
TO: The Limited Partners

FROM: John K. Clarke

DATE: March 31, 2007

SUBJECT: Activity for the Quarter Ended December 31, 2006

Highlights for the fourth quarter of 2006 include: the \$8.5 million distribution of our remaining holdings of Momenta Pharmaceuticals, the completion of a \$10.5 million first round financing for aTyr Pharma and continued progress towards potential 2007 liquidity events for AthenaHealth, Rib-X Pharmaceuticals and Sirtris Pharmaceuticals. The following are short summaries of activity for the quarter in each of the CHP II portfolio companies.

AllianceCare (aka Mobile Medical Industries) - Overall 2006 financial performance at AllianceCare has been a disappointment. Operating cash burn was \$4.5 million, with the investor syndicate providing \$4 million in bridge financing in Q3. Proforma revenue growth for 2006 was only 3%, with the company opening 5 new de novo markets. For the year, core business growth was relatively flat, leading to much of the revenue variance to plan. Q4 performance has shown some solid improvement, with EBITDA approaching breakeven. During the quarter, management reached agreement in principal to acquire the “at home” business division (“SAH”) of Sunrise Senior Living (NYSE:SRZ).

AthenaHealth – Athena performed well throughout most of 2006, while undertaking significant expenditures in infrastructure, sales and marketing to support future growth. Revenues grew 42% over the prior year and sales bookings grew by 25% over 2005. EBITDA for 2006 was significantly impacted by the much lower than expected new sales bookings in Q1, coupled with higher sales and marketing expenses than forecast. The company has forecast 2007 revenues of \$102.5 million, producing EBITDA of \$11.4 million. Athena has been EBITDA positive for three quarters running and operating cash flow has been positive every month since June. The company has more than adequate capital resources to support operations plus forecast growth and infrastructure investment. During 2006, the company chose a lead investment banker to spearhead the process of providing investor liquidity. The company is on track in its preparations for a potential initial public offering sometime in the first half of 2007. 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 made substantial progress during 2006 and has completed its transformation from a virtual business model to a fully operational early stage biopharmaceutical development company. The company completed two exclusive license agreements that solidify its intellectual property position in the wound healing and cosmeceutical areas. Proof of concept pre-clinical studies performed in *in vivo* models produced encouraging results supporting the potential of the technology in wound management and vascular therapy. In November, the company closed on a \$10.5 million first round financing co-led by new investors Alta Partners and Polaris Venture Partners.

AxoGen - AxoGen finished 2006 on track for its clinical development goals for its lead Advance™ peripheral nerve graft product. Process development will be finalized in early 2007 and a contract manufacturing facility has been finalized. Negotiations are continuing with a leading medical device company towards a comprehensive marketing and distribution partnership. The company has also initiated its validation, testing and commercialization/regulatory programs towards a target launch of Q3 2007 for the Advance™ product. Financially, the company has not spent as expected on its R&D plan for 2006, but spending is now ramping to expected levels as the company moves toward completing its design phase.

CardioOptics – CardioOptics experienced a significant setback during Q4 2006. In October, the company met with an advisory board of cardiovascular surgeons who have utilized the Coronary Sinus Access (CSA™) System product and learned that there were some significant limitations to its clinical functionality. Primarily, the field of view provided by the instrument was too small to be useful in biventricular lead placement procedures. Sales of the system slowed considerably in Q4 and management has essentially stopped the sales effort until a complete assessment of the technology and manufacturing process can be completed. We expected this assessment to be completed by the end of Q2 2007. Until the assessment has been completed, we have reduced the fair market value for the CardioOptics investment at year-end by 50% to \$5,095,021.

CodeRyte – 2006 was a year characterized by conquering an implementation lag that had been the primary reason for underperformance in 2005, but suffering from the after effects of the lag, low sales morale and sales force turnover in 2006, that led to significantly lower than forecast sales bookings. During the year, the sales team closed \$5.4 million in annual recurring revenue, which was 38% below plan. Hiring, training and managing the sales and marketing teams have turned out to be the most difficult challenge for the CodeRyte senior management team. While taking longer than anticipated, the company now has the nucleus of a strong team in place to ensure future success in sales. The sales forecast for 2007 will not require a heroic effort and if achieved will bring CodeRyte to EBITDA breakeven.

MitralSolutions, Inc. - Results from animal testing have confirmed that the open surgical device mechanism for adjustment has performed well and the company has initiated a prototype design freeze. In-vivo pre-clinical animal testing is now complete and in-vitro (bench) testing of the device has begun in preparation for initial human clinical testing, scheduled for March 2007 in Europe. The company expects to file its 510(k) submission with the FDA for its open surgical product in Q3 2007, after completion of a 50 patient study in Europe. Product approval is expected in both Europe and the U.S. by the end of 2007. Current capital can support operations through Q3 2007. Management expects to complete a \$5-\$6 million second round of financing by mid-year 2007.

Momenta – On November 21, 2006, CHP II distributed its remaining 476,836 shares of Momenta at a value of \$17.84 per share for a total distributed value of \$8,506,754, producing a realized gain of \$5,558,250. As a result of this distribution, the investment valuation for Momenta was reduced to \$0 and the previously unrealized gain of \$3,498,319 related to the investment was reversed. By way of review, CHP II has distributed a total of \$56,956,359 in value to the investors over the life of the Momenta investment. This 2002 investment has produced an overall return of 8.3 times on its investment cost of \$6,823,505, resulting in an investment IRR of 150.2%.

Replication Medical – Replication has completed a product redesign that improves the mechanical properties of the device and improved the method for insertion. Management has revised the timing for its IDE application to the FDA to March 2007, ten months later than the original plan. Results from pre-clinical testing utilizing the bullet design of the NeuDisc™ device have shown no device related complications, good pain reduction and an average increase in disc height of 10-20%. The company will likely perform 4-5 additional procedures utilizing the new device design and insertion methodology. Submission of the pilot IDE is expected to be after 6 weeks of follow-up with patients. The pilot study design will consist of 2-3 study sites, with 10-15 subjects. Replication has adequate capital resources to support operations through its IDE pilot approval, expected in late 2008.

Rib-X Pharmaceuticals – During 2006, Rib-X accelerated its development programs aggressively focused on three goals – driving its lead program RX-01 through the clinic, completing the Investigational New Drug (“IND”) application for the acquired compound from Abbott Laboratories (RX-03), and delivering potential drug candidates from its secondary RX-02 program. Though each of these programs has met with some slippage in their timelines, the company continues to be on target towards achieving its key value creation milestones designed to demonstrate that the Rib-X pipeline and business strategy will support a \$500 million valuation for the company by the end of 2007. Rib-X possesses a high potential, proprietary drug development platform addressing a large market with substantial unmet needs. The target valuation may seem high at this stage of development, but with good execution on their clinical plan, it is obtainable.

Sirtris Pharmaceuticals – Sirtris enjoyed a highly successful year of clinical progress and financial success in 2006. In the fall, initial phase I clinical studies for toxicology and pharmacokinetics for its lead compound SRT501 were successfully completed. Two phase Ib efficacy studies have been initiated targeting type II diabetes and neurological or mitochondrial disorders, with data from these studies available by the end of Q1 2007. Assuming the data from these studies is favorable, management is hopeful of beginning phase II trials in the latter half of 2007. With the lead program moving through the clinic, the company has accomplished all of its major goals for 2006 except the completion of a strategic partnership with one or more major pharmaceutical partners. Discussions are ongoing with multiple potential partners, with the goal of completing a substantive deal in the first half of 2007. In January 2007, the company completed a \$36 million financing at a pre-money value of \$184 million.

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 54 new business proposals. Current “A” deals include: BioConnect, DecisionQ Corporation, EKO Systems, FluidNet, Health Savings Technology, Soft Scope Technologies, Quantia Communications, Tivamed and Viamet Pharmaceuticals. An alphabetical list of all deals received with a brief business description, deal source and deal status is included in the Appendix to this report.

Financial Results:

During the quarter, there was one capital call for a total of \$1.0 million. Utilization of these funds was for payment of fund fees and expenses through Q1 2007. As of December 31, 2006, cumulative capital contributions stand at \$102.5 million or 87.3% of total fund commitments. Cash at the end of the period was \$1.35 million and net assets totaled \$64.8 million. Net loss for the quarter was \$1.85 million, consisting of \$506K in net operating expenses plus net realized gains totaling \$5.85 million offset by \$7.19 million in net unrealized loss of portfolio value. The realized gains for the period were the sum of the gain of \$5.5 million from the distribution of our remaining holdings of Momenta, plus a \$275K gain from the receipt of the IntelliCare escrow. The net unrealized loss for the period resulted from the reversal of the \$3.5 million previously unrealized gain for Momenta, plus the \$5.1 million mark-down for CardioOptics, offset by the \$1.4 million mark-up related to the Atyr financing completed in November. Year-to-date net income stands at \$2.1 million.

Looking forward:

Total cumulative distributions through December 31, 2006 stand at \$94.4 million or 92.1% of contributed capital. The cumulative CHP II net to investors IRR now stands at 12.6%, solidly in the upper quartile for 2000 vintage year venture funds.

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

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

CHP II, L.P.
Income Statement
For the Period Ended December 31, 2006

	Three Months Ended 12/31/06	Twelve Months Ended 12/31/06
Revenue:		
Non Portfolio Income	\$25,785	\$51,956
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	535,244	2,228,045
Professional Fees	25,369	113,866
NVCA Dues & Expenses	5,173	5,173
Amortization of Organization Costs	15,758	19,355
Annual Meeting & Miscellaneous	0	30,000
Total Expenses	581,544	2,396,439
Net Operating Expense	(555,759)	(2,344,483)
Investment Income	49,855	66,260
Net Income Before Gains (Losses)	(505,904)	(2,278,223)
Realized Gains (Losses)	5,846,387	31,739,535
Unrealized Gains (Losses)	(7,193,340)	(27,332,350)
Net Income (Loss)	(\$1,852,857)	\$2,128,962

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

ASSETS:	Period Ended 12/31/06	Period Ended 09/30/06
	<u> </u>	<u> </u>
Cash and Short-Term Investments	\$1,353,284	\$3,094,346
Cash Held in Escrow (Net of Reserve of \$274,892)	0	500,000
Accrued Interest	32,612	13,049
Venture Capital Investments	63,212,672	70,354,516
Organization Costs (Net of Accum. Amortization)	0	0
Other Assets	<u>225,966</u>	<u>221,217</u>
	<u><u>\$64,824,534</u></u>	<u><u>\$74,183,128</u></u>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$34,000	\$32,983
Partners' Accounts	<u>64,790,534</u>	<u>74,150,145</u>
Total Liabilities and Capital	<u><u>\$64,824,534</u></u>	<u><u>\$74,183,128</u></u>

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

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

Note 2 – Net Cash Held in Escrow	12/31/06	09/30/06
IntelliCare Escrowed Funds	\$0	\$774,892
Reserve on IntelliCare Escrow	0	(274,892)
Total	0	\$500,000

Note 3 – Accrued Interest	12/31/06	09/30/06
General Partner Promissory Notes	\$13,269	\$8,776
Portfolio Company Promissory Notes	19,343	4,273
Total	\$32,612	\$13,049

Note 4 – Net Organization Costs	12/31/06	09/30/06
Organization Costs	\$183,232	\$183,232
Accumulated Amortization	(183,232)	(183,232)
Total	\$0	\$0

Note 5 – Other Assets	12/31/06	09/30/06
GP Promissory Note Principal	\$224,466	\$219,717
Prepaid NJ State Filing Fees	1,500	1,500
Total	\$225,966	\$221,217

Note 6 – Accrued Expenses and Payables	12/31/06	09/30/06
Professional Fees	\$34,000	\$31,000
Management Fees	0	1,875
Other Accrued Expenses	0	108
Total	\$34,000	\$32,983

Note 7 – Financial Highlights (Return & IRR)	Net to LP's	Total Fund
Year-to-Date Return on Net Assets	2.92%	3.06%
Internal Rate of Return Since Inception	12.63%	14.94%

CHP II, L.P.
Statement of Cash Flows
For the Period Ended December 31, 2006

	Three Months Ended 12/31/06	Twelve Months Ended 12/31/06
Cash flows from operating activities		
Net Income Before Gains (Losses)	(\$505,905)	(\$2,278,223)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	(19,563)	(32,063)
Accrued Organization Costs	0	0
Other Assets	(4,749)	(15,883)
Accrued Expenses & Payables	1,018	(11,112)
Net Cash used in Operating Activities	(529,199)	(2,337,281)
Cash flows from investing activities		
Purchases of venture capital investments	(3,000,000)	(15,743,888)
Sales of venture capital investments	788,137	788,998
Net cash used in investing activities	(2,211,863)	(14,954,890)
Cash flows from financing activities		
Cash contributions by partners	1,000,000	16,450,001
Cash distribution to partners	0	0
Net cash provided by financing activities	1,000,000	16,450,001
 Net Change in Cash and Short Term Investments	 (1,741,062)	 (842,170)
Cash and Short Term Investments, beginning	3,094,346	2,195,454
Cash and Short Term Investments, ending	\$1,353,284	\$1,353,284

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

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
AllianceCare, Inc.	\$597,909	\$5,401,130	\$5,999,039	\$5,999,039	\$0
AthenaHealth, Inc.	0	5,000,001	5,000,001	8,181,820	3,181,819
aTyr Pharma, Inc.	0	3,600,000	3,600,000	5,000,000	1,400,000
AxoGen, Inc.	0	3,250,000	3,250,000	3,250,000	0
Cardio-Optics, Inc.	0	6,169,002	6,169,002	5,095,021	(1,073,981)
CodeRyte, Inc.	0	4,425,982	4,425,982	4,425,982	0
MitralSolutions, Inc.	0	3,250,000	3,250,000	3,250,000	0
Replication Medical	0	3,066,759	3,066,759	8,818,809	5,752,050
Rib-X Pharmaceuticals, Inc.	0	7,000,000	7,000,000	7,000,000	0
Sirtris Pharmaceuticals, Inc.	0	8,050,001	8,050,001	12,192,001	4,142,000
Totals	\$597,909	\$49,212,875	\$49,810,784	\$63,212,672	\$13,401,888

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

	Partners' Total Subscription	Contribution Account 09/30/06	Period Contribution in Cash	Period Contribution by Note	Partner Transfer of Interest	Contribution Account 12/31/06	Partners' Outstanding Subscription
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$30,000,000	\$25,932,163	\$255,374	\$0	\$0	\$26,187,537	\$3,812,463
Nassau Capital Funds, L.P.	10,000,000	8,644,055	85,125	0	0	8,729,180	1,270,820
Robert Wood Johnson Foundation	10,000,000	8,644,055	85,125	0	0	8,729,180	1,270,820
Northwestern University	10,000,000	8,644,055	85,125	0	0	8,729,180	1,270,820
LACERA	10,000,000	8,644,055	85,125	0	0	8,729,180	1,270,820
Wachovia Investors (First Union)	7,500,000	6,483,040	63,844	0	0	6,546,884	953,116
AlpInvest US Secondary 2003	5,000,000	4,322,027	42,562	0	0	4,364,589	635,411
HarbourVest VII Limited	5,000,000	4,322,027	42,562	0	0	4,364,589	635,411
Pension Commissioners of City of LA	5,000,000	4,322,026	42,562	0	0	4,364,588	635,412
Princess Private Equity	5,000,000	4,322,026	42,562	0	0	4,364,588	635,412
Hillside Capital Incorporated	3,500,000	3,025,419	29,794	0	0	3,055,213	444,787
Hamilton Lane-Carpenters Fund	3,000,000	2,593,216	25,537	0	0	2,618,753	381,247
UNISYS Master Trust	3,000,000	2,593,216	25,537	0	0	2,618,753	381,247
Venture Investment Associates III, L.P.	2,300,000	1,988,132	19,579	0	0	2,007,711	292,289
Fleet Growth Resources (Summit)	2,000,000	1,728,810	17,025	0	0	1,745,835	254,165
S.R. One Limited	2,000,000	1,728,810	17,025	0	0	1,745,835	254,165
PharmaBio Development, Inc.	2,000,000	1,728,810	17,025	0	0	1,745,835	254,165
Private Equity Holdings II, Ltd.	1,000,000	864,406	8,512	0	0	872,918	127,082
	\$116,300,000	\$100,530,348	\$990,000	\$0	\$0	\$101,520,348	\$14,779,652
<u>General Partner</u>							
CHP II Management, LLC.	1,174,747	1,015,458	10,000	0	0	1,025,458	149,289
Total Partnership	\$117,474,747	\$101,545,806	\$1,000,000	\$0	\$0	\$102,545,806	\$14,928,941

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

	Public Securities	Private Securities	Cash	Other Assets	Total Assets	Accrued Expenses	Net Assets 12/31/06
<u>Limited Partners</u>							
State Teachers Ret. System of Ohio	\$0	\$13,326,936	\$285,310	\$54,514	\$13,666,760	(\$7,167)	\$13,659,593
Nassau Capital Funds, L.P.	0	4,442,291	95,102	18,172	4,555,565	(2,389)	4,553,176
Robert Wood Johnson Foundation	0	4,442,291	95,102	18,172	4,555,565	(2,389)	4,553,176
Northwestern University	0	4,442,291	95,102	18,172	4,555,565	(2,389)	4,553,176
LACERA	0	4,442,291	95,102	18,172	4,555,565	(2,389)	4,553,176
Wachovia Investors (First Union)	0	3,331,710	71,327	13,628	3,416,665	(1,792)	3,414,873
AlpInvest US Secondary Investments 2003	0	2,221,128	47,551	9,086	2,277,765	(1,195)	2,276,570
HarbourVest VII Limited	0	2,221,128	47,551	9,086	2,277,765	(1,195)	2,276,570
Pension Commissioners of City of LA	0	2,221,138	47,551	9,086	2,277,775	(1,195)	2,276,580
Princess Private Equity	0	2,221,138	47,551	9,086	2,277,775	(1,195)	2,276,580
Hillside Capital Incorporated	0	1,554,794	33,286	6,360	1,594,440	(837)	1,593,603
Hamilton Lane-Carpenters Fund	0	1,332,715	28,531	5,452	1,366,698	(717)	1,365,981
UNISYS Master Trust	0	1,332,715	28,531	5,452	1,366,698	(717)	1,365,981
Venture Investment Associates III, LP	0	1,021,740	21,874	4,180	1,047,794	(550)	1,047,244
Fleet Growth Resources, Inc.	0	888,474	19,021	3,634	911,129	(478)	910,651
S.R. One, Limited	0	888,474	19,021	3,634	911,129	(478)	910,651
PharmaBio Development, Inc.	0	888,474	19,021	3,634	911,129	(478)	910,651
Private Equity Holdings II, Ltd.	0	444,224	9,510	1,817	455,551	(239)	455,312
<u>General Partner</u>	\$0	\$51,663,952	\$1,106,044	\$211,337	\$52,981,333	(\$27,789)	\$52,953,544
CHP II Management, LLC.	0	11,548,720	247,240	47,241	11,843,201	(6,211)	11,836,990
Total Partnership	\$0	\$63,212,672	\$1,353,284	\$258,578	\$64,824,534	(\$34,000)	\$64,790,534

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

<u>Limited Partner</u>	Partners' Capital 07/01/06	Net Capital Contribution	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 12/31/06
State Teachers Ret. System of Ohio	\$15,953,833	\$255,374	\$6,586	(\$108,624)	\$1,194,413	\$1,092,375	(\$1,469,594)	(\$2,172,395)	\$13,659,593
Nassau Capital Funds, L.P.	5,317,935	85,125	2,195	(36,208)	398,137	364,124	(489,865)	(724,143)	4,553,176
Robert Wood Johnson Foundation	5,317,935	85,125	2,195	(36,208)	398,137	364,124	(489,865)	(724,143)	4,553,176
Northwestern University	5,317,935	85,125	2,195	(36,208)	398,137	364,124	(489,865)	(724,143)	4,553,176
LACERA	5,317,935	85,125	2,195	(36,208)	398,137	364,124	(489,865)	(724,143)	4,553,176
Wachovia Investors (First Union)	3,988,437	63,844	1,646	(27,156)	298,604	273,094	(367,399)	(543,103)	3,414,873
AlpInvest US Secondary 2003	2,658,941	42,562	1,097	(18,104)	199,069	182,062	(244,932)	(362,063)	2,276,570
HarbourVest VII Limited	2,658,941	42,562	1,097	(18,104)	199,069	182,062	(244,932)	(362,063)	2,276,570
Pension Commissioners-City of LA	2,658,951	42,562	1,097	(18,104)	199,069	182,062	(244,932)	(362,063)	2,276,580
Princess Private Equity	2,658,951	42,562	1,097	(18,104)	199,069	182,062	(244,932)	(362,063)	2,276,580
Hillside Capital Incorporated	1,861,272	29,794	768	(12,673)	139,348	127,443	(171,453)	(253,453)	1,593,603
Hamilton Lane-Carpenters Fund	1,595,404	25,537	659	(10,862)	119,441	109,238	(146,960)	(217,238)	1,365,981
UNISYS Master Trust	1,595,404	25,537	659	(10,862)	119,441	109,238	(146,960)	(217,238)	1,365,981
Venture Investment Associates III	1,223,139	19,579	505	(8,327)	91,571	83,749	(112,669)	(166,554)	1,047,244
Fleet Growth Resources	1,063,598	17,025	439	(7,242)	79,628	72,825	(97,972)	(144,825)	910,651
S.R. One Limited	1,063,598	17,025	439	(7,242)	79,628	72,825	(97,972)	(144,825)	910,651
PharmaBio Development, Inc.	1,063,598	17,025	439	(7,242)	79,628	72,825	(97,972)	(144,825)	910,651
Private Equity Holdings II, Ltd.	531,788	8,512	219	(3,620)	39,813	36,412	(48,987)	(72,413)	455,312
General Partner	\$61,847,595	\$990,000	\$25,527	(\$421,098)	\$4,630,339	\$4,234,768	(\$5,697,126)	(\$8,421,693)	\$52,953,544
CHP II Management, LLC.	12,082,833	5,251	258	(110,591)	1,216,048	1,105,715	(1,496,214)	(85,061)	11,612,524
Total Partnership	\$73,930,428	\$995,251	\$25,785	(\$531,689)	\$5,846,387	\$5,340,483	(\$7,193,340)	(\$8,506,754)	\$64,566,068

*-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, 2006

<u>Limited Partner</u>	Partners' Capital 01/01/06	Net Capital Contribution	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 12/31/06
State Teachers Ret. System of Ohio	\$20,093,614	\$4,200,903	\$13,269	(\$476,053)	\$6,484,363	\$6,021,579	(\$5,583,978)	(\$11,072,525)	\$13,659,593
Nassau Capital Funds, L.P.	6,697,844	1,400,302	4,423	(158,685)	2,161,454	2,007,192	(1,861,326)	(3,690,836)	4,553,176
Robert Wood Johnson Foundation	6,697,844	1,400,302	4,423	(158,685)	2,161,454	2,007,192	(1,861,326)	(3,690,836)	4,553,176
Northwestern University	6,697,844	1,400,302	4,423	(158,685)	2,161,454	2,007,192	(1,861,326)	(3,690,836)	4,553,176
LACERA	6,697,844	1,400,302	4,423	(158,685)	2,161,454	2,007,192	(1,861,326)	(3,690,836)	4,553,176
Wachovia Investors (First Union)	5,023,390	1,050,226	3,317	(119,013)	1,621,090	1,505,394	(1,395,995)	(2,768,142)	3,414,873
AlpInvest US Secondary 2003	3,348,922	700,150	2,211	(79,342)	1,080,727	1,003,596	(930,663)	(1,845,435)	2,276,570
HarbourVest VII Limited	3,348,922	700,150	2,211	(79,342)	1,080,727	1,003,596	(930,663)	(1,845,435)	2,276,570
Pension Commissioners-City of LA	3,348,933	700,149	2,211	(79,342)	1,080,727	1,003,596	(930,663)	(1,845,435)	2,276,580
Princess Private Equity	3,348,933	700,149	2,211	(79,342)	1,080,727	1,003,596	(930,663)	(1,845,435)	2,276,580
Hillside Capital Incorporated	2,344,251	490,107	1,548	(55,540)	756,509	702,517	(651,464)	(1,291,808)	1,593,603
Hamilton Lane-Carpenters Fund	2,009,366	420,090	1,326	(47,605)	648,436	602,157	(558,398)	(1,107,234)	1,365,981
UNISYS Master Trust	2,009,366	420,090	1,326	(47,605)	648,436	602,157	(558,398)	(1,107,234)	1,365,981
Venture Investment Associates III	1,540,522	322,069	1,017	(36,497)	497,134	461,654	(428,105)	(848,896)	1,047,244
Fleet Growth Resources	1,339,568	280,060	885	(31,737)	432,291	401,439	(372,265)	(738,151)	910,651
S.R. One Limited	1,339,568	280,060	885	(31,737)	432,291	401,439	(372,265)	(738,151)	910,651
PharmaBio Development, Inc.	1,339,568	280,060	885	(31,737)	432,291	401,439	(372,265)	(738,151)	910,651
Private Equity Holdings II, Ltd.	669,797	140,030	442	(15,868)	216,145	200,719	(186,133)	(369,101)	455,312
General Partner	\$77,896,096	\$16,285,501	\$51,436	(\$1,845,500)	\$25,137,710	\$23,343,646	(\$21,647,222)	(\$42,924,477)	\$52,953,544
CHP II Management, LLC.	11,464,798	148,767	520	(484,679)	6,601,825	6,117,666	(5,685,128)	(433,579)	11,612,524
Total Partnership	\$89,360,894	\$16,434,268	\$51,956	(\$2,330,179)	\$31,739,535	\$29,461,312	(\$27,332,350)	(\$43,358,056)	\$64,566,068

*-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, 2006

	Partners' Contribution Account	Non-Portfolio Income	Net Investment Income	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Interest Transfer	Partners' Account
<u>Limited Partners</u>									
State Teachers Ret. System of Ohio	\$26,187,537	\$36,247	(\$4,394,276)	\$13,201,326	\$8,843,297	\$2,737,995	(\$24,109,236)	\$0	\$13,659,593
Nassau Capital Funds, L.P.	8,729,180	12,084	(1,464,760)	4,400,442	2,947,766	912,665	(8,036,435)	0	4,553,176
Robert Wood Johnson Foundation	8,729,180	12,084	(1,464,760)	4,400,442	2,947,766	912,665	(8,036,435)	0	4,553,176
Northwestern University	8,729,180	12,084	(1,464,760)	4,400,442	2,947,766	912,665	(8,036,435)	0	4,553,176
LACERA	8,729,180	12,084	(1,464,760)	4,400,442	2,947,766	912,665	(8,036,435)	0	4,553,176
Textron Master Trust	0	7,661	(1,306,075)	2,238,988	940,574	2,773,991	(4,345,599)	631,034	0
Wachovia Investors (First Union)	6,546,884	9,063	(1,098,569)	3,300,330	2,210,824	684,498	(6,027,333)	0	3,414,873
AlpInvest US Secondary 2003	4,364,589	2,211	(79,342)	1,080,727	1,003,596	(930,663)	(1,845,425)	(315,517)	2,276,570
HarbourVest VII Limited	4,364,589	2,211	(79,342)	1,080,727	1,003,596	(930,663)	(1,845,435)	(315,517)	2,276,570
Pension Commissioners of City of LA	4,364,589	6,041	(732,381)	2,200,218	1,473,878	456,334	(4,018,220)	0	2,276,580
Princess Private Equity	4,364,589	6,041	(732,381)	2,200,218	1,473,878	456,334	(4,018,220)	0	2,276,580
Hillside Capital Incorporated	3,055,213	4,228	(512,666)	1,540,154	1,031,716	319,434	(2,812,760)	0	1,593,603
Hamilton Lane-Carpenters Fund	2,618,753	3,624	(439,428)	1,320,132	884,328	273,799	(2,410,899)	0	1,365,981
UNISYS Master Trust	2,618,753	3,624	(439,428)	1,320,132	884,328	273,799	(2,410,899)	0	1,365,981
Venture Investment Associates III	2,007,711	2,779	(336,895)	1,012,101	677,985	209,913	(1,848,365)	0	1,047,244
Fleet Growth Resources (Summit)	1,745,835	2,417	(292,951)	880,088	589,554	182,533	(1,607,271)	0	910,651
S.R. One Limited	1,745,835	2,417	(292,951)	880,088	589,554	182,533	(1,607,271)	0	910,651
PharmaBio Development, Inc.	1,745,835	2,417	(292,951)	880,088	589,554	182,533	(1,607,271)	0	910,651
Private Equity Holdings II, Ltd.	872,918	1,208	(146,476)	440,044	294,776	91,265	(803,647)	0	455,312
<u>General Partner</u>									
CHP II Management, LLC.	1,025,458	1,421	(999,923)	9,966,501	8,967,999	2,787,593	(944,060)	0	\$11,836,990
Total Partnership	\$102,545,806	\$141,946	(\$18,035,075)	\$61,143,630	\$43,250,501	\$13,401,888	(\$94,407,661)	\$0	\$64,790,534

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

Portfolio Company	Investment Cost	GAAP Fair Value	Unrealized Gain (Loss)	Realized Value	Realized Gain (Loss)	Cumulative Investment Return
<u>Public Company Securities</u>						
Momenta Pharmaceuticals, Inc.	\$6,823,506	\$0	\$0	\$56,956,359	\$50,132,853	\$50,132,853
<u>Private Company Investments</u>						
AllianceCare, Inc.	5,999,039	5,999,039	0	0	0	0
AthenaHealth, Inc.	5,000,001	8,181,820	3,181,819	0	0	3,181,819
aTyr Pharma, Inc.	3,600,000	5,000,000	1,400,000	0	0	1,400,000
AxoGen, Inc.	3,250,000	3,250,000	0	0	0	0
Cardio-Optics, inc.	6,169,002	5,095,021	(1,073,981)	0	0	(1,073,981)
CodeRyte, Inc.	4,425,982	4,425,982	0	0	0	0
MitralSolutions, Inc.	3,250,000	3,250,000	0	0	0	0
Replication Medical, Inc.	3,066,759	8,818,809	5,752,050	0	0	5,752,050
Rib-X Pharmaceuticals, Inc.	7,000,000	7,000,000	0	0	0	0
SirTris Pharmaceuticals, Inc.	8,050,001	12,192,001	4,142,000	0	0	4,142,000
<u>Fully Disposed Investments</u>						
Alnylam Pharmaceuticals, Inc.	8,959,015	0	0	34,851,302	25,892,287	25,892,287
Intellicare America	4,000,000	0	0	3,430,236	(569,764)	(569,764)
IPhysicianNet, Inc.	5,757,897	0	0	0	(5,757,897)	(5,757,897)
Molecular Mining Corporation	1,509,060	0	0	107,664	(1,401,396)	(1,401,396)
ParkStone Medical Information	7,575,278	0	0	422,825	(7,152,453)	(7,152,453)
Investment Portfolio Totals	\$84,435,540	\$63,212,672	\$13,401,888	\$95,768,386	\$61,143,630	\$74,545,518

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

FROM: John J. Park

DATE: February 21, 2007

SUBJECT: Portfolio Valuations for December 31, 2006

Investment securities held by CHP II, L.P. (the “Partnership”) have been valued in accordance with the Standard Valuation Policy of the Partnership. In accordance with the Policy, we propose to value restricted securities at cost, until subsequent events of a significant nature indicate the need for a change. Public securities are valued at market unless they are subject to trading restrictions. This memorandum delineates the portfolio valuation calculations as proposed by the General Partner, and approved by the Limited Partner Advisory Committee of the Partnership, for those investments not valued at cost as of December 31, 2006.

ATHENAHEALTH – On April 8, 2004, AthenaHealth completed a \$7.5 million Series E Preferred stock financing priced at \$5.04 per share and valuing the Company at \$142 million pre-money. A new investor, Granite Global Ventures, led this financing. CHP II was not a participant in the financing. We propose to value our investment at the Series E price of \$5.04, resulting in an investment valuation of \$8,181,820, with a corresponding unrealized gain of \$3,181,819 on our cost basis of \$5,000,001 as of December 31, 2006. This valuation represents no change from the valuation for AthenaHealth as of September 30, 2006.

Value Computation:

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

CHP II, L.P.
Portfolio Valuations as of December 31, 2006
Page 2 of 4

CARDIO-OPTICS – On October 20, 2005, CardioOptics held an initial closing of \$21.5 million on a Series B preferred financing round that totaled \$28 million. The Series B preferred was priced at \$3.296 per share, placing a \$27.5 million pre-money value on the financing. The round was led by new investor Novo A/S and also included new investors, The Hillman Company and Investor Growth Capital. Cardinal invested a total of \$3,801,372 in the round, including the conversion of \$1,578,722 in promissory notes plus accrued interest and \$633,649 in accrued accumulating dividends on Cardinal's Series A preferred holdings.

During the current quarter, management reported that sales of the company's lead product had slowed considerably. The Board has directed management to perform a complete analysis of the product's technology and manufacturing process. Until the analysis is completed, the company has discontinued its sales efforts in the field. As a result, we propose to cut the value of the CardioOptics investment to 50% of Series B financing round price or \$1.648 per share. This results in a total carrying value for the investment of \$5,095,021, with a corresponding unrealized loss of \$1,073,981 on our cost basis of \$6,169,002 as of December 31, 2006. This valuation represents a decrease of \$5,095,021 from the valuation for Cardio Optics as of September 30, 2006.

Value Computation:

Series A Convertible Preferred Stock		
1,938,310 shares x \$1.648	=	\$ 3,194,335
Series B Convertible Preferred Stock		
1,153,329 shares x \$1.648	=	<u>1,900,686</u>
Total Value		<u>\$5,095,021</u>

INTELLICARE – On November 2, 2005, IntelliCare was acquired by PolyMedica Corporation in a \$20 million cash transaction, with 10% of the gross proceeds placed in escrow for one year. Cardinal received a total of \$2,655,344 in cash, plus \$774,892 in escrow. On November 4, 2006, CHP II received \$805,183 in cash from the IntelliCare escrow account representing the return in full of the \$774,892 held in escrow, plus \$30,291 in interest earned. Accordingly, we have reduced the net value of the escrow from \$500K to \$0 and recorded a net realized gain of \$274,892. After accounting for the cash received during the period, the net valuation for the cash held in escrow decreased \$500,000 from the valuation for the IntelliCare escrow as of September 30, 2006.

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

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

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

On November 21, 2006, CHP II distributed its remaining 476,836 shares of Momenta at \$17.84 per share for a total distributed value of \$8,506,754, resulting in a realized gain of \$5,558,250. As a result of this distribution, the investment valuation for Momenta was reduced to \$0 and the previously unrealized gain of \$3,498,319 was reversed. After accounting for the distribution this period, the valuation for Momenta decreased \$6,446,823 from the valuation as of September 30, 2006.

REPLICATION MEDICAL – On July 21, 2005, Abbott Laboratories invested \$12 million at \$5.00 per share in the form of a Series D preferred stock. As this investment was strategic in nature, we propose to value our holdings in Replication, in accordance with the Standard Valuation Policy of CHP II, at the midpoint between our previous investment carrying value per share (investment cost) and the Series D price of \$5.00. This results in a carrying value for the Replication investment of \$2.9781 for each share of Series B preferred (midpoint between \$0.9562 and \$5.00), and \$3.45 per share for each share of Series C preferred (midpoint between \$1.90 and \$5.00). Accordingly, the total carrying value for the Replication investment is \$8,818,809, with a corresponding unrealized gain of \$5,752,050 on our cost basis of \$3,066,759 as of December 31, 2006. This valuation represents no change from the valuation for Replication as of September 30, 2006.

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>

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

SIRTRIS PHARMACEUTICALS – On March 14, 2006, Sirtris completed a \$22 million Series C Preferred stock financing priced at \$1.12 per share and valuing the Company at \$95 million pre-money. New investor Bessemer Ventures led this financing, with CHP II investing \$2.0 million. We propose to value our investment at the Series C price of \$1.12, resulting in a total value of \$7,280,000, with a corresponding unrealized gain of \$4,142,000 on our cost basis of \$8,050,001 as of December 31, 2006. This valuation represents no change from the valuation for Sirtris as of September 30, 2006.

Value Computation:

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

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

<u>Portfolio Company</u>	<u>Investment</u>	<u>Fair Value 12/31/06</u>	<u>Fair Value 09/30/06</u>	<u>Change from Prior Quarter</u>	<u>Reason for Change</u>
AllianceCare, Inc.	\$5,999,039	\$5,999,039	\$5,999,039	\$0	
AthenaHealth, Inc.	\$5,000,001	\$8,181,820	\$8,181,820	\$0	
aTyr Pharma, Inc.	\$3,600,000	\$5,000,000	\$600,000	\$4,400,000	Follow-on Investment (note 1)
AxoGen, Inc.	\$3,250,000	\$3,250,000	\$3,250,000	\$0	
CardioOptics, Inc.	\$6,169,002	\$5,095,021	\$10,190,042	(\$5,095,021)	Investment Mark-down (note 2)
CodeRyte, Inc.	\$4,425,982	\$4,425,982	\$4,425,982	\$0	
Intellicare America, Inc.	\$0	\$0	\$500,000	(\$500,000)	Receipt of Cash Escrow (note 3)
Mitral Solutions, Inc.	\$3,250,000	\$3,250,000	\$3,250,000	\$0	
Momenta Pharmaceuticals	\$0	\$0	\$6,446,823	(\$6,446,823)	Distribution of Shares (note 4)
Replication Medical	\$3,066,759	\$8,818,809	\$8,818,809	\$0	
Rib-X Pharmaceuticals	\$7,000,000	\$7,000,000	\$7,000,000	\$0	
Sirtis Pharmaceuticals	\$8,050,001	\$12,192,001	\$12,192,001	\$0	
Total Portfolio	\$49,810,784	\$63,212,672	\$70,854,516	(\$7,641,844)	

1. On November 30, 2006, CHP II contributed \$3 million to the \$10.5 million Series B preferred financing for aTyr Pharma. The financing was co-led by new investors Alta Partners and Polaris Venture Partners and valued the company at \$6.25 million pre-money, a 300% mark-up from the Series A financing round closed in September 2005.
2. During the current quarter, the company has halted its sales effort for the company's lead product due to a lack of sales traction in the market. Consequently, we have reduced the value of the investment by 50%, reflecting a more appropriate value for the company as it does an assessment of the technology and manufacturing process.
3. In November 2006, CHP II received \$805,183 from the IntelliCare escrow agent representing our entire portion of the cash held in escrow (\$774,982), plus earned interest of \$30,291.
4. On November 21, 2006, CHP II distributed its remaining 476,836 shares of Momenta common stock at a value of \$17.84 per share for a total distributed value of \$8.5 million.

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

Provider of comprehensive integrated medical and rehabilitation services.

Period Summary: 4th Quarter, 2006

Overall 2006 financial performance at AllianceCare has been a disappointment. Operating cash burn was \$4.5 million, with the investor syndicate providing \$4 million in bridge financing in Q3. Proforma revenue growth for 2006 was only 3%, with the company opening 5 new de novo markets. For the year, core business growth was relatively flat, leading to much of the revenue variance to plan. Q4 performance has shown some solid improvement, with EBITDA approaching breakeven. During the quarter, management reached agreement in principal to acquire the “at home” business division (“SAH”) of Sunrise Senior Living (NYSE:SRZ).

The SAH acquisition would be consummated with the issuance of AllianceCare stock to the SAH shareholder, with the SAH shareholders owning ~35% of the combined entity post-merger. This transaction values the current AllianceCare equity at \$65 million. Sunrise Senior Living will have an option to purchase the combined entity for not less than \$191 million at any time prior to December 31, 2008.

The forecast for 2007 shows revenues of \$85.3 million, producing \$5.5 million of EBITDA. This forecast does not include the expected impact of the SAH merger, which is forecast to add \$36 million in revenue and \$2 million in EBITDA. The SAH merger also comes with \$6 million in cash to support the working capital needs of the combined companies. Pre-merger capital resources at AllianceCare remain very tight and the company will likely require \$1-\$2 million in additional bridge financing prior to the completion of the SAH merger. This additional capital, plus the current bridge, will be converted into a senior preferred equity of the combined entity. CHP II has \$1 million in reserve for future financing requirements at AllianceCare.

ALLIANCECARE, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Actual*</i>	<i>2007 Budget</i>
Revenues	33,583	41,820	74,459	76,586	85,383
Direct Expenses	17,013	22,808	43,725	47,278	47,695
SG&A	23,287	21,748	33,795	34,822	32,186
EBIT	-6,717	-2,736	-3,061	-5,514	+5,502
Other Inc. & Exp.	-125	-87	-2,188	-3,231	+476
Net Income	-6,842	-2,823	-5,249	-8,745	4,947
EBITDA	-6,174	-2,230	-2,130	-3,918	+5,471

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	18,673	30,117	-11,444
Direct Expenses	10,973	16,807	+5,834
SG&A	8,702	11,915	+3,213
EBIT	-1,002	+1,395	-2,397
Interest, Taxes & Other	-942	-465	-428
Net Income	-1,944	+347	-2,825
EBITDA	-439	+1,211	-2,285

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	76,586	103,417	-26,831
Direct Expenses	47,278	56,721	+9,443
SG&A	34,822	42,722	+7,900
EBIT	-5,514	+3,974	-9,488
Interest, Taxes & Other	-3,231	-2,093	-1,138
Net Income	-8,745	+1,881	-10,626
EBITDA	-3,918	+5,474	-9,392

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

Cash	\$ 844	Accounts Payable	\$ 5,025
Accounts Receivable	14,710	Accrued Expenses	5,119
Other Current Assets	<u>662</u>	Other Current Liabilities	<u>8,670</u>
Total Current Assets	16,216	Total Current Liabilities	18,814
Net PP&E	1,737	Debt and Other Liabilities	21,510
Acquired Goodwill (Net)	27,822	Shareholders Equity	46,494
Other Assets	<u>1,539</u>	Retained Earnings	<u>-39,504</u>
Total Assets	<u>\$47,314</u>	Total Liabilities & Equity	<u>\$47,314</u>

Comments:

Operating cash burn decreased significantly this quarter to under \$300K. This positive trend is continuing and the company should be cash flow positive in Q1 2007. However, the company may require an additional \$1-\$2 million in bridge financing to get there.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	400,000 shares
Assigned Fair Value (Investment Cost)	\$4,000,000
Cost per Share	\$10.00
Series C Convertible Preferred Stock	140,113 shares
Assigned Fair Value (Investment Cost)	\$1,401,130
Cost per Share	\$10.00
Warrants for Series C Convertible Preferred Stock	42,033 shares
Exercise Price Per Share	\$10.00
10% Convertible Subordinated Promissory Notes (Principal balance)	\$597,909
% Ownership (Full Dilution)	8.3%
Company Valuation at CHP II Cost	\$65.2 million
Company Valuation at Assigned Fair Value	\$65.2 million

Outlook:

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

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

Web-Based Business Practice Management Services for Physician Offices

Period Summary: 4th Quarter, 2006

Athena performed well throughout most of 2006, while undertaking significant expenditures in infrastructure, sales and marketing to support future growth. Revenues grew 42% over the prior year and sales bookings grew by 25% over 2005. EBITDA for 2006 was significantly impacted by the much lower than expected new sales bookings in Q1, coupled with higher sales and marketing expenses than forecast. The company has forecast 2007 revenues of \$102.5 million, producing EBITDA of \$11.4 million. The company expects to turn profitable during Q2 2007.

Revenues for the quarter were \$21.1 million, 8% higher than the previous quarter, but well under budget. The revenue shortfall stems primarily from missing the sales budget in Q1. EBITDA for the quarter was essentially breakeven, but well under forecast due to increased overhead expenditures related to preparations for a potential public offering in 2007 plus higher marketing and sales expenditures. Total cash at the end of the quarter was \$12.9 million and well ahead of plan as a result of expanded borrowing capacity and good cash management.

Athena has been EBITDA positive for three quarters running and operating cash flow has been positive every month since June. The company has more than adequate capital resources to support operations plus forecast growth and infrastructure investment. The company begins 2007 at an annual revenue run rate of \$85.5 million with an implementation backlog of \$17.4 million. During 2006, the company chose a lead investment banker to spearhead the process of providing investor liquidity. The company is on track in its preparations for a potential initial public offering sometime in the first half of 2007. We continue to view Athena as a very attractive candidate for a successful liquidity event in the next 12-18 months.

ATHENAHEALTH, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Actual*</i>	<i>2007 Budget</i>
Revenues	24,666	38,938	53,540	75,969	102,568
Direct Expenses	16,148	20,512	27,751	39,854	50,596
SG&A	10,501	17,655	29,944	34,456	40,524
EBITDA	-1,983	771	-4,155	+1,659	+11,448
Depreciation	-2,894	-3,159	-5,483	-6,238	-6,205
Interest and Taxes	-475	-1,222	-1,755	-2,323	-2,699
Net Income	-5,352	-3,610	-11,393	-6,902	+2,544

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	21,133	23,297	-2,164
Direct Expenses	11,324	10,911	-413
SG&A	9,844	7,974	-1,870
EBITDA	-35	+4,412	-4,447
Depreciation	-1,649	-1,462	-187
Interest and Taxes	-551	-787	+236
Net Income	-2,235	+2,163	-4,398

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	75,969	79,248	-3,729
Direct Expenses	39,854	39,973	+119
SG&A	34,456	32,429	-2,027
EBITDA	+1,659	+6,846	-5,187
Depreciation	-6,238	-6,094	-144
Interest and Taxes	-2,323	-3,061	+738
Net Income	-6,902	-2,309	-4,593

ATHENAHEALTH, INC. (cont.)

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

Cash	\$ 12,849	A/P and Accrued Expenses	\$ 5,610
Accounts Receivable	10,165	Deferred Revenue	2,651
Other Current Assets	<u>2,090</u>	Current Portion of Debt	<u>7,204</u>
Total Current Assets	25,104	Total Current Liabilities	15,465
Net PP&E	13,207	Long Term Liabilities	35,551
Intangibles (Net)	1,720	Shareholders Equity	52,016
Other Assets	<u>243</u>	Retained Earnings	<u>-62,758</u>
Total Assets	<u>\$40,274</u>	Total Liabilities & Equity	<u>\$40,274</u>

Comments:

Athena is \$1.1 million ahead of cash forecast for the year. The company continues to invest heavily in infrastructure to support future growth and in preparation for a potential IPO. Spending that was not in the original budget for 2006 will be funded by the \$2 million expansion to the current sub-debt facility. Management expects to be operationally cash flow positive beginning in Q1 2007.

CHP II, L.P. Holdings:

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

% Ownership (Full Dilution) 5.4%

Company Valuation at CHP II Cost	\$92.6 million
Company Valuation at Assigned Fair Value	\$151.4 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, 2006

Atyr Pharma made substantial progress during 2006 and has completed its transformation from a virtual business model to a fully operational early stage biopharmaceutical development company. The company completed two exclusive license agreements that solidify its intellectual property position in the wound healing and cosmeceutical areas. Proof of concept pre-clinical studies performed in *in vivo* models produced encouraging results supporting the potential of the technology in wound management and vascular therapy. In November, the company closed on a \$10.5 million first round financing co-led by new investors Alta Partners and Polaris Venture Partners.

During the period, the company completed a \$10.5 million financing led by two new investors, Alta Partners and Polaris Venture Partners. Each of CHP II, Polaris and Alta contributed \$3 million to this financing. Founding investor, Dr. Paul Schimmel will invest \$1 million with strategic partner Imagene, Ltd. investing the remaining \$500K in the round. The financing was priced at \$2.50 per share placing a post-money value of \$16.5 million on the company, including an expansion to the employee stock option pool to 8% on a fully diluted basis. This price was a 213% mark-up from the Series A round completed in September 2005.

The company is beginning the build-out of its new lab facility in San Diego and is filling out its scientific team. Management is looking to establish an equipment lease line in the near future to assist in financing the lab build-out. Cash burn will ramp over the coming year as the company continues to build its infrastructure. The \$10.5 million financing completed in November 2006 is expected to support operations for 2 years. We expect the company to initiate another financing round in mid-2008. CHP II has \$3 million in reserve for future financings at Atyr.

ATYR PHARMA, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2005 Actual*</i>	<i>2006 Actual*</i>	<i>2007 Budget**</i>
Revenues	0	0	0
R&D Expenses	30	337	3,045
SG&A	38	435	1,649
EBIT	-118	-772	-4,694
Interest and Taxes	+5	+28	+127
Net Income	-113	-744	-4,567

* - Subject to Audit

** - Budget subject to Board Approval

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0		0
R&D Expenses	110	137	+27
SG&A	200	70	-130
EBIT	-310	-207	-103
Interest and Taxes	+21	+1	+20
Net Income	-289	-206	-83

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	337	476	+139
SG&A	435	234	-201
EBIT	-772	-710	-62
Interest and Taxes	+28	+6	+22
Net Income	-744	-704	-40

ATYR PHARMA, INC. (cont.)**Summary Balance Sheet as of December 31, 2006: (\$000)**

Cash	\$ 10,350	Accounts Payable	\$ 184
Accounts Receivable	0	Accrued Expenses	70
Other Current Assets	<u>30</u>	Current Portion of Debt	<u>0</u>
Total Current Assets	10,380	Total Current Liabilities	254
Net PP&E	118	Long Term Liabilities	0
Intangibles (Net)	104	Shareholders Equity	11,241
Other Assets	<u>46</u>	Retained Earnings	<u>-847</u>
Total Assets	<u>\$10,648</u>	Total Liabilities & Equity	<u>\$10,648</u>

Comments:

The company completed a \$10.5 million financing during Q4 2006. Cash burn is forecast to rise above \$500K per month by mid-2007 as the company builds its product portfolio. Current forecasts show the company has adequate capital to operate through 2008.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	800,000 shares
Assigned Fair Value (800,000 shares x \$2.50)	\$2,000,000
Investment Cost	\$600,000
Cost per Share	\$0.80
Series A Convertible Preferred Stock	1,200,000 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,000,000
Cost per Share	\$2.50
% Ownership (Full Dilution)	30.0%
Company Valuation at CHP II Cost	\$12.0 million
Company Valuation at Assigned Fair Value	\$16.5 million

Outlook:

aTyr is focused on an emerging technology with many potential therapeutic and cosmetic targets. The \$10.5 million financing closed in Q4 2006 is a confirmation of the potential value inherent in the aTyr development platform. The technology will also require a relatively small investment to validate its initial targets.

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

Human allograft for peripheral nerve repair and regeneration.

Period Summary: 4th Quarter, 2006

AxoGen finished 2006 on track for its clinical development goals for its lead Advance™ peripheral nerve graft product. Process development will be finalized in early 2007 and a contract manufacturing facility has been finalized. Negotiations are continuing with a leading medical device company towards a comprehensive marketing and distribution partnership. The company has also initiated its validation, testing and commercialization/regulatory programs towards a target launch of Q3 2007 for the Advance™ product. Financially, the company has not spent as expected on its R&D plan for 2006, but spending is now ramping to expected levels as the company moves toward completing its design phase.

The \$7.75 first round financing led by Cardinal in March 2006 is expected to support operations well into 2008. Monthly cash burn has ramped to \$300K for the last quarter of 2006. The company has established a \$2 million working capital facility and has used a \$1.5 million lease line for equipment purchases. We forecast the company will initiate a \$10 million second round of financing in late 2007, based on initial sales of its lead product as well as initiating human clinical testing for its second product. CHP II has \$3 million in reserve for future AxoGen financings.

AXOGEN, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2005 Actual</i>	<i>2006 Actual*</i>	<i>2007 Budget</i>
Revenues	88	0	0
R&D Expenses	194	740	2,760
SG&A	772	1,665	3,985
EBIT	-878	-2,405	-6,745
Interest and Taxes	0	+260	+26
Net Income	-878	-2,146	-6,719

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	330	585	+255
SG&A	481	491	+10
EBIT	-811	-1,076	+265
Interest and Taxes	+72	+90	-18
Net Income	-739	-986	+247

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	740	1,376	+636
SG&A	1,665	1,675	+10
EBIT	-2,405	-3,051	+646
Interest and Taxes	+260	+275	-15
Net Income	-2,146	-2,776	+631

AXOGEN, INC. (cont.)

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

Cash	\$ 7,675	Accounts Payable	\$ 3
Accounts Receivable	0	Accrued Expenses	322
Other Current Assets	<u>92</u>	Other Current Liabilities	<u>612</u>
Total Current Assets	7,767	Total Current Liabilities	937
Net PP&E	308	Long Term Liabilities	1,612
Intangibles (Net)	460	Shareholders Equity	9,777
Other Assets	<u>18</u>	Retained Earnings	<u>-3,773</u>
Total Assets	<u>\$ 8,553</u>	Total Liabilities & Equity	<u>\$ 8,553</u>

Comments:

Monthly cash burn at AxoGen is currently averaging \$300K. This is expected to increase to over \$400K during Q1 2007. During the period, the company closed on a \$2 million equipment lease line. Current capital resources are sufficient to support operations well into 2008.

CHP II, L.P. Holdings:

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

Outlook:

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

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

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

Period Summary: 4th Quarter, 2006

CardioOptics experienced a significant setback during Q4 2006. In October, the company met with an advisory board of cardiovascular surgeons who have utilized the Coronary Sinus Access (CSA™) System product and learned that there were some significant limitations to its clinical functionality. Primarily, the field of view provided by the instrument was too small to be useful in biventricular lead placement procedures. Sales of the system slowed considerably in Q4 and management has essentially stopped the sales effort until a complete assessment of the technology and manufacturing process can be completed. We expected this assessment to be completed by the end of Q2 2007. Until the assessment has been completed, we have reduced the fair market value for the CardioOptics investment at year-end by 50% to \$5,095,021.

Management has begun scaling back the cash burn and reducing the sales effort. Headcount reductions in sales, marketing and G&A will occur in early 2007 until the quality assessment project is completed. Cash burn will be reduced to ~\$300K per month by June 2007, at which time management forecasts the cash balance to be \$7 million. CHP II has \$500K in reserve for future financing requirements at Cardio-Optics.

CARDIO-OPTICS, INC. (cont.)**FINANCIAL RESULTS: (\$000)**

Overview: (FYE 12/31)

	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Actual*</i>	<i>2007 Budget</i>
Revenues	0	0	0	906	0
Cost of Sales	0	0	0	1,024	0
R&D Expenses	1,031	2,146	1,226	1,489	962
SG&A	1,036	1,164	4,733	7,938	3,150
EBIT	-2,067	-3,310	-5,959	-9,545	-4,112
Interest and Taxes	-31	+6	-72	+697	+320
Net Income	-2,098	-3,304	-6,031	-8,848	-3,792

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	14	1,989	-1,975
Cost of Sales	153	1,332	+1,179
R&D Expenses	234	372	+138
SG&A	2,749	2,277	-472
EBIT	-3,122	-1,992	-1,130
Interest and Taxes	+148	+1	+147
Net Income	-2,974	-1,991	+983

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	906	3,587	-2,681
Cost of Sales	1,024	2,531	+1,507
R&D Expenses	1,489	1,701	+212
SG&A	7,938	8,074	+136
EBIT	-9,545	-8,719	-826
Interest and Taxes	+697	+518	+179
Net Income	-8,848	-8,201	-647

CARDIO-OPTICS, INC. (cont.)

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

Cash	\$ 9,558	Accounts Payable	\$ 354
Accounts Receivable	82	Accrued Expenses	742
Inventory & Other Current	<u>1,447</u>	Convertible Promissory Notes	<u>0</u>
Total Current Assets	11,087	Total Current Liabilities	1,096
Net PP&E	1,217	Long Term Debt - Lease line	22
Intangibles (Net)	0	Shareholders Equity	37,732
Other Assets	<u>112</u>	Retained Earnings	<u>-26,434</u>
Total Assets	<u>\$12,416</u>	Total Liabilities & Equity	<u>\$12,416</u>

Comments:

Average monthly cash burn for 2006 has averaged almost \$800K. The company is currently \$600K behind on its cash forecast for the year, primarily because of the shortfall in revenues as compared to forecast. With the cutback in operations until planned for the first half of 2007, current capital resources are expected to last well into 2008.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,938,310 shares
Assigned Fair Value (1,938,310 x 3.296 x 50%)	\$3,194,335
Investment Cost	\$2,367,630
Cost per Share	\$1.2215
Series B Convertible Preferred Stock	1,153,329 shares
Assigned Fair Value (1,153,329 x \$3.296 x 50%)	\$1,900,686
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	\$26.5 million

Outlook:

We are hopeful that the current performance issues are correctable and improved product performance can be achieved in the near term. Until these issues are clarified we have tempered our returns expectations for the CardioOptics investment.

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

Web-based Automated Coding of Transcribed Medical Documents

Period Summary: 4th Quarter, 2006

For CodeRyte, 2006 was characterized by conquering an implementation lag that had been the primary reason for underperformance in 2005, but suffering from the after effects of the lag, low sales morale and sales force turnover in 2006, that led to significantly lower than forecast sales bookings. During the year, the sales team closed \$5.4 million in annual recurring revenue, which was 38% below plan. Hiring, training and managing the sales and marketing teams have turned out to be the most difficult challenge for the CodeRyte senior management team. While taking longer than anticipated, the company now has the nucleus of a strong team in place to ensure future success in sales. The sales forecast for 2007 will not require a heroic effort and if achieved will bring CodeRyte to EBITDA breakeven.

Financial results for the year reflect the revenue shortfall resulting from the lower sales bookings over the last half of the year. The monthly cash burn for 2006 was higher than forecast as the company built infrastructure to support sales that did not occur as expected. Cash burn for the first half of 2007 will continue to be \$600-\$650K per month until the new sales personnel get up to speed. Management has forecast the company will require \$6 million in financing in the first half of 2007 to support operations to breakeven, forecast for early 2008. The current investor syndicate has agreed in principal to provide the financing under identical terms to the Series C financing completed in March 2006. CHP II has \$1 million in reserve for future financing requirements at CodeRyte. We expect to invest about half of the reserve in the anticipated expansion of the Series C round.

CODERYTE, INC. (cont.)**FINANCIAL RESULTS: (\$000)**

Overview:

	<i>2003 Actual</i> (FYE 6/30)	<i>2004 Actual</i> (FYE 6/30)	<i>2005 Actual</i> (Calendar)	<i>2006 Actual*</i> (Calendar)	<i>2007 Budget</i> (Calendar)
Revenues	1,023	1,824	2,910	4,609	9,927
Cost of Sales	0	0	0	0	0
Operating Expenses	2,659	4,223	9,502	12,114	15,669
EBITDA	-1,636	-2,399	-6,592	-7,505	-6,372
Depreciation & Amort.	-7	-48	-203	-76	-115
Other Income (Exp.)	-169	+81	+85	+273	+207
Net Income	-1,812	-2,366	-6,710	-7,308	-6,280

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	1,261	2,195	-934
Cost of Sales	0	0	0
Operating Expenses	3,361	3,589	+228
EBITDA	-2,100	-1,394	-706
Depreciation & Amort.	-23	-62	+39
Other Income (Expense)	+80	-45	+125
Net Income	-2,043	-1,501	-542

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	4,609	6,024	-1,415
Cost of Sales	0	0	0
Operating Expenses	12,114	14,062	+1,948
EBITDA	-7,505	-8,038	+533
Depreciation & Amort.	-76	-203	+127
Other Income (Expense)	+273	+85	+188
Net Income	-7,308	-8,156	+848

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

Cash	\$ 2,112	Accounts Payable	\$ 180
Accounts Receivable	1,532	Accrued Expenses	1,110
Other Current Assets	<u>146</u>	Deferred Revenue	<u>182</u>
Total Current Assets	3,790	Total Current Liabilities	1,472
Net PP&E	254	Long Term Liabilities	616
Intangibles (Net)	126	Shareholders Equity	24,460
Other Assets	<u>15</u>	Retained Earnings	<u>-22,363</u>
Total Assets	<u>\$ 4,185</u>	Total Liabilities & Equity	<u>\$ 4,185</u>

Comments:

The company has fallen \$600K behind its cash flow forecast for the year, with an average monthly cash burn of \$638K for the year as the company continues to build its infrastructure. Current capital is now forecast to last only until mid-2007. The investor syndicate has agreed in principal to a \$6 million extension of the Series C financing to close in Q1 2007. Management currently forecasts the company to be cash flow breakeven by mid-2008.

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	326,675 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$2,780,004
Cost per Share	\$8.51
Series C Convertible Preferred Stock	171,456 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$1,645,978
Cost per Share	\$9.60
% Ownership (Full Dilution)	14.2%
Company Valuation at CHP II Cost	\$32.9 million
Company Valuation at Assigned Fair Value	\$32.9 million

Outlook:

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

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

Integrated Telecommunications, Web and Data Networks for Patient Management

Period Summary: 4th Quarter, 2006

On November 3, 2007, CHP II received \$774,892 from the IntelliCare escrow account representing 100% of the proceeds placed in escrow when the company was sold in November 2005. By way of review, 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 the \$774,892 in escrowed funds. In total, CHP II received back 90% of its investment in IntelliCare from the sale to PolyMedica.

In March 2006, CHP II received notice that a group of Series A investors was going to file suit against the Board of Directors and the Series C investors for breach of fiduciary duty with regard to the sale of the company to PolyMedica. The suit was filed in the State of Maine and the Series C investors, including CHP II engaged counsel to file a motion to dismiss for lack of grounds. Discovery has completed and a mediation hearing was held in late October. The mediation produced a settlement with the Plaintiffs. As a result of the settlement, CHP II and the other Series C shareholders were held harmless and received a release from the Plaintiffs.

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

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

Period Summary: 4th Quarter, 2006

Results from animal testing have confirmed that the open surgical device mechanism for adjustment has performed well and the company has initiated a prototype design freeze. In-vivo pre-clinical animal testing is now complete and in-vitro (bench) testing of the device has begun in preparation for initial human clinical testing, scheduled for March 2007 in Europe. The company expects to file its 510(k) submission with the FDA for its open surgical product in Q3 2007, after completion of a 50 patient study in Europe. Product approval is expected in both Europe and the U.S. by the end of 2007.

By year-end 2006 cash burn has increased to almost \$300K per month. This increase was as expected due to the ramp up in engineering and regulatory expenditures as the company nears human testing and a CE Mark/FDA submission. Current capital can support operations through Q3 2007. Management expects to complete a \$5-\$6 million second round of financing by mid-year 2007. At this level of funding, the financing will likely be insider led, with the possibility of additional financing during 2007 coming from a strategic partner. CHP II has \$3 million in reserve for future financings at Mitral.

MITRALSOLUTIONS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview:

	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Actual</i>	<i>2007 Budget</i>
Revenues	0	0	0	0
R&D Expenses	158	183	1,720	2,760
Operating Expenses	271	550	1,335	3,922
EBIT	-429	-733	-3,055	-6,682
Other Income (Expense)	-2	+11	+172	+92
Net Income	-431	-722	-2,883	-6,590

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	606	755	+149
Operating Expenses	410	186	-224
EBIT	-1,016	-941	-75
Other Income (Expense)	+415	-112	+527
Net Income	-601	-1,053	+452

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	1,720	2,203	+483
Operating Expenses	1,335	1,153	-182
EBIT	-3,055	-3,356	+301
Other Income (Expense)	+172	-436	+608
Net Income	-2,883	-3,792	+909

MITRALSOLUTIONS, INC. (cont.)

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

Cash	\$ 3,023	Accounts Payable	\$ 131
Accounts Receivable	0	Accrued Expenses	614
Other Current Assets	<u>24</u>	Other Current Liabilities	<u>0</u>
Total Current Assets	3,047	Total Current Liabilities	745
Net PP&E	45	Long Term Debt - Lease line	0
Intangibles (Net)	80	Shareholders Equity	7,380
Other Assets	<u>226</u>	Retained Earnings	<u>-4,611</u>
Total Assets	<u>\$ 3,398</u>	Total Liabilities & Equity	<u>\$ 3,398</u>

Comments:

During the current quarter, average cash burn was almost \$300K per month. That is forecast to grow to \$400K over the next quarter as the company ramps product development and prepares its 510(k) filing. Current capital can support operations into Q4 2007. Management expects to complete a \$5-\$6 million second round of financing by mid-year 2007

CHP II, L.P. Holdings:

Series B Convertible Preferred Stock	12,037,038 shares
Assigned Fair Value	Investment Cost
Investment Cost	\$3,250,000
Cost per Share	\$0.27

% Ownership (Full Dilution) 30.5%

Company Valuation at CHP II Cost	\$10.9 million
Company Valuation at Assigned Fair Value	\$10.9 million

Outlook:

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

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

Glycomics Based Drug Discovery and Development

Period Summary: 4th Quarter, 2006

On November 21, 2006, CHP II distributed its remaining 476,836 shares of Momenta at a value of \$17.84 per share for a total distributed value of \$8,506,754, producing a realized gain of \$5,558,250. As a result of this distribution, the investment valuation for Momenta was reduced to \$0 and the previously unrealized gain of \$3,498,319 related to the investment was reversed.

By way of review, CHP II has distributed a total of \$56,956,359 in value to the investors over the life of the Momenta investment. This 2002 investment has produced an overall return of 8.3 times on its investment cost of \$6,823,505, resulting in an investment IRR of 150.2%.

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, 2006

As reported last quarter, the deadline for Abbott Laboratories to exercise its option to acquire Replication based on milestones came and passed in July, with no action taken by Abbott. The company will continue to update Abbott on its progress, but other potential suitors for the technology have now been re-engaged. The company has completed a redesign that improves the mechanical properties of the device and the method for insertion of the device. Management has revised the timing for its IDE application to the FDA to March 2007, ten months later than the original plan. Results from pre-clinical testing utilizing the bullet design of the NeuDisc™ device have shown no device related complications, good pain reduction and an average increase in disc height of 10-20%. The company will likely perform 4-5 additional procedures utilizing the new device design and insertion methodology. Submission of the pilot IDE is expected to be after 6 weeks of follow-up with patients. The pilot study design will consist of 2-3 study sites, with 10-15 subjects.

Replication has adequate capital resources to support operations through its IDE pilot approval, expected in late 2008. Cash burn for Q4 2006 accelerated to over \$350K per month and is expected to remain at that level through Q1 2007 as the company prepares to file its IDE. Management's 2007 forecast shows year-end cash balance of \$4 million. The company would require additional financing at the end of 2008, if it has not been acquired or completed a strategic partnership. Cardinal Principals Brandon Hull and Chuck Hadley continue to work closely with company management to ensure that specified milestones are met in a cost efficient manner, which we continue to believe can deliver a good return on this 2003 investment.

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

Overview: (FYE 12/31)

	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Actual*</i>	<i>2007 Budget</i>
Revenues	0	0	0	0	0
R&D Expenses	2,396	2,600	2,662	3,074	2,780
Operating Expenses	782	456	1,127	770	1,075
EBIT	3,178	-3,056	-3,749	-3,844	-3,855
Interest and Taxes	27	12	+91	+592	+367
Net Income	-3,151	-3,044	-3,658	-3,252	-3,488

* - Subject to Audit

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	578	802	+224
Operating Expenses	248	613	+365
EBIT	-826	-1,415	+589
Interest and Taxes	+162	+13	+149
Net Income	-664	-1,402	+738

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	3,074	3,668	+594
Operating Expenses	770	3,056	+2,286
EBIT	-3,844	-6,724	+2,880
Interest and Taxes	+592	+100	+492
Net Income	-3,252	-6,624	+3,372

REPLICATION MEDICAL (cont.)

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

Cash	\$ 7,268	Accounts Payable	\$ 118
Prepaid Expenses	0	Accrued Expenses	90
Other Current Assets	<u>79</u>	Notes Payable	<u>0</u>
Total Current Assets	7,347	Total Current Liabilities	208
Net PP&E	589	Long Term Debt	0
Intangibles (net)	0	Shareholders Equity	25,550
Other Assets	<u>0</u>	Retained Earnings	<u>-17,822</u>
Total Assets	<u>\$ 7,936</u>	Total Liabilities & Equity	<u>\$ 7,936</u>

Comments:

Monthly cash burn has averaged \$287K for the year, well below original expectations. The company has sufficient capital resources to operate through most of 2008 and well into the IDE approval process with the FDA.

CHP II, L.P. Holdings:

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

Outlook:

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

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

Structure-Based Design of Anti-Infective Agents

Period Summary: 4th Quarter, 2006

During 2006, Rib-X accelerated its development programs aggressively focused on three goals – driving its lead program RX-01 through the clinic, completing the Investigational New Drug (“IND”) application for the acquired compound from Abbott Laboratories (RX-03), and delivering potential drug candidates from its secondary RX-02 program. Though each of these programs has met with some slippage in their timelines, the company continues to be on target towards achieving its key value creation milestones designed to demonstrate that the Rib-X pipeline and business strategy will support a \$500 million valuation for the company by the end of 2007. Rib-X possesses a high potential, proprietary drug development platform addressing a large market with substantial unmet needs. The target valuation may seem high at this stage of development, but with good execution on their clinical plan, it is obtainable.

Financial performance for the year was well ahead of plan primarily due to lower than forecast R&D expenditures. This variance is due to the following timing differences: the temporary deferral of the RX-01 formulation development and Phase I multi-dose and other clinical studies (\$2.9 million); deferral of RX-02 advanced preclinical costs (\$3.6 million) until a clinical candidate is identified; and deferral of RX-03 costs until the license agreement execution (\$3.2 million). Cash burn has averaged \$1.6 million per month for the year. This is expected to accelerate to almost \$2.5 million by the end Q1 2007 as the company advances two drug candidates into the clinic. The company remains well ahead of its cash forecast.

In 2006, Rib-X completed a \$50 million insider-led third round financing. The financing valued the company at \$140 million post-money. At the current forecast burn rate, the company would require additional financing by the end of 2008. Management’s plan for investor liquidity is to position the company for a potential initial public offering or acquisition by the end of 2007 at a target minimum pre-money valuation of \$500 million. A leading investment banking firm has been engaged to manage this process and we are optimistic that a liquidity event could be possible in the next 12-18 months.

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

Overview: (FYE 12/31)

	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Actual*</i>	<i>2007 Budget</i>
Revenues	148	0	502	770	165
R&D Expenses	9,469	10,230	11,630	12,789	19,925
Operating Expenses	1,750	3,534	5,178	11,659	13,595
EBIT	-11,071	-13,764	-16,306	-23,678	-33,355
Interest and Taxes	+134	+394	+635	+1,915	+1,759
Net Income	-10,937	-13,370	-15,671	-21,763	-31,596

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	139	0	+139
R&D Expenses	3,686	5,599	+1,913
Operating Expenses	2,864	2,617	-247
EBIT	-6,411	-8,216	+1,805
Interest and Taxes	+708	+351	+357
Net Income	-5,703	-7,865	+2,662

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Revenues	770	783	-13
R&D Expenses	12,789	23,549	+11,668
Operating Expenses	11,659	13,221	+654
EBIT	-23,678	-35,987	+12,309
Interest and Taxes	+1,915	+1,310	+605
Net Income	-21,763	-34,677	+12,914

RIB-X PHARMACEUTICALS, INC. (cont.)

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

Cash	\$ 54,951	Accounts Payable	\$ 3,607
Accounts Receivable	0	Accrued Expenses	0
Other Current Assets	<u>659</u>	Notes Payable Current	<u>2,082</u>
Total Current Assets	55,610	Total Current Liabilities	5,689
Net PP&E	3,033	Notes Payable	0
Intangibles (net)	0	Shareholders Equity	122,942
Other Assets	<u>249</u>	Retained Earnings	<u>-69,739</u>
Total Assets	<u>\$58,892</u>	Total Liabilities & Equity	<u>\$58,892</u>

Comments:

Rib-X was well ahead of its cash forecast for 2006. Operating cash burn averaged \$1.6 million per month for 2006, but is forecast to accelerate to \$2.5 million by the end of Q1 2007. The company has sufficient capital resources to support operations into Q4 2008.

CHP II, L.P. Holdings:

Series A Convertible Preferred Stock	1,817,741 shares
Assigned Fair Value (cost)	\$1,125,000
Investment Cost	\$1,125,000
Cost per Share	\$0.6189
Series B Convertible Preferred Stock	4,645,339 shares
Assigned Fair Value (cost)	\$2,875,000
Investment Cost	\$2,875,000
Cost per Share	\$0.6189
Series C Convertible Preferred Stock	4,847,310 shares
Assigned Fair Value (cost)	\$3,000,000
Investment Cost	\$3,000,000
Cost per Share	\$0.6189
% Ownership (Full Dilution)	5.0%
Company Valuation at CHP II Cost	\$140.0 million
Company Valuation at Assigned Fair Value	\$140.0 million

Outlook:

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

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

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

Period Summary: 4th Quarter, 2006

Sirtris enjoyed a highly successful year of clinical progress in 2006. In the fall, initial phase I clinical studies for toxicology and pharmacokinetics for its lead compound SRT501 were successfully completed. Two phase Ib efficacy studies have been initiated targeting type II diabetes and neurological or mitochondrial disorders, with data from these studies available by the end of Q1 2007. Assuming the data from these studies is favorable, management is hopeful of beginning phase II trials in the latter half of 2007. With the lead program moving through the clinic, the company has accomplished all of its major goals for 2006 except the completion of a strategic partnership with one or more major pharmaceutical partners. Discussions are ongoing with multiple potential partners, with the goal of completing a substantive deal in the first half of 2007. In January 2007, the company completed a \$36 million financing at a pre-money value of \$184 million.

In May 2006, management proposed a more aggressive clinical development program. The plan added almost \$3 million in spending for 2006 in an effort to parallel track Phase 1 clinical studies and scale up for later stage clinical studies. Cash burn averaged \$1.6 million per month for 2006. Under this plan, the burn will accelerate to an average of \$2.7 million in 2007. Current capital resources will support this plan into 2009.

Strategic partner, mezzanine and investment banker interest remains strong. The company is in serious discussions with multiple large pharmaceutical companies regarding strategic alliances. However, given the significant capital resources currently available to Sirtris, management has been steadfast on terms to complete a deal. Over the next year the company is hopeful of completing at least one significant strategic partnership with a major pharmaceutical company. Should the company be successful in this effort and remain on track on its clinical plan, Sirtris would be in good position to begin exploring an investor liquidity event in 2007. To that end, during the quarter management and the Board of Directors selected a leading investment banking firm to assist the company in financial planning and preparations for providing investor liquidity.

SIRTRIS PHARMACEUTICALS, INC. (cont.)

FINANCIAL RESULTS: (\$000)

Overview: (FYE 12/31)

	<i>2004 Actual</i>	<i>2005 Actual</i>	<i>2006 Actual*</i>	<i>2007 Budget**</i>
Revenues	0	68	42	75
R&D Expenses	1,247	7,060	13,571	12,654
Operating Expenses	554	3,695	4,160	4,023
EBIT	-1,801	-10,687	-17,689	-16,602
Interest and Taxes	+45	+1,123	+1,641	+678
Net Income	-1,756	-9,564	-16,048	-15,924

* - Preliminary, Subject to Audit

Last Three Months: Quarter Ended December 31, 2006

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	0	0	0
R&D Expenses	4,230	3,493	-737
Operating Expenses	1,210	1,039	-171
EBIT	-5,440	-4,532	-908
Interest and Taxes	+448	+35	+413
Net Income	-4,992	-4,497	-495

Fiscal Year-to-Date: Twelve Months Ended December 31, 2006

	<i>Actual</i>	<i>Budget**</i>	<i>Variance</i>
Revenues	42	75	-33
R&D Expenses	13,571	12,660	-911
Operating Expenses	4,160	4,022	-138
EBIT	-17,689	-16,607	-1,082
Interest and Taxes	+1,641	+678	+963
Net Income	-16,048	-15,929	-119

** - Modified budget approved in May 2006

SIRTRIS PHARMACEUTICALS, INC. (cont.)

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

Cash	\$ 50,009	Accounts Payable	\$ 829
Accounts Receivable	0	Accrued Expenses	1,057
Other Current Assets	<u>670</u>	Notes Payable Current	<u>1,102</u>
Total Current Assets	50,679	Total Current Liabilities	2,988
Net PP&E	1,234	Equipment Notes	9,696
Intangibles (net)	0	Shareholders Equity	67,009
Other Assets	<u>172</u>	Retained Earnings	<u>-27,608</u>
Total Assets	<u>\$52,085</u>	Total Liabilities & Equity	<u>\$52,085</u>

Comments:

Operating cash burn for 2006 averaged \$1.37 million per month and is expected to grow to over \$2.0 million during 2007. The company has sufficient capital resources to operate thru 2008.

CHP II, L.P. Holdings:

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

Outlook:

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