

January 31, 2013

Lamont Price
Director of TNInvestco
State of Tennessee
Department of Economic and Community Development
312 Rosa L. Parks Avenue, 27th Floor
Nashville, TN 37243

Dear Lamont:

Per the requirements of the TNInvestco legislation, XMi High Growth Development, LLC (the "Fund") is required to report on the remaining designated capital as specified below –

- A) The amount of the qualified TNInvestco's remaining un-invested designated capital at the end of the immediately preceding taxable year;
- B) Whether or not the qualified TNInvestco has invested more than fifteen percent (15%) of its total designated capital in any one business;
- C) All qualified investments that the qualified TNInvestco has made in the previous taxable year, including the number of employees of each qualified business in which it has made investments at the time of such investment and as of December 1 of the preceding taxable year; and
- D) For any qualified business where the qualified TNInvestco no longer has an investment, the qualified TNInvestco must provide employment figures for that company as of the last day before the investment was terminated.

The Fund responds to the above request as outlined below:

- (A) As of December 31st, 2012, the Fund has \$3,403,775.55 in remaining un-invested designated capital. This amount has not yet been audited by our independent audit firm and is subject to verification. The above amount includes interest earned from cash held by the State.
- (B) The Fund has not invested more than fifteen percent (15%) of its total designated capital in any one business.

(C) Below are the qualified investments and closing dates for the preceding taxable year. Also included is the employment information requested by the State.

- a. The Smart Image LLC
 - i. # of Employees as of 12/1/12: 0
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 0

- b. ProviderTrust LLC
 - i. # of Employees as of 12/01/12: 8
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 4

- c. Dataium LLC
 - i. # of Employees as of 12/01/12: 17
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 3
 - iii. Date of 2012 Investment: October 9, 2012
 - iv. New Portfolio Company: No

- d. MyWerx LLC
 - i. # of Employees as of 12/01/12: 0
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 0

- e. Stratasan LLC
 - i. # of Employees as of 12/01/12: 12
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 3
 - iii. Date of 2012 Investment: September 5, 2012
 - iv. New Portfolio Company: No

- f. Industrial Ceramic Solutions LLC
 - i. # of Employees as of 12/01/12: 3
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 0
 - iii. Date of 2012 Investment: March 20, 2012
 - iv. New Portfolio Company: No

- g. Criterion Holdings Inc.
 - i. # of Employees as of 12/01/12: 90
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 41
 - iii. Date of 2012 Investment: January 19, 2012
 - iv. New Portfolio Company: No

- h. Border Jump LLC
 - i. # of Employees as of 12/01/12: 7
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 0
 - iii. Date of 2012 Investment: May 25, 2012
 - iv. New Portfolio Company: No

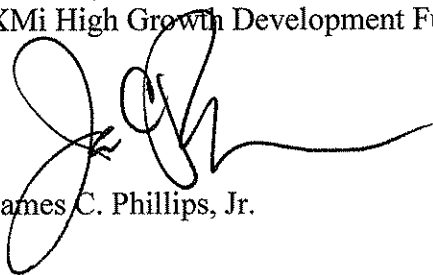
- i. J2 Software Solutions LLC
 - i. # of Employees as of 12/01/12: 36
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 13
 - iii. # of Employees as of 2012 Closing: 30
 - iv. Date of 2012 Investment: May 24, 2012
 - v. New Portfolio Company: Yes

- j. Network Contract Solutions LLC
 - i. # of Employees as of 12/01/12: 20
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 15
 - iii. # of Employees as of 2012 Closing: 15
 - iv. Date of 2012 Investment: July 20, 2012
 - v. New Portfolio Company: Yes

- k. RLCL Acquisition LLC
 - i. # of Employees as of 12/01/12: 187
 - ii. # of Combined Woman & Minority Employees as of 12/01/12: 52
 - iii. # of Employees as of 2012 Closing: 178
 - iv. Date of 2012 Investment: September 6, 2012
 - v. New Portfolio Company: Yes

(D) As of December 31st, 2012, the Fund maintains its investment in every qualified business in which an investment was made. As disclosed to the State, the Fund sold 50% of its interest in ProviderTrust LLC in 2012. No other investments have been sold or liquidated.

Sincerely,
XM High Growth Development Fund, LLC



James C. Phillips, Jr.