

CHP II, L.P.
QUARTERLY REPORT
4th QUARTER, 2005

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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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TO: The Limited Partners
FROM: John K. Clarke
DATE: March 20, 2006
SUBJECT: Activity for the Quarter Ended December 31, 2005

During the quarter, Alnylam experienced an 18% increase in market value, Cardio-Optics completed a very successful 2nd round financing, and IntelliCare was sold, resulting in a related \$2.6 million cash distribution. The remainder of the CHP II portfolio continued to make good operational progress and we remain confident that the portfolio will produce top quartile returns for our investors. The following are short summaries of activity for the quarter in each of our portfolio companies.

AllainceCare (formerly Mobile Medical) - While financial performance for much of 2005 has been disappointing, management is making substantial progress restructuring operations to improve results. The company had operated at EBIDTA positive for the year until Hurricane Wilma severely impacted operations throughout most of South Florida in November. Proforma revenue growth for 2005 was 15%, with the company opening 9 new de novo markets. Core business growth was relatively flat, leading to much of the revenue variance to plan for the year. Gross margins have been almost 10% lower than expected leading the company to establish a streamlined labor management program that should yield significantly improved margins for 2006. We are pleased with managements' initiatives and are hopeful that 2006 will show improved performance.

Alnylam Pharmaceuticals - 2005 was a year of terrific accomplishment for Alnylam. Of significance, the company transitioned to a clinical-stage company, formed collaborations with Novartis and Medtronic to discover and develop RNAi therapeutics, continued to strengthen and leverage its industry leading intellectual property position in RNAi, and significantly improved its balance sheet. On January 10, 2006, CHP II distributed 700,000 shares, representing approximately one-third of our holdings, at a value of \$10.1 million.

AthenaHealth - Athena performed well throughout 2005, while undertaking significant expenditures in infrastructure to support future growth. Revenues for the year have grown 37% over the prior year and sales bookings have grown by 38% over 2004. However, Athena missed its revenue target for the year by 9% due to lower than forecast sales for Q2 and implementations running slightly behind plan. The annualized revenue run rate at year-end was \$63.3 million on a contract base of \$75 million. EBITDA for 2005 was significantly impacted by one-time, non-cash charges totaling \$3.2 million related to moving into a new headquarters facility in July. The company forecast for 2006 shows revenues of \$79.2 million, producing EBITDA of \$6.8 million. We continue to view Athena as a very attractive candidate for a successful liquidity event in the next 12-18 months.

aTyr Pharma - aTyr Pharma was founded in September 2005 by Cardinal Partners and Dr. Paul Schimmel of The Scripps Research Institute. The company's initial platform is therapeutics for revascularization and skin regeneration. Target markets for aTyr development programs include vascular and cardiovascular disease, wound healing, and cosmeceutical products (skin restoration and skin rejuvenation). The company is currently operating out of Cardinal's offices in Princeton, using a virtual business model. Using this model, the company will require a relatively small amount of capital to validate its initial targets. In its first quarter of operations, the company has established collaborations at major research institutions for product development and initial pre-clinical studies.

CardioOptics – Cardio-Optics has had many significant accomplishments in 2005. In February, Todd Davenport, an industry veteran with 19 years of senior management experience in cardiovascular medical device companies, became CEO of the company. In July, the company received approval from the FDA to market its Coronary Sinus Access (CSA™) System product and recently sold its first system. During Q4, the company completed a \$28 million second round financing led by new investor Novo A/S. Sales projections for the CSA™ system total \$4.3 million in 2006 and the company expects to move its second product to an Investigational Device Exemption ("IDE") filing with the FDA during 2006.

CodeRyte – CodeRyte has experienced terrific success in sales during 2005, booking \$5.2 million in new business almost 40% ahead of its sales plan for the year. While the company has been very successful in terms of new customer sales, growth related implementation issues have hindered revenues, which are below expectations. The company has virtually completed its senior management team and we are confident that the team in place will tackle the implementation issues and get them resolved as they enter 2006. As the company continues to meet the challenges of high growth, we are encouraged by the success the company is having in the marketplace versus its competition.

IntelliCare America – 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. At closing, Cardinal received a total of \$2,655,344 in cash, plus \$774,892 representing its share of the escrowed funds. As a result of this transaction we have recorded a net cash escrow on the balance sheet for \$500,000, recorded a realized loss for \$844,656 { \$4,000,000 - (\$2,655,344 + \$500,000) }, and reversed a previously unrealized loss of \$1,535,415.

MitralSolutions, Inc. - MitralSolutions, Inc. ("Mitral") is developing innovative, implantable devices that are focused on the treatment of mitral regurgitation ("MR"), or blood leakage from the left ventricle into the left atrium, which occurs due to improper valve closure. Mitral's patent-pending product portfolio will consist of both open surgical and percutaneously delivered platforms, which will reduce or altogether eliminate MR. In the first few months since our investment, the company has completed prototypes of its open surgical product, designed the initial in-vitro bench testing model, completed a product development plan for the percutaneous platform, and developed a comprehensive intellectual property strategy.

Momenta – 2005 was a year of significant progress in capitalizing on the commercial potential of the Momenta technology platform. Development activities were highlighted by the submission of the marketing application for M-Enoxaparin to the FDA in August, as well as by significant progress on the company's product pipeline. During 2005, Momenta also completed a follow-on equity offering with net proceeds of \$122.3 million that greatly solidifies its financial base. The company expects 2006 will be a year of noteworthy progress on the FDA review of its lead product, as well as significant advances in several other programs in its pipeline.

Replication Medical – In 2005, Replication completed an agreement with Abbott Laboratories whereby Abbott invested \$12 million in the company and acquired an option to acquire Replication at a \$90-\$100 million valuation upon the approval of a specifically designed Investigational Device Exemptions (“IDE”) application by Replication to the FDA. Replication management expects to file an initial IDE with the FDA in Q2 2006. In November 2005, CHP II purchased 8,569 shares of Series C convertible preferred stock from another Replication shareholder at its cost basis of \$14,406.

Rib-X Pharmaceuticals – Rib-X remains on track towards achievements of its primary goals: 1) have its lead drug compound in phase I clinical trials by the end of 2005; 2) obtain an in-licensed product in phase I clinical trials by Q1 2006; 3) identify a candidate to treat community respiratory tract infections from the RX-02 program; and 4) identify a quality lead to pursue as a new class of agents to treat Gram-negative infections. In December, the company filed an IND with the FDA for its lead compound and initiated low dose clinical trials. Cash burn has accelerated to \$1.6 million in the month of December with the initiation of clinical trials.

Sirtris Pharmaceuticals – With the company now sufficiently capitalized to pursue multiple development programs into the clinic, the key goals for the next 6-9 months are: completion of a strategic partnership with a major pharmaceutical partner; completion of the senior management team; selection of an appropriate disease area/target for in-house development; development or access to proprietary animal models; and beginning pre-clinical studies on its lead compound SRT501. A protocol has been developed for pre-clinical trials of its lead compound in Europe during 2006. The current management forecast shows filing an initial Investigational New Drug Application (“IND”) with the FDA in 2007.

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 71 business proposals. Current “A” deals include: EKO Systems, Andara Life Sciences, AxoGen, and Ortaco. An alphabetical list of all deals received with a brief business description, deal source and deal status is included in the Appendix to this report.

Financial Results:

There was one capital calls during the period for a total of \$1.5 million. Utilization of these funds included a \$1.5 million investment in Cardio-Optics and the payment of fund fees and expenses. As of December 31, 2005, cumulative capital contributions stand at \$86.1 million or 73.3% of total commitments. CHP II also received cash totaling \$2.6 million from the sale of IntelliCare to PolyMedica. Cash at the end of the period was \$2.2 million and net assets totaled \$89.6 million. Net income for the quarter was \$5.9 million, consisting of \$591K in net operating expenses, offset by \$2.25 million in realized losses related to Molecular Mining (\$1.4 million) and IntelliCare (\$866K), offset by an \$8.8 million increase in cumulative unrealized portfolio appreciation. Changes in portfolio valuation for the quarter included an unrealized gain for Alnylam of \$4.3 million related to a public market price increase, plus an unrealized gain on Cardio-Optics of \$4.0 million related to the Series B financing, plus the reversal of a previous unrealized losses totaling \$3.0 million for Molecular Mining and IntelliCare. These gains were offset by a \$2.5 million decrease in the unrealized gain for Momenta related to a public market price decrease.

CHP II, L.P.

Report for the Quarter Ended December 31, 2005

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Looking forward:

In December, we completed a cash distribution of \$2.6 million, bringing total distributions through year-end 2005 to \$51 million or 60% of contributed capital. Cumulative net to investors IRR now stands at 14.1%. In early January, we completed an initial distribution of our Alnylam holdings totaling \$10.1 million. We remain committed to providing additional meaningful liquidity to our partners during 2006.

We were delighted to host many of you at the Limited Partner Annual Meeting in New York on December 1, 2005. We hope you found the meeting informative. Brandon, Lisa, Chuck, John and I appreciate your input and support and look forward to 2006 as another great year for the CHP II portfolio.

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

	Three Months Ended 12/31/05	Twelve Months Ended 12/31/05
Revenue:		
Non Portfolio Income	\$13,523	\$23,666
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	583,466	2,473,523
Professional Fees	13,986	34,223
NVCA Dues & Expenses	5,173	5,173
Amortization of Organization Costs	0	0
Annual Meeting & Miscellaneous	12,659	16,814
Total Expenses	615,284	2,529,733
Net Operating Expense	(601,761)	(2,506,067)
Investment Income	10,624	720,675
Net Income Before Gains (Losses)	(591,137)	(1,785,392)
Realized Gains (Losses)	(2,246,913)	42,404,779
Unrealized Gains (Losses)	8,805,609	26,703,150
Net Income (Loss)	\$5,967,559	\$67,322,537

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

ASSETS:	Period Ended 12/31/05	Period Ended 09/30/05
Cash and Short-Term Investments	\$2,195,454	\$3,178,961
Cash Held in Escrow (Net of Reserve of \$274,892)	500,000	0
Accrued Interest	549	52,649
Venture Capital Investments	86,708,653	81,257,121
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	210,083	230,684
	<u>\$89,614,739</u>	<u>\$84,719,415</u>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$45,112	\$17,346
Partners' Accounts	89,569,627	84,702,069
Total Liabilities and Capital	<u>\$89,614,739</u>	<u>\$84,719,415</u>

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

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

Note 2 – Net Cash Held in Escrow	12/31/05	09/30/05
IntelliCare Escrowed Funds	\$774,892	\$0
Reserve on IntelliCare Escrow	(274,892)	0
Total	<u>\$500,000</u>	<u>\$0</u>

Note 3 – Accrued Interest	12/31/05	09/30/05
General Partner Promissory Notes	\$549	\$485
Cardio-Optics 8% Convertible Notes	0	52,164
Total	<u>\$549</u>	<u>\$52,649</u>

Note 4 – Net Organization Costs	12/31/05	09/30/05
Organization Costs	\$183,232	\$183,232
Accumulated Amortization	(183,232)	(183,232)
Total	<u>\$0</u>	<u>\$0</u>

Note 5 – Other Assets	12/31/05	09/30/05
GP Promissory Note Principal	\$208,733	\$221,834
Prepaid Management Fees	0	7,500
Prepaid NJ State Filing Fees	1,350	1,350
Total	<u>\$210,083</u>	<u>\$230,684</u>

Note 6 – Accrued Expenses and Payables	12/31/05	09/30/05
Professional Fees	\$27,279	\$16,500
NVCA Dues & Annual Meeting	17,833	0
Other Accrued Expenses	0	846
Total	<u>\$45,112</u>	<u>\$17,346</u>

Note 7 – Financial Highlights (Return & IRR)	Net to LP's	Total Fund
Year-to-Date Return on Net Assets	89.32%	109.61%
Internal Rate of Return Since Inception	14.08%	16.84%

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

	Three Months Ended 12/31/05	Twelve Months Ended 12/31/05
Cash flows from operating activities		
Net Income Before Gains (Losses)	(\$591,137)	(\$1,785,392)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	52,100	71,422
Accrued Organization Costs	0	0
Other Assets	7,500	0
Accrued Expenses & Payables	27,766	19,368
Net Cash used in Operating Activities	<u>(503,771)</u>	<u>(1,694,602)</u>
Cash flows from investing activities		
Purchases of venture capital investments	(2,082,378)	(8,479,026)
Sales of venture capital investments	2,689,541	2,767,447
Net cash used in investing activities	<u>607,163</u>	<u>(5,711,579)</u>
Cash flows from financing activities		
Cash contributions by partners	1,513,101	11,506,262
Cash distribution to partners	(2,600,000)	(2,600,000)
Net cash provided by financing activities	<u>(1,086,899)</u>	<u>8,906,262</u>
 Net Change in Cash and Short Term Investments	 (983,507)	 1,500,081
Cash and Short Term Investments, beginning	<u>3,178,961</u>	<u>695,373</u>
Cash and Short Term Investments, ending	<u><u>\$2,195,454</u></u>	<u><u>\$2,195,454</u></u>

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

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
AllianceCare, Inc.	\$0	\$5,401,130	\$5,401,130	\$5,401,130	\$0
Alnylam Pharmaceuticals	0	8,959,015	8,959,015	27,947,383	18,988,368
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
Cardio-Optics, Inc.	0	6,169,002	6,169,002	10,190,042	4,021,040
CodeRyte, Inc.	0	2,780,004	2,780,004	2,780,004	0
MitralSolutions, Inc.	0	1,000,000	1,000,000	1,000,000	0
Momenta Pharmaceuticals, Inc.	0	2,948,504	2,948,504	10,509,465	7,560,961
Replication Medical	0	3,066,759	3,066,759	8,818,809	5,752,050
Rib-X Pharmaceuticals, Inc.	0	4,000,000	4,000,000	4,000,000	0
Sirtris Pharmaceuticals, Inc.	0	6,050,000	6,050,000	7,280,000	1,230,000
Totals	\$0	\$45,974,415	\$45,974,415	\$86,708,653,	\$40,734,238

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

	Partners' Total Subscription	Contribution Account 09/30/05	Period Contribution in Cash	Period Contribution by Note	Partner Transfer of Interest	Contribution Account 12/31/05	Partners' Outstanding Subscription
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$30,000,000	\$21,603,573	\$383,061	\$0	\$0	\$21,986,634	\$8,013,366
Nassau Capital Funds, L.P.	10,000,000	7,201,191	127,687	0	0	7,328,878	2,671,122
Robert Wood Johnson Foundation	10,000,000	7,201,191	127,687	0	0	7,328,878	2,671,122
Northwestern University	10,000,000	7,201,191	127,687	0	0	7,328,878	2,671,122
LACERA	10,000,000	7,201,191	127,687	0	0	7,328,878	2,671,122
Textron Master Trust	0	7,201,191	127,687	0	(7,328,878)	0	0
AlpInvest US Secondary 2003	5,000,000	0	0	0	3,664,439	3,664,439	1,335,561
HarbourVest VII Limited	5,000,000	0	0	0	3,664,439	3,664,439	1,335,561
Wachovia Investors, Inc. (First Union)	7,500,000	5,400,893	95,765	0	0	5,496,658	2,003,342
Pension Commissioners of City of LA	5,000,000	3,600,595	63,844	0	0	3,664,439	1,335,561
Princess Private Equity	5,000,000	3,600,595	63,844	0	0	3,664,439	1,335,561
Hillside Capital Incorporated	3,500,000	2,520,416	44,690	0	0	2,565,106	934,894
Hamilton Lane-Carpenters Fund	3,000,000	2,160,357	38,306	0	0	2,198,663	801,337
UNISYS Master Trust	3,000,000	2,160,357	38,306	0	0	2,198,663	801,337
Venture Investment Associates III, L.P.	2,300,000	1,656,273	29,369	0	0	1,685,642	614,358
Fleet Growth Resources (Summit)	2,000,000	1,440,238	25,537	0	0	1,465,775	534,225
S.R. One Limited	2,000,000	1,440,238	25,537	0	0	1,465,775	534,225
PharmaBio Development (QFinance)	2,000,000	1,440,238	25,537	0	0	1,465,775	534,225
Private Equity Holdings II, Ltd.	1,000,000	720,119	12,769	0	0	732,888	267,112
<u>General Partner</u>							
CHP II Management, LLC.	\$116,300,000	\$83,749,847	\$1,485,000	\$0	\$0	\$85,234,847	\$31,065,153
Total Partnership	1,174,747	845,958	7,874	7,126	0	860,958	313,789
	<u>\$117,474,747</u>	<u>\$84,595,805</u>	<u>\$1,492,874</u>	<u>\$7,126</u>	<u>\$0</u>	<u>\$86,095,805</u>	<u>\$31,378,942</u>

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

	Private Securities	Public Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 12/31/05
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$10,824,575	\$8,627,222	\$492,517	\$159,420	\$20,103,734	(\$10,120)	\$20,093,614
Nassau Capital Funds, L.P.	3,608,177	2,875,729	164,172	53,139	6,701,217	(3,373)	6,697,844
Robert Wood Johnson Foundation	3,608,177	2,875,729	164,172	53,139	6,701,217	(3,373)	6,697,844
Northwestern University	3,608,177	2,875,729	164,172	53,139	6,701,217	(3,373)	6,697,844
LACERA	3,608,177	2,875,729	164,172	53,139	6,701,217	(3,373)	6,697,844
AlpInvest US Secondary 2003	1,804,088	1,437,864	82,086	26,571	3,350,609	(1,687)	3,348,922
HarbourVest VII Limited	1,804,088	1,437,864	82,086	26,571	3,350,609	(1,687)	3,348,922
Wachovia Investors, Inc. (First Union)	2,706,136	2,156,800	123,129	39,855	5,025,920	(2,530)	5,023,390
Pension Commissioners of City of LA	1,804,094	1,437,870	82,086	26,570	3,350,620	(1,687)	3,348,933
Princess Private Equity	1,804,094	1,437,870	82,086	26,570	3,350,620	(1,687)	3,348,933
Hillside Capital Incorporated	1,262,865	1,006,508	57,460	18,599	2,345,432	(1,181)	2,344,251
Hamilton Lane-Carpenters Fund	1,082,460	862,724	49,252	15,942	2,010,378	(1,012)	2,009,366
UNISYS Master Trust	1,082,460	862,724	49,252	15,942	2,010,378	(1,012)	2,009,366
Venture Investment Associates III, L.P.	829,890	661,425	37,761	12,222	1,541,298	(776)	1,540,522
Fleet Growth Resources (Summit)	721,636	575,145	32,834	10,628	1,340,243	(675)	1,339,568
S.R. One Limited	721,636	575,145	32,834	10,628	1,340,243	(675)	1,339,568
PharmaBio Development (QFinance)	721,636	575,145	32,834	10,628	1,340,243	(675)	1,339,568
Private Equity Holdings II, Ltd.	360,824	287,579	16,417	5,314	670,134	(337)	669,797
	\$41,963,190	\$33,444,801	\$1,909,322	\$618,016	\$77,935,329	(\$39,233)	\$77,896,096
<u>General Partner</u>							
CHP II Management, LLC.	6,288,615	5,012,047	286,132	92,616	11,679,410	(5,879)	11,673,531
Total Partnership	\$48,251,805	\$38,456,848	\$2,195,454	\$70,632	\$89,614,739	(\$45,112)	\$89,569,627

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

<u>Limited Partners</u>	Partners' Capital 10/01/05	Net Capital Contribution	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Interest Transfer	Partners' Capital 12/31/05
State Teachers Ret. System of Ohio	\$19,154,671	\$383,061	\$3,452	(\$123,533)	(\$459,044)	(\$579,125)	\$1,798,980	(\$663,973)	\$0	\$20,093,614
Nassau Capital Funds, L.P.	6,384,860	127,687	1,152	(41,177)	(153,013)	(193,038)	599,659	(221,324)	0	6,697,844
Robert Wood Johnson Foundation	6,384,860	127,687	1,152	(41,177)	(153,013)	(193,038)	599,659	(221,324)	0	6,697,844
Northwestern University	6,384,860	127,687	1,152	(41,177)	(153,013)	(193,038)	599,659	(221,324)	0	6,697,844
LACERA	6,384,860	127,687	1,152	(41,177)	(153,013)	(193,038)	599,659	(221,324)	0	6,697,844
Textron Master Trust	6,384,860	127,687	1,152	(41,177)	(153,013)	(193,038)	599,659	(221,324)	(6,697,844)	0
AlpInvest US Secondary 2003	0	0	0	0	0	0	0	0	3,348,922	3,348,922
HarbourVest VII Limited	0	0	0	0	0	0	0	0	3,348,922	3,348,922
Wachovia Investors	4,788,654	95,765	863	(30,883)	(114,761)	(144,781)	449,745	(165,993)	0	5,023,390
Pension Commissioners-City of LA	3,192,443	63,844	575	(20,589)	(76,509)	(96,523)	299,831	(110,662)	0	3,348,933
Princess Private Equity	3,192,443	63,844	575	(20,589)	(76,509)	(96,523)	299,831	(110,662)	0	3,348,933
Hillside Capital Incorporated	2,234,707	44,690	403	(14,412)	(53,555)	(67,564)	209,881	(77,463)	0	2,344,251
Hamilton Lane-Carpenters Fund	1,915,471	38,306	345	(12,353)	(45,904)	(57,912)	179,898	(66,397)	0	2,009,366
UNISYS Master Trust	1,915,471	38,306	345	(12,353)	(45,904)	(57,912)	179,898	(66,397)	0	2,009,366
Venture Investment Associates III	1,468,536	29,369	264	(9,471)	(35,193)	(44,400)	137,922	(50,905)	0	1,540,522
Fleet Growth Resources	1,276,972	25,537	230	(8,235)	(30,603)	(38,608)	119,932	(44,265)	0	1,339,568
S.R. One Limited	1,276,972	25,537	230	(8,235)	(30,603)	(38,608)	119,932	(44,265)	0	1,339,568
PharmaBio Development	1,276,972	25,537	230	(8,235)	(30,603)	(38,608)	119,932	(44,265)	0	1,339,568
Private Equity Holdings II, Ltd.	638,499	12,769	115	(4,118)	(15,301)	(19,304)	59,966	(22,133)	0	669,797
<u>General Partner</u>	\$74,256,111	\$1,485,000	\$13,387	(\$478,891)	(\$1,779,554)	(\$2,245,058)	\$6,974,043	(\$2,574,000)	\$0	\$77,896,096
CHP II Management, LLC.	10,224,124	28,101	136	(125,770)	(467,359)	(592,993)	1,831,566	(26,000)	0	11,464,798
Total Partnership	\$84,480,235	\$1,513,101	\$13,523	(\$604,661)	(\$2,46,913)	(\$2,838,051)	\$8,805,609	(\$2,600,000)	\$0	\$89,360,894

*-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 Twelve Months Ended December 31, 2005

<u>Limited Partner</u>	Partners' Capital 01/01/05	Net Capital Contribution	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Interest Transfer	Partners' Capital 12/31/05
State Teachers Ret. System of Ohio	\$15,817,027	\$2,901,049	\$6,043	(\$369,589)	\$10,036,997	\$9,673,451	\$4,738,798	(\$13,036,711)	\$0	\$20,093,614
Nassau Capital Funds, L.P.	5,272,341	967,017	2,015	(123,196)	3,345,667	3,224,486	1,579,599	(4,345,599)	0	6,697,844
Robert Wood Johnson Foundation	5,272,341	967,017	2,015	(123,196)	3,345,667	3,224,486	1,579,599	(4,345,599)	0	6,697,844
Northwestern University	5,272,341	967,017	2,015	(123,196)	3,345,667	3,224,486	1,579,599	(4,345,599)	0	6,697,844
LACERA	5,272,341	967,017	2,015	(123,196)	3,345,667	3,224,486	1,579,599	(4,345,599)	0	6,697,844
Textron Master Trust	5,272,341	967,017	2,015	(123,196)	3,345,667	3,224,486	1,579,599	(4,345,599)	(6,697,844)	0
HarbourVest VII Limited	0	0	0	0	0	0	0	0	3,348,922	3,348,922
Wachovia Investors	0	0	0	0	0	0	0	0	3,348,922	3,348,922
Wachovia Investors (First Union)	3,954,257	725,262	1,511	(92,397)	2,509,249	2,418,363	1,184,699	(3,259,191)	0	5,023,390
Pension Commissioners-City of LA	2,636,170	483,508	1,007	(61,599)	1,672,832	1,612,240	789,800	(2,172,785)	0	3,348,933
Princess Private Equity	2,636,170	483,508	1,007	(61,599)	1,672,832	1,612,240	789,800	(2,172,785)	0	3,348,933
Hillside Capital Incorporated	1,845,319	338,455	705	(43,119)	1,170,893	1,128,569	552,860	(1,520,952)	0	2,344,251
Hamilton Lane-Carpenters Fund	1,581,702	290,104	604	(36,959)	1,003,700	967,345	473,880	(1,303,665)	0	2,009,366
UNISYS Master Trust	1,581,702	290,104	604	(36,959)	1,003,700	967,345	473,880	(1,303,665)	0	2,009,366
Venture Investment Associates III	1,212,638	222,414	463	(28,335)	769,503	741,631	363,308	(999,469)	0	1,540,522
Fleet Growth Resources	1,054,468	193,403	403	(24,639)	669,133	644,897	315,920	(869,120)	0	1,339,568
S.R. One Limited	1,054,468	193,403	403	(24,639)	669,133	644,897	315,920	(869,120)	0	1,339,568
PharmaBio Development (QFinance)	1,054,468	193,403	403	(24,639)	669,133	644,897	315,920	(869,120)	0	1,339,568
Private Equity Holdings II, Ltd.	527,233	96,702	201	(12,320)	334,567	322,448	157,960	(434,546)	0	669,797
<u>General Partner</u>	\$61,317,327	\$11,246,400	\$23,429	(\$1,432,773)	\$38,910,097	\$37,500,753	\$18,370,740	(\$50,539,124)	\$0	\$77,896,096
CHP II Management, LLC.	264,373	259,862	237	(376,285)	3,494,682	3,118,634	8,332,410	(510,481)	0	11,464,798
Total Partnership	\$61,581,700	\$11,506,262	\$23,666	(\$1,809,058)	\$42,404,779	\$40,619,387	\$26,703,150	(\$51,049,605)	\$0	\$89,360,894

*.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 December 31, 2005

	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	\$21,986,634	\$22,978	(\$3,918,223)	\$6,716,963	\$2,821,718	\$8,321,973	(\$13,036,711)	\$0	\$20,093,614
Nassau Capital Funds, L.P.	7,328,878	7,661	(1,306,075)	2,238,988	940,574	2,773,991	(4,434,599)	0	6,697,844
Robert Wood Johnson Foundation	7,328,878	7,661	(1,306,075)	2,238,988	940,574	2,773,991	(4,345,599)	0	6,697,844
Northwestern University	7,328,878	7,661	(1,306,075)	2,238,988	940,574	2,773,991	(4,345,599)	0	6,697,844
LACERA	7,328,878	7,661	(1,306,075)	2,238,988	940,574	2,773,991	(4,345,599)	0	6,697,844
Textron Master Trust	0	7,661	(1,306,075)	2,238,988	940,574	2,773,991	(4,345,599)	631,034	0
AlpInvest US Secondary 2003	3,664,439	0	0	0	0	0	0	(315,517)	3,348,922
HarbourVest VII Limited	3,664,439	0	0	0	0	0	0	(315,517)	3,348,922
Wachovia Investors, Inc. (First Union)	5,496,658	5,746	(979,556)	1,679,240	705,430	2,080,493	(3,259,191)	0	5,023,390
Pension Commissioners of City of LA	3,664,439	3,830	(653,039)	1,119,491	470,282	1,386,997	(2,172,785)	0	3,348,933
Princess Private Equity	3,664,439	3,830	(653,039)	1,119,491	470,282	1,386,997	(2,172,785)	0	3,348,933
Hillside Capital Incorporated	2,565,106	2,680	(457,126)	783,645	329,199	970,898	(1,520,952)	0	2,344,251
Hamilton Lane-Carpenters Fund	2,198,663	2,298	(391,823)	671,696	282,171	832,197	(1,303,665)	0	2,009,366
UNISYS Master Trust	2,198,663	2,298	(391,823)	671,696	282,171	832,197	(1,303,665)	0	2,009,366
Venture Investment Associates III	1,685,642	1,762	(300,398)	514,967	216,331	638,018	(999,469)	0	1,540,522
Fleet Growth Resources (Summit)	1,465,775	1,532	(261,214)	447,797	188,115	554,798	(869,120)	0	1,339,568
S.R. One Limited	1,465,775	1,532	(261,214)	447,797	188,115	554,798	(869,120)	0	1,339,568
PharmaBio Development (QFinance)	1,465,775	1,532	(261,214)	447,797	188,115	554,798	(869,120)	0	1,339,568
Private Equity Holdings II, Ltd.	732,888	766	(130,608)	223,899	94,057	277,398	(434,546)	0	669,797
<u>General Partner</u>									
CHP II Management, LLC.	\$85,234,847	\$89,089	(\$15,189,652)	\$26,039,419	\$10,938,856	\$32,261,517	(\$50,539,124)	\$0	\$77,896,096
	860,958	901	(515,244)	3,364,676	2,850,333	8,472,721	(510,481)	0	11,673,531
Total Partnership	\$86,095,805	\$89,990	(\$15,704,896)	\$29,404,095	\$13,789,189	\$40,734,238	(\$51,049,605)	\$0	\$89,569,627

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

Portfolio Company	Investment Cost	GAAP Fair Value	Unrealized Gain (Loss)	Realized Value	Realized Gain (Loss)	Cumulative Investment Return
<u>Public Company Securities</u>						
Alnylam Pharmaceuticals, Inc.	\$8,959,015	\$27,947,383	\$18,988,368	\$0	\$0	\$18,988,368
Momenta Pharmaceuticals, Inc.	6,823,506	10,509,465	7,560,961	48,449,605	44,574,603	52,135,564
<u>Private Company Investments</u>						
AllianceCare, Inc.	5,401,130	5,401,130	0	0	0	0
AthenaHealth, Inc.	5,000,001	8,181,820	3,181,819	0	0	3,181,819
aTyr Pharma, Inc.	600,000	600,000	0	0	0	0
Cardio-Optics, inc.	6,169,002	10,190,042	4,021,040	0	0	4,021,040
CodeRyte, Inc.	2,780,004	2,780,004	0	0	0	0
Intellicare America, Inc.	4,000,000	0	0	3,155,344	(844,656)	(844,656)
MitralSolutions, Inc.	1,000,000	1,000,000	0	0	0	0
Replication Medical, Inc.	3,066,759	8,818,809	5,752,050	0	0	5,752,050
Rib-X Pharmaceuticals, Inc.	4,000,000	4,000,000	0	0	0	0
SirTris Pharmaceuticals, Inc.	6,050,000	7,280,000	1,230,000	0	0	1,230,000
<u>Fully Disposed Investments</u>						
IPhysicianNet, Inc.	5,757,897	0	0	0	(5,757,897)	(5,757,897)
Molecular Mining Corporation	1,509,060	0	0	106,803	(1,402,257)	(1,402,257)
ParkStone Medical Information	7,575,278	0	0	409,850	(7,165,698)	(7,165,698)
Investment Portfolio Totals	\$68,691,652	\$86,708,653	\$40,734,238	\$51,121,332	\$29,404,095	\$70,138,333

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

FROM: John J. Park

DATE: February 16, 2006

SUBJECT: Portfolio Valuations for December 31, 2005

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

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

As of December 31, 2005, CHP II holds 2,091,870 shares of Alnylam common stock. None of these shares are subject to any trading restrictions. We therefore propose to value the Alnylam investment at the closing market price on December 31, 2005 of \$13.36 per share. This results in a total valuation of \$27,947,383 with an unrealized gain of \$18,988,368 on our cost basis of \$8,959,015 as of December 31, 2005. This valuation represents an increase of \$4,309,252 from the valuation for Alnylam as of September 30, 2005.

Value Computation:

Common Stock		
2,091,870 shares	x \$13.36	= <u>\$27,947,383</u>

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

ATHENAHEALTH – On April 8, 2004, AthenaHealth completed a \$7.5 million Series E Preferred stock financing priced at \$5.04 per share and valuing the Company at \$142 million pre-money. A new investor, Granite Global Ventures, led this financing. CHP II was not a participant in the financing. We propose to value our investment at the Series E price of \$5.04, resulting in an 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 December 31, 2005. This valuation represents no change from the valuation for AthenaHealth as of September 30, 2005.

Value Computation:

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

CARDIO-OPTICS – On October 20, 2005, CardioOptics held an initial closing of \$21.5 million on a Series B preferred financing round that totaled \$28 million. The Series B preferred was priced at \$3.296 per share, placing a \$27.5 million pre-money value on the financing. The round was led by new investor Novo A/S and also included new investors, The Hillman Company and Investor Growth Capital. Cardinal invested a total of \$3,801,372 in the round, including the conversion of \$1,578,722 in promissory notes plus accrued interest and \$633,649 in accrued accumulating dividends on Cardinal's Series A preferred holdings. We propose to value the CardioOptics investment on the basis of the Series B financing round at \$3.296 per share. This results in a total carrying value for the investment of \$10,190,042, with a corresponding unrealized gain of \$4,021,040 on our cost basis of \$6,169,002 as of December 31, 2005. Including the \$1,589,001 in new cash invested during the period, this valuation represents an increase of \$5,668,292 from the valuation for Cardio Optics as of September 30, 2005.

Value Computation:

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

CHP II, L.P.**Portfolio Valuations as of December 31, 2005****Page 3 of 4**

INTELLICARE – On November 2, 2005, IntelliCare was acquired by PolyMedica Corporation in a \$20 million cash transaction, with 10% of the gross proceeds placed in escrow for one year. Cardinal received a total of \$2,655,344 in cash, plus \$774,892 in escrow. We propose to value the \$775K in cash held in escrow at \$500,000 representing a conservative accounting for the amount expected to be ultimately received by CHP II. Accordingly, we have recorded \$500K as net cash in escrow on the balance sheet, recorded a net realized loss of \$844,656, and reversed a previously unrealized loss of \$1,535,415. After accounting for the PolyMedica acquisition this quarter, this valuation represents a decrease of \$1,964,585 from the valuation for IntelliCare as of September 30, 2005.

Value Computation:

Net Cash in Escrow (\$774,892 - \$274,892)	<u>\$ 500,000</u>
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MOLECULAR MINING - During the current quarter, CHP II received \$34,197 from the Molecular Mining Liquidating Trust representing the final distribution of funds related to the sale of the Molecular Mining assets. Since December 2003, the company has distributed a total of \$106,803 to CHP II. Consequently, this quarter we have reduced the carrying value to \$0, recorded a realized loss of \$1,402,257 (\$1,509,060 - \$106,803), and reversed the previously unrealized loss of \$1,409,060. This valuation represents a decrease of \$27,394 from our carrying value for Molecular Mining as of September 30, 2005.

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 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 of December 31, 2005, 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 December 31, 2005 of \$22.04 per share. This results in a total valuation of \$10,509,465 with a corresponding unrealized gain of \$7,560,961 on our remaining cost basis of \$2,948,504 as of December 31, 2005. This valuation represents a decrease of \$2,484,316 from the valuation as of September 30, 2005.

Value Computation:

Common Stock		
476,836 shares x \$22.04	=	<u>\$10,509,465</u>

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

REPLICATION MEDICAL – On July 21, 2005, Abbott Laboratories invested \$12 million at \$5.00 per shares 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 December 31, 2005. Accounting for the purchase this quarter of 8,569 shares of Series C Preferred, purchased at cost from another Replication shareholder, this valuation represents an increase of \$29,563 from the valuation for Replication as of September 30, 2005.

Value Computation:

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

SIRTRIS PHARMACEUTICALS – On February 25, 2005, Sirtris completed a \$27 million Series B Preferred stock financing priced at \$0.80 per share and valuing the Company at \$30 million pre-money. Two new investors, Three Arch Partners and Cargill Ventures, co-led this financing, with CHP II investing \$3.0 million. We propose to value our investment at the Series B price of \$0.80, resulting in a total value of \$7,280,000, with a corresponding unrealized gain of \$1,230,000 on our cost basis of \$6,050,000 as of December 31, 2005. This valuation represents no change from the valuation for Sirtris as of September 30, 2005.

Value Computation:

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

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

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value</u> <u>12/31/05</u>	<u>Fair Value</u> <u>09/30/05</u>	<u>Change from</u> <u>Prior Quarter</u>	<u>Reason for Change</u>
AllianceCare, Inc.	\$5,401,130	\$5,401,130	\$4,980,410	\$420,720	Follow-on Investment (note 1)
Alnylam Pharmaceuticals, Inc.	\$8,959,015	\$27,947,383	\$23,638,131	\$4,309,252	Market Price Increase. (note 2)
AthenaHealth, Inc.	\$5,000,001	\$8,181,820	\$8,181,820	\$0	
aTyr Pharma, Inc.	\$600,000	\$600,000	\$600,000	\$0	
CardioOptics, Inc.	\$6,169,002	\$10,190,042	\$4,521,750	\$5,668,292	Follow-on Investment. (note 3)
CodeRyte, Inc.	\$2,780,004	\$2,780,004	\$2,780,004	\$0	
Intellicare America, Inc.	\$774,892	\$500,000	\$2,464,585	(\$1,964,585)	Company Sale to Polymedica. (note 4)
Mitral Solutions, Inc.	\$1,000,000	\$1,000,000	\$1,000,000	\$0	
Molecular Mining Corporation	\$0	\$0	\$27,394	(\$27,394)	Receipt of Final Liquidation Proceeds (note 5)
Momenta Pharmaceuticals	\$2,948,504	\$10,509,465	\$12,993,781	(\$2,484,316)	Market Price Decrease (note 6)
Replication Medical	\$3,066,759	\$8,818,809	\$8,789,246	\$29,563	Purchase of Additional Shares (note 7)
Rib-X Pharmaceuticals	\$4,000,000	\$4,000,000	\$4,000,000	\$0	
Sirttris Pharmaceuticals	\$6,050,000	\$7,280,000	\$7,280,000	\$0	
Total Portfolio	\$46,749,307	\$87,208,653	\$81,257,121	\$5,951,532	

1. During the quarter, CHP II contributed \$421K to a \$2.3 million add-on to the Series C financing round for AllianceCare.

2. CHP II holds 2,091,870 shares of freely tradable Alnylam (NASDAQ:ALNY) common stock. The valuation is based upon the closing price for Alnylam as of December 31, 2005 of \$13.36 per share. The valuation increase for the period reflects the change from the closing price as of September 30, 2005 of \$11.30.

3. During the quarter, Cardio-Optics completed a \$28 million Series B financing led by new investor Novo A/S. The financing was done at a \$27.5 million pre-money value, a mark-up of 113% over the Series A financing. Cardinal invested \$3.8 million in the round, including the conversion of \$1.58 million in convertible debt plus accrued interest and conversion of \$633K in accrued dividends on the Series A preferred.

4. In November, IntelliCare was sold to PolyMedica Corporation for \$20 million in cash, with 10% places in escrow for one year. At closing, CHP II received \$2.6 million in cash and has \$774,982 held in escrow. Accordingly, we have recorded a net cash held in escrow on the balance sheet for \$500K, representing a conservative accounting for the escrowed funds, recorded a net realized loss of \$844,656 and reversed a previously unrealized loss of \$1,535,415.

5. During the quarter, CHP II received \$34,197 from the Molecular Mining liquidation entity, representing the final proceeds from the liquidation of the Molecular Mining assets.

6. CHP II holds 476,836 freely tradable shares of Momenta (NASDAQ:MNTA) common stock. The valuation is based upon the closing price for Momenta as of December 31, 2005 of \$22.04 per share. The valuation decrease for the period reflects the change from the closing price as of September 30, 2005 of \$27.25.

7. In November, CHP II purchased 8,569 shares of Replication Medical Series C preferred from another Replication shareholder at a cost of \$14,406.

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

Provider of comprehensive integrated medical and rehabilitation services.

Period Summary: 4th Quarter, 2005

While financial performance for much of 2005 has been disappointing, management is making substantial progress restructuring operations to improve results. The company had operated at EBITDA positive for the year until Hurricane Wilma severely impacted operations throughout most of South Florida in November. Proforma revenue growth for 2005 was 15%, with the company opening 9 new de novo markets. Core business growth was relatively flat, leading to much of the revenue variance to plan for the year. Gross margins have been almost 10% lower than expected leading the company to establish a streamlined labor management program that should yield significantly improved margins for 2006. We are pleased with managements' initiatives and are hopeful that 2006 will show improved performance.

Financial results for the period were severely impacted by Hurricane Wilma which struck South Florida in late October. Employees of the company responded well to the situation, but much of the caretaker activity was disrupted for the first two weeks of November, resulting in an unfavorable \$3 million revenue impact for the month. In December, the investor syndicate provided the company with \$2.3 million as an addition to the Series C financing to support the company through this difficult period. Management has initiated a consolidation of some of the field based overhead functions that will have a positive impact on G&A expenses as a percentage of revenue beginning in Q1 2006.

The forecast for 2006 shows revenues of \$103 million, producing \$5.5 million of EBITDA. The forecast is heavily reliant upon the continued success of de novo sites established in 2005. Capital resources are tight, but with sound cash management the company has adequate capital resources to support current operations. The HFG credit facility has current availability of \$6 million that will act as a buffer for short-term cash flow requirements.

Management's plan is to pursue investor liquidity in 2007 with the company tracking to \$200+ million in revenues and EBITDA approaching \$20 million. The focus in 2006 will be to accelerate the de novo growth program, margin improvement and possibly complete some smaller accretive acquisitions. As fully contemplated, this plan would require an additional capital infusion of \$5-\$10 million.

ALLIANCECARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

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

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	19,040	28,842	-9,802
Direct Expenses	11,945	15,402	+3,457
SG&A	9,026	10,826	+1,800
EBIT	-1,931	2,614	-4,545
Interest, Taxes & Other	-650	-517	-133
Net Income	-2,581	2,097	-4,678
EBITDA	-1,680	+2,911	-4,678

Fiscal Year-to-Date: Twelve Months Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	74,460	96,257	-21,797
Direct Expenses	43,682	51,816	+8,134
SG&A	33,053	37,308	+4,255
EBIT	-2,275	7,133	-9,408
Interest, Taxes & Other	-2,242	-2,116	-126
Net Income	-4,517	5,017	-9,534
EBITDA	-1,417	8,055	-9,472

ALLIANCECARE, INC. (cont.)

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

Cash	\$ 1,251	Accounts Payable	\$ 2,247
Accounts Receivable	13,197	Accrued Expenses	4,703
Other Current Assets	<u>1,101</u>	Other Current Liabilities	<u>5,650</u>
Total Current Assets	15,549	Total Current Liabilities	12,600
Net PP&E	1,664	Debt and Other Liabilities	17,095
Acquired Goodwill (Net)	27,936	Shareholders Equity	46,249
Other Assets	<u>948</u>	Retained Earnings	<u>-30,027</u>
Total Assets	<u>\$46,097</u>	Total Liabilities & Equity	<u>\$46,097</u>

Comments:

AllianceCare has had an average monthly operating cash burn of almost \$400K for 2005. That is forecast to gradually slow to cash flow breakeven by mid-year 2006. While the company currently has adequate borrowing capacity to cover its operating cash requirements, a financing may be required to support de novo growth and acquisitions.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	400,000 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$4,000,000
Cost per Share	\$10.00
Series C Convertible Preferred Stock	140,113 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$1,401,130
Cost per Share	\$10.00
Warrants for Series C Convertible Preferred Stock	42,033 shares
Exercise Price Per Share	\$10.00
% Ownership (Full Dilution)	8.3%
Company Valuation at CHP II Cost	\$65.2 million
Company Valuation at Assigned Fair Value	\$65.2 million

Outlook:

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

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

Therapeutics Based on the Novel Biological Mechanism of RNA Interference

Period Summary: 4th Quarter, 2005

2005 was a year of terrific accomplishment for Alnylam. Of significance, the company transitioned to a clinical-stage company, formed collaborations with Novartis and Medtronic to discover and develop RNAi therapeutics, continued to strengthen and leverage its industry leading intellectual property position in RNAi, and significantly improved its balance sheet. On January 10, 2006, CHP II distributed 700,000 shares, representing approximately one-third of our holdings, at a value of \$10.1 million.

In December 2005, Alnylam transitioned to a clinical-stage company with the initiation of two human Phase I clinical trials for its lead candidate, ALN-RSV01 for the treatment of RSV infection, representing the first RNAi therapeutic for the treatment of a major infectious disease. These Phase I trials, underway in the U.S. and Europe, are expected to provide safety data from over 90 subjects. In addition, Alnylam advanced its pandemic flu project into a formal development program and announced that Dowpharma(SM), a business unit of The Dow Chemical Company (Midland, Michigan), has signed a letter of support relating to the manufacture of an RNAi therapeutic for pandemic flu. The company also has ongoing research collaborations relating to influenza with the University of Georgia and St. Jude Children's Research Hospital.

Financial results for the quarter show a net loss of \$14.5 million, or \$0.56 per share, as compared to \$5.7 million, or \$0.29 per share, in the fourth quarter of 2004. For the year ended December 31, 2005, net loss was \$42.9 million, or \$1.96 per share, compared to a net loss of \$35.4 million, or \$2.98 per share, for the year ended December 31, 2004. During the quarter and year ended December 31, 2005, the company incurred higher external development costs related to the advancement of its RSV infection program toward the submission of its investigational new drug (IND) application in November 2005 and initiation of two clinical trials in December 2005. Higher research costs were also incurred in connection with a number of additional Direct RNAi(TM) and Systemic RNAi(TM) therapeutic programs, including programs for pandemic flu, cystic fibrosis (CF), and central nervous system (CNS) diseases.

At year-end 2005, Alnylam has cash and cash equivalents of \$80.0 million, compared to \$24.8 million at September 30, 2005 and \$46.0 million at December 31, 2004. The increase in cash in the fourth quarter was primarily due to \$68.5 million of gross proceeds received from Novartis upon the closing of the alliance in October 2005.

ALNYLAM PHARMACEUTICALS (cont.)

FINANCIAL SUMMARY: (\$000)

Statement of Operations:

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>12/31/05</u>	<u>12/31/04</u>	<u>12/31/05</u>	<u>12/31/04</u>
Revenues	1,552	2,646	5,716	4,278
Research & Development	12,762	5,178	35,319	24,603
General & Administrative	<u>3,707</u>	<u>2,999</u>	<u>13,869</u>	<u>11,939</u>
Loss from Operations	-14,917	-5,531	-43,472	-32,264
Other Income (Expense)	<u>+426</u>	<u>-169</u>	<u>+699</u>	<u>-390</u>
Net Income (Loss)	-14,491	-5,700	-42,773	-32,654
Earnings Per Share (\$)	-\$0.56	-\$0.29	-\$1.96	-\$2.98

Summary Balance Sheet as of December 31, 2005:

Cash	\$ 80,002	Accounts Payable	\$ 1,975
Receivables	609	Accrued Expenses	5,775
Other Current Assets	<u>1,803</u>	Deferred Revenue	<u>10,734</u>
Total Current Assets	82,414	Total Current Liabilities	18,484
Net PP&E	10,580	Long Term Liabilities	18,085
Intangible & Other Assets	<u>5,354</u>	Shareholders Equity (Net)	<u>61,779</u>
Total Assets	<u>\$98,348</u>	Total Liabilities & Equity	<u>\$98,348</u>

Comments:

The balance sheet above does not reflect \$62.3 million in net proceeds from a secondary public offering completed on January 31, 2006. Current capital resources are forecast to be sufficient to support operations into 2009.

CHP II, L.P. Holdings:

Common Stock	2,091,870 shares
Assigned Fair Value (2,091,870 x \$13.36)	\$27,947,383
Investment Cost	\$8,959,015
Cost per Share	\$4.2828
% Ownership (Shares Outstanding)	8.1%
Company Valuation at CHP II Cost	\$110.2 million
Company Valuation at Market (\$13.36 per share)	\$343.7 million

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

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 4th Quarter, 2005

Athena performed well throughout 2005, while undertaking significant expenditures in infrastructure to support future growth. Revenues for the year have grown 37% over the prior year and sales bookings have grown by 38% over 2004. However, Athena missed its revenue target for the year by 9% due to lower than forecast sales for Q2 and implementations running slightly behind plan. The annualized revenue run rate at year-end was \$63.3 million on a contract base of \$75 million. EBITDA for 2005 was significantly impacted by one-time, non-cash charges totaling \$3.2 million related to moving into a new headquarters facility in July. The company's forecast for 2006 shows revenues of \$79.2 million, producing EBITDA of \$6.8 million.

Financial results for the quarter show revenues of \$15.2 million, a growth of 12.5% as compared to Q3 2005, but 12.5% below plan. The Q4 implementation of \$5.8 million in annual recurring revenue was a record for the company and should drive significant additional revenue growth in Q1 2006. Gross margins improved to 49.3%, up sharply from the 44.4% result from Q3, as revenue growth absorbed new fixed costs. During the quarter, the company recorded substantial (\$3.2 million) one-time non-cash restructuring charges to earnings related to the move into its new headquarters facility and the abandonment of the old facility. These charges are reflected in the SG&A and depreciation line for the income statement this quarter and account for the vast majority of the unfavorable variances to plan for the period. The company also completed a restructuring of its sub-debt during the period that resulted in a one-time non-cash charge of \$310K.

With a restructuring of its sub-debt in December, Athena improved its cash position by \$3 million and has more than adequate capital resources to support current operations plus forecast growth and infrastructure investment. Athena will most likely be financially self-sustaining until a liquidity event for the investors. The company begins 2006 at an annualized revenue run rate of \$63.3 million with an implementation backlog of \$11.7 million. The sales pipeline entering 2006 is strong with a forecast of \$9.8 million for the first quarter. During 2005, management began discussions with investment bankers and has projected that a liquidity event would be best timed in late 2006/early 2007 based upon forecasted 2007 revenues of \$110 million with EBITDA of \$19 million. We continue to view Athena as a very attractive candidate for a successful liquidity event in the next 12-18 months.

ATHENAHEALTH, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual*</i>	<i>2006 Budget</i>
Revenues	11,985	24,666	39,025	53,554	79,248
Direct Expenses	10,137	16,148	21,520	27,525	39,973
SG&A	8,860	10,501	16,497	29,003	32,429
EBITDA	-7,012	-1,983	1,008	-2,974	6,846
Depreciation	-2,493	-2,894	-3,158	-4,905	-6,094
Interest and Taxes	-55	-475	-1,212	-1,908	-3,061
Net Income	-9,560	-5,352	-3,362	-9,787	-2,309

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	15,250	17,442	-2,192
Direct Expenses	7,758	8,290	+532
SG&A	10,365	7,036	-3,329
EBITDA	-2,873	2,116	-4,989
Depreciation	-1,734	-1,107	-627
Interest and Taxes	-843	-560	-283
Net Income	-5,450	449	-5,899

Fiscal Year-to-Date: Twelve Months Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	53,554	58,790	-5,236
Direct Expenses	27,525	30,833	+3,308
SG&A	29,003	26,257	-2,746
EBITDA	-2,974	1,700	-4,674
Depreciation	-4,905	-4,533	-372
Interest and Taxes	-1,908	-1,445	-463
Net Income	-9,787	-4,278	-5,509

ATHENAHEALTH, INC. (cont.)

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

Cash	\$ 12,800	A/P and Accrued Expenses	\$ 6,675
Accounts Receivable	6,984	Deferred Revenue	2,966
Other Current Assets	<u>1,635</u>	Current Portion of Debt	<u>6,566</u>
Total Current Assets	21,419	Total Current Liabilities	16,207
Net PP&E	14,207	Long Term Liabilities	25,871
Intangibles (Net)	3,622	Shareholders Equity	51,715
Other Assets	<u>195</u>	Retained Earnings	<u>-54,350</u>
Total Assets	<u>\$39,443</u>	Total Liabilities & Equity	<u>\$39,443</u>

Comments:

Athena was slightly behind on its cash forecast for the year due to accelerated costs in Q3 related to the new corporate headquarters and the AthenaIndia initiative. The company expects to operate at cash flow break even for most of 2006 as it continues to invest heavily in infrastructure to support future growth.

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: 4th Quarter, 2005

aTyr Pharma was founded in September 2005 by Cardinal Partners and Dr. Paul Schimmel of The Scripps Research Institute. The company's initial platform is therapeutics for revascularization and skin regeneration. Target markets for aTyr development programs include vascular and cardiovascular disease, wound healing, and cosmeceutical products (skin restoration and skin rejuvenation). The company is currently operating out of Cardinal's offices in Princeton, using a virtual business model. Using this model, the company will require a relatively small amount of capital to validate its initial targets. In its first quarter of operations, the company has established collaborations at major research institutions for product development and initial pre-clinical studies.

The approach to developing these novel biologics is to focus on the key pre-clinical animal models that support Phase I trials during the first 12-18 months. The company has ongoing collaborations for these pre-clinical efficacy studies with investigators at major research institutions. For pro-angiogenic applications, the key models have been selected to support applications for peripheral vascular disease. Additional indications will be in cardiovascular disease (including in conjunction with devices) and wound healing.

On the cosmeceutical side, injectable formulations for wrinkle reduction and volume-filling will be the initial indications. The company is currently negotiating with two institutions for licensing arrangements that will solidify its intellectual property position in this area. Management currently expects to conclude these agreements in the first half of 2006. Meanwhile, initial product development research will begin at a major U.S university laboratory site during Q1 2006.

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

ATYR PHARMA, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

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

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	24	31	+7
SG&A	63	50	-13
EBIT	-87	-81	-6
Interest and Taxes	+1	+1	0
Net Income	-86	-80	-6

Fiscal Year-to-Date: Twelve Months Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	30	37	+7
SG&A	88	64	-24
EBIT	-118	-101	-17
Interest and Taxes	+5	+4	+1
Net Income	-113	-97	-16

ATYR PHARMA, INC. (cont.)

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

Cash	\$ 648	A/P and Accrued Expenses	\$ 24
Accounts Receivable	0	Deferred Revenue	0
Other Current Assets	<u>0</u>	Current Portion of Debt	<u>0</u>
Total Current Assets	648	Total Current Liabilities	24
Net PP&E	2	Long Term Liabilities	0
Intangibles (Net)	0	Shareholders Equity	739
Other Assets	<u>0</u>	Retained Earnings	<u>-113</u>
Total Assets	<u>\$ 650</u>	Total Liabilities & Equity	<u>\$ 650</u>

Comments:

The \$739K seed financing completed in September 2005 is forecast to last through most of 2006. The current investor syndicate will support the company until sufficient progress has been made to warrant a first round financing.

CHP II, L.P. Holdings:

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

Outlook:

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

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

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

Period Summary: 4th Quarter, 2005

Cardio-Optics has had many significant accomplishments in 2005. In February, Todd Davenport, an industry veteran with 19 years of senior management experience in cardiovascular medical device companies, became CEO of the company. In July, the company received approval from the FDA to market its Coronary Sinus Access (CSA™) System product and recently sold its first system. During Q4, the company completed a \$28 million second round financing led by new investor Novo A/S. Sales projections for the CSA™ system total \$4.3 million in 2006 and the company expects to move its second product to an Investigational Device Exemption ("IDE") filing with the FDA during 2006.

During the quarter, the company completed a \$28 million second round financing led by Swedish investor Novo A/S. The pricing of the financing values the company at \$27.5 million pre-money, approximately 2.3 times the valuation of the Series A round. Cardinal will invest a total \$3.2 million, including the conversion of \$1.6 million in convertible promissory notes with accrued interest. Cardinal will also receive 192,248 shares for the waiver of \$634K of accrued dividends on its Series A shares. Post-financing, Cardinal owns 18.2% of the company. This very successful financing is expected to be sufficient to fund operations through 2007, when the company forecasts turning cash flow positive.

Company management forecasts the filing an IDE for its second product, the TE Catheter Ablation Product, in 2006, with the goal of attaining approval for product sale in the second half of 2007. Given the size of the Series B financing, we anticipate the company will require no further financing until an investor liquidity event. All of the major cardiovascular device players have shown considerable interest in the Cardio-Optics technology and product line. We anticipate that one or more of them will pursue an acquisition as the Ablation Product moves through the FDA approval process.

With a very successful financing now complete, key milestones for the company for the coming months are: building the internal infrastructure to support the marketing and sales of the CSA™ System; and progression of the transparent electrode project to the point of IDE submission to the FDA. Management forecasts filing an IDE for its second product, the TE Catheter Ablation Product, in 2006, with the goal of attaining approval for product sale in the second half of 2007. Given the size of the Series B financing, we anticipate the company will require no further financing until an investor liquidity event. All of the major cardiovascular device players have shown considerable interest in Cardio-Optics technology and product line and we anticipate that one or more of them will pursue an acquisition as the Ablation Product moves through the FDA approval process.

CARDIO-OPTICS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual*</i>	<i>2006 Budget</i>
Revenues	0	0	0	0	4,320
Cost of Sales	0	0	0	0	3,185
R&D Expenses	1,000	1,031	2,020	1,425	2,491
SG&A	1,527	1,036	1,022	4,422	8,715
EBIT	-2,527	-2,067	-3,042	-5,847	-10,071
Interest and Taxes	23	-31	3	-32	+529
Net Income	-2,504	-2,098	-3,039	-5,879	-9,542

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	108	-108
Cost of Sales	0	75	+75
R&D Expenses	340	511	+171
SG&A	1,471	2,090	+619
EBIT	-1,811	-2,568	+757
Interest and Taxes	+95	+95	0
Net Income	-1,716	-2,473	+757

Fiscal Year-to-Date: Twelve Months Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	108	-108
Cost of Sales	0	75	+75
R&D Expenses	1,425	1,703	+278
SG&A	4,422	4,640	+218
EBIT	-5,847	-6,310	+463
Interest and Taxes	-32	+95	-127
Net Income	-5,879	-6,215	+336

CARDIO-OPTICS, INC. (cont.)

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

Cash	\$ 20,505	Accounts Payable	\$ 320
Inventory	448	Accrued Expenses	797
Other Current Assets	<u>0</u>	Convertible Promissory Notes	<u>0</u>
Total Current Assets	20,953	Total Current Liabilities	1,117
Net PP&E	450	Long Term Debt - Lease line	30
Intangibles (Net)	0	Shareholders Equity	37,288
Other Assets	<u>65</u>	Retained Earnings	<u>-16,967</u>
Total Assets	<u>\$21,468</u>	Total Liabilities & Equity	<u>\$21,468</u>

Comments:

Average cash burn for 2005 (\$350K per month) is higher than originally forecast due to the program acceleration approved late last year. In August, the investor syndicate bridged the company an additional \$800K. These funds will allow the company to continue its accelerated program until the completion of a \$22-24 million 2nd round financing in Q4.

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 are excited about the progress Cardio-Optics has made in 2005 and confident that the company will meet its objectives and provide a superior investment return.

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

Web-based Automated Coding of Transcribed Medical Documents

Period Summary: 4th Quarter, 2005

Throughout 2005, CodeRyte has experienced terrific success in sales, booking \$5.2 million in new business almost 40% ahead of its sales plan for the year. While the company has been very successful in terms of new customer sales, growth related implementation issues have hindered revenues, which are below expectations. The company has virtually completed its senior management team and we are confident that the team in place will tackle the implementation issues and get them resolved as they enter 2006. As the company continues to meet the challenges of high growth, we are encouraged by the success the company is having in the marketplace versus its competition.

Financial results for 2005 reflect the revenue shortfall resulting from implementation lags during the year. By year-end, much of the implementation bottleneck issues will have been resolved, but management remains clearly focused on improving lead times and tracking results. Monthly revenues are currently approaching \$300K, with breakeven forecast at \$800K. Contracted backlog currently exceeds \$350K in monthly revenues. Operating expenses for the year were well below budget as a result of a more deliberate hiring process in all areas of the company. Revenue growth and the speed of revenue growth are the prime areas of focus for senior management in the coming year.

The 2006 forecast includes significant infrastructure investment needed to support anticipated growth in the coming years. Revenues are forecast to grow significantly in the next two years from \$3 million in 2005 to \$6 million for 2006 and \$17.8 million in 2007. The company is forecast to turn cash flow positive by mid-2007. To support this investment, the current investor syndicate has agreed to invest \$8.3 million in a new equity financing at a 10% step-up in value from the first round financing. The financing will include up to \$1 million of additional investment from CodeRyte's founding angel investors. Cardinal's pro-rata portion of the financing is \$1.4 million. In addition, the company has reached agreement with Silicon Valley Bank on terms for a \$2.75 million working capital credit facility, collateralized by accounts receivable, which will close in conjunction with the equity financing. The equity financing and the credit facility are expected to close in Q1 2006.

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 December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	875	1,521	-646
Cost of Sales	0	0	0
Operating Expenses	2,645	3,021	+376
EBITDA	-1,770	-1,500	-270
Depreciation & Amort.	-16	0	-16
Other Income (Expense)	+10	+1	+9
Net Income	-1,776	-1,499	-277

Fiscal Year-to-Date: Twelve Months Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	3,087	4,134	-1,047
Cost of Sales	0	0	0
Operating Expenses	9,575	10,718	+1,143
EBITDA	-6,488	-6,584	+96
Depreciation & Amort.	-48	-11	-37
Other Income (Expense)	+81	+35	+46
Net Income	-6,455	-6,560	+105

CODERYTE, INC. (cont.)**Summary Balance Sheet as of December 31, 2005: (\$000)**

Cash	\$ 1,509	Accounts Payable	\$ 73
Accounts Receivable	1,327	Accrued Expenses	1,056
Other Current Assets	<u>38</u>	Deferred Revenue	<u>715</u>
Total Current Assets	2,874	Total Current Liabilities	1,844
Net PP&E	173	Long Term Debt - Lease line	0
Intangibles (Net)	0	Shareholders Equity	15,976
Other Assets	<u>15</u>	Retained Earnings	<u>-14,788</u>
Total Assets	<u>\$ 3,062</u>	Total Liabilities & Equity	<u>\$ 3,062</u>

Comments:

The company is currently \$500K behind its cash flow forecast and burning \$500K per month as it builds its infrastructure. Current capital is expected to last through Q1 2006 and the investor syndicate is preparing for a follow-on financing round to be completed by the end of Q1 2006.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	326,675 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$2,780,004
Cost per Share	\$8.51

% Ownership (Full Dilution) 15.0%

Company Valuation at CHP II Cost	\$18.5 million
Company Valuation at Assigned Fair Value	\$18.5 million

Outlook:

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

INTELLICARE AMERICA, INC.
South Portland, ME
{www.intellicare.com}

Integrated Telecommunications, Web and Data Networks for Patient Management

Period Summary: 4th Quarter, 2005

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

We have valued the funds held in escrow at \$500,000 representing a conservative estimate of the ultimate funds to be received by Cardinal. This amount is recorded on the balance sheet as Net Cash Held in Escrow. As a result of this transaction we have recorded a net cash escrow on the balance sheet for \$500,000, recorded a realized loss for \$844,656 { \$4,000,000 - (\$2,655,344 + \$500,000) }, and reversed a previously unrealized loss of \$1,535,415.

While we were hopeful of completing a transaction that would have netted more to the investors, we are satisfied that in the current environment, the price was fair and we have attained the best result for the investors, as well as the employees and customers of the company.

CHP II, L.P. Holdings:

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

MITRALSOLUTIONS, INC.
Ft. Lauderdale, FL

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

Period Summary: 4th Quarter, 2005

MitralSolutions, Inc. ("Mitral") is developing innovative, implantable devices that repair heart valve abnormalities typically caused by various heart diseases. Specifically, the company is focused on the treatment of mitral regurgitation ("MR"), or blood leakage from the left ventricle into the left atrium, which occurs due to improper valve closure. Mitral's patent-pending product portfolio will consist of both open surgical and percutaneously delivered platforms, which will reduce or altogether eliminate MR. In the first few months since our investment, the company has completed prototypes of its open surgical product, designed the initial in-vitro bench testing model, completed a product development plan for the percutaneous platform, and developed a comprehensive intellectual property strategy.

The company is currently operating on a virtual basis, with Jim Greene (CEO) as the sole employee. Product design and testing is being conducted at a leading cardiac research institution located in GA. In December 2005, 10 prototypes of the open surgical product were produced, with initial bench testing to begin in January 2006, followed by initial acute animal studies. Management expects to complete pre-clinical testing by mid-year 2006 and file a 501(k) submission with the FDA for the product in Q4 2006. Product development for the company's percutaneous product will lag the open surgical product by about 6 months.

The first round financing led by Cardinal was staged with the initial closing on \$2.4 million completed in August 2005 and the second closing on \$4.8 million originally expected in Q4 2005, with the execution of a specified licensing agreement. After further analysis, the licensing agreement is no longer a priority and the second closing has now been pushed into the 1st quarter of 2006 to coincide with the company beginning to build its own infrastructure. We forecast the company will initiate a second round of financing in 2007, based upon the 510k approval of the open surgical product and significant progress towards on development of the percutaneous product.

MITRALSOLUTIONS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview:

	<i>2004 Actual</i>	<i>2005 Actual*</i>	<i>2006 Budget</i>
Revenues	0	0	0
R&D Expenses	158	133	2,033
Operating Expenses	255	823	1,114
EBIT	-413	-956	-3,147
Other Income (Expense)	0	-55	-379
Net Income	-413	-1,011	-3,526

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2005

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	0	N/A	N/A
R&D Expenses	130	N/A	N/A
Operating Expenses	207	N/A	N/A
EBIT	-337	N/A	N/A
Other Income (Expense)	-34	N/A	N/A
Net Income	-371	N/A	N/A

Fiscal Year-to-Date: Twelve Months Ended December 31, 2005

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	0	N/A	N/A
R&D Expenses	133	N/A	N/A
Operating Expenses	823	N/A	N/A
EBIT	-956	N/A	N/A
Other Income (Expense)	-55	N/A	N/A
Net Income	-1,011	N/A	N/A

** - No formal budget was prepared for 2005.

MITRALSOLUTIONS, INC. (cont.)**Summary Balance Sheet as of December 31, 2005: (\$000)**

Cash	\$ 1,083	Accounts Payable	\$ 50
Accounts Receivable	0	Accrued Expenses	70
Other Current Assets	<u>51</u>	Deferred Revenue	<u>0</u>
Total Current Assets	1,134	Total Current Liabilities	120
Net PP&E	8	Long Term Debt - Lease line	0
Intangibles (Net)	0	Shareholders Equity	2,530
Other Assets	<u>84</u>	Retained Earnings	<u>-1,424</u>
Total Assets	<u>\$ 1,226</u>	Total Liabilities & Equity	<u>\$ 1,226</u>

Comments:

Mitral is currently burning \$250K of cash per month. That is forecast to accelerate to twice that amount by mid-2006 as the company prepares for its 510(k) filing. The second stage of the August 2005 financing totals \$4.8 million, which is expected to close in Q1 2006.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	3,703,704 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$1,000,000
Cost per Share	\$0.27
% Ownership (Full Dilution)	17.3%
Company Valuation at CHP II Cost	\$5.8 million
Company Valuation at Assigned Fair Value	\$5.8 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.

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

Software Tools for Genomics Research

Period Summary: 4th Quarter, 2005

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

During 2005, CHP II received a total of \$35,015 in liquidation proceeds representing the final proceeds from the liquidation. In total, Cardinal received \$106,803 from the liquidation of the Molecular Mining assets. Consequently, at the end of 2005, we have written-off the remainder of the investment value, recorded a realized loss of \$1,402,257 (\$106,803-\$1,509,060), and reversed a previously unrealized loss of \$1,409,060.

It is expected that some relatively insignificant payments related to PARTEQ's licensing of the Molecular Mining technology will continue into the foreseeable future.

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

Glycomics Based Drug Discovery and Development

Period Summary: 4th Quarter, 2005

2005 was a year of significant progress in capitalizing on the commercial potential of the Momenta technology platform. Development activities were highlighted by the submission of the marketing application for M-Enoxaparin to the FDA in August, as well as by significant progress on the company's product pipeline. During 2005, Momenta also completed a follow-on equity offering with net proceeds of \$122.3 million that greatly solidifies its financial base. The company expects 2006 will be a year of noteworthy progress on the FDA review of its lead product, as well as significant advances in several other programs in its pipeline

For the fourth quarter of 2005, the Company reported a net loss of \$7.3 million compared with a net loss of \$4.3 million for the same period last year. For the year ended December 31, 2005, the Company reported a net loss of \$21.7 million compared with a net loss of \$14.1 million for the comparable period in 2004. At December 31, 2005, the Company held cash, cash equivalents, and marketable securities of \$156.3 million, compared with \$53.6 million at December 31, 2004.

During the quarter, the company announced the following 2006 Program Goals:

- Continue to guide M-Enoxaparin through FDA review and prepare for potential commercial launch.
- Advance development of second technology-enabled complex generic.
- File IND for M118, targeted for mid-2006.
- Advance its glycoprotein program.
- Advance its pulmonary drug delivery program toward development.

The top priority for 2006 is to continue to advance the lead product, M-Enoxaparin through the FDA approval process and into commercial production. Additionally, the Momenta management team expects the company to make great strides in advancing several important programs in its pipeline, resulting in a much broader portfolio of product opportunities.

MOMENTA PHARMACEUTICALS, INC. (cont.)

FINANCIAL SUMMARY: (\$000)

Statement of Operations:

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>12/31/05</u>	<u>12/31/04</u>	<u>12/31/05</u>	<u>12/31/04</u>
Revenues	4,385	2,838	14,479	7,832
Research & Development	8,614	5,492	25,178	15,722
General & Administrative	<u>4,560</u>	<u>1,911</u>	<u>14,059</u>	<u>6,751</u>
Loss from Operations	-8,789	-4,565	-24,758	-14,641
Other Income (Expense)	<u>+1,478</u>	<u>+232</u>	<u>+3,096</u>	<u>+556</u>
Net Income (Loss)	-7,311	-4,333	-21,662	-14,075
Earnings Per Share (\$)	-\$0.24	-\$0.18	-\$0.79	-\$2.56

Summary Balance Sheet as of December 31, 2005:

Cash	\$156,254	Accounts Payable	\$ 3,080
Unbilled Revenue	4,347	Accrued Expenses	3,355
Other Current Assets	<u>2,799</u>	Deferred Revenue	<u>1,304</u>
Total Current Assets	163,400	Total Current Liabilities	7,739
Net PP&E	5,917	Other Liabilities (LOC)	3,207
Intangible & Other Assets	<u>1,784</u>	Shareholders Equity (Net)	<u>160,155</u>
Total Assets	<u>\$171,101</u>	Total Liabilities & Equity	<u>\$171,101</u>

Comments:

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

CHP II, L.P. Holdings:

Common Stock	476,836 shares
Assigned Fair Value (476,836 x \$22.04)	\$10,509,466
Investment Cost	\$2,948,504
Cost per Share	\$6.183
% Ownership (Shares Outstanding)	1.88%
Company Valuation at CHP II Cost	\$157.1 million
Company Valuation at Market (\$22.04 per share)	\$560.5 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: 4th Quarter, 2005

In July 2005, Replication completed an agreement with Abbott Laboratories whereby Abbott invested \$12 million at a valuation of \$70 million pre-money. The agreement included the option for Abbott to acquire Replication at a \$90-\$100 million valuation upon the approval of an Investigational Device Exemptions (“IDE”) application by Replication to the FDA. Management expects to file an initial IDE with the FDA in Q2 2006. In November 2005, CHP II purchased 8,569 shares of Series C convertible preferred stock from another Replication shareholder at its cost basis of \$14,406. Cardinal will receive ~ 21% of any future payments made to the Replication shareholders from Abbott.

The company plans to submit its IDE to the FDA for approval during Q2 2006. The company will hold a pre-IDE meeting with the FDA in Q1 2006. Pre-clinical testing to-date has gone very well and the company is on schedule on its manufacturing plan for the Neu Disc™. All data required for the IDE submission is expected to be completed by the end of April 2006. Monthly cash burn is expected to average \$400K in 2006 as the company moves through the IDE approval process with the FDA. The current forecast shows the expected initiation of pivotal clinical trials in Q4 2006.

Acceptance of the IDE in the form that meets Abbott’s stipulations and triggering the \$45 million payment is expected in Q3 2006. CE mark approval is also expected near the end of 2006, triggering an additional \$10 million payment. Most of the remaining milestone and revenue based payments are expected to occur in 2007-2008, with smaller amounts in 2009-2012. In total, we forecast payments from Abbott to range from \$90-\$100 million, with CHP II receiving ~21% of all payments.

The company is now engaged in a recruiting effort for senior management in both the clinical and regulatory areas. Abbott’s Spinal Concept subsidiary is actively engaged to assist in these efforts as well as other elements of the company’s clinical plan. Cardinal Principals Brandon Hull and Chuck Hadley continue to work intensively with company management to ensure that the specified milestones are met in a timely fashion, which should deliver an excellent return on this 2003 investment.

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

Overview: (FYE 12/31)

	<i>2002 Actual</i>	<i>2003 Actual</i>	<i>2004 Actual*</i>	<i>2005 Actual*</i>	<i>2006 Budget</i>
Revenues	0	0	0	0	0
R&D Expenses	1,255	2,396	2,336	2,876	3,668
Operating Expenses	324	782	388	681	4,346
EBIT	-1,579	3,178	-2,724	-3,557	-8,104
Interest and Taxes	3	27	12	+91	+100
Net Income	-1,576	-3,151	-2,712	-3,466	-8,004

* Subject to Audit

Last Three Months: Quarter Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	1,222	1,100	-122
Operating Expenses	169	250	+81
EBIT	-1,391	-1,350	-41
Interest and Taxes	+90	0	+90
Net Income	-1,301	-1,350	+49

Fiscal Year-to-Date: Twelve Months Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	2,876	2,980	+104
Operating Expenses	681	780	+99
EBIT	-3,557	-3,760	+203
Interest and Taxes	+91	0	+91
Net Income	-3,466	-3,760	+294

REPLICATION MEDICAL (cont.)

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

Cash	\$ 10,733	Accounts Payable	\$ 2
Prepaid Expenses	0	Accrued Expenses	26
Other Current Assets	<u>72</u>	Notes Payable	<u>0</u>
Total Current Assets	10,805	Total Current Liabilities	28
Net PP&E	650	Long Term Debt	0
Intangibles (net)	0	Shareholders Equity	24,672
Other Assets	<u>17</u>	Retained Earnings	<u>-13,228</u>
Total Assets	<u>\$11,472</u>	Total Liabilities & Equity	<u>\$11,472</u>

Comments:

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

CHP II, L.P. Holdings:

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

Outlook:

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

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

Structure-Based Design of Anti-Infective Agents

Period Summary: 4th Quarter, 2005

Rib-X remains on track towards achievements of its primary goals: 1) have its lead drug compound in phase I clinical trials by the end of 2005; 2) obtain an in-licensed product in phase I clinical trials by Q1 2006; 3) identify a candidate to treat community respiratory tract infections from the RX-02 program; and 4) identify a quality lead to pursue as a new class of agents to treat Gram-negative infections. In December, the company filed an IND with the FDA for its lead compound and initiated low dose clinical trials. Cash burn has accelerated to \$1.6 million in the month of December with the initiation of clinical trials.

Financial performance for the quarter has begun to show the ramp up in expenditures related to the initiation of clinical trials for the lead product while parallel processing two other pre-clinical programs. The results show the initial receipt of \$502K in SBIR Phase II grant funding. The most significant expense variances are primarily the result of increased professional services related to preclinical studies for the RX-02 program and the initiation of low dose human clinical trials for RX-101. Cash burn has averaged \$1.2 million per month during 2005, but has accelerated to \$1.5 million per month in December. The company remains well ahead of its cash forecast and has sufficient capital to operate at the current pace well into 2007.

Management has proposed an aggressive clinical development program for 2006, moving three programs into the clinic during the year. The current cash balance is not sufficient to support the current plan. Accordingly, the company has initiated a \$30-\$50 million fundraising effort to support the clinical progression of multiple drug candidates. The current investor group will all be participants in the financing with Cardinal participating to its prorata allocation of the financing (\$1-\$2 million). Several new investors have expressed interest and we are optimistic of a slight mark-up from the April 2003 financing. We expect the financing to be completed sometime in the first half of 2006.

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

Overview: (FYE 12/31)

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

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	502	0	+502
R&D Expenses	1,256	1,014	-242
Operating Expenses	4,270	4,090	-180
EBIT	-5,024	-5,104	+80
Interest and Taxes	+179	+130	+49
Net Income	-4,845	-4,974	+129

Fiscal Year-to-Date: Twelve Months Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	502	0	+502
R&D Expenses	5,178	6,324	+1,146
Operating Expenses	11,630	12,255	+625
EBIT	-16,306	-18,579	+2,273
Interest and Taxes	+635	+421	+214
Net Income	-15,671	-18,158	+2,487

RIB-X PHARMACEUTICALS, INC. (cont.)

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

Cash	\$ 25,059	Accounts Payable	\$ 2,140
Accounts Receivable	0	Accrued Expenses	0
Other Current Assets	<u>442</u>	Notes Payable Current	<u>648</u>
Total Current Assets	25,501	Total Current Liabilities	2,788
Net PP&E	3,933	Notes Payable	2,057
Intangibles (net)	0	Shareholders Equity	72,736
Other Assets	<u>249</u>	Retained Earnings	<u>-47,898</u>
Total Assets	<u>\$29,683</u>	Total Liabilities & Equity	<u>\$29,683</u>

Comments:

The company was well ahead of its cash burn plan for 2005. Monthly cash burn has accelerated to \$1.5 million per month. At the current pace, Rib-X has enough capital to operate well into 2007.

CHP II, L.P. Holdings:

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

Outlook:

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

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

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

Period Summary: 4th Quarter, 2005

With the company now sufficiently capitalized to pursue multiple development programs into the clinic, the key goals for the next 6-9 months are: completion of a strategic partnership with a major pharmaceutical partner; completion of the senior management team, selection of an appropriate disease area/target for in-house development; development or access to proprietary animal models; and beginning pre-clinical studies on its lead compound SRT501. A protocol has been developed for pre-clinical trials of its lead compound in Europe during 2006. The current management forecast shows filing an initial Investigational New Drug Application ("IND") with the FDA in 2007.

In November, Sirtris announced the hiring of Peter Elliott, Ph.D., as Senior Vice President and Head of Development. Dr. Elliott brings extensive experience in drug development and has an impressive track record of delivering novel therapeutics. Prior to joining Sirtris, Dr. Elliott was Executive Vice President of Product Development at CombinatoRx, Inc., where he led development efforts resulting in eight Phase II programs in inflammation and oncology. Dr. Elliott was previously Vice President of Pharmacology and Development at Millennium Pharmaceuticals, Inc., where he was co-developer of the multiple myeloma drug, Velcade®. Prior to that, Dr. Elliott was Director of Pharmacology at Alkermes, Inc. and led a number of CNS Programs at Glaxo.

Management forecasts that the current capital is sufficient to support operations for 1.5 years. In order to accelerate the development program into the clinic, the company is exploring the option of an additional financing round in 2006. Strategic partner, mezzanine and investment banker interest has been very strong and we expect a financing to be in place by mid-2006.

Over the next 12 months the company is expecting to complete a couple of significant strategic partnerships. Should the company be successful in this effort and remain on track on its clinical plan, Sirtris would be in good position to begin exploring an investor liquidity event in early 2007.

SIRTRIS PHARMACEUTICALS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

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

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	68	0	+68
R&D Expenses	2,614	2,129	-485
Operating Expenses	948	938	-10
EBIT	-3,494	-3,067	-427
Interest and Taxes	+351	+242	+109
Net Income	-3,143	-2,825	-318

Fiscal Year-to-Date: Twelve Months Ended December 31, 2005

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	68	0	+68
R&D Expenses	7,060	7,009	-51
Operating Expenses	3,695	3,500	-195
EBIT	-10,687	-10,509	-178
Interest and Taxes	+1,123	+923	+200
Net Income	-9,564	-9,586	+22

SIRTRIS PHARMACEUTICALS, INC. (cont.)

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

Cash	\$ 33,650	Accounts Payable	\$ 741
Accounts Receivable	0	Accrued Expenses	614
Other Current Assets	<u>450</u>	Notes Payable Current	<u>0</u>
Total Current Assets	34,100	Total Current Liabilities	1,355
Net PP&E	682	Notes Payable	0
Intangibles (net)	0	Shareholders Equity	44,860
Other Assets	<u>25</u>	Retained Earnings	<u>-11,408</u>
Total Assets	<u>\$ 34,807</u>	Total Liabilities & Equity	<u>\$ 34,807</u>

Comments:

Sirtris has raised a total of \$44.5 million since its inception in mid-2004. The company has a current monthly cash burn of \$900K, which is expected to rise to \$1.2 million by the end of Q1 2006. Current capital is sufficient to support operations well into 2007.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,600,000 shares
Assigned Fair Value (1,600,000 x \$0.80)	\$1,280,000
Investment Cost	\$800,000
Cost per Share	\$0.50
Series A-1 Convertible Preferred Stock	3,750,000 shares
Assigned Fair Value (3,750,000 x \$0.80)	\$3,000,000
Investment Cost	\$2,250,000
Cost per Share	\$0.60
Series B Convertible Preferred Stock	3,750,000 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,000,000
Cost per Share	\$0.80
% Ownership (Full Dilution)	12.3%
Company Valuation at CHP II Cost	\$48.4 million
Company Valuation at Assigned Fair Value	\$59.5 million

Outlook:

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