



VIA ELECTRONIC MAIL

March 15, 2011

Lamont Price
Director, Internal Audit
State of Tennessee
Department of Economic and Community Development
312 Rosa L. Parks Avenue, 11th Floor
Nashville, TN 37243

Dear Lamont:

Enclosed please find confidential fund-specific information on Innova Fund II, LP to assist the Department of Economic and Community Development with the aggregation of data from all TNInvestco firms for the TNInvestco annual report the Department is required to file pursuant to T.C.A. 4-28-112.

Please confirm receipt of this information and contact us with any questions.

Sincerely,

A handwritten signature in black ink that reads "Ken Woody".

Ken Woody
President, Innova

Enclosure

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Memphis, TN 38103
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Innova Fund II, LP
Firm-Specific Information for the Department of Economic and Community
Development Annual Report on TNInvestco
As of January 1, 2011

This confidential report provides information specific to Innova Fund II, LP to assist the Department of Economic and Community Development with the preparation of the annual report the Department is required to compile, pursuant to T.C.A. 4-28-112, with data aggregated from all TNInvestco firms. The below metrics come from that T.C.A. section and are numbered as such.

- 1) The number of qualified TNInvestcos holding designated capital:**
To be reported by the Department of Economic and Community Development.
- 2) The amount of designated capital invested in each qualified TNInvestco:**
Innova Fund II, LP will receive a total designated capital investment of \$14,474,440.00.
- 3) The cumulative amount that each TNInvestco has invested as of January 1, 2011:**
Innova Fund II, LP had invested \$2,075,000.55 as of January 1, 2011
- 4) The cumulative amount of follow-on capital that the investments of each qualified TNInvestco have created in terms of capital invested in qualified businesses at the same time or subsequent to investments made by a qualified TNInvestco in such businesses by sources other than qualified TNInvestcos:**
As of January 1, 2011, the companies in which Innova Fund II, LP had invested had received \$5,968,750 of follow-on capital, either at the same time as or subsequent to investment by Innova Fund II, LP.
- 5) The total amount of investment tax credits applied under this chapter for each year:**
To be reported by the Department of Economic and Community Development.
- 6) The performance of each qualified TNInvestco with regard to the requirements for continued certification:**
To be reported by the Department of Economic and Community Development.

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7) The classification of the companies in which each qualified TNInvestco has invested according to industrial sector and size of company:

Innova Fund II, LP has invested in companies in the bioscience, logistics, medical device and technology industrial sectors. All Innova Fund II, LP investments have been in small companies that have fewer than ten employees.

8) The gross number of jobs created by investments made by each qualified TNInvestco and the number of jobs retained:

Investments by Innova Fund II, LP have created 3 jobs and retained 23 jobs, where "created" jobs are positions for which a company receiving investment from Innova Fund II, LP was able to hire an employee after receiving that investment and "retained" jobs are positions in which the company receiving investment was able to continue to employ people due to the investment.

9) The location of the companies in which each qualified TNInvestco has invested:

Innova Fund II, LP has invested in companies in the Tennessee cities of Cordova, Knoxville and Memphis.