

CHP III, L.P.
FINANCIAL REPORT
2nd QUARTER, 2007

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CHP III, L.P
Portfolio Investment Valuation Summary
6/30/2007

Company	Investment	Fair Value 6/30/2007	Fair Value 3/31/2007	Change From Last Quarter	Reason For Change
BioConnect Systems, Inc.	\$4,000,000	\$4,000,000	\$4,000,000	\$0	
COPD Partners, Inc.	\$3,600,000	\$3,600,000	\$0	\$3,600,000	New Investment (note 1)
Fluidnet Corporation	\$3,000,000	\$3,000,000	\$0	\$3,000,000	New Investment (note 2)
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Total	\$10,600,000	\$10,600,000	\$4,000,000	\$6,600,000	

- (1) On May 31, 2007, CHP III contributed \$3.6 million to an \$8.3 million first round financing for COPD Partners, Inc.. The financing was led by Birchmere Capital and also included SR One. The pre-money value for the financing was \$8 million.
- (2) On May 23, 2007, CHP III contributed \$3.0 million to an \$4.0 million first round financing for FluidNet Corporation, Inc. The financing was led by Cardinal Partners at a pre-money value of \$3.5 million, including a 10% post-money option pool.

CHP III, L.P.
Income Statement
For the Six Months Ended June 30, 2007

	3 Months Ended 6/30/2007	6 Months Ended 6/30/2007
Revenue:		
Non Portfolio Income	\$14,090	\$14,090
Interest-Equivalent Amounts	0	0
Expenses:		
Management Fee	731,804	1,784,398
Professional Fees	6,900	12,900
NVCA Dues & Expenses	4,325	4,325
Amortization of Organization Costs	55,000	110,000
Annual Meeting & Miscellaneous Expenses	42	42
Total Expenses	798,071	1,911,665
Net Operating Expense	(783,981)	(1,897,575)
Investment Income	957	968
Net Income Before Gains (Losses)	(783,024)	(1,896,607)
Realized Gains (Losses)	0	0
Unrealized Gains (Losses)	0	0
Net Income (Loss)	(\$783,024)	(\$1,896,607)

CHP III, L.P.
Balance Sheet
As of June 30, 2007

ASSETS:	Period Ended 6/30/2007	Period Ended 3/31/2007
Cash and Short-Term Investments	\$912,503	\$917,406
Accrued Interest	968	11
Venture Capital Investments	10,600,000	4,000,000
Organization Costs (Net of Accum. Amortization)	109,334	152,443
Other Assets	<u>66,750</u>	<u>30,000</u>
	<u><u>\$11,689,555</u></u>	<u><u>\$5,099,860</u></u>
 LIABILITIES & CAPITAL:		
Accrued Expenses and Payables	\$236,159	\$213,443
Partners' Capital	<u>11,453,396</u>	<u>4,886,417</u>
Total Liabilities and Capital	<u><u>\$11,689,555</u></u>	<u><u>\$5,099,860</u></u>

CHP III, L.P.
Footnotes
As of June 30, 2007

Note 1 - Cardinal Health Partners, L.P. is a Limited Partnership and as such is not subject to income taxes at the partnership level.

Note 2 - Net Organization Costs:	<u>6/30/2007</u>	<u>3/31/2007</u>
Organization Costs *	\$219,334	\$207,443
Accumulated Amortization	<u>(110,000)</u>	<u>(55,000)</u>
Total	<u><u>\$109,334</u></u>	<u><u>\$152,443</u></u>

* Organization Costs are preliminary and subject to audit.

Note 3 - Other Assets:	<u>6/30/2007</u>	<u>3/31/2007</u>
GP Promissory Note Principal	\$66,750	\$30,000
Miscellaneous Other Assets	<u>0</u>	<u>0</u>
Total	<u><u>\$66,750</u></u>	<u><u>\$30,000</u></u>

Note 4 - Accrued Expenses:	<u>6/30/2007</u>	<u>3/31/2007</u>
Accounting & Audit	\$12,500	\$6,000
NVCA Dues and Expenses	4,325	0
Organizational Costs	<u>219,334</u>	<u>207,443</u>
Total	<u><u>\$236,159</u></u>	<u><u>\$213,443</u></u>

CHP III, L.P.
Statement of Cash Flows
For the Six Months Ended June 30, 2007

	3 Months Ended 06/30/07	6 Months Ended 06/30/07
Cash flows from operating activities		
Net Income Before Gains (Losses)	(\$783,024)	(\$1,896,607)
Adjustments to reconcile net income before gains (losses) to net cash used in operating activities:		
Accrued Interest Receivable	(957)	(968)
Accrued Organization Costs	11,891	219,334
Other Assets	6,359	(176,084)
Accrued Expenses & Payables	10,825	16,825
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Net Cash used in Operating Activities	(754,906)	(1,837,500)
Cash flows from investing activities		
Purchases of venture capital investments	(6,600,000)	(10,600,000)
Sales of venture capital investments	-	-
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Net cash provided by investing activities	(6,600,000)	(10,600,000)
Cash flows from financing activities		
Cash contributions by partners	7,350,003	13,350,003
Cash distribution to partners	-	-
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Net cash used in financing activities	7,350,003	13,350,003
Net Change in Cash and Short Term Investments	(4,903)	912,503
Cash and Short Term Investments, Beginning	917,406	-
Cash and Short Term Investments, Ending	<u><u>\$912,503</u></u>	<u><u>\$912,503</u></u>

CHP III, L.P.
Schedule of Venture Capital Investments
As of June 30, 2007

Company	Debt	Equity	Total Cost	Fair Value	Unrealized Gain (Loss)
BioConnect Systems, Inc.	\$0	\$4,000,000	\$4,000,000	\$4,000,000	\$0
COPD Partners, Inc.	0	3,600,000	3,600,000	3,600,000	0
FluidNet Corporation	0	3,000,000	3,000,000	3,000,000	0
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Totals	\$0	\$10,600,000	\$10,600,000	\$10,600,000	\$0
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CHP III, L.P.
Statement of Partners' Contributions Accounts
As of June 30, 2007

	Partners' Total Subscription	Contributions Account 3/31/2007	Period Contributions in Cash	Period Contributions by Note	Contributions Account 6/30/2007	Partners' Outstanding Subscription
<u>Limited Partners:</u>						
State Teachers Retirement System of Ohio	\$23,417,722	\$1,200,000	\$1,470,000	\$0	\$2,670,000	\$20,747,722
Trustees of Princeton University	9,425,000	482,967	591,639	0	1,074,606	8,350,394
The Robertson Foundation	575,000	29,465	36,094	0	65,559	509,441
Robert Wood Johnson Foundation	10,000,000	512,432	627,729	0	1,140,161	8,859,839
Northwestern University	7,000,000	358,704	439,411	0	798,115	6,201,885
LA City Employees Retirement System	15,000,000	768,650	941,594	0	1,710,244	13,289,756
Hamilton Lane-Carpenters Fund II	5,000,000	256,216	313,865	0	570,081	4,429,919
Int. Union of Operating Engineers	5,000,000	256,216	313,865	0	570,081	4,429,919
COPTL L.P. (Royal Mail)	10,000,000	512,432	627,729	0	1,140,161	8,859,839
Howard University (Endowment Fund)	2,500,000	128,108	156,933	0	285,041	2,214,959
Howard University Retirement Trust	2,500,000	128,108	156,933	0	285,041	2,214,959
SVB Strategic Investors Fund III, L.P.	10,000,000	512,432	627,729	0	1,140,161	8,859,839
Venture Investment Associates VI, LP	6,000,000	307,460	376,638	0	684,098	5,315,902
WSI Investments, Inc.	5,000,000	256,216	313,865	0	570,081	4,429,919
Alexandria Equities, LLC	2,500,000	128,108	156,933	0	285,041	2,214,959
United Gulf Investments, Ltd.	2,000,000	102,486	125,546	0	228,032	1,771,968
	<u>\$115,917,722</u>	<u>\$5,940,000</u>	<u>\$7,276,503</u>	<u>\$0</u>	<u>\$13,216,503</u>	<u>\$102,701,219</u>
<u>General Partner:</u>						
CHP III Management LLC	<u>1,170,886</u>	<u>60,000</u>	<u>36,750</u>	<u>36,750</u>	<u>133,500</u>	<u>1,037,386</u>
Total Partnership	<u><u>\$117,088,608</u></u>	<u><u>\$6,000,000</u></u>	<u><u>\$7,313,253</u></u>	<u><u>\$36,750</u></u>	<u><u>\$13,350,003</u></u>	<u><u>\$103,738,605</u></u>

CHP III, L.P.
Statement of Partners' Distributive Share of Net Assets
For the Period Ended June 30, 2007

	Private Securities	Public Securities	Cash	Net Organization Costs	Other Assets	Total Assets	Accrued Expenses & Other Liabilities	Net Assets 6/30/2007
<u>Limited Partners:</u>								
State Teachers Retirement System of Ohio	\$2,120,000	\$0	\$182,501	\$21,866	\$13,544	\$2,337,911	(\$47,232)	\$2,290,679
Trustees of Princeton University	853,245	0	73,452	8,801	5,451	940,949	(19,010)	921,939
The Robertson Foundation	52,054	0	4,481	537	333	57,405	(1,160)	56,245
Robert Wood Johnson Foundation	905,295	0	77,933	9,338	5,783	998,349	(20,169)	978,180
Northwestern University	633,709	0	54,553	6,536	4,048	698,846	(14,118)	684,728
LA City Employees Retirement System	1,357,947	0	116,899	14,007	8,675	1,497,528	(30,254)	1,467,274
Hamilton Lane-Carpenters Fund II	452,649	0	38,966	4,669	2,892	499,176	(10,085)	489,091
Int. Union of Operating Engineers	452,649	0	38,966	4,669	2,892	499,176	(10,085)	489,091
COPTL L.P. (Royal Mail)	905,295	0	77,933	9,338	5,783	998,349	(20,169)	978,180
Howard University (Endowment Fund)	226,325	0	19,483	2,334	1,446	249,588	(5,042)	244,546
Howard University Retirement Trust	226,325	0	19,483	2,334	1,446	249,588	(5,042)	244,546
SVB Strategic Investors Fund III, L.P.	905,295	0	77,933	9,338	5,783	998,349	(20,169)	978,180
Venture Investment Associates VI, LP	543,179	0	46,760	5,603	3,470	599,012	(12,102)	586,910
WSI Investments, Inc.	452,649	0	38,966	4,669	2,892	499,176	(10,085)	489,091
Alexandria Equities, LLC	226,325	0	19,483	2,334	1,446	249,588	(5,042)	244,546
United Gulf Investments, Ltd.	181,059	0	15,586	1,868	1,157	199,670	(4,034)	195,636
	\$10,494,000	\$0	\$903,378	\$108,241	\$67,041	\$11,572,660	(\$233,798)	\$11,338,862
<u>General Partner:</u>								
CHP III Management LLC	106,000	0	9,125	1,093	677	116,895	(2,361)	114,534
Total Partnership	\$10,600,000	\$0	\$912,503	\$109,334	\$67,718	\$11,689,555	(\$236,159)	\$11,453,396

CHP III, L.P.
Statement of Partners' Capital Accounts
For the Three Months Ended June 30, 2007

	Partners' Capital 4/1/2007	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 6/30/2007
<u>Limited Partners:</u>									
State Teachers Retirement System of Ohio	\$977,284	\$1,470,000	\$2,818	(\$159,423)	\$0	(\$156,605)	\$0	\$0	\$2,290,679
Trustees of Princeton University	393,330	591,639	1,134	(64,164)	0	(63,030)	0	0	921,939
The Robertson Foundation	23,996	36,094	69	(3,914)	0	(3,845)	0	0	56,245
Robert Wood Johnson Foundation	417,326	627,729	1,203	(68,078)	0	(66,875)	0	0	978,180
Northwestern University	292,130	439,411	842	(47,655)	0	(46,813)	0	0	684,728
LA City Employees Retirement System	625,992	941,594	1,805	(102,117)	0	(100,312)	0	0	1,467,274
Hamilton Lane-Carpenters Fund II	208,663	313,865	602	(34,039)	0	(33,437)	0	0	489,091
Int. Union of Operating Engineers	208,663	313,865	602	(34,039)	0	(33,437)	0	0	489,091
COPTL L.P. (Royal Mail)	417,326	627,729	1,203	(68,078)	0	(66,875)	0	0	978,180
Howard University (Endowment Fund)	104,331	156,933	301	(17,019)	0	(16,718)	0	0	244,546
Howard University Retirement Trust	104,331	156,933	301	(17,019)	0	(16,718)	0	0	244,546
SVB Strategic Investors Fund III, L.P.	417,326	627,729	1,203	(68,078)	0	(66,875)	0	0	978,180
Venture Investment Associates VI, LP	250,396	376,638	722	(40,846)	0	(40,124)	0	0	586,910
WSI Investments, Inc.	208,663	313,865	602	(34,039)	0	(33,437)	0	0	489,091
Alexandria Equities, LLC	104,331	156,933	301	(17,019)	0	(16,718)	0	0	244,546
United Gulf Investments, Ltd.	83,465	125,546	241	(13,616)	0	(13,375)	0	0	195,636
	\$4,837,553	\$7,276,503	\$13,949	(\$789,143)	\$0	(\$775,194)	\$0	\$0	\$11,338,862
<u>General Partner:</u>									
CHP III Management LLC	18,864	36,750	141	(7,971)	0	(7,830)	0	0	47,784
Total Partnership	\$4,856,417	\$7,313,253	\$14,090	(\$797,114)	\$0	(\$783,024)	\$0	\$0	\$11,386,646

* - Partners' Capital by definition does not include Contributions made by the General Partners in the form of Promissory Notes.

CHP III, L.P.
Statement of Partners' Capital Accounts
For the Six Months Ended June 30, 2007

	Partners' Capital 1/1/2007	Net Capital Contributions	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Capital 6/30/2007
<u>Limited Partners:</u>									
State Teachers Retirement System of Ohio	\$0	\$2,670,000	\$2,818	(\$382,139)	\$0	(\$379,321)	\$0	\$0	\$2,290,679
Trustees of Princeton University	0	1,074,606	1,134	(153,801)	0	(152,667)	0	0	921,939
The Robertson Foundation	0	65,559	69	(9,383)	0	(9,314)	0	0	56,245
Robert Wood Johnson Foundation	0	1,140,161	1,203	(163,184)	0	(161,981)	0	0	978,180
Northwestern University	0	798,115	842	(114,229)	0	(113,387)	0	0	684,728
LA City Employees Retirement System	0	1,710,244	1,805	(244,775)	0	(242,970)	0	0	1,467,274
Hamilton Lane-Carpenters Fund II	0	570,081	602	(81,592)	0	(80,990)	0	0	489,091
Int. Union of Operating Engineers	0	570,081	602	(81,592)	0	(80,990)	0	0	489,091
COPTL L.P. (Royal Mail)	0	1,140,161	1,203	(163,184)	0	(161,981)	0	0	978,180
Howard University (Endowment Fund)	0	285,041	301	(40,796)	0	(40,495)	0	0	244,546
Howard University Retirement Trust	0	285,041	301	(40,796)	0	(40,495)	0	0	244,546
SVB Strategic Investors Fund III, L.P.	0	1,140,161	1,203	(163,184)	0	(161,981)	0	0	978,180
Venture Investment Associates VI, LP	0	684,098	722	(97,910)	0	(97,188)	0	0	586,910
WSI Investments, Inc.	0	570,081	602	(81,592)	0	(80,990)	0	0	489,091
Alexandria Equities, LLC	0	285,041	301	(40,796)	0	(40,495)	0	0	244,546
United Gulf Investments, Ltd.	0	228,032	241	(32,637)	0	(32,396)	0	0	195,636
	\$0	\$13,216,503	\$13,949	(\$1,891,590)	\$0	(\$1,877,641)	\$0	\$0	\$11,338,862
<u>General Partner:</u>									
CHP III Management LLC	0	66,750	141	(19,107)	0	(18,966)	0	0	47,784
Total Partnership	\$0	\$13,283,253	\$14,090	(\$1,910,697)	\$0	(\$1,896,607)	\$0	\$0	\$11,386,646

* - Partners' Capital by definition does not include Contributions made by the General Partners in the form of Promissory Notes.

CHP III, L.P.
Statement of Partners' Accounts
For the Period from November 21, 2006 to June 30, 2007

	Partners' Contributions Account	Non-Portfolio Income	Net Investment Income (Loss)	Realized Gains (Losses)	Total Income	Unrealized Gains (Losses)	Distributions	Partners' Account
<u>Limited Partners:</u>								
State Teachers Retirement System of Ohio	\$2,670,000	\$2,818	(\$382,139)	\$0	(\$379,321)	\$0	\$0	\$2,290,679
Trustees of Princeton University	1,074,606	1,134	(153,801)	0	(152,667)	0	0	921,939
The Robertson Foundation	65,559	69	(9,383)	0	(9,314)	0	0	56,245
Robert Wood Johnson Foundation	1,140,161	1,203	(163,184)	0	(161,981)	0	0	978,180
Northwestern University	798,115	842	(114,229)	0	(113,387)	0	0	684,728
LA City Employees Retirement System	1,710,244	1,805	(244,775)	0	(242,970)	0	0	1,467,274
Hamilton Lane-Carpenters Fund II	570,081	602	(81,592)	0	(80,990)	0	0	489,091
Int. Union of Operating Engineers	570,081	602	(81,592)	0	(80,990)	0	0	489,091
COPTL L.P. (Royal Mail)	1,140,161	1,203	(163,184)	0	(161,981)	0	0	978,180
Howard University (Endowment Fund)	285,041	301	(40,796)	0	(40,495)	0	0	244,546
Howard University Retirement Trust	285,041	301	(40,796)	0	(40,495)	0	0	244,546
SVB Strategic Investors Fund III, L.P.	1,140,161	1,203	(163,184)	0	(161,981)	0	0	978,180
Venture Investment Associates VI, LP	684,098	722	(97,910)	0	(97,188)	0	0	586,910
WSI Investments, Inc.	570,081	602	(81,592)	0	(80,990)	0	0	489,091
Alexandria Equities, LLC	285,041	301	(40,796)	0	(40,495)	0	0	244,546
United Gulf Investments, Ltd.	228,032	241	(32,637)	0	(32,396)	0	0	195,636
	\$13,216,503	\$13,949	(\$1,891,590)	\$0	(\$1,877,641)	\$0	\$0	\$11,338,862
<u>General Partner:</u>								
CHP III Management LLC	133,500	141	(19,107)	0	(18,966)	0	0	114,534
Total Partnership	\$13,350,003	\$14,090	(\$1,910,697)	\$0	(\$1,896,607)	\$0	\$0	\$11,453,396

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