

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

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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> |

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Portfolio Valuations as of December 31, 2005
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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:

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

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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) \$ 500,000

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 = \$10,509,465

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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

| Company | Investment | Fair Value 31-Dec-2005 | Fair Value 30-Sep-2005 | Change From Last Quarter | Reason For Change |
|------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------------------------|---|
| AllianceCare, Inc. | \$5,401,130 | \$5,401,130 | \$4,980,410 | \$420,720 | Follow-on Investment. (note 1) |
| Alnylam Pharmaceuticals | \$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 | |
| Cardio-Optics, 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 | \$774,892 | \$500,000 | \$2,464,585 | (\$1,964,585) | Company Sale to PolyMedica. (note 4) |
| MitralSolutions, 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 | |
| Sirtris Pharmaceuticals | \$6,050,000 | \$7,280,000 | \$7,280,000 | \$0 | |
| Total | \$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.
- (2) CHP II holds 2,091,870 shares of Alnylam common stock. All of these shares are freely tradable and the proposed value is therefore based upon the closing price for Alnylam common stock (NASDAQ: ALNY) 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 30th of \$11.30 per share.
- (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% placed 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 for \$500K representing a conservative accounting of 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 currently holds 476,836 shares of Momenta common stock. All of these shares are freely tradable and the proposed value is therefore based on the closing market price for Momenta (NASDAQ: MNTA) as of December 31, 2005 of \$22.04 per share. The valuation decrease reflects the change from the closing price as of September 30th of \$27.25 per share.
- (7) In November, CHP II purchased 8,569 shares of Series C preferred from another Replication shareholder at a cost of \$14,406.

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

| | Three Months Ended 12/31/2005 | Twelve Months Ended 12/31/2005 |
|---|-------------------------------------|--------------------------------------|
| 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 Expenses | 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: | 12/31/2005 | 9/30/2005 |
|-----------------------------------|------------------|------------|
| 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: | 12/31/2005 | 9/30/2005 |
|------------------------------------|--------------|-----------------|
| General Partners 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: | 12/31/2005 | 9/30/2005 |
|----------------------------------|------------|------------|
| Organization Costs | \$183,232 | \$183,232 |
| Accumulated Amortization | (183,232) | (183,232) |
| Total | <u>\$0</u> | <u>\$0</u> |

| Note 5 - Other Assets: | 12/31/2005 | 9/30/2005 |
|------------------------------|------------------|------------------|
| GP Promissory Note Principal | \$208,733 | \$221,834 |
| Prepaid Management Fees | 0 | 7,500 |
| Prepaid State Filing Fees | 1,350 | 1,350 |
| Total | <u>\$210,083</u> | <u>\$230,684</u> |

| Note 6 - Accrued Expenses and Payables: | 12/31/2005 | 9/30/2005 |
|---|-----------------|-----------------|
| Professional Fees | \$27,279 | \$16,500 |
| NVCA and Annual Meeting | 17,833 | 0 |
| Other 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 | - | - |
| Other Assets | 7,500 | - |
| Accrued Expenses & Payables | 27,766 | 19,368 |
| Net Cash used in Operating Activities | (503,771) | (1,694,602) |
| 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 provided by investing activities | 607,163 | (5,711,579) |
| 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 used in financing activities | (1,086,899) | 8,906,262 |
| Net Change in Cash and Short Term Investments | (983,507) | 1,500,081 |
| Cash and Short Term Investments, beginning | 3,178,961 | 695,373 |
| Cash and Short Term Investments, ending | \$2,195,454 | \$2,195,454 |

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 |
| Alynlam Pharmaceuticals, Inc. | 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 | 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 | Contributions Account 9/30/2005 | Period Contributions in Cash | Period Contributions by Note | Partner Transfer of Interest | Contributions Account 12/31/2005 | Partners' Outstanding Subscription |
|--|------------------------------------|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|--|--|
| <u>Limited Partners:</u> | | | | | | | |
| The State Teachers Retirement 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 |
| The 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 Investments 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 (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, LP | 2,300,000 | 1,656,273 | 29,369 | 0 | 0 | 1,685,642 | 614,358 |
| Fleet Growth Resources, Inc. (formerly Summit Bancorp) | 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 |
| Qfinance, Inc. (Pharma BioDevelopment) | 2,000,000 | 1,440,238 | 25,537 | 0 | 0 | 1,465,775 | 534,225 |
| Private Equity Holdings Ltd II | 1,000,000 | 720,119 | 12,769 | 0 | 0 | 732,888 | 267,112 |
| | <u>\$116,300,000</u> | <u>\$83,749,847</u> | <u>\$1,485,000</u> | <u>\$0</u> | <u>\$0</u> | <u>\$85,234,847</u> | <u>\$31,065,153</u> |
| <u>General Partner:</u> | | | | | | | |
| CHP II Management LLC | <u>1,174,747</u> | <u>845,958</u> | <u>7,874</u> | <u>7,126</u> | <u>0</u> | <u>860,958</u> | <u>313,789</u> |
| Total Partnership | <u><u>\$117,474,747</u></u> | <u><u>\$84,595,805</u></u> | <u><u>\$1,492,874</u></u> | <u><u>\$7,126</u></u> | <u><u>\$0</u></u> | <u><u>\$86,095,805</u></u> | <u><u>\$31,378,942</u></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 & Other Liabilities | Net Assets 12/31/2005 |
|--|-----------------------|----------------------|-------------|-----------------|-----------------|---|--------------------------|
| <u>Limited Partners:</u> | | | | | | | |
| State Teachers Retirement 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 |
| The 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 Investments 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 (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, LP | 829,890 | 661,425 | 37,761 | 12,222 | 1,541,298 | (776) | 1,540,522 |
| Fleet Growth Resources, Inc. | 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 |
| Qfinance, Inc. (Pharma BioDevelopment) | 721,636 | 575,145 | 32,834 | 10,628 | 1,340,243 | (675) | 1,339,568 |
| Private Equity Holdings Ltd II | 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 | \$710,632 | \$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

| | Partners' Capital 10/01/05 | Net Capital Contributions | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income | Unrealized Gains (Losses) | Distributions | Partners' Interest Transfer | Partners' Capital 12/31/05 |
|--|----------------------------------|------------------------------|-------------------------|------------------------------------|----------------------------|-----------------|------------------------------|---------------|-----------------------------------|----------------------------------|
| <u>Limited Partners:</u> | | | | | | | | | | |
| State Teachers Retirement 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 |
| The 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 Investments 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 (First Union) | 4,788,654 | 95,765 | 863 | (30,883) | (114,761) | (144,781) | 449,745 | (165,993) | 0 | 5,023,390 |
| Pension Commissioners of 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, LP | 1,468,536 | 29,369 | 264 | (9,471) | (35,193) | (44,400) | 137,922 | (50,905) | 0 | 1,540,522 |
| Fleet Growth Resources, Inc. | 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 |
| Qfinance, Inc. (Pharma BioDevelopment) | 1,276,972 | 25,537 | 230 | (8,235) | (30,603) | (38,608) | 119,932 | (44,265) | 0 | 1,339,568 |
| Private Equity Holdings Ltd II | 638,499 | 12,769 | 115 | (4,118) | (15,301) | (19,304) | 59,966 | (22,133) | 0 | 669,797 |
| | \$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 |
| <u>General Partner:</u> | | | | | | | | | | |
| 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) | (\$2,246,913) | (\$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 Partners in the form of Promissory Notes.

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

| | Partners' Capital 01/01/05 | Net Capital Contributions | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income | Unrealized Gains (Losses) | Distributions | Partner Transfer | Partners' Capital 12/31/05 |
|--|-------------------------------|------------------------------|-------------------------|---------------------------------|----------------------------|-----------------|------------------------------|----------------|---------------------|-------------------------------|
| Limited Partners: | | | | | | | | | | |
| State Teachers Retirement 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 |
| The 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 |
| AlpInvest US Secondary Investments 2003 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,348,922 | 3,348,922 |
| HarbourVest VII Limited | 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 of 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) | 1,170,983 | 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, LP | 1,212,638 | 222,414 | 463 | (28,335) | 769,503 | 741,631 | 363,308 | (999,469) | 0 | 1,540,522 |
| Fleet Growth Resources, Inc. | 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 |
| Qfinance, Inc. (Pharma BioDevelopment) | 1,054,468 | 193,403 | 403 | (24,639) | 669,133 | 644,897 | 315,920 | (869,120) | 0 | 1,339,568 |
| Private Equity Holdings Ltd II | 527,233 | 96,702 | 201 | (12,320) | 334,567 | 322,448 | 157,960 | (434,546) | 0 | 669,797 |
| | \$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 |
| General Partner: | | | | | | | | | | |
| 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 Partners in the form of Promissory Notes.

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

| | Partners' Contributions Account | Non-Portfolio Income | Net Investment Income (Loss) | Realized Gains (Losses) | Total Income | Unrealized Gains (Losses) | Distributions | Partner Transfer of Interest | Partners' Account |
|--|---------------------------------------|-------------------------|---------------------------------|----------------------------|-----------------|------------------------------|----------------|------------------------------------|----------------------|
| <u>Limited Partners:</u> | | | | | | | | | |
| The State Teachers Retirement 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 | (4,345,599) | 0 | 6,697,844 |
| The 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 Investments 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 (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, LP | 1,685,642 | 1,762 | (300,398) | 514,967 | 216,331 | 638,018 | (999,469) | 0 | 1,540,522 |
| Fleet Growth Resources, Inc. | 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 |
| Qfinance, Inc. (Pharma BioDevelopment) | 1,465,775 | 1,532 | (261,214) | 447,797 | 188,115 | 554,798 | (869,120) | 0 | 1,339,568 |
| Private Equity Holdings Ltd II | 732,888 | 766 | (130,608) | 223,899 | 94,057 | 277,398 | (434,546) | 0 | 669,797 |
| | \$85,234,847 | \$89,089 | (\$15,189,652) | \$26,039,419 | \$10,938,856 | \$32,261,517 | (\$50,539,124) | \$0 | \$77,896,096 |
| <u>General Partner:</u> | | | | | | | | | |
| CHP II Management LLC | 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 |

* - Statement of Partners' Accounts includes Contributions made by the General Partners in the form of Promissory Notes.

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

| Company | Investment Cost | GAAP Fair Value | Unrealized Gain (Loss) | Realized Value | Realized Gain (Loss) | Cumulative Investment Return |
|---|----------------------------|----------------------------|-----------------------------------|----------------------------|---------------------------------|---|
| <i>Public Company Securities</i> | | | | | | |
| Alynlam Pharmaceuticals, Inc. | \$8,959,015 | \$27,947,383 | \$18,988,368 | \$0 | \$0 | \$18,988,368 |
| Momenta Pharmaceuticals | 6,823,506 | 10,509,465 | 7,560,961 | 48,449,605 | 44,574,603 | 52,135,564 |
| | <u>\$15,782,521</u> | <u>\$38,456,848</u> | <u>\$26,549,329</u> | <u>\$48,449,605</u> | <u>\$44,574,603</u> | <u>\$71,123,932</u> |
| <i>Private Company Investments</i> | | | | | | |
| 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 | 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 | 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>\$38,066,896</u> | <u>\$48,251,805</u> | <u>\$14,184,909</u> | <u>\$3,155,344</u> | <u>(\$844,656)</u> | <u>\$13,340,253</u> |
| <i>Fully Disposed Investments</i> | | | | | | |
| iPhysician Net | \$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 Info. Sys. | 7,575,278 | 0 | 0 | 409,580 | (7,165,698) | (7,165,698) |
| | <u>\$14,842,235</u> | <u>\$0</u> | <u>\$0</u> | <u>\$516,383</u> | <u>(\$14,325,852)</u> | <u>(\$14,325,852)</u> |
| TOTAL INVESTMENTS | <u><u>\$68,691,652</u></u> | <u><u>\$86,708,653</u></u> | <u><u>\$40,734,238</u></u> | <u><u>\$52,121,332</u></u> | <u><u>\$29,404,095</u></u> | <u><u>\$70,138,333</u></u> |