February 2, 2012

Commissioner Bill Hagerty
c/o Lamont Price
State of Tennessee
Department of Economic and Community Development
312 Rosa L. Parks Avenue, 11th Floor
Nashville, TN 37243

Dear Commissioner Hagerty,

The information provided below represents Memphis Biomed Ventures Tennessee I’s Report on Remaining Designated Capital for the taxable year 2011.

A. At the end of the taxable year 2011, the un-invested portion of Memphis Biomed Ventures Tennessee I’s designated capital, net of qualified tax credit sale expenses, qualified start-up expenses, qualified expenses, and management fees was $6,092,643.35. This amount does not include anticipated future tranches of capital.

B. Memphis Biomed Ventures Tennessee I has not invested more than fifteen percent (15%) of its designated capital in any one business.

C. Memphis Biomed Ventures Tennessee I invested in five companies during 2011:

   a. Veracity Medical Solutions
      i. Investment amount: $1,133,000.00
      ii. Number of employees, including minority and women employees, as of initial closing: 21
      iii. Number of employees, including minority and women employees, as of Dec. 1, 2011: 21

   b. Hapten Sciences
      i. Investment amount: $800,000.00
      ii. Number of employees, including minority and women employees, as of initial closing: 3
      iii. Number of employees, including minority and women employees, as of Dec. 1, 2011: 3

   c. S2 Interactive
      i. Investment amount: $175,000.00
      ii. Number of employees, including minority and women employees, as of initial closing: 2
      iii. Number of employees, including minority and women employees, as of Dec. 1, 2011: 3

   d. MB Innovations
      i. Investment amount: $500,000.00
      ii. Number of employees, including minority and women employees, as of initial closing: 1
      iii. Number of employees, including minority and women employees, as of Dec. 1, 2011: N/A Closing occurred after December 1st

   e. Hubble Telemedical
      i. Investment amount: $250,000.00
      ii. Number of employees, including minority and women employees, as of initial closing: 1
      iii. Number of employees, including minority and women employees, as of Dec. 1, 2011: N/A Closing occurred after December 1st

   f. Tidal Wave Technology
      i. Investment amount: $400,000.00
      ii. Number of employees, including minority and women employees, as of initial closing: 3
iii. Number of employees, including minority and women employees, as of Dec. 1, 2011:
N/A Closing occurred after December 1st


Thank you,

Gary Stevenson
Memphis Biomed Ventures Tennessee I, LLC