALS – On June 21, 2004, Momenta (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 Momenta common stock, with a combined cost basis of \$6,375,006. In addition, CHP II purchased 69,000 shares of Momenta common stock in the IPO, at a total cost of \$448,500.

On July 19, 2005, CHP II distributed 1,693,450 shares of Momenta 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 Momenta was reduced by \$3,875,002 and Cardinal's share holdings were reduced to 476,836 of Momenta common.

As of September 30, 2006, CHP II continues to hold 476,836 shares of Momenta 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 September 30, 2006 of \$13.52 per share. This results in a total valuation of \$6,446,823 with a corresponding unrealized gain of \$3,498,319 on our remaining cost basis of \$2,948,504 as of September 30, 2006. This valuation represents an increase of \$386,237 from the valuation as of June 30, 2006.

Value Computation:

$$\begin{array}{rcl} \text{Common Stock} & & \\ 476,836 \text{ shares} \times \$13.52 & = & \underline{\underline{\$6,446,823}} \end{array}$$

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 September 30, 2006. This valuation represents no change from the valuation for Replication as of June 30, 2006.

Value Computation:

$$\begin{array}{rcl} \text{Series B Convertible Preferred Stock} & & \\ 2,614,516 \text{ shares} \times \$2.9781 & = & \$7,786,290 \\ \text{Series C Convertible Preferred Stock} & & \\ 299,281 \text{ shares} \times \$3.45 & = & \underline{\underline{1,032,519}} \\ \text{Total Value} & & \underline{\underline{\$8,818,809}} \end{array}$$

CHP II, L.P.
Portfolio Valuations as of September 30, 2006
Page 4 of 4

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 September 30, 2006. This valuation represents no change from the valuation for Sirtris as of June 30, 2006.

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.
Portfolio Investment Valuation Summary
For the Quarter ended September 30, 2006

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value 09/30/06</u>	<u>Fair Value 06/30/06</u>	<u>Change from Prior Quarter</u>	<u>Reason for Change</u>
AllianceCare, Inc.	\$5,999,039	\$5,999,039	\$5,401,130	\$597,909	Bridge Note Investment (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	\$3,250,000	\$0	
CardioOptics, Inc.	\$6,169,002	\$10,190,042	\$10,190,042	\$0	Market Price Increase. (note 2)
CodeRyte, Inc.	\$4,425,982	\$4,425,982	\$4,425,982	\$0	
Intellicare America, Inc.	\$774,892	\$500,000	\$500,000	\$0	
Mitral Solutions, Inc.	\$3,250,000	\$3,250,000	\$3,250,000	\$0	
Momenta Pharmaceuticals	\$2,948,504	\$6,446,823	\$6,060,586	\$386,237	
Replication Medical	\$3,066,759	\$8,818,809	\$8,818,809	\$0	
Rib-X Pharmaceuticals	\$7,000,000	\$7,000,000	\$7,000,000	\$0	
Sirtris Pharmaceuticals	\$8,050,001	\$12,192,001	\$12,192,001	\$0	
Total Portfolio	\$50,534,180	\$70,854,516	\$69,870,370	\$984,146	

1. During the quarter, CHP II contributed \$598K toward \$4 million of bridge financing for AllianceCare. The financing was in the form of 10% subordinated convertible promissory notes.
2. 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 September 30, 2006 of \$13.52 per share. The valuation increase reflects the change from the closing price as of June 30, 2006 of \$12.71 per share.

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

Provider of comprehensive integrated medical and rehabilitation services.

Period Summary: 3rd Quarter, 2006

Overall financial performance for Q3 2006 was disappointing. Revenues for the period were 3% lower than the previous quarter at \$18.8 million and well below forecast. Gross margins declined 270 basis points from last quarter, but increased sequentially each month and were back to 38.8% in September primarily due to the completion of the pay model conversion begun in July. EDITDA declined \$390K relative to Q2 due primarily to the lower gross margins in July and August. EBITDA improved \$350K from August to September and is expected to turn positive in October. To support current operations, the investor syndicate contributed a \$4 million bridge financing during the quarter. The company has received a merger/strategic partnering proposal from a leading provider in the assisted living sector. Management and the Board are evaluating the proposal and expect to make a counter offer next quarter. Branch locations in underperforming markets with low growth potential have been put on the market. Management is hopeful a sale of these assets could provide up to a \$5 million cash infusion.

Revenue declines for the period were attributable to the expected impact of seasonal trends in Florida and a larger than expected drop in Rehabilitation revenues. Changes to the pay model showed a \$353K improvement in direct labor expenses in September, and are expected to show a \$350K to \$400K per month improvement each month going forward. This improvement to gross profit, coupled with G&A expense reductions should make the company EBITDA positive in October. Monthly cash burn for the first nine months of 2006 has averaged almost \$400K. With capital resources very tight, the investor syndicate provided \$4 million during the period in the form of 10% subordinated promissory notes. Cardinal contributed \$598K to this bridge financing. The HFG receivables credit facility has current availability of \$1.5 million that will act as a buffer for short-term cash flow requirements.

The focus for the remainder of 2006 will be on revenue growth initiatives in existing markets, maintaining gross margins at or near 40%, strengthening operational management, the sale of assets in low growth or underperforming markets, and improving the reliability of cash flow forecasting. Operating performance has shown improvement in September and is on track to reach the targeted monthly levels of \$7 million in revenues and \$700K of EBITDA by Q1 2007.

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	74,459	103,417
Direct Expenses	15,872	17,013	22,808	43,725	56,721
SG&A	19,011	23,287	21,748	33,795	42,225
EBIT	-4,443	-6,717	-2,736	-3,061	4,471
Other Inc. & Exp.	-1,263	-125	-87	-2,188	+476
Net Income	-5,706	-6,842	-2,823	-5,249	4,947
EBITDA	-3,966	-6,174	-2,230	-2,130	+5,471

Last Three Months: Quarter Ended September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	18,820	26,242	-7,422
Direct Expenses	12,040	14,204	+2,164
SG&A	8,739	11,226	+2,487
EBIT	-1,959	+812	-2,771
Interest, Taxes & Other	-832	-465	-367
Net Income	-2,791	+347	-3,138
EBITDA	-1,558	+1,211	-2,769

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	57,913	73,300	-15,387
Direct Expenses	36,305	39,914	+3,609
SG&A	26,120	30,807	+4,687
EBIT	-4,512	2,579	-7,091
Interest, Taxes & Other	-2,289	-1,579	-710
Net Income	-6,801	1,000	-7,801
EBITDA	-3,479	+3,628	-7,107

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

Cash	\$ 1,667	Accounts Payable	\$ 4,270
Accounts Receivable	14,194	Accrued Expenses	5,764
Other Current Assets	<u>748</u>	Other Current Liabilities	<u>7,749</u>
Total Current Assets	16,609	Total Current Liabilities	17,783
Net PP&E	1,937	Debt and Other Liabilities	24,400
Acquired Goodwill (Net)	28,013	Shareholders Equity	46,494
Other Assets	<u>1,558</u>	Retained Earnings	<u>-37,560</u>
Total Assets	<u>\$48,117</u>	Total Liabilities & Equity	<u>\$48,117</u>

Comments:

Cash burn averaged \$750K per month this quarter, but was under \$400K in September. This positive trend is continuing and the company should be cash flow positive by year-end. This period, the investors provided a \$4 million bridge financing to support current operations.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	400,000 shares
Assigned Fair Value (Investment Cost)	\$4,000,000
Cost per Share	\$10.00
Series C Convertible Preferred Stock	140,113 shares
Assigned Fair Value (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
10% Convertible Subordinated Promissory Notes (Principal balance)	\$597,909
% Ownership (Full Dilution)	8.3%
Company Valuation at CHP II Cost	\$65.2 million
Company Valuation at Assigned Fair Value	\$65.2 million

Outlook:

Without significant improvement in financial performance over the next six months, we are very guarded about the prospects for AllianceCare.

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

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 3rd Quarter, 2006

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

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

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

Athena has more than adequate capital resources to be financially self-sustaining until a liquidity event for the investors. During the quarter, management selected a lead investment banker to begin preparations for a potential initial public offering. The current goal is to be prepared to file an S1 registration statement by early 2007. We continue to view Athena as a very attractive candidate for a successful liquidity event in the next 12-18 months.

ATHENAHEALTH, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Budget</i>
Revenues	11,985	24,666	38,938	53,540	79,248
Direct Expenses	10,137	16,148	20,512	27,751	39,973
SG&A	8,860	10,501	17,655	29,944	32,429
EBITDA	-7,012	-1,983	771	-4,155	6,846
Depreciation	-2,493	-2,894	-3,159	-5,483	-6,094
Interest and Taxes	-55	-475	-1,222	-1,755	-3,061
Net Income	-9,560	-5,352	-3,610	-11,393	-2,309

Last Three Months: Quarter Ended September 30, 2006

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

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

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

ATHENAHEALTH, INC. (cont.)

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

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

Comments:

Athena is \$1.5 million ahead of cash forecast for the year. The company continues to invest heavily in infrastructure to support future growth and in preparation for a potential IPO. Spending that was not in the original budget for 2006 will be funded by a \$2 million expansion to the current sub-debt facility that closed in Q3. Management forecasts the company to begin operating at cash flow positive in Q2 2007.

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: 3rd Quarter, 2006

Atyr Pharma continues to make excellent progress as it begins its transformation from a virtual project oriented business model to a fully operational early stage biopharmaceutical development company. During the quarter, the company reached agreement on a second exclusive license agreement that will solidify its intellectual property position in the wound healing and cosmeceutical areas. Management also reached agreement on a sublease of laboratory space in San Diego that can support 12-15 full time employees. Proof of concept pre-clinical studies performed in *in vivo* models continued to produce encouraging results supporting the potential of the technology in wound management and vascular therapy. Finally, the company is close to completing a \$10.5 million first round financing co-led by new investors Alta Partners and Polaris Venture Partners.

During the quarter, company management 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. The company has reached agreement to sublease 7,900 square feet of built out lab space in northern San Diego, near the Scripps Institute. The sublease is scheduled to begin in December. aTyr management and advisors are actively recruiting scientist level personnel and the company expects to add 3-4 employees by year-end.

As expected, monthly cash burn increased to almost \$75K by the end of the quarter, as the company prepares to move into full time operations. The company is finalizing documents for a \$10.5 million first round financing co-led by new investors, Alta Partners and Polaris Venture Partners. Each of Cardinal, Polaris and Alta will invest \$3 million in the financing. Founding investor, Dr. Paul Schimmel will invest \$1 million with strategic partner Imagene, Ltd. investing the remaining \$500K in the round. The pre-money valuation for the financing is \$6.25 million, or 4 times the post-money of the \$739K seed round from September 2005. This includes an expansion of the employee stock option pool to 8% of the fully diluted shares on a post-money basis. The financing is expected to close in November.

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	234
EBIT	-48	-710
Interest and Taxes	+5	+6
Net Income	-113	-704

* - Subject to Audit

Last Three Months: Quarter Ended September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	115	118	+3
SG&A	109	67	-42
EBIT	-224	-185	-39
Interest and Taxes	+2	+1	+1
Net Income	-222	-184	-38

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	227	339	+112
SG&A	235	164	-71
EBIT	-462	-503	+41
Interest and Taxes	+7	+5	+2
Net Income	-455	-498	+43

ATYR PHARMA, INC. (cont.)

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

Cash	\$ 217	Accounts Payable	\$ 28
Accounts Receivable	0	Accrued Expenses	45
Other Current Assets	<u>36</u>	Current Portion of Debt	<u>0</u>
Total Current Assets	253	Total Current Liabilities	73
Net PP&E	3	Long Term Liabilities	0
Intangibles (Net)	0	Shareholders Equity	741
Other Assets	<u>0</u>	Retained Earnings	<u>-558</u>
Total Assets	<u>\$ 256</u>	Total Liabilities & Equity	<u>\$ 256</u>

Comments:

The \$739K seed financing completed in September 2005 is forecast to last through most of 2006. The company expects to complete a \$10.5 million financing during Q4 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 \$10.5 million financing scheduled to close in Q4 2006 is a confirmation of the potential value inherent in the aTyr development platform. The technology will also require a relatively small investment to validate its initial targets.

AXOGEN, INC.
Gainesville, FL
{www.axogeninc.com}

Human allograft for peripheral nerve repair and regeneration.

Period Summary: 3rd Quarter, 2006

AxoGen remains on track to meet its 2006 clinical development goals for its lead Advance™ peripheral nerve graft product. Process development will be finalized in early 2007 and a contract manufacturing facility has been finalized. Negotiations are nearing completion with a leading medical device company towards a comprehensive marketing and distribution partnership. Management is hopeful of having this in place by the end of the year. The company has also initiated its validation, testing and commercialization/regulatory programs towards a target launch of Q3 2007 for the Advance™ product. Financially, the company has not spent as expected on its R&D plan year-to-date, but spending has now ramped to expected levels as the company move towards completing its design phase.

The \$7.75 first round financing led by Cardinal in March 2006 is expected to support operations well into 2008. Monthly cash burn averaged \$200K for the past quarter and is expected to ramp to almost \$400K by the end of 2006. During the quarter, the company agreed to terms for a \$2 million lease line for equipment purchases. We forecast the company will initiate a second round of financing in early 2008, 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.

There are several large medical technology companies that would find AxoGen an attractive acquisition target: BioMet, J&J, St. Jude and Stryker among them. We forecast that investor liquidity can be obtained at an attractive valuation through acquisition in 2008-2009 based upon the successful clinical use and/or FDA approval of the second stage product. We are very excited about the prospects for our investment in AxoGen.

AXOGEN, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2005 Actual</i>	<i>2006 Budget</i>
Revenues	83	0
R&D Expenses	36	1,376
SG&A	163	1,675
EBIT	-116	-3,051
Interest and Taxes	0	+275
Net Income	-116	-2,776

Last Three Months: Quarter Ended September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	280	466	+186
SG&A	405	470	+65
EBIT	-685	-936	+251
Interest and Taxes	+87	+85	+2
Net Income	-598	-851	+253

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	410	791	+381
SG&A	1,184	1,184	0
EBIT	-1,594	-1,975	+381
Interest and Taxes	+188	+185	+3
Net Income	-1,406	-1,790	+384

AXOGEN, INC. (cont.)

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

Cash	\$ 6,398	Accounts Payable	\$ 258
Accounts Receivable	0	Accrued Expenses	6
Other Current Assets	<u>56</u>	Current Portion of Debt	<u>0</u>
Total Current Assets	6,454	Total Current Liabilities	264
Net PP&E	112	Long Term Liabilities	47
Intangibles (Net)	513	Shareholders Equity	8,899
Other Assets	<u>3</u>	Retained Earnings	<u>-2,128</u>
Total Assets	<u>\$ 7,082</u>	Total Liabilities & Equity	<u>\$ 7,082</u>

Comments:

Monthly cash burn at AxoGen is currently averaging \$200K. This is expected to increase to \$400K during Q4 2006. The \$7.75 million financing completed in March 2006 is forecast to last well into 2008.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	7,065,217 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,250,000
Cost per Share	\$0.46
% Ownership (Full Dilution)	22.1%
Company Valuation at CHP II Cost	\$14.6 million
Company Valuation at Assigned Fair Value	\$14.6 million

Outlook:

We are very enthusiastic about the prospects of our investment in AxoGen.

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

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

Period Summary: 3rd Quarter, 2006

Cardio-Optics experienced disappointing clinical results and resulting lower product sales this quarter. Sales of the CSA™ system for the quarter were well off plan as customers were experiencing inadequate visualization performance from the production catheter as compared to the beta versions. A series of development programs to improve visualization in the production models have been defined, with initial improvements to be introduced in Q4 2006. Other financial results were well ahead of plan, with the company slightly behind on its cash forecast due to not drawing on its credit facility as forecasted. Development of the TE Catheter Ablation product has been put on hold until the visualization improvement projects have concluded. Consequently, the company will not meet its objective of filing an Investigational Device Exemption application (“IDE”) for the TE Catheter Ablation product with the FDA in 2006.

The CSA™ system was utilized in 45 procedures in seven hospitals, representing a 50% lower than forecast usage for the period. Based on customer feedback, the key limitation is the clinical need to see a larger anatomical field of view. Improving the size of the viewing area will be the primary objective of a “Wide Area of View” development project that has been defined for early 2007. This is the highest priority program at the company and will have resources assigned as needed to obtain the best field performance for both the CSA™ and TE system.

With the visualization issues this quarter, management has restructured its objectives for the remainder of 2006: i) determine the most likely clinical need(s) for the CSA™ System based upon clinical results to-date; ii) determine whether the product features, clinical study endpoints and pricing will drive commercially significant market adoption for the CSA™ System, and iii) develop a reduced cash burn plan for the company until the visualization improvements are implemented and market acceptance of the CSA™ System shows significant improvement. Given the size of the October 2005 Series B financing, the company has adequate capital resources to operate for at least two more years. All of the major cardiovascular device players have shown considerable interest in the Cardio-Optics technology and product line and we remain hopeful that a successful outcome from the product improvement programs will lead to an acquisition offer at an attractive valuation.

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	2,146	1,226	1,742
SG&A	1,527	1,036	1,164	4,733	8,978
EBIT	-2,527	-2,067	-3,310	-5,959	-9,583
Interest and Taxes	23	-31	+6	-72	+518
Net Income	-2,504	-2,098	-3,304	-6,031	-9,065

Last Three Months: Quarter Ended September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	370	1,090	-720
Cost of Sales	427	789	+362
R&D Expenses	138	161	+23
SG&A	1,804	2,401	+597
EBIT	-1,999	-2,261	+262
Interest and Taxes	+160	+137	+23
Net Income	-1,839	-2,124	+285

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	892	1,598	-706
Cost of Sales	871	1,199	+328
R&D Expenses	1,255	1,329	+74
SG&A	5,189	5,797	+608
EBIT	-6,423	-6,727	+304
Interest and Taxes	+549	+517	+32
Net Income	-5,874	-6,210	+336

CARDIO-OPTICS, INC. (cont.)

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

Cash	\$ 11,173	Accounts Payable	\$ 250
Accounts Receivable	83	Accrued Expenses	352
Inventory & Other Current	<u>2,250</u>	Convertible Promissory Notes	<u>0</u>
Total Current Assets	13,506	Total Current Liabilities	602
Net PP&E	1,255	Long Term Debt - Lease line	33
Intangibles (Net)	0	Shareholders Equity	37,232
Other Assets	<u>275</u>	Retained Earnings	<u>-22,831</u>
Total Assets	<u>\$15,036</u>	Total Liabilities & Equity	<u>\$15,036</u>

Comments:

Average monthly cash burn for 2006 has been \$690K. The company is currently \$168K behind on its cash forecast for the year, primarily because of \$750K in forecasted draws from the company's credit facility that have not occurred. 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:

We remain optimistic that the company will improve product performance in the near term and provide a solid return on our investment.

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

Web-based Automated Coding of Transcribed Medical Documents

Period Summary: 3rd Quarter, 2006

CodeRyte continued to progress steadily towards its primary goals for 2006 of revenue growth and streamlined implementation during the current quarter. In Q3 2006, the company installed 3.9 million new notes live for an increase of 700% over the prior year period. Financial performance was ahead of plan with revenues growing by 11% over the prior quarter and expenses running well ahead of forecast due to lower than expected headcount. The company just missed its sales target for the quarter, but set a record by closing over \$2 million in new bookings during the period. Monthly cash burn is currently \$630K and is expected to steadily decrease to \$500-\$550K per month by year-end 2006. With the financing and credit facility completed earlier this year, the company has adequate financial resources to support operations into 2008. Management projects the company will begin to operate at cash flow breakeven by Q4 2007.

Since our initial investment in 2004, the consistent focus of management at CodeRyte has been on the improvement of implementations. The greatest challenge – the hiring of engineering staff to improve the web application making it more supportive and facilitating of the implementation process has largely been accomplished and the benefits are becoming apparent internally and to the market. During the current quarter, the company implemented 3.9 million notes, a 70% increase over the previous quarter, but still 17% below plan. Management forecasts another large increase of notes implemented next quarter, with 7.3 million notes implemented in Q4 2006 (120K above plan).

During the third quarter, the sales team closed \$2.0 million in annual recurring revenue, which was 7% below plan for the period. Hiring, training and managing the sales and marketing teams have turned out to be the most difficult challenge for the CodeRyte senior management team. While taking much longer than anticipated, the company now has the nucleus of the team in place that will increase the likelihood of future success in sales. The sales pipeline currently projects that the company will close \$7.5 million in new business for 2006, 5% lower than plan.

Financial results for the period reflect a revenue shortfall resulting from the sales and implementation lags earlier in the year. Monthly revenues are currently over \$470K, with breakeven forecast at \$800K. Contracted backlog currently exceeds \$450K 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 average \$550-\$600K, as they continue to build infrastructure and the sales force.

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 September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	1,252	1,616	-364
Cost of Sales	0	0	0
Operating Expenses	2,922	3,563	+641
EBITDA	-1,670	-1,947	+277
Depreciation & Amort.	-15	-58	+43
Other Income (Expense)	+90	+34	+56
Net Income	-1,595	-1,971	+376

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	3,348	3,829	-481
Cost of Sales	0	0	0
Operating Expenses	8,753	10,473	+1,720
EBITDA	-5,405	-6,644	+1,239
Depreciation & Amort.	-53	-141	+88
Other Income (Expense)	+193	+130	+63
Net Income	-5,265	-6,655	+1,390

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

Cash	\$ 4,237	Accounts Payable	\$ 117
Accounts Receivable	1,180	Accrued Expenses	964
Other Current Assets	<u>115</u>	Deferred Revenue	<u>228</u>
Total Current Assets	5,582	Total Current Liabilities	1,309
Net PP&E	284	Long Term Liabilities	628
Intangibles (Net)	126	Shareholders Equity	24,460
Other Assets	<u>15</u>	Retained Earnings	<u>-20,440</u>
Total Assets	<u>\$ 6,007</u>	Total Liabilities & Equity	<u>\$ 6,007</u>

Comments:

The company is currently \$1.0 million ahead of its cash flow forecast for the year, with an average cash burn of \$630K per month as it builds its infrastructure. Current capital resources are expected to last into 2008. Management has forecast the company to be cash flow breakeven by Q4 2007.

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: 3rd Quarter, 2006

By way of review, 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. The escrow is scheduled to be released in November 2006.

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.

In March, CHP II received notice that a group of Series A investors was going to file suit against the Board of Directors and the Series C investors for breach of fiduciary duty with regard to the sale of the company to PolyMedica. The suit was filed in the State of Maine and the Series C investors, including CHP II engaged counsel to file a motion to dismiss for lack of grounds. Discovery has recently completed and a mediation hearing is now scheduled for late October. We are confident that any settlement will have no impact on the escrowed funds due Cardinal. As we approach the November release date, we feel relatively comfortable that the entire escrow will be released as scheduled.

CHP II, L.P. Holdings:

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

MITRALSOLUTIONS, INC.
Ft. Lauderdale, FL
{www.mitralsolutions.com}

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

Period Summary: 3rd Quarter, 2006

Results from animal testing performed this quarter have confirmed the device mechanism for adjustment has performed well and the company has initiated a prototype design freeze. In-vivo pre-clinical animal testing is now complete and the company has begun in-vitro (bench) testing of the device in preparation for initial human clinical testing in late 2006/early 2007. The company remains on track to file its 510(k) submission with the FDA for its open surgical product in Q1 2007. Financially cash burn ramped to \$267K per month during the quarter as expected. The company is still \$150K ahead of its cash flow forecast for the year.

During the quarter, the company formulated its clinical investigation plan and had follow-up discussions with the FDA. Patient recruitment for initial human trials will begin late next quarter. The FDA remains non-committal to the 510(k) approval path until there is further data available for study. Management expects to schedule a face-to-face meeting with the FDA when the in-vitro data is available around the end of this year. Product development for the company's percutaneous product continues, but will lag the open surgical product by about 6-9 months.

During the quarter, the cash burn increased from \$150K per month to \$267K per month. This increase was as expected due to the ramp up in engineering and regulatory expenditures as the company nears human testing and an FDA submission. Current capital resources are adequate to support operations for 18-20 months. However, we anticipate the company will initiate a second round of financing in the latter half of 2007, based upon the 510(k) approval of the open surgical product and significant progress towards development of the percutaneous product. Additional financing would enable a more aggressive development plan for the percutaneous product. Cardinal 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	183	2,203
Operating Expenses	271	550	1,153
EBIT	-429	-733	-3,356
Other Income (Expense)	-2	+11	-436
Net Income	-431	-722	-3,792

* - Budget revised in June 2006

Last Three Months: Quarter Ended September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	415	400	-65
Operating Expenses	251	391	+140
EBIT	-716	-791	+75
Other Income (Expense)	-92	-112	+20
Net Income	-808	-903	+95

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	1,114	1,448	+334
Operating Expenses	925	967	+42
EBIT	-2,039	-2,415	+376
Other Income (Expense)	-243	-324	+81
Net Income	-2,282	-2,739	+457

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

Cash	\$ 3,911	Accounts Payable	\$ 153
Accounts Receivable	0	Accrued Expenses	455
Other Current Assets	<u>60</u>	Other Current Liabilities	<u>0</u>
Total Current Assets	3,971	Total Current Liabilities	608
Net PP&E	47	Long Term Debt - Lease line	0
Intangibles (Net)	84	Shareholders Equity	7,380
Other Assets	<u>172</u>	Retained Earnings	<u>-3,714</u>
Total Assets	<u>\$ 4,274</u>	Total Liabilities & Equity	<u>\$ 4,274</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 current quarter, average cash burn was \$267K per month. That is forecast to remain at that level 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: 3rd Quarter, 2006

Momenta had an eventful quarter of clinical and strategic progress. During the period, Momenta entered its first proprietary product into clinical trials, the anti-coagulant, named M118. M118 is a next-generation anticoagulant designed specifically for use in treating patients diagnosed with stable angina and acute coronary syndromes. The company continued to advance M-Enoxaparin, its lead product, toward potential commercialization and to make progress on the characterization and process development work for other technology-enabled generics. In addition, the company announced a second significant strategic partnership agreement with Sandoz, the generics division of Novartis. Finally, the company announced the transition of leadership from Alan Crane to Craig Wheeler.

In July, Momenta announced a second exclusive collaboration with Sandoz to develop four follow-on and complex generic versions of previously approved recombinant biotechnology and complex drugs. As part of the collaboration, Sandoz will make an initial payment of \$75 million to Momenta for the purchase of approximately 4.7 million shares at a price of \$15.93 per share, a 30% premium to the trailing 30-day average. Momenta is also eligible to receive up to \$188 million in additional payments if all milestones are achieved for the four product candidates. The collaboration will include one late-stage compound from Momenta's pipeline and two late-stage compounds from Sandoz. The two companies will jointly develop, manufacture and commercialize all of these candidates, and share the profits from the sales of all products under separate profit share arrangements for each product, including an equal profit split specifically on the product candidate from Momenta's pipeline.

In August, Momenta announced the appointment of Craig A. Wheeler as Chief Executive Officer, replacing Alan Crane. Mr. Wheeler brings extensive experience in senior management positions in the biotechnology industry. Most recently, he was President of Chiron Biopharmaceuticals which employed over 2,300 people worldwide, manufacturing and distributing products treating cancer, cystic fibrosis, and multiple sclerosis. During his tenure, global sales in the division doubled to over \$600 million and the clinical development pipeline was significantly expanded.

Financially, Momenta reported a net loss of \$12.0 million for the third quarter of 2006, compared with a net loss of \$6.0 million for the same period last year. For the nine months ended September 30, 2006, the company reported a net loss of \$35.9 million compared with a net loss of \$14.4 million for the same period last year. As of September 30, 2006, Momenta had cash and marketable securities totaling \$202.0 million, sufficient to fund operations for many years.

MOMENTA PHARMACEUTICALS, INC. (cont.)

FINANCIAL SUMMARY: (\$000)

Statement of Operations:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>09/30/06</u>	<u>09/30/05</u>	<u>09/30/06</u>	<u>09/30/05</u>
Revenues	4,058	\$2,957	11,962	9,736
Research & Development	10,684	6,267	33,600	16,206
General & Administrative	<u>7,210</u>	<u>3,728</u>	<u>19,271</u>	<u>9,499</u>
Loss from Operations	-13,836	-7,047	-40,909	-15,969
Other Income (Expense)	<u>+1,821</u>	<u>+1,046</u>	<u>+4,979</u>	<u>+1,618</u>
Net Income (Loss)	-12,015	-6,001	-35,930	-14,351
Earnings Per Share (\$)	-\$0.37	-\$0.21	-\$1.15	-\$0.55

Summary Balance Sheet as of September 30, 2006:

Cash	\$201,980	Accounts Payable	\$ 3,172
Unbilled Revenue	5,095	Accrued Expenses	5,823
Other Current Assets	<u>2,067</u>	Other Current Liabilities	<u>2,232</u>
Total Current Assets	209,142	Total Current Liabilities	11,227
Net PP&E	11,492	Other Liabilities (LOC)	19,537
Intangible & Other Assets	<u>4,685</u>	Shareholders Equity (Net)	<u>194,555</u>
Total Assets	<u>\$225,319</u>	Total Liabilities & Equity	<u>\$225,319</u>

Comments:

Following the July 2006 agreement with Sandoz, 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 \$13.52)	\$6,446,823
Investment Cost	\$2,948,504
Cost per Share	\$6.183
% Ownership (Shares Outstanding)	1.47%
Company Valuation at CHP II Cost	\$199.9 million
Company Valuation at Market (\$13.52 per share)	\$437.2 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: 3rd Quarter, 2006

The deadline for Abbott Laboratories to exercise its option to extend its right to acquire Replication based on milestones came and passed in July, with no action taken by Abbott. There has been substantial and abrupt personnel turnover at Abbott in the group that signed the original agreement last summer and no new champion appeared to spearhead the Replication opportunity to Abbott corporate. The company will continue to update Abbott with our progress, but other potential suitors for the technology have now been re-engaged. In other news this quarter, the company has discovered some evidence of extrusion of the device in a few early patients. Management believes the causes of the extrusion relate to the mechanical properties of the devices implanted in these patients, coupled with the original implementation methodology, which is no longer the preferred method of inserting the device. The company has completed a redesign that improves the mechanical properties of the device and has revised the timing for its IDE application to the FDA to early 2007.

Results from pre-clinical testing utilizing the bullet design of the NeuDisc™ device have shown no device related complications, good pain reduction and an average increase in disc height of 10-20%. The company will likely perform 4-5 additional procedures utilizing the new device design and submit the pilot IDE after 6 weeks of follow-up with patients. The pilot study design will consist of 2-3 study sites, with 10-15 subjects. All data required for the IDE submission is expected to be completed by the end of this year. To-date 2006 monthly cash burn has averaged \$350K, 20% lower than expected. However, cash burn for Q3 averaged over \$400K per month and is expected to remain at that level through Q1 2007 as the company prepares to file its IDE.

Even without the exercise of the option from Abbott, the company likely has adequate capital resources to support operations through an IDE approval. The current forecast shows the initiation of pivotal clinical trials by Q4 2007. Cardinal Principals Brandon Hull and Chuck Hadley continue to work closely with company management to ensure that specified milestones are met in a cost efficient manner, 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	3,056
EBIT	-1,579	3,178	-3,056	-3,749	-6,724
Interest and Taxes	3	27	12	+91	+100
Net Income	-1,576	-3,151	-3,044	-3,658	-6,624

Last Three Months: Quarter Ended September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	443	1,020	+577
Operating Expenses	277	965	+688
EBIT	-720	-1,985	+1,265
Interest and Taxes	+14	+17	-3
Net Income	-706	-1,968	+1,262

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	2,096	2,866	+770
Operating Expenses	922	1,869	+947
EBIT	-3,018	-4,735	+1,717
Interest and Taxes	+130	+87	+43
Net Income	-2,888	-4,648	+1,760

REPLICATION MEDICAL (cont.)

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

Cash	\$ 8,061	Accounts Payable	\$ 66
Prepaid Expenses	0	Accrued Expenses	74
Other Current Assets	<u>27</u>	Notes Payable	<u>0</u>
Total Current Assets	8,088	Total Current Liabilities	140
Net PP&E	613	Long Term Debt	0
Intangibles (net)	0	Shareholders Equity	25,606
Other Assets	<u>56</u>	Retained Earnings	<u>-16,989</u>
Total Assets	<u>\$ 8,757</u>	Total Liabilities & Equity	<u>\$ 8,757</u>

Comments:

Monthly cash burn has averaged \$420K for the quarter as expected. The company has sufficient capital resources to operate through most of 2008 and well into the IDE approval process with the FDA.

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:

Even with Abbott electing not to exercise its option, the company has more than adequate capital resources on hand to make sufficient clinical progress to provide a superior return on our investment.

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

Structure-Based Design of Anti-Infective Agents

Period Summary: 3rd Quarter, 2006

During the quarter, Rib-X continued its aggressive focus on three goals – driving its lead program RX-01 through the clinic, completing the Investigational New Drug (“IND”) application for the newly acquired compound from Abbott Laboratories (RX-03), and delivering potential drug candidates from its secondary RX-02 program. Though each of these programs has met with some slippage in their timelines, the company continues to be on target towards achieving its key value creation milestones demonstrating that the Rib-X pipeline and business strategy will support a \$500 million valuation for the company by the end of 2007. The milestones as set by management last quarter are: phase II clinical data for RX-01; RX-03 in phase III clinical trials; and RX-02 in phase I clinical trials.

The lead program (RX-01) was reactivated last quarter with a second compound beginning Phase I clinical trials. The company recently completed a 14-day multidose phase I studies and remains on track to file an IND by Q4 2006 and to initiate phase I age/gender studies in the U.S. during Q1 2007. Management anticipates initiating phase II studies beginning in Q2 2007, with data available from the phase II trials by Q3 2007. The company’s in-licensed compound (RX-03) has completed animal toxicology testing and the IND preparation is well underway for filing by the end of this year. A meeting with the FDA this quarter, supported phase I studies to initiate during Q1 2007 and confirming that the FDA agrees jumping to a phase III study after successful completion of the phase I trial.

Financial performance for the year remains well ahead of plan primarily due to lower than forecast R&D expenditures. This variance is due to the following timing differences: the temporary deferral of the RX-01 formulation development and Phase I multi-dose and other clinical studies (\$2.9 million); deferral of RX-02 advanced preclinical costs (\$3.6 million) until a clinical candidate is identified; and deferral of RX-03 costs until the license agreement execution (\$3.2 million). Cash burn is averaging \$1.8 million per month for the year. This is expected to accelerate to almost \$3 million by the end Q1 2007 as the company advances two drug candidates into the clinic. The company remains well ahead of its cash forecast.

Rib-X completed a \$50 million insider-led third round financing on June 8, 2006. The financing valued the company at \$140 million post-money. These funds are forecast to support operations well into 2008. Management’s plan for investor liquidity is to position the company for a potential initial public offering by the end of 2007 at a pre-money valuation of \$500 million.

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 September 30, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	2,600	4,562	+1,962
Operating Expenses	2,898	3,079	+181
EBIT	-5,498	-7,641	+2,143
Interest and Taxes	+780	+409	+371
Net Income	-4,718	-7,232	+2,514

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

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	631	783	-152
R&D Expenses	9,103	18,858	+9,755
Operating Expenses	8,795	9,696	+901
EBIT	-17,267	-27,771	+10,504
Interest and Taxes	+1,207	+959	+248
Net Income	-16,060	-26,812	+10,752

RIB-X PHARMACEUTICALS, INC. (cont.)**Summary Balance Sheet as of September 30, 2006: (\$000)**

Cash	\$58,470	Accounts Payable	\$ 1,624
Accounts Receivable	210	Accrued Expenses	1,220
Other Current Assets	<u>572</u>	Notes Payable Current	<u>2,143</u>
Total Current Assets	59,522	Total Current Liabilities	4,987
Net PP&E	3,932	Notes Payable	0
Intangibles (net)	0	Shareholders Equity	122,846
Other Assets	<u>249</u>	Retained Earnings	<u>-64,130</u>
Total Assets	<u>\$63,703</u>	Total Liabilities & Equity	<u>\$63,703</u>

Comments:

The company is well ahead of its cash burn plan for 2006. Monthly cash burn averaged \$1.2 million per month this quarter, but is expected to reach \$2.5 million by year-end. The company has sufficient capital resources to support operations into Q4 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
Series C Convertible Preferred Stock	4,847,310 shares
Assigned Fair Value (cost)	\$3,000,000
Investment Cost	\$3,000,000
Cost per Share	\$0.6189
% Ownership (Full Dilution)	5.0%
Company Valuation at CHP II Cost	\$140.0 million
Company Valuation at Assigned Fair Value	\$140.0 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: 3rd Quarter, 2006

During the quarter, Sirtris successfully completed initial phase I clinical studies for toxicology and pharmacokinetics on its lead compound SRT 501. In the coming quarter, two phase Ib studies will be initiated targeting type II diabetes and neurological or mitochondrial disorders. Data from these studies should be available by the end of Q1 2007. Assuming the data from these studies is favorable, management is hopeful of beginning phase II trials in the latter half of 2007. With the lead program moving through 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 selecting and initiating work on a second target beyond SIRT1. With more than adequate capital resources, the company will concentrate on building value through its development programs. Management has targeted the filing for an IPO as a goal for 2007, if market conditions permit.

In May 2006, management proposed a more aggressive clinical development program for SRT501. The plan adds almost \$3 million in spending for 2006 in an effort to parallel track Phase 1 clinical studies and scale up for later stage clinical studies. Financially, the company is performing very close to this accelerated plan. Cash burn has averaged almost \$1.3 million per month for the first nine months of 2006. Under the revised budget plan, the burn will accelerate to almost \$1.5 million by Q4 2006. Current capital resources will support this plan through 2008.

Strategic partner, mezzanine and investment banker interest remains strong. The company is in serious 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. Over the next year the company is hopeful of completing at least one significant strategic partnership with a major pharmaceutical company. 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	12,654
Operating Expenses	554	3,695	4,023
EBIT	-1,801	-10,687	-16,602
Interest and Taxes	+45	+1,123	+678
Net Income	-1,756	-9,564	-15,924

* - Preliminary, Subject to Audit

** - Modified budget approved in May 2006

Last Three Months: Quarter Ended September 30, 2006

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	3,531	3,571	+40
Operating Expenses	980	1,116	+136
EBIT	-4,511	-4,687	+176
Interest and Taxes	+380	+69	+311
Net Income	-4,131	-4,618	+487

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

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	42	75	-33
R&D Expenses	9,341	9,167	-174
Operating Expenses	2,950	2,983	+33
EBIT	-12,249	-12,075	-174
Interest and Taxes	+1,193	+643	+550
Net Income	-11,056	-11,432	+376

SIRTRIS PHARMACEUTICALS, INC. (cont.)

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

Cash	\$ 54,210	Accounts Payable	\$ 1,085
Accounts Receivable	0	Accrued Expenses	210
Other Current Assets	<u>780</u>	Notes Payable Current	<u>0</u>
Total Current Assets	54,990	Total Current Liabilities	1,295
Net PP&E	1,148	Equipment Notes	10,798
Intangibles (net)	0	Shareholders Equity	66,944
Other Assets	<u>283</u>	Retained Earnings	<u>-22,616</u>
Total Assets	<u>\$56,421</u>	Total Liabilities & Equity	<u>\$56,421</u>

Comments:

Operating cash burn for the first nine months of 2006 is averaging \$1.35 million per month and is expected to grow to \$1.5 million by year-end 2006. 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)	\$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.