

INVESTMENT TEAM

SCOTT ALBERT

Managing General Partner

JEFF CLARK

Managing General Partner

RICH BROWN

General Partner

GRANT JACKSON

Principal

CHRIS KROEGER

Principal

JAN BOUTEN

Senior Associate

The Aurora Funds is a venture capital firm that provides capital, connections and strategic guidance to entrepreneurs with early-stage healthcare and information technology companies. Founded in 1994, Aurora manages over \$230 million in five venture funds. The firm's six investment professionals have over 100 years of combined venture capital investing and operational experience. The Aurora team has managed investments in over 60 companies. Aurora has the capacity to invest a total of between \$4 million and \$8 million across multiple rounds of financing as a company matures.

The team at The Aurora Funds would like to thank our partners, advisors and portfolio companies for a very positive 2005. The year culminated in the first investment, Visitar, Inc., out of our new fund, Aurora Ventures V. Aurora, which currently has over \$200 million under management, will continue to invest in seed and early stage companies primarily in the region bounded by the Washington, DC-Baltimore corridor south through Florida.

The partners of The Aurora Funds, Scott Albert, Rich Brown and Jeff Clark, would like to take this opportunity to review some of the significant investments and firm events of the past year as they look forward to the year ahead.

AN EVENTFUL YEAR: 2005 at THE AURORA FUNDS

The year 2005 began with momentum achieved by three successful IPO's, which closed through the end of 2004 into 2005.



Blackboard

Blackboard (Nasdaq:BBBB), a worldwide pioneering provider of enterprise software and services for the education market, saw a more than 95% increase in share price during 2005. As part of its growth, Blackboard announced its acquisition of WebCT, Inc., adding 1,500 new institutional clients, for \$180 million in cash in October 2005.



Emageon (Nasdaq:EMAG), a leading developer of enterprise visual medical systems, realized substantial revenue growth and a 22% increase in share price during 2005. As part of its growth, Emageon acquired Camtronics Medical Systems, a major provider of cardiology image and information management systems, for \$40 million in November 2005.



InPhonic (Nasdaq:INPC), a leading online seller of wireless products and services, provides world class service through websites it creates and manages for other businesses. InPhonic sold its prepaid brand, Liberty Wireless, to TelePlus Wireless Corp. in a cash and services deal at year-end 2005.

NEW INVESTMENTS

The Aurora Funds made several new investments in 2005 in the information technology, medical services and medical devices industries.



Aurora IV joined Crossbow Ventures and Ticonderoga Capital in a \$5 million investment in **ALN Medical Management** in May 2005, with Grant Jackson joining the ALN Board of Directors. ALN provides outsourced billing and technology, business intelligence, and business process management for over 350 physicians across all clinical specialties. Outsourced patient billing is a \$4 billion fragmented industry in which ALN is well positioned to grow. ALN announced the acquisition of Specialty Billing Services (SBS) in September 2005.



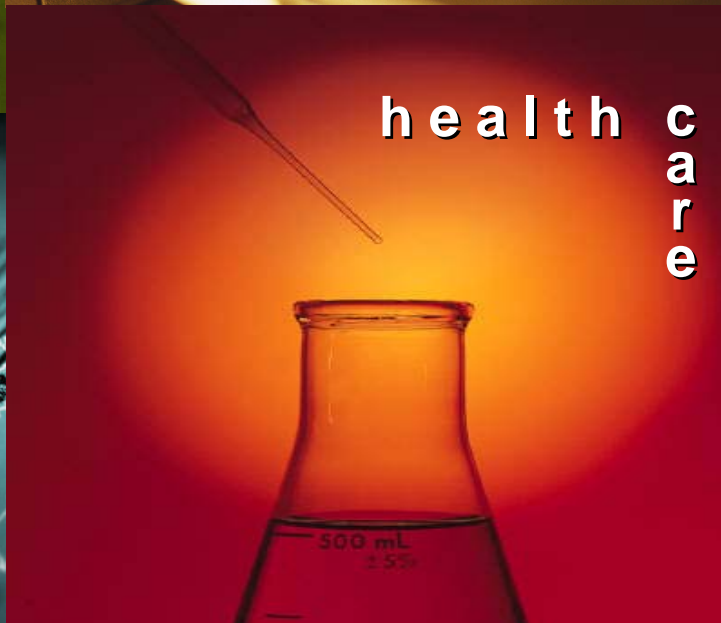
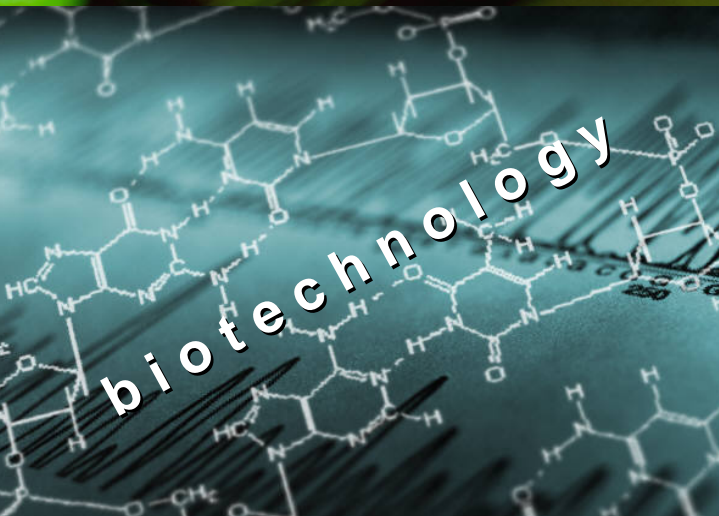
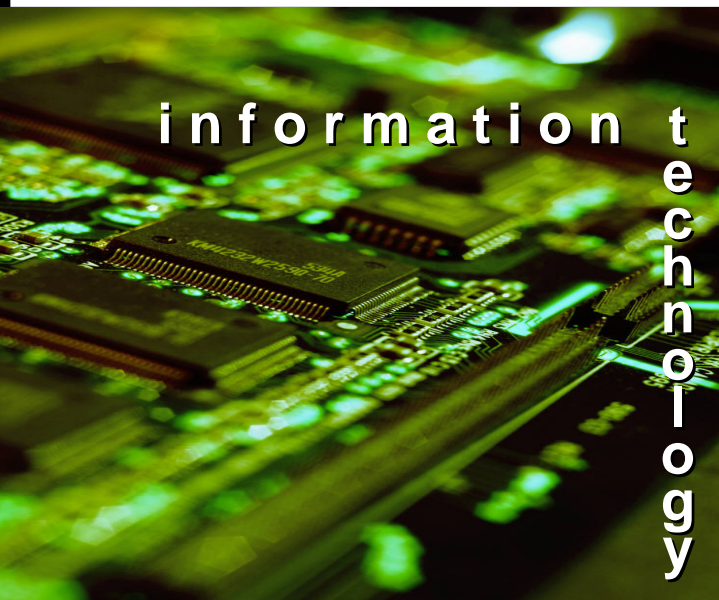
Aurora IV led a \$6 million Series A financing, with additional participation from H.I.G. Ventures, in **HyperBranch Medical Technology** in January 2005. Jeff Clark and Chris Kroeger joined the Board of Directors. HyperBranch is a biomaterial medical device company focused on preventing and restoring serious vision loss by developing new products for ocular surgery. Their innovative technology and product development approach holds potential for the development of a wide range of highly biocompatible medical devices.

AURORA FUNDS

Aurora Funds is a venture capital firm that provides capital, connections and strategic guidance to entrepreneurs with early-stage healthcare and information technology companies located primarily in the Southeastern and mid-Atlantic United States. Founded in 1994, Aurora's team manages over \$230 million in capital in five venture funds and has over 100 years of combined operational and venture capital investing experience. Aurora has invested in over 60 companies, resulting in numerous successful IPO's and M&A transactions.

Scott Albert, Managing General Partner • Jeff Clark, Managing General Partner • Rich Brown, General Partner
Grant Jackson, Principal • Chris Kroeger, Principal • Jan Bouten, Senior Associate

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Aurora IV joined Noro-Mosley and Lunsford Capital in a \$2.8 million Series A financing in **Valor Healthcare** in September 2005. In conjunction with the financing, Grant Jackson joined the Board of Directors. Valor develops and operates outpatient clinics providing primary care and mental health services to military veterans under the US Department of Veteran Affairs. An estimated 27 million veterans are eligible for health and diagnostic medical services, creating a potential \$5 billion market. Enrollment is growing faster than the VA forecast.



Aurora led the \$2.2 million Series A financing in **Visitar** which closed in December 2005. Visitar is the first investment funded out of Aurora V. Scott Albert and Jan Bouten serve on the Board of Directors. Visitar provides communications enabled business solutions and services in CRM and customer care to small and mid-sized businesses, an untapped multibillion dollar market.

FOLLOW-ON INVESTMENTS

The Aurora Funds had a busy year in 2005 making over \$16 million in follow-on investments in the information technology and early state biomedical sciences industries, including the following:



Aurora IV led the original Series A financing, and participated in a \$20 million Series B financing in August 2005 in **Regado Biosciences**. The Series B financing was co-led by Domain Associates and Quaker BioVentures. Aurora's Doug Gooding, is Regado's President, and Jeff Clark serves on the Board of Directors. Regado's antidote-controlled drugs address the fastest growing sector of a multibillion dollar market, injectable antithrombotics, which have a broad range of applications. REG1, Regado's lead product, has demonstrated efficacy in small and large animal models, and is now in the middle of Phase 1 human clinical trials.



Aurora IV and co-investor NC IDEA closed on a \$1.5 million Series B financing in September 2005 in **Strikelron**. Scott Albert serves on the Board of Directors. Strikelron is a leader in Web services commercialization through its Web Services Business Network (WSBizNet). Web services software is expected to rapidly develop into a \$15 billion industry by 2009.

PORTFOLIO COMPANY HIGHLIGHTS



Centice is a leading pioneer in next generation sensor technology. Centice designs and manufactures highly sensitive optical sensor modules for a wide range of molecular detection and analysis applications in the analytical, life sciences, medical and pharmaceutical industries. The Aurora Funds, with co-investor Novak Biddle Venture Partners, provided the original \$3 million Series A seed financing. Centice was awarded a new NIH-sponsored Phase 1 SBIR contract in June 2005 to develop a compact sensor platform for molecular recognition using metal nanoparticle assays for clinical diagnostics applications. Scott Albert serves on the Board of Directors.

PROMOTIONS & ADDITIONS TO STAFF

The Aurora Funds announced the promotions of Dr. Chris Kroeger and Grant Jackson to the role of Principal, and Jan Bouten to Senior Associate. Chris Kroeger's diverse scientific experience and medical expertise benefit Aurora's portfolio companies in the areas of drug discovery, biotechnology and medical devices. Chris received a BA in Biology from Harvard University, an MD from Stanford University's School of Medicine and an MBA from Harvard Business School.



Dr. Chris Kroeger



Grant Jackson

Grant Jackson focuses on new investment opportunities in the healthcare services industry. Jackson has a broad background in all phases of venture capital investing in healthcare services and healthcare information technology. Grant earned an MBA from Northwestern University's Kellogg School of Management, where he won the Siebel Scholarship, awarded to the top five students in the top five business schools.

Jan Bouten, Senior Associate, has a strong technology management and operations background. He seeks new investments in early stage information technology companies. Jan received an MBA from Duke University's Fuqua School of Business. He is professionally active in Georgia's entrepreneurial community through Georgia Tech's Advanced Technology Development Center (ATDC).

Mike Gorman, CFO, strengthened the administrative staff with the addition of Colleen Suite, Controller, and Lisa Lavallee, Executive Administrative Assistant. Both of them have had significant experience in financial services and information technology companies.

THE AURORA FUNDS NEWS & EVENTS

Jeff Clark, Managing General Partner, served as Chairman of the Council for Entrepreneurial Development (CED) in the Research Triangle Park (RTP) for the year 2004-2005.

In addition, Jeff co-founded and co-chaired the North Carolina Initiative for Innovation and Entrepreneurship (NCIIE), a group of executives and entrepreneurs working to drive "the innovation economy" in North Carolina. NCIIE helped to pass two major pieces of legislation to that end.

Scott Albert, Managing General Partner, joined the Advisory Board of Southeast TechInventures, a group that is focused on spinning technology out of regional universities. In late 2005, Scott joined the Board of Directors of the Florida Venture Forum which provides statewide support for venture capitalists and entrepreneurs.

Aurora sponsored numerous conferences in 2005, including CED's InfoTech, BioTech, Venture and Opportunity conferences, and the Seventh Annual Southeastern Bio Investor Forum (SEBIO). The firm also sponsored the 2006 Florida Venture Capital Conference held at Ponte Vedra Beach, Florida on January 31-February 1.

Rich Brown, General Partner, is vetting early stage companies for CED's Selection Committee in preparation for CED's 23rd Annual Venture Conference to be held at the Pinehurst Resort in Pinehurst, North Carolina on May 2-3, 2006.

AURORA FUNDS

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