



Mark Sanford
Governor

SOUTH CAROLINA
Venture Capital Investment Authority

Chad Walldorf
Chairman

August 5, 2008

Dear Governor Sanford and members of the General Assembly:

The South Carolina Venture Capital Investment Act (the "Act") requires that the South Carolina Venture Capital Authority (the "Authority") report certain information to you on an annual basis regarding the status of Venture Capital Program and activities of the Authority.

Enclosed is a letter from Harry Huntley, the Executive Director of InvestSC. InvestSC is the nonprofit entity created by the Jobs Economic Development Authority in 2007 to be a designated investor group for the purpose of borrowing up to \$50 million in capital to make investments pursuant to the Act. Also enclosed are copies of the 2007 Annual Report by InvestSC to the Authority and the annual audit prepared by Elliott Davis. Together these documents provide the information required by the Act.

As a further update to this information, below is a summary of the total capital placed with the four venture funds by InvestSC and the investments made by the four venture funds as of June 30, 2008.

Nexus Medical Partners	\$10,000,000
Noro-Moseley	2,000,000
Frontier Capital	2,922,663
Azalea SC Fund	<u>1,000,000</u>
Total	\$15,992,663

Nexus Medical Partners has invested \$6 million in three South Carolina companies and has leveraged that investment with an additional \$14.7 million from other investors for a total of \$20.7 million invested in South Carolina companies.

The Azalea SC Fund has invested \$705,000 in two South Carolina companies leveraging that investment with a matching Azalea II Fund \$1,410,000 investment for a combined investment exceeding \$2.1 million in South Carolina companies.

While Noro-Moseley and Frontier Capital have not yet made investments in South Carolina companies, Noro-Moseley and Frontier Capital have combined funds received from InvestSC with additional funds to make investments in 10 companies (5 companies each) for a total of \$43.3 million.

We are excited by the quality of these top tier venture funds and the investment activity to date. As noted by Mr. Huntley, all of the funds are actively pursuing investments in South Carolina companies and are encouraged by the amount of deal flow in the state.

Respectfully submitted,

Chad Walldorf

CW/km
Enclosures