



TEXAS  
*EMERGING*  
TECHNOLOGY FUND

*Investing in what's next*

*FY 2013 Legislative Report*

**September 1, 2012 – August 31, 2013**



**Office of the Governor**

**Economic Development and Tourism**

## TABLE OF CONTENTS

Executive Summary .....	3
Legislative Reporting Requirements.....	4
Table 1. Award Numbers and Follow-on Funding Totals .....	5
Subchapter D: Incentives for Commercialization .....	5
Table 2. Subchapter D: Recipient Information .....	5
Subchapter D: Project Descriptions.....	11
Valuation of the State’s Equity Position and Outstanding Loans.....	42
Table 3. Valuation.....	42
Regional Centers for Commercialization and Consortia .....	43
Table 4. Regional Centers for Commercialization and Consortia.....	43
Subchapter E: Research Award Matching .....	44
Table 5. Subchapter E: Recipient Information.....	44
Subchapter E: Project Descriptions .....	45
Subchapter F: Acquisition of Research Superiority .....	46
Table 6. Subchapter F: Recipient Information.....	47
Subchapter F: Project Descriptions .....	49
Defined Terms .....	51
Contact the Texas Emerging Technology Fund .....	52

## EXECUTIVE SUMMARY

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The Office of the Governor Economic Development and Tourism Division operates and manages the Texas Emerging Technology Fund (TETF). Final investment decisions and approval of awards are made by unanimous consent of the fund's trustees: the Governor, Lieutenant Governor and Speaker of the House of Representatives. Established in 2005 at the Governor's request, the TETF was created to expand and diversify Texas' economy through competitive awards to assist fledging technology start-ups, consortia and Texas institutions of higher education. The foresight of the Governor and Legislature has allowed Texas to establish a unique foundation to build an engine of growth through innovation, and the TETF is an integral component for the ongoing development of Texas' economy.

As established by statute, the TETF Advisory Committee is composed of 17 members. The Governor appoints 13 committee members, and the Lieutenant Governor and Speaker of the House of Representatives each appoint two members. The committee reviews and evaluates applications and makes recommendations to the trustees.

The governing statute established three programs through which the TETF awards funds: Incentives for Commercialization Activities (Subchapter D), Research Award Matching (Subchapter E), and Acquisition of Research Superiority (Subchapter F). The TETF gives priority to proposals that involve scientific or technical fields that have a reasonable probability of enhancing the State's national and global economic competitiveness, as well as proposals that may result in a medical or scientific breakthrough. The TETF is authorized to provide awards in the form of equity, convertible debt, grants, and other forms of contribution or investment, as recommended by the committee and approved by the trustees.

The TETF also supports Regional Centers of Innovation and Commercialization (RCIC), established to provide research and development assistance for their specified regions, along with incubation services and workforce training to businesses resulting from research and development activities. RCICs assist potential TETF applicants by providing guidance on the program's criteria and application process. The TETF requires that applicants for Subchapter D, Incentives for Commercialization Activities, receive an RCIC recommendation prior to submitting their application to the TETF.

## LEGISLATIVE REPORTING REQUIREMENTS

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The Texas Legislature requires the Office of the Governor to provide an annual report to the trustees and the standing committee of each chamber of the Legislature with primary jurisdiction over economic development matters<sup>1</sup>. The report must also be posted on the Governor's website, and is required to provide the following information:

1. Award numbers: Report the total number and amount of awards, and the number and amount by Subchapter. ([Table 1](#))
2. Follow-on funding: Report the aggregate total of private sector investment, federal government funding and contributions received in connection with the awards. ([Table 1](#))
3. Recipient information: Report the recipient's name, amount awarded and a brief description of equity position (if taken). (Tables [2](#), [4](#), [5](#), [6](#) and [Subchapter D Descriptions](#), [Subchapter E Descriptions](#))
4. Jobs: Report the total number of jobs created by each project. Provide an analysis of the jobs and brief description of how the information was determined. (Tables [2](#), [5](#), [6](#) and [Subchapter D](#), [Subchapter E Descriptions](#), [Subchapter F Descriptions](#))
5. Intended and actual outcomes for Subchapter D: Report the intended and actual outcomes for projects funded under Subchapter D. Provide any financial impact on the state resulting from a liquidity event. ([Subchapter D Descriptions](#))
6. Valuation of Investments: Report the value of the equity positions taken by the Office of the Governor. Use a methodology that is consistent with Generally Accepted Accounting Principles. ([Table 3](#))

The TETF has also provided additional information to supplement the reporting requirements:

7. Award locations and technology sectors: TETF has added information regarding regional location of the recipient, the collaborators and the technology sector. (Tables [2](#), [5](#) and [6](#))
8. Summary of Subchapter E and F awards: TETF has added summary information regarding Research Matching and Research Superiority Awards. ([Subchapter E Descriptions](#), [Subchapter F Descriptions](#))
9. Accounting of outstanding debt: In addition to the value of equity positions taken, TETF has provided information about outstanding debt instruments called "investment units". ([Table 3](#))

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<sup>1</sup> Texas Government Code Sec. §§ 490.005, .006.

**TABLE 1. AWARD NUMBERS AND FOLLOW-ON FUNDING TOTALS**

Subchapter	Projects (#)	Total awarded (\$)	Follow-on funding (\$)
<b>Subchapter D Commercialization</b>	142	200,050,584	1,033,042,918
<b>Regional Centers/Consortiums</b>	12	9,590,807	8,973,243
<b>Subchapter E Research Matching</b>	14	124,654,578	429,428,626
<b>Subchapter F Research Superiority</b>	22	90,404,724	721,372,842
<b>Total</b>	190	424,700,693	2,192,817,629

**SUBCHAPTER D: INCENTIVES FOR COMMERCIALIZATION**

Incentives for Commercialization Activities Awards, established in Texas Government Code 490 Subchapter D, provide seed funding to bring new or enhanced technology from the lab to the marketplace. To be eligible for an incentive award, there must be a strong collaboration between the company and a research institution. For the purposes of the TETF, research institution is defined as a public institution of higher education and the National Aeronautics and Space Administration’s Lyndon B. Johnson Space Center (JSC). JSC became eligible to collaborate with early-stage companies upon its designation as a research institute following the 81<sup>st</sup> legislative session. The program focuses on expediting innovation and commercialization of late-stage or applied research developed at these institutes. After contracting, the total investment is contingent on specific contractual terms as well as continued compliance with the terms of the award agreement.

The number of jobs created was derived from reports provided by and direct communication with each awardee, and reflects the actual number of jobs at each company as of August 31, 2013. Companies that have been purchased, liquidated, closed or have expired contracts are reported as “N/A”.

**TABLE 2. SUBCHAPTER D: RECIPIENT INFORMATION**

Award recipient	Award amount (\$)	Award date	University collaboration	Industry cluster	Region	Jobs 8/31/2012	Jobs 8/31/2013
<b>1st Detect Corporation</b>	1,800,000	3/30/2010	UNT	Aerospace & Defense	Central	10	23
<b>21-Century Silicon, Inc.<sup>1</sup></b>	3,500,000	1/30/2009	UT - Dallas	Energy	North		N/A
<b>2cimple, Inc.</b>	1,500,000	6/1/2009	UT - Dallas	Computer & IT	North	5	4

Award recipient	Award amount (\$)	Award date	University collaboration	Industry cluster	Region	Jobs 8/31/2012	Jobs 8/31/2013
ActaCell, Inc. Merger - Contour Energy <sup>2,4</sup>	1,000,000	10/5/2009	UT - Austin	Energy	Central	9	11
Admittance Technologies, Inc.	1,965,235	10/11/2012	UTHSC - San Antonio	Biotechnology & Life Science	South	New	5
Advanced Receiver Technologies, Inc.	250,000	10/2/2009	UT - Dallas	Computer & IT	North		0
Advitech, Inc. <sup>1</sup>	2,500,000	3/24/2009	MD Anderson	Aerospace & Defense	South		N/A
Agile Planet, Inc.: Reverse triangular merger with Yaskawa America, Inc. <sup>2,4</sup>	1,000,000	4/2/2009	UT - Austin	Advanced Tech. Manufacturing	Central	4	N/A
AgileMesh, Inc.	2,000,000	5/25/2010	UT - Dallas	Aerospace & Defense	North	5	5
America Stem Cell, Inc.	1,250,000	5/27/2009	MD Anderson	Biotechnology & Life Science	South	7	14
Analogix Development Corporation (dba Axelo, Inc.)	250,000	12/19/2008	UT - Austin	Computer & IT	Central	4	5
Animal Innovations, Inc.	1,000,000	11/12/2008	TAMU	Biotechnology & Life Science	West	2	1
Apaxis Medical, Inc.	600,000	6/8/2009	Rice	Biotechnology & Life Science	Gulf Coast	3	2
AuricX Pharmaceuticals, Inc.	1,000,000	12/3/2010	MD Anderson	Biotechnology & Life Science	Gulf Coast	6	2
Azaya Therapeutics, Inc.	1,045,000	7/28/2009	UTHSC - San Antonio	Biotechnology & Life Science	South	13	13
Bauhaus Software, Inc. <sup>1</sup>	500,000	7/5/2006	UT - San Antonio	Computer & IT	South		N/A
Bellicum Pharmaceuticals, Inc.	1,450,000	9/27/2007	Baylor College of Medicine	Biotechnology & Life Science	Gulf Coast	15	23
BetaBatt, Inc. <sup>1</sup>	500,000	6/20/2008	Rice	Energy	Gulf Coast		N/A
Bi02 Medical, Inc.	1,000,000	11/12/2008	UTHSC - San Antonio	Biotechnology & Life Science	South	19	24
Biscotti, Inc. (fka Wham!, Inc.)	1,000,000	2/25/2009	UT - Dallas	Computer & IT	North	13	7
Blue Box Health, Inc.	250,000	8/13/2010	University of Houston	Biotechnology & Life Science	Gulf Coast	2	2
Bynari, Inc. <sup>3</sup>	1,500,000	6/2/2009	UT - Arlington	Computer & IT	North	3	3
Calxeda, Inc. <sup>3</sup>	1,000,000	7/1/2009	UT - Austin	Advanced Tech. Manufacturing	Central	76	135
CardioSpectra, Inc.; Purchased by Volcano Corp. <sup>2,4</sup>	1,350,000	5/25/2006	UTHSC - San Antonio	Biotechnology & Life Science	South		N/A
Castle Biosciences, Inc.	1,000,000	3/11/2009	MD Anderson	Biotechnology & Life Science	Gulf Coast	8	16
Chipotle Business Group, Inc.	1,000,000	2/2/2009	UT - Arlington	Biotechnology & Life Science	North	4	3
Cirasys, Inc.	1,000,000	7/16/2012	UT - Dallas	Advanced Tech. Manufacturing	North	3	4
Corhythm, Inc.	3,113,000	10/1/2010	UTSA & UTHSC - San Antonio	Biotechnology & Life Science	South	2	7
CorInnova, Inc.	500,000	5/31/2006	TAMU	Biotechnology & Life Science	Gulf Coast	3	3

Award recipient	Award amount (\$)	Award date	University collaboration	Industry cluster	Region	Jobs 8/31/2012	Jobs 8/31/2013
Cormedics Corporation	750,000	9/18/2008	UT Austin	Biotechnology & Life Science	Gulf Coast	5	4
CryoPen, Inc.	2,000,000	8/6/2008	UTHSC - Houston	Biotechnology & Life Science	South	6	16
DataInfoCom USA, Inc. (dba Ayata)	1,600,000	7/12/2010	UT - Austin	Computer & IT	North	2	6
DentLight, Inc.	250,000	7/7/2008	UTHSC - San Antonio	Biotechnology & Life Science	North	11	13
DEP Shape Memory Therapeutics, Inc.	1,000,000	8/3/2009	TAMU	Biotechnology & Life Science	Gulf Coast	1	5
DeviceFidelity, Inc.	3,000,000	10/7/2009	UT - Dallas	Computer & IT	North	32	28
Diabetica Solutions, Inc. <sup>1</sup>	1,000,000	5/25/2006	UT - San Antonio	Biotechnology & Life Science	South		N/A
DNAtrix, Inc.	500,000	12/1/2008	MD Anderson	Biotechnology & Life Science	Gulf Coast	5	9
Endothelix, Inc.	1,000,000	7/18/2006	UTHSC - Houston	Biotechnology & Life Science	Gulf Coast	4	20
Ensyce Biosciences, Inc.	1,500,000	6/1/2010	Rice	Biotechnology & Life Science	Gulf Coast	6	10
Enthuze, Inc.	1,650,000	2/18/2009	UT - Austin	Computer & IT	South	5	5
Environmental Quality Management Associates, Inc.	250,000	11/4/2008	TAMU	Energy	North	2	2
Falcon International, Inc. <sup>1</sup>	850,000	10/23/2007	UT - Permian Basin	Aerospace & Defense	West	3	N/A
Faradox Energy Storage, Inc. <sup>1</sup>	1,000,000	10/30/2008	Texas State	Advanced Tech. & Manufacturing	Central		N/A
Fe3 Medical, Inc.	2,841,000	10/1/2010	UTSA & UTHSC - San Antonio	Biotechnology & Life Science	South		7
FibeRio Technology Corporation	2,250,000	8/24/2010 2/18/2013	UT - Pan American	Advanced Tech. Manufacturing	Tropical	28	41
Firefly LED Lighting, Inc.	3,000,000	11/23/2010	UT - Austin	Energy	Central	10	1
Genprex, Inc.	4,500,000	8/13/2010	MD Anderson	Biotechnology & Life Science	Central	5	8
Gradalis, Inc.	1,750,000	2/19/2009	TAMU	Biotechnology & Life Science	North	20	33
Halsa Pharmaceuticals, Inc.	1,000,000	12/19/2007	TAMU	Biotechnology & Life Science	Gulf Coast	2	1
Hanson Robotics, Inc.	1,500,000	10/18/2006	UT - Arlington	Advanced Tech. Manufacturing	North	40	3
HeatGenie, Inc.	1,000,000	11/5/2008	UT - Austin	Advanced Tech. Manufacturing	Central	7	7
HydroLogic Industries, Inc.	1,000,000	4/11/2013	UT - El Paso	Advanced Tech. Manufacturing	Trans Pecos		3
Ideal Power Converters, Inc. <sup>3,4</sup>	1,000,000	10/1/2010	UT - Austin	Energy	Central	8	10
iLearning Gateway, Inc.	500,000	8/7/2009	UT - Arlington	Computer & IT	North	5	3
Image Trends, Inc.	1,000,000	5/15/2008	UT - Austin	Computer & IT	Central	10	12
Interoperate.biz, Inc.	1,000,000	7/9/2009	UT - Dallas	Computer & IT	North	4	5

Award recipient	Award amount (\$)	Award date	University collaboration	Industry cluster	Region	Jobs 8/31/2012	Jobs 8/31/2013
<b>InView Technology Corporation</b>	1,500,000	8/24/2010	Rice	Computer & IT	Central	8	10
<b>Iridescent Networks, Inc.</b>	250,000	7/19/2010	UT - Dallas	Computer & IT	North	5	3
<b>itRobotics, Inc.</b>	750,000	7/5/2006	Rice	Advanced Tech. Manufacturing	Gulf Coast	11	17
<b>J.C. Lads Corporation (dba Biometric Signature ID)</b>	550,000	10/6/2010	UT System	Computer & IT	North	4	9
<b>KLD Energy Technologies, Inc.<sup>3</sup></b>	2,800,000	12/3/2010	UT - Austin	Energy	Central	32	41
<b>Laser Tissue Welding, Inc.</b>	160,000	7/31/2007	Baylor College of Medicine	Biotechnology & Life Science	Gulf Coast	2	7
<b>Lasergen, Inc.</b>	1,000,000	9/16/2009	Baylor	Biotechnology & Life Science	Gulf Coast	2	23
<b>Leonardo Biosystems, Inc.</b>	2,500,000	4/15/2010	UTHSC - Houston	Biotechnology & Life Science	Gulf Coast	3	1
<b>MacuCLEAR, Inc.</b>	1,700,000	4/20/2009	TAMU	Biotechnology & Life Science	North	3	3
<b>Mayan Pigments, Inc.</b>	750,000	7/25/2008	UT - El Paso	Advanced Tech. Manufacturing	Trans Pecos	1	0
<b>Merkatum Corporation</b>	1,000,000	11/10/2008	UT - Austin	Computer & IT	Central	2	2
<b>MicroTransponder, Inc.</b>	1,380,000	2/19/2008	UT - Dallas	Biotechnology & Life Science	North	9	15
<b>MicroZap, Inc.</b>	1,500,000	4/30/2010	Texas Tech	Biotechnology & Life Science	West	2	9
<b>Mirna Therapeutics, Inc.</b>	5,000,000	11/11/2009	MD Anderson	Biotechnology & Life Science	Central	13	20
<b>Modria, Inc.</b>	500,000	12/1/2008	UT - Dallas	Computer & IT	North	4	3
<b>Molecular Imprints, Inc.</b>	3,000,000	5/30/2006	UT - Austin	Advanced Tech. Manufacturing	Central	92	91
<b>Molecular Logix, Inc.</b>	794,520	3/20/2007	Baylor College of Medicine	Biotechnology & Life Science	Gulf Coast	1	1
<b>Monebo Technologies, Inc.</b>	500,000	10/23/2006	UT - Austin	Biotechnology & Life Science	Central	2	2
<b>Mystic Pharmaceuticals, Inc.</b>	1,568,000	4/21/2009	UTMB	Biotechnology & Life Science	Central	9	11
<b>Nano3D Biosciences, Inc.</b>	1,000,000	5/20/2010	Rice	Biotechnology & Life Science	Gulf Coast	10	7
<b>NanoComposites, Inc.<sup>1</sup></b>	1,500,000	9/20/2006	Rice	Advanced Tech. Manufacturing	Gulf Coast		N/A
<b>NanoCoolers, Inc.<sup>1</sup></b>	3,000,000	3/5/2007	UT - Austin	Advanced Tech. Manufacturing	Central		N/A
<b>NanoMedical Systems, Inc.</b>	3,500,000	9/30/2008	UTHSC - Houston	Biotechnology & Life Science	Central	10	12
<b>Nanospectra Biosciences, Inc.</b>	1,250,000	6/12/2006	Rice	Biotechnology & Life Science	Gulf Coast	8	6
<b>NanoTailor, Inc.<sup>1</sup></b>	250,000	3/16/2010	Texas State	Advanced Tech. Manufacturing	Central		N/A
<b>Net Watch Solutions, Inc.<sup>1</sup></b>	500,000	3/25/2008	UT - Dallas	Computer & IT	North		N/A
<b>Net.Orange, Inc.</b>	1,900,000	7/30/2009	UT Southwestern Med Center	Computer & IT	North	55	75

Award recipient	Award amount (\$)	Award date	University collaboration	Industry cluster	Region	Jobs 8/31/2012	Jobs 8/31/2013
Netcordant, Inc.	1,500,000	7/3/2008	UT - Dallas	Computer & IT	North	14	2
Neuro Resource Group, Inc.	1,500,000	7/1/2010	UT - Arlington	Biotechnology & Life Science	North	18	23
Neurolink, Inc.	3,234,000	10/1/2010	UTSA & UTHSC - San Antonio	Biotechnology & Life Science	South		7
Noninvasix, Inc.	250,000	4/8/2009	UTMB	Biotechnology & Life Science	Gulf Coast	4	4
Oncolix, Inc.	2,400,000	10/1/2010	MD Anderson	Biotechnology & Life Science	Gulf Coast	3	4
OnTrack Imaging, Inc.	250,000	10/7/2009	TAMU	Biotechnology & Life Science	North	2	2
OptiSense Network, LLC.	1,500,000	3/5/2007	UT - Arlington	Energy	North	37	52
Ortho Kinematics, Inc.	1,500,000	5/8/2009	UT - Austin	Biotechnology & Life Science	North	8	24
OrthoAccel Technologies, Inc.	750,000	10/26/2007	UT - Dallas	Biotechnology & Life Science	Gulf Coast	22	43
Palmaz Scientific, Inc.	3,000,000	4/15/2010	UTHSC - San Antonio	Biotechnology & Life Science	South	5	5
Patton Surgical Corporation; Purchased by Stryker <sup>2,4</sup>	3,000,000	9/4/2009	UT - Austin	Biotechnology & Life Science	Central	N/A	N/A
Photodigm, Inc.	749,829	4/26/2007	UT - Dallas	Advanced Tech. Manufacturing	North	14	16
Photon8, Inc.	1,000,000	11/13/2009	UT - Brownsville	Energy	Tropical	5	4
PLx Pharma, Inc.	2,000,000	3/27/2007	UTHSC - Houston	Biotechnology & Life Science	Gulf Coast	7	9
PrincipleSoft, Inc.	750,000	6/13/2007	UT - Dallas	Computer & IT	North	1	0
Procyron, Inc.	1,500,000	12/6/2012	TAMU	Biotechnology & Life Science	Gulf Coast	New	5
Pronucleotein Biotechnologies Corporation	1,000,000	2/18/2009	UT - Pan American	Biotechnology & Life Science	South	6	5
Pulmotect, Inc.	1,000,000	6/8/2009	MD Anderson	Biotechnology & Life Science	Gulf Coast	1	5
Qcue, Inc.	1,000,000	10/20/2009	UT - Austin	Computer & IT	Gulf Coast	10	11
Quantum Logic Devices, Inc.	600,000	3/27/2007	UT - Austin	Advanced Tech. Manufacturing	Central	1	0
RadioMedix, Inc.	2,800,000	11/23/2010	MD Anderson	Biotechnology & Life Science	Central	7	49
Rebellion Photonics, Inc. <sup>4</sup>	625,000	6/21/2012	Rice	Advanced Tech. Manufacturing	Gulf Coast	8	5
Receptor Logic, Inc.	2,000,000	6/16/2008	Texas Tech	Biotechnology & Life Science	West	4	3
Resonant Sensors, Inc.	600,000	5/18/2007	UT - Arlington	Biotechnology & Life Science	North		2
RFMicron, Inc.	925,000	5/22/2008	UT - Austin	Advanced Tech. Manufacturing	Central	4	12
Salient Pharmaceuticals, Inc.	2,000,000	12/14/2009	MD Anderson	Biotechnology & Life Science	Gulf Coast	4	1
Savara, Inc.	1,900,000	6/1/2010	UT - Austin	Biotechnology & Life Science	Central	5	6

Award recipient	Award amount (\$)	Award date	University collaboration	Industry cluster	Region	Jobs 8/31/2012	Jobs 8/31/2013
ScanTech Sciences, Inc.	2,000,000	7/9/2009	TAMU	Advanced Tech. Manufacturing	Tropical Texas	1	5
Secure Origins, Inc. <sup>2</sup> ; purchased by the TECMA Group, LLC	2,000,000	7/5/2007	UT - El Paso	Computer & IT	Trans Pecos	5	10
Seno Medical Instruments, Inc.	2,000,000	7/19/2007	UTHSC - SA	Biotechnology & Life Science	South	33	60
SeprOx Corporation <sup>1</sup>	750,000	2/17/2009	University of Houston	Biotechnology & Life Science	Gulf Coast	1	N/A
Smart Imaging Technologies Corporation	1,000,000	12/31/2008	TAMU	Computer & IT	Gulf Coast	6	8
Smartfield, Inc.	750,000	1/6/2010	Texas Tech	Biotechnology & Life Science	West	16	12
SNRLabs Corporation <sup>2</sup> ; Purchased by to SEVEN Networks	750,000	9/26/2007	UT - Dallas	Computer & IT	North	7	N/A
SolarBridge Technologies, Inc.	1,500,000	12/30/2009	UT - Austin	Energy	Central	83	74
Solarno, Inc.	250,000	3/1/2009	UT - Dallas	Energy	North	4	8
Speer Medical Devices, Inc. <sup>1,4</sup>	2,500,000	3/31/2011	UT - San Antonio	Biotechnology & Life Science	South	5	N/A
StarVision Technologies, Inc. <sup>1</sup>	750,000	10/30/2007	TAMU	Aerospace & Defense	Gulf Coast	N/A	N/A
Stellarray, Inc.	750,000	7/17/2008	TAMU	Advanced Tech. Manufacturing	Central	16	11
Sunrise Ridge Algae, Inc. <sup>1</sup>	250,000	7/24/2008	UT - Austin	Energy	Central	N/A	N/A
Syndiant, Inc.	3,500,000	2/20/2009	UT - Dallas	Advanced Tech. Manufacturing	North	28	34
Telemedicine Up Close, Inc. (dba DxUpClose)	1,500,000	3/12/2013	Texas State University	Biotechnology & Life Science	Central	New	11
Terapio Corporation	1,700,000	7/21/2008 12/12/2013	UT - Arlington UNTHSC	Biotechnology & Life Science	Central	13	9
Terrabon, Inc. <sup>1</sup>	2,750,000	7/12/2010	TAMU	Energy	Tropical	N/A	N/A
Texas MicroPower, Inc.	750,000	2/15/2008	UT - Arlington	Energy	North	1	1
ThromboVision, Inc. <sup>1</sup>	1,500,000	7/5/2007	TAMU - Commerce	Biotechnology & Life Science	Gulf Coast	N/A	N/A
Turbo Trac USA, Inc.	2,000,000	8/24/2009	UT - Permian Basin	Energy	West	9	6
TXL Group, Inc.	500,000	2/4/2008	UT - El Paso	Energy	Trans Pecos	3	4
Vapogenix, Inc.	2,000,000	6/15/2012	MD Anderson	Biotechnology & Life Science	Gulf Coast	2	9
Varaha Systems, Inc.	1,500,000	8/14/2009	UT - Arlington	Computer & IT	North	28	3
Veros Systems, Inc.	1,500,000	6/14/2010	TAMU	Computer & IT	Central	8	12
ViroXis Corporation	2,500,000	10/1/2010	UTSA & UTHSC - San Antonio	Biotechnology & Life Science	South	3	8
Visualase, Inc.	750,000	8/9/2007	MD Anderson	Biotechnology & Life Science	Gulf Coast	15	24

Award recipient	Award amount (\$)	Award date	University collaboration	Industry cluster	Region	Jobs 8/31/2012	Jobs 8/31/2013
Vital Art & Science, Inc.	1,000,000	6/7/2011	UTSouthwestern Med Center & UNTHSC	Biotechnology & Life Science	North	4	11
VUV Analytics, Inc.	1,000,000	6/15/2012	UT - Austin	Biotechnology & Life Science	Central	New	5
Xeris Pharmaceuticals, Inc.	1,900,000	12/20/2012	UT – Austin UTHSC - San Antonio	Biotechnology & Life Science	Central	New	11
Xitronix Corporation	500,000	1/17/2008	UT - Austin	Advanced Tech. Manufacturing	Central	3	3
Xtreme Power, Inc. <sup>3</sup>	2,000,000	3/27/2007	UT - Austin	Energy	Central	117	50
ZS Pharma, Inc.	2,000,000	8/13/2010	UNTHSC	Biotechnology & Life Science	North	11	41
<b>Total:</b>	<b>200,050,584</b>				<b>Total:</b>		<b>1661</b>

Notes:

1. Company has ceased operations.
2. Company was purchased.
3. See company description for subsequent events that increase or decrease job numbers post report date.
4. See company description for returns to the fund.

**SUBCHAPTER D: PROJECT DESCRIPTIONS**

**1st Detect Corporation – Investment Unit**

Intended outcome: Commercialization of miniaturized chemical detectors.

Actual outcome: The company has been awarded two key patents for operating a mass spectrometer ion trap used for chemical detection and identification. The company launched its first commercial product, the MMS-1000™, in March 2012 and has expanded space, equipment and personnel in addition to accelerating marketing activities.

**21-Century Silicon – Common Stock**

Intended outcome: Commercialization of a proprietary furnace design to manufacture solar-grade poly silicon at a lesser cost of conventional methods.

Actual outcome: The company installed a furnace and demonstrated an ability to produce quantities of solar-grade silicon, but failed to commercialize. The Office of the Governor subsequently sent a letter demanding repayment of the disbursed award for failure to continue commercialization efforts. The Office of the Governor referred the matter to the Texas Office of the Attorney General. The company has ceased operations.

**2cimple, Inc. – Series Seed Preferred Stock**

Intended outcome: Commercialization of interactive video systems.

Actual outcome: 2cimple completed design and development of its interactive video advertising platform, including an analytics and reporting engine. Additionally, the company developed a social media platform and field tested the technology with a Tier 1 technology firm. An interactive video trial with a major media company was also conducted. 2cimple is working with a consumer products company on enhancements of its

technology. The company continues to develop technology to support interactive video advertising on mobile platforms such as smartphones and tablets.

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#### **ActaCell, Inc. – Contour Energy Systems Stock**

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Intended outcome: Commercialization of a Li-Ion manganese spinel battery.

Actual outcome: In June 2012, the company merged with Contour Energy Systems of Azusa, California. ActaCell's role in the combined entity is to continue to focus on rechargeable Li-Ion solutions that leverage its existing technologies. The Office of the Governor holds equity in Contour Energy Systems.

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#### **Admittance Technologies, Inc. – Secured Convertible Promissory Note**

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Intended outcome: Commercialization of CardioVol™, an innovative electrical admittance technology to detect heart failure and provide therapy.

Actual outcome: Key staff has been acquired and equipment purchased. The CardioVol™ prototype has been developed and shown to be technically feasible for insertion in existing pacemakers and defibrillator systems. Pre-clinical efficacy and safety studies have been initiated.

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#### **Advanced Receiver Technologies, Inc. – Investment Unit**

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Intended outcome: Commercialization of a Single Antenna Interference Cancellation using Joint Detection (SAIC-JD) baseband chip for cellular devices.

Actual outcome: Advanced Receiver Technologies, Inc. tested a fully operational, real-time, three-base station SAIC-JD receiver and demonstrated that it could provide a performance improvement. The company failed to pursue commercialization of the device and its second round of TETF funding was denied. The Office of the Governor referred the matter to the Texas Office of the Attorney General and the debt was deemed uncollectible. The company has ceased operations.

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#### **Advitech, Inc. – Common Stock**

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Intended outcome: Commercialization of technology to combat spatial disorientation and motion sickness.

Actual outcome: The company was commercializing technology to treat spatial disorientation, vertigo and motion sickness, successfully completing flight testing and prototype evaluation. The company sold two systems to the U.S. Air Force. Three members of the management team came under investigation for embezzlement. The company has ceased operations.

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#### **Agile Planet, Inc. – Common Stock**

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Intended outcome: Commercialization of Robotic Control Technology.

Actual outcome: Agile Planet released its RLX control software for robotics and has a contract with the world's largest industrial robot maker to deploy robots using the company's software. In addition, Agile Planet signed contracts with major manufacturers and system integrators that will be deploying RLX-based robots. The company is actively marketing and selling its products and has completed a reverse triangular merger with Yaskawa America, Inc. The TETF has received returns and expects additional returns that will exceed the award amount.

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**AgileMesh, Inc. – Investment Unit**

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Intended outcome: Commercialization of a wireless mesh-networking surveillance system.

Actual outcome: The company produced materials for testing, completed the implementation report and initiated collaborative research with The University of Texas at Dallas (UTD). The Generation 2 technology was developed on schedule. It is currently going through the Federal Communications Commission certification process, and is being demonstrated to prospects domestically and internationally. The company's first sale of Generation 2-based products has been completed and shipped. The company recruited six international resellers, and is contracting with the UTD – Department of Computer Science to perform a public domain mesh software study.

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**America Stem Cell, Inc. – Common Stock**

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Intended outcome: Commercialization of fucosyltransferase enzyme treatment.

Actual outcome: The company developed and initiated the manufacturing of sufficient quantities of ASC-101 for the first clinical trial in cancer patients at The University of Texas MD Anderson Cancer Center. The company completed a toxicology study, submitted a drug master file to the FDA and submitted and received Orphan Drug Designation for the treatment of myeloablation in patients receiving hematopoietic stem cell transplants. The company conducted successful cord-blood hematopoietic stem cell transplantation in patients with blood cancers. Another product, ASC-102, can target different cell types and disease states, and is currently in development for immune cell treatment for cancers. America Stem Cell is also developing a technology platform that addresses the role of free radicals in radiation damage and other diseases.

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**Analogix Development Corporation (dba Axelo, Inc.) – Common Stock**

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Intended outcome: Commercialization of 3D Game Controller technology.

Actual outcome: Axelo obtained its patent, produced the planned production quantity of 3D game controllers, and initiated field testing and marketing activities. Axelo has generated income and refocused its efforts on advanced 3D motion sensing technology for health care and sports applications, primarily embedding its technology into protective gear including but not limited to sports helmets and mouth wear to provide a solution for traumatic brain injuries, and in the development of a chronic condition therapy monitor and fall detection alert device for the elderly. Axelo has received two letters of intent from major sports helmet and mouthpiece manufacturers to use its intellectual property in products. Axelo has further expanded its technology portfolio to include protective padding and other technologies related to its foray in health care and sports. Subsequent to the date of this report, Axelo became the only Texas-based recipient to win the \$250 K Chase Innovation Award, a competition co-sponsored by Google.

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**Animal Innovations, Inc. – Series B Convertible Preferred Stock**

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Intended outcome: Commercialization of Animal Injection Technology.

Actual outcome: The company's product performed well in actual feed yard use, worked without issues under various conditions. Unfortunately the drought, high feed prices and other factors hit the primary customer group, feed yards, and reduced interest in the company's product. As a result, subsequent to the date of this report, the company has discontinued operations. Efforts to commercialize the technology continue and the company is coordinating with TETF to sell the technology.

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**Apaxis Medical, Inc. – Common Stock**

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Intended outcome: Commercialization of new surgical tools.

Actual outcome: Apaxis has continued to accelerate the development and testing of its surgical tools, EasyApex CV and ApiCor. The company has obtained U.S. patents and is actively pursuing a number of international patent applications. Apaxis completed acute animal studies and is progressing towards chronic studies.

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**AuricX Pharmaceuticals, Inc. – Investment Unit**

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Intended outcome: Commercialization of new anti-infectives to treat infections arising from *Staphylococcus aureus* and Methicillin-Resistant *Staphylococcus aureus*.

Actual outcome: AuricX has completed manufacturing the compound for use in preclinical and in-vitro and proof of concept in-vivo studies. It has submitted a Pre-Investigational New Drug Application package to the FDA. The first round of drug synthesis has been completed at the University of Texas MD Anderson Cancer Center, and the company is developing a commercial scale manufacturing process.

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**Azaya Therapeutics, Inc. – Series D Preferred Stock**

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Intended outcome: Commercialization of differentiated oncology drug products based on a nano-delivery technology.

Actual outcome: The company's lead product, AT-1123, is a new formulation of a marketed product, Taxotere® (docetaxel), that is approved for use in breast, lung, prostate and stomach cancers, as well as cancers of the head and neck. The company completed a Phase I clinical trial and is planning a Phase II clinical study. The company also filed an Investigational New Drug application with the FDA on an emerging drug formulation. The study was conducted at the Mary Crowley Cancer Center in Dallas and the Cancer Therapy and Research Center at the University of Texas Health Science Center at San Antonio.

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**Bauhaus Software, Inc. – Warrant**

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Intended outcome: Commercialization of Mirage™, disruptive software for the animation industry.

Actual outcome: The company launched Mytoons.com publicly after four months of private testing in March 2007. After some initial success, Mytoons.com did not generate sufficient revenue to continue operations and the web site closed in 2009. The company has ceased operations.

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**Bellicum Pharmaceuticals, Inc. – Warrant**

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Intended outcome: Commercialization of next generation therapeutic vaccines and other immunotherapeutic approaches for the treatment of cancer, including lead product BP-GMAX-CD1.

Actual outcome: The original product has been superseded by a more potent second generation drug that is easier to manufacture. The new product is in Phase I trials. The company is also developing an off-the-shelf vaccine.

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**BetaBatt, Inc. – Common Stock**

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Intended outcome: Commercialization of the BetaBattery™, a long-life, self-recharging battery.

Actual outcome: The company obtained exclusive licensing rights to both betavoltaic and photovoltaic technology aspects from the University of Rochester. The company failed to demonstrate continued commercialization efforts and failed to provide the required compliance report. The Office of the Governor demanded repayment of the disbursed award. The company has ceased operations.

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**BiO2 Medical, Inc. – Series B Preferred Stock**

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Intended outcome: Commercialization of “Angel”® IVC filter.

Actual outcome: The company published its results of the “The First in Man” clinical study, conducted in Colombia, in the *Journal of Vascular and Interventional Radiology* in April 2013. The company has a Conformité Européenne (CE) Mark for the Angel® Catheter, allowing sales of the product in the European Union. It formed a wholly owned subsidiary, BiO2 Medical Ltd., as well as a distribution network in the United Kingdom to support those sales and marketing activities. In addition, the company is progressing on an Investigational Device Exemption with the FDA in the U.S.

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**Biscotti, Inc. (fka Wham!, Inc.) – Series A Preferred and Common Stock**

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Intended outcome: Commercialization of a wireless video communication device.

Actual outcome: Biscotti designs, builds and markets high-definition video calling cameras and services for the office, health care and consumer markets. The company completed initial testing and demonstrated the ability to capture, encode, transport, decode and display video in real time. The company closed a round of funding from Palomar Ventures, has hired additional staff and is selling its products, including a TV Phone.

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**Blue Box Health, Inc. - Investment Unit**

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Intended outcome: Commercialization of a device for home health monitoring of congestive heart failure.

Actual outcome: The company initiated a pilot program with a major hospital in 2012. Manufacturing of the company’s product, BlueScale™, is in batch production. Blue Box Health has sponsored ongoing research at the University of Houston.

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**Bynari, Inc. – Common Stock**

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Intended outcome: Commercialization of a technology platform for messaging application integration.

Actual outcome: The company completed development and product expansion plans and launched its Bynari Collaboration Suite, a cloud messaging solution for businesses, service providers and the OEM market. Bynari’s platform enables interoperability for users without having to purchase an exchange server, is scalable in size and powers email and messaging systems in several countries. Subsequent to the date of this report, the company reported negative results of commercialization efforts.

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**Calxeda, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of system-on-a-chip technology and software for ultra-low-power servers.

Actual outcome: The company had greatly increased its staff and completed validation testing. It had also launched the EnergyCore ARM system for cloud servers, introduced the world's first ARM-based server microprocessor and had made significant progress on product designs, including the first bicycle-powered ARM server. Calxeda had also established a subsidiary and distributor network in Asia and had joined the Linux foundation. Subsequent to the date of this report, the company announced layoffs, restructuring and a potential winding down of the company.

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**CardioSpectra, Inc. – Received Volcano Shares**

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Intended outcome: Commercialization of a fiber-optic optical coherence tomography (OCT) based cardiac catheter that will produce real-time, high resolution 360 degree images using a proprietary gas or liquid-driven mechanical spinning tip.

Actual outcome: Volcano Corp. acquired CardioSpectra in 2007 for \$25 million in cash and an additional \$38 million available upon the achievement of certain milestones, and integrated the OCT catheter into its proprietary imaging system. The state received returns greater than the TETF award amount.

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**Castle Biosciences, Inc. – Series C Preferred Stock**

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Intended outcome: To commercialization a biomarkers test for glioblastoma multiforme cancer.

Actual outcome: Castle Biosciences has developed its own technology for predicting metastasis in cutaneous melanoma and exclusively licensed intellectual property for the use and development of genomic and multi-variate assays to detect metastases in uveal melanoma, esophageal cancer, thymoma/thymic carcinoma, mesothelioma, glioblastoma and low grade glioma test technologies. The company is also developing its own technology in other cancers. Today, the company currently has six tests available for clinical use.

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**Chipotle Business Group, Inc. – Investment Unit**

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Intended outcome: Commercialization of a Multiple Simultaneous Immunologic and Reagent Testing System.

Actual outcome: The company has developed a working prototype instrument that can quantify complex chemical contaminants in water using its patented immunoassay technology. The company is preparing for market introduction of approximately 30 different complex chemical parameters for emerging contaminants.

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**Cirasys, Inc. – Secured Convertible Promissory Note**

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Intended outcome: Commercialization of boost and buck-boost power converters in printed circuit board applications for midlevel voltage ranges.

Actual outcome: Cirasys accelerated its development of a DC-DC conversion technology by adding engineering talent, acquiring equipment and marketing to industry and potential investors. Named the most promising energy and clean technology company at the 9th Annual Rice Alliance for Technology & Entrepreneurship Energy & Clean Technology Venture Forum, Cirasys has also been selected as one of 12 startups to participate in Siemens' Technology-to-Business program.

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**Corhythm, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of an implantable treatment for atrial fibrillation and chronic heart failure.

Actual outcome: The company has completed selections of anti-arrhythmic pharmacological agents for analysis, created a prototype of the drug delivery system, and continues working on a prototype to monitor multi-electrode recordings. Proof-of-concept studies are on-going.

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**CorInnova, Inc. – Common Stock**

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Intended outcome: Commercialization of a purposeful, minimally invasive, non-blood contacting mechanical/physical heart therapy device.

Actual outcome: CorInnova has developed the CardiacSTAR™, a minimally invasive, direct-cardiac compression device that restores normal cardiac motion through the application of gentle pressure. CorInnova has successfully manufactured prototypes of the device and is pursuing first-in-human studies followed by regulatory approval in Europe.

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**Cormedics Corporation – Series A Preferred Stock**

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Intended outcome: Commercialization of an intra-pericardial delivery device.

Actual outcome: Cormedics designed, prototyped and tested the final form of its PeriPort™ product and received a trademark. The company also filed additional patent applications and successfully raised funds. Cormedics is talking with companies regarding the PeriPort™ and an ancillary product.

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**CryoPen, Inc. – Common Stock**

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Intended outcome: Commercialization of a cryosurgical medical device.

Actual outcome: The company completed the commercial design for manufacturing its cervical cancer prevention and treatment device. Approved by the FDA in 2011, sales began shortly thereafter. As a single medical device company, CryoPen has pursued a merger and acquisition (M&A) strategy. In the absence of an M&A, the company has partnered with the Gates Foundation-funded Program for Appropriate Technology (PATH), which has approved a clinical study in Lima, Peru. Should the study produce positive results, PATH may recommend adoption of the device in low-resource countries.

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**DataInfoCom USA, Inc. (dba Ayata, Inc.) – Investment Unit**

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Intended outcome: Commercialization of technology dedicated to helping companies predict and preempt upcoming issues in core business processes and key initiatives.

Actual outcome: The company signed a partnership agreement for product representation and sales within the defense industry and other government entities and gained traction in the oil and gas industry. Ayata customers include Apache, Dell, Cisco, and Microsoft. Currently, the 5th generation of Ayata's software is in development, and Ayata has filled a key executive position.

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**DentLight, Inc. – Series AA Preferred Stock**

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Intended outcome: Commercialization of products FUSION II and Exam Light.

Actual outcome: The company has developed four signature products: the FUSION Transilluminator™, the Dental Oral Exam System™, the Nano Loup Light™ and the SafeLoupe™ laser filter for use in dental and orthodontic offices and labs. DentLight is entering the international market and continues to investigate potential distributors in the U.S.

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**DEP Shape Memory Therapeutics, Inc. – Secured Convertible Promissory Note; Common Stock**

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Intended outcome: Commercialization of medical devices based on shape memory polymers to treat cerebral aneurysms.

Actual outcome: The company has a broad intellectual property portfolio with 12 issued and 15 pending patents, most extending beyond 2020. The company has conducted proof-of-concept preclinical studies and demonstrated safety, feasibility and biocompatibility showing healing with minimal inflammation. Management and engineering team build out continues and the company has established off-campus laboratory device fabrication space for clinical trials.

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**DeviceFidelity, Inc. – Series C Preferred Stock**

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Intended outcome: Commercialize a secure microchip card.

Actual outcome: The company now has 45 patents. Isis chose DeviceFidelity to power the Isis NFC mobile wallet that has been approved for use by Visa and MasterCard. The ATT Isis Wallet launched in January 2014 with DeviceFidelity's iPhone technology; Verizon will be launching shortly. The company announced its next generation microSD product, called CredenSE, in October 2013. The company has customers utilizing the product in the U.S. and internationally and has expanded applications for mobile payments, tag read/write and peer-to-peer information exchange, as well as the world's first multi-platform mobile wallet for the iPhone, Android and RIM devices.

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**Diabetica Solutions, Inc. - Warrant**

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Intended outcome: Commercialization of a family of clinically-tested, proprietary medical device products for the diagnosis and prevention of foot-related problems in people with diabetes.

Actual outcome: The company reached agreements with contract manufacturers for the TempTouch™ thermometer, secured a second major customer and completed modifications on the GlideSoft insole. Company management presented TempTouch™ to the Center for Medicare and Medicaid Services for Medicare patient reimbursement but did not receive results. Subsequently, the company ceased operations and is working with TETF to resolve asset liquidation.

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**DNatrix, Inc. – Series A-1 Preferred Stock**

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Intended outcome: Commercialization of delta 24-RGD.

Actual outcome: DNatrix, Inc. acquired Vector Logix, Inc., a privately-held Biotech company with 40 complimentary patents in 2012. The company completed a Phase I clinical study at the University of Texas MD Anderson Cancer Center for treatment of high-grade glioma with promising results and is preparing to initiate a Phase 1b study. The company's initial focus is on glioblastoma, a brain tumor that is currently incurable. DNatrix is also working to expand its platform technology for treating other cancers, including ovarian, prostate and pancreatic cancer indications.

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**Endothelix, Inc. – Common Stock**

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Intended outcome: Commercialization of a non-invasive endothelial dysfunction monitor for early detection of cardiovascular disease.

Actual outcome: Endothelix focuses on non-invasive vascular function measurement. The company originated at the Texas Medical Center-Houston from a collaborative project between the Texas Heart Institute and The University of Texas Health Science Center at Houston. Endothelix's first product is VENDYS®, a non-invasive, inexpensive and easy-to-use vascular function test. VENDYS® is FDA-cleared and is currently marketed throughout the U.S., Europe and Canada.

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**Ensysce Biosciences, Inc. – Series B Preferred Stock**

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Intended outcome: Commercialization of a carbon-nanotube and siRNA cancer therapeutic for renal cancer.

Actual outcome: The company leased a laboratory and completed an initial animal toxicity study which allowed it to move forward with additional testing and laboratory studies to optimize the product. The company, which collaborated with The University of Texas MD Anderson Cancer Center and Rice University, continues to refine and optimize an initial drug candidate before pursuing Good Laboratory Practice toxicology testing and cGMP manufacturing.

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**Enthuze, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of consumer research technology.

Actual outcome: The company created a beta version that underwent integration, function and stress and load testing, before being further tested in environments hosted by Amazon and Slicehost. Based on these tests, it incorporated improvements and converted the existing platform into an online dating platform, generating revenues for the first time.

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**Environmental Quality Management Associates, Inc. – Common Stock**

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Intended outcome: Commercialization of ethanol through the conversion of multiple waste streams.

Actual outcome: EQMA has transferred macro quantities of both industrial and animal feed operations waste into ethanol fuel. The company modeled cost and revenue projections and completed engineering schematics depicting the process flow with a minimum capacity of 1 million gallons per year, using poultry waste as the primary feedstock.

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**Falcon International, Inc. – Warrant**

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Intended outcome: Commercialization of composite ballistic panel technology.

Actual outcome: The company completed a manufacturing facility in Odessa in 2008, secured further financing and completed the management team later that year. Falcon also secured National Institute of Justice certification. After failure to commercialize, the company ceased operations.

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**Faradox Energy Storage, Inc. – Common Stock**

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Intended outcome: Commercialization of high-energy density capacitors.

Actual outcome: Faradox constructed sample capacitors, acquired third party test data, made its first commercial sale and continues to develop customer relationships. The company subsequently licensed its intellectual property to an electronics components company and sold all its physical assets. The company has ceased operations.

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**Fe3 Medical, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of trans-dermal drug delivery technology that enables the safe, non-toxic transport of iron across the skin.

Actual outcome: The company has completed the selection of iron compound candidates, created a dual-path device and generated positive pre-clinical efficacy data. Fe3 Medical successfully tested a transdermal patch and is seeking partnerships with pharmaceutical companies to take Fe3 to market.

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**FibeRio Technology Corporation – Series B Preferred Stock**

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Intended outcome: Commercialization of forcespinning® as proprietary equipment for the fabrication of nanofibers.

Actual outcome: The company has expanded its current manufacturing and distribution facility in McAllen, Texas and established office space in Austin for advanced engineering and management. FibeRio's primary products are the Fiberlab L 1000 laboratory scale system and the Fiber Engine FS1100 industrial scale. Sales representatives have been added in Japan, India and Europe. The TETF reinvested in 2012.

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**Firefly LED Lighting, Inc. – Investment Unit**

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Intended outcome: Commercialization of efficient, long-life LED lighting solutions.

Actual outcome: The company developed a customer base, applied for patents, expanded commercialization, developed new products and is seeking follow-on funding. Firefly LED Lighting products are available for sale. Subsequent to the date of this report the company was acquired.

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**Genprex, Inc. – Investment Unit**

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Intended outcome: Commercialization of a targeted nanomolecular therapy product for the treatment of cancer.

Actual outcome: The company and the University of Texas MD Anderson Cancer Center completed and published the Phase I clinical trial testing CNVN202 (Oncoprex®) in late stage lung cancer patients and are preparing to initiate and begin enrollment in a Phase II study to conduct testing on Oncoprex® in combination with Tarceva® (erlotinib). The company has completed a Phase I clinical trial evaluating the safety of Oncoprex® monotherapy and investigators reported favorable data.

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**Gradalis, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of RNAi Cancer Therapeutics.

Actual outcome: The company has five cancer treatments in development. The FANG™, a tumor-based personalized cancer vaccine, is currently entering Phase II clinical trials. Of the remaining treatments, two are in Phase I and two are in pre-clinical trials. In May 2013, it was reported that FANG™ elicited an immune response and delayed time to recurrence in advanced-stage ovarian cancer patients by more than a year compared to patients who received standard care.

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**Halsa Pharmaceuticals, Inc. – Common Stock**

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Intended outcome: Commercialization of Zinc-Alpha-2-Glycoprotein, a pharmaceutical for the treatment of clinical obesity.

Actual outcome: The company has successfully produced therapeutics purified by FDA-approved methods and has completed non-clinical and long-term effect studies. Halsa continues to develop its lead compound for treatment of obesity and diabetes. A second therapeutic is under development for the treatment of cancer cachexia, the profound loss of body mass that accompanies the disease.

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**Hanson Robotics, Inc. – Warrant**

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Intended outcome: Commercialization of the next-generation platform for robotics design and manufacture.

Actual outcome: The company has released its “super-humanlike” product, a robot with facial expressions, conversational personality, walking robot bodies and adaptive intelligence. The company seeks to understand the fundamental nature of creativity, compassion, consciousness and the human perception of robots. Manufactured for real uses, its robots currently serve health, safety, education and scientific research at universities around the world. Sales continue to steadily increase.

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**HeatGenie, Inc. – Common Stock**

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Intended outcome: Commercialization of a self-heating food packing technology.

Actual outcome: The company created a product that uses food-safe, recyclable materials that heat in less than two minutes. It has completed market research showing that interest is high among category buyers. The company has 1 issued and 5 pending U.S. patents, and has also filed foreign patents. HeatGenie has had its first sales of samples to the U.S. Army and is seeking licensing agreements with food brands. It secured a letter of intent from a European company to buy up to 5 million self-heating packages. The company continues to demonstrate its product and raise additional capital from private investors.

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**HydroLogic Industries, Inc. – Secured Convertible Promissory Note**

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Intended outcome: Commercialization of a water purification system to separate pure water from salt, hydrocarbons and other impurities.

Actual outcome: The company is currently building and testing its high volume, low operating cost water purification system prototype and has identified numerous potential uses for its product that include mining, desalination plants, petroleum, waste processing and disaster relief.

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**Ideal Power Converters, Inc. – Investment Unit (NASDAQ: IPWR)**

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Intended outcome: Commercialization of large-scale photovoltaic inverters.

Actual outcome: The company completed product development and is selling and distributing initial products. This includes both the initial 30kW photovoltaic (solar) inverter (funded by TETF) and a 30kW battery converter using the same hardware design, but with different application specific embedded software. Both products are manufactured in Texas through subcontract manufacturing partners. The company has also received a \$2.5M award from the U.S. Department of Energy's Advanced Research Project Agency–Energy (ARPA-e) to develop and commercialize a revolutionary bi-directional power switch that would further improve the performance of its products.

Subsequent to the date of this report, Ideal Power completed a successful Initial Public Offering with \$17.25M in gross proceeds. The state investment has been converted to publically-traded equity (NASDAQ: IPWR). The IPO proceeds will be used to further build its patent portfolio which already includes 19 granted U.S. patents, complete development of award-winning next generation Hybrid and Micro-Grid Converters, and staff its organization in Texas. The state's equity is valued higher than the award amount.

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**iLearning Gateway, Inc. – Common Stock**

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Intended outcome: Commercialization of a one-stop tutoring solution.

Actual outcome: The company has completed product development of TeachingBOT®, an online technology that interacts with students at an individual level and has adapted it for use in Texas and other states. iLearning Gateway has also succeeded in identifying key partners for conducting advanced product promotion.

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**Image Trends, Inc. – Common Stock**

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Intended outcome: Commercialization of Digital ICE®-enabled motion picture scanner and current professional photographer software products.

Actual outcome: The company developed and launched PC and Macintosh versions of its motion picture scanning software applications and developed a mouse scanner product. Additionally, the company completed the development and launch of the Japanese language version of the SensorKleen Pro™ product. The launch of the retail boxed version of its products was cancelled because of a low return forecast and an increase in required capital for finished goods.

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**Interoperate.biz, Inc. – Common Stock**

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Intended outcome: Commercialization of a rapid translation-based migration of programs.

Actual outcome: The company obtained revenues based on products and services developed around its rapid migration technology. The company recently launched the BrailleMath™ product that allows teachers to convert a Braille page created by blind students into pdf files readable by sighted teachers. The company is also working on developing new products based on their technology, particularly, in the smart phone app market segment.

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**InView Technology Corporation – Series A Preferred Stock**

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Intended outcome: Commercialization of high-performance cameras using advanced compressive sensing technology.

Actual outcome: The company established its lab, developed the initial prototype and secured a number of R&D contracts from the federal government and major system companies. InView secured a fundamental patent for its compressive sensing technology and completed the design of the first commercial shortwave infrared device product. InView has sampled and sold product to customers.

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**Iridescent Networks, Inc. – Investment Unit**

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Intended outcome: Commercialization of internet video software technology.

Actual outcome: Iridescent Networks' patented solution enables on-demand consumer-to-media web server "express lanes". The company is developing a product that will work across a variety of devices and expects its products will lower costs while being highly efficient. Iridescent Networks has secured both U.S. and U.K. patents and successfully completed custom lab trial tests.

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**itRobotics, Inc. – Common Stock**

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Intended outcome: Commercialization of a robotic in-line inspection system for tubular plant equipment and pipelines.

Actual outcome: The company's coiled tubing inspection tools have achieved acceptance in the market place. The product is the first direct inline inspection device enabling in-yard inspection of coiled tubing while it is still on the reel, eliminating a metal fatigue cycle. It has modified its original design in the areas of locomotion, sealing and sensor cart improvements. itRobotics has now developed into a coil tubing inspection service business.

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**JC Lads Corporation (dba Biometric Signature ID) – Series A Preferred Stock**

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Intended outcome: Commercialization of biometric signature authentication technology.

Actual outcome: The company's BioSig-ID™ authentication software is fully integrated into the EduKan Consortium's Pearson eCollege learning management system to increase academic integrity, comply with student ID verification regulations and reduce costs associated with physical proctoring. The company received a grant from the U.S. Department of Commerce to conduct work for secure online transactions in support of the National Strategy for Trusted Identities in Cyberspace. The Central Texas College's Board of Trustees approved the use of the company's technology to verify the identities of students who take its online courses. BioSig-ID™ is now being used in more than 53 countries and all 50 states.

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**KLD Energy Technologies, Inc. – Series B-1 Preferred Stock**

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Intended outcome: Commercialization of advanced electric motor systems.

Actual outcome: KLD Energy Technologies has developed and commercialized an electric motor system that has better torque, speed and range with twice the efficiency of existing systems in the market. KLD's system achieves over 250 MPGe ratings for 4-wheel electric vehicles and over 550 MPGe for 2-wheel electric vehicles. Through its partnership with Samsung SDI, KLD's battery solution is one of the safest in the industry with redundant safety features and monitoring of battery temperature and current. KLD's propulsion and generation system is applicable in a broad range of markets, including electric vehicles, elevators, air conditioners, pumps, generators, and other applications. KLD has commenced commercial production and is currently selling its electric motor systems in the U.S. and overseas.

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**Laser Tissue Welding, Inc. – Warrant**

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Intended outcome: Commercialization of a manufacturing process for albumin solder and denatured albumin scaffold.

Actual outcome: The company is developing products to provide accurate suture-less surgical repair and hemostasis. Laser Tissue Welding has one issued patent. It has completed development of a clinical device and has successfully completed a first-in-human feasibility clinical study for liver sealing after tumor resection. The company has received an IDE approval for a first-in-human robotically assisted laparoscopic partial nephrectomy sealing after removal of kidney tumours in collaboration with Baylor College of Medicine funded by the National Institute of Health with a fast track Small Business Innovation Research grant. The company has continued its partnership with St. Luke's Episcopal Hospital and Baylor College of Medicine. Laser Tissue Welding operates an 1100-square-foot laboratory facility in Humble, Texas and is building a scaled up manufacturing plant in Conroe, Texas.

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**Lasergen, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of a next-generation DNA sequencing system.

The company developed instrumentation that has led to a number of discoveries, resulting in more accurate sequencing of DNA. Lasergen developed Lightning Terminators™ which enable faster, cheaper and more accurate genome sequencing than any existing technology, and is currently commercializing a sequencing platform. It also has a software team working to create an automated analysis pipeline.

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**Leonardo Biosystems, Inc. – Series A-2 Preferred Stock**

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Intended outcome: Commercialization of rationally-designed multistage mesoporous silicon particles for the delivery of cancer drugs and agents.

Actual outcome: The company has optimized the nanoparticle delivery system for small molecule therapy and small interfering Ribonucleic acid (siRNA) published proof of concept for delivery of siRNA and resultant tumor suppression. Leonardo continues to see progress and efficiency in small animal cancer models as the company continues to expand its product. Collaborative work with Leonardo's particles continues at the Methodist Research Institute and The University of Texas MD Anderson Cancer Center.

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**MacuCLEAR, Inc. – Series A-1 Preferred Stock**

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Intended outcome: Commercialization of topically-administered treatment for dry, age-related macular degeneration.

Actual outcome: The company contracted with Mystic Pharmaceuticals, another TETF portfolio company, to manufacture both the eye droppers and the drug. MacuCLEAR completed a novel and successful Phase Ib/POC human trial and is at the stage of proving efficacy through next stage human clinical trials for the treatment of nonexudative, age-related macular degeneration. MacuCLEAR also intends to investigate expanding its drug portfolio to treat diabetic retinopathy and other retinal diseases.

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**Mayan Pigments, Inc. – Common Stock**

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Intended outcome: Commercialization of new pigments and colorants with enhanced chemical and physical properties.

Actual outcome: The company has developed three products: MayaCrom™, MayaPure™ and MayaSol™. It holds exclusive rights to the patents, intellectual property and technology used to produce a range of colorants that are not heavy metal-based, yet exhibit high-performance properties, including chemical resistance, temperature stability and light stability. Samples are out to customers, and the company continues to make progress in expanding commercial applications in paints, inks and coatings.

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**Merkatum Corporation – Common Stock**

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Intended outcome: Commercialization of Multi-Biometric Identity Management as an appliance.

Actual outcome: The company worked with the Austin Police Department on a series of projects and signed a three-year collaboration with IBM to co-develop technology. The University of Texas at Austin has provided research assistance. Merkatum has improved and launched its advanced facial recognition identification system and also closed on new project and program deals both domestically and internationally.

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**MicroTransponder, Inc. – Warrant**

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Intended outcome: Commercialization of world's smallest wireless neurostimulation medical device for treatment of individuals suffering from diabetic neuropathy.

Actual outcome: MicroTransponder developed The Serenity System™ to treat tinnitus. Manufactured at Southwest Research Institute, the system pairs an existing therapy called Vagus Nerve Stimulation (VNS) with listening to tones via headphones. VNS has been used to treat over 90,000 patients for epilepsy and depression. The device is fully implantable and can easily be used at home. In addition, The University of Glasgow in Scotland instituted a clinical trial using MicroTransponder's neurostimulation system for the treatment of stroke. The trial is treating stroke patients whose last stroke was at least 6 months ago and are still experiencing upper limb mobility issues.

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**MicroZap, Inc. – Investment Unit**

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Intended outcome: Commercialization of food sterilization products.

Actual outcome: MicroZap utilizes a patented, pulsed power of radio frequencies in the microwave spectrum. This process creates a targeted signal density to allow food to be pasteurized without damaging or changing its quality. The unique MicroZap technology utilizes a combination of thermal and non-thermal effects to destroy bacteria at lower temperatures, thus creating “cold pasteurization” of fresh foods and eliminating deadly pathogens. The company, in collaboration with Texas Tech University, is expanding its testing procedures to other food products. The company plans to install its first on-site commercial sterilizer at a tortilla factory in Lockhart, Texas. Initial tests showed that the MicroZap process increased the shelf-life of the organic tortillas from two days to up to three weeks, without the use of preservatives.

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**Mirna Therapeutics, Inc. – Series B-1 Preferred Stock**

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Intended outcome: Commercialization of microRNA-directed therapeutics for the treatment of cancer and other diseases.

Actual outcome: Mirna filed its first FDA Investigational New Drug in 2013 for its lead candidate, MRX34 and is currently conducting a Phase I clinical trial in patients with unresectable primary liver cancer or metastatic cancer with liver involvement. The company has identified numerous tumor suppressor miRNAs that play key roles in preventing normal cells from becoming cancerous. These miRNAs are reduced or lost in virtually all cancers. The company’s therapeutic strategy is to bring this tumor suppressor activity back into target tissue cells by administering mimics of natural miRNAs, an approach known as “miRNA Replacement Therapy”. The company intends to demonstrate that therapeutic miRNAs kill cancer cells, which represents a new paradigm in cancer therapy, and has the potential for the creation of more effective cancer drugs.

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**Modria, Inc. – Common Stock**

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Intended outcome: Commercialization of a highly customizable and rapidly evolvable supply chain planning system.

Actual outcome: Modria’s technology enables it to build software one customer at a time without increasing the total cost of ownership. Its customers can own the software at source code level, allowing them to control product roadmap, leverage intellectual property and enhance competitiveness.

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**Molecular Imprints, Inc. – Warrant**

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Intended outcome: Commercialization of a nanotechnology step and flash imprint lithography (S-FIL) tool for fabricating nano-scale devices and components.

Actual outcome: Molecular Imprints has more than 160 patents issued covering imprint tools, imprint materials and masks/templates, process technology and imprint-specific device designs. Jet and Flash™ Imprint Lithography (J-FIL™), powered by IntelliJet™ system, is the basis of the company’s nanoimprint technology, enabling low-cost, uniform and consistent nanoimprinting of features down to 10nm and below. Current customer engagements include three of the top five semiconductor companies with equipment placed in Japan, Korea and the U.S.

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**Molecular Logix, Inc. (MLX) – Warrant**

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Intended outcome: Commercialization of new first in class anti-cancer therapeutics.

Actual outcome: MLX has developed and patented a new Dominant Negative Ligand (DNL) that interferes with the growth of “HER-positive” human tumor cells that have become resistant to current therapeutics. DNLs are variants of clinically relevant human proteins. The company used its advanced structural and experimental tools to redesign these proteins to create potent, targeted antagonists that interfere with the EGFR/HER family of growth receptors, which have been implicated in the progression of many types of cancers including lung, colon, breast and pancreatic. The technology continues to be evaluated while MLX pursues development collaborations with major pharmaceutical and biotechnology companies for the eventual commercialization of the compound.

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**Monebo Technologies, Inc. – Common Stock**

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Intended outcome: Commercialization of the Cardiobelt™, which monitors, assesses and predicts heart electrical activity enhancing the ability to identify patients with heart abnormalities.

Actual outcome: The company markets five products that process and interpret the ECG signal in cardiac patients. It has developed technology for cardiac monitoring, home care and pharmaceutical cardiac safety trials. Monebo's digital signal processing algorithms, sensor technology and wireless communication capabilities provide medical device developers and original equipment manufacturers accurate real-time monitoring information, with increased patient mobility.

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**Mystic Pharmaceuticals, Inc. – Common Stock**

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Intended outcome: Commercialization of an ophthalmic and intranasal drug delivery platform.

Actual outcome: The company has developed innovations in patient focused drug/device combination products that simplify self-administration, improve patient compliance and reduce waste and cost for the patient and the manufacturer. Products include unit dose container devices for liquids and powders, delivery devices that simplify self-administration by the patient, preservative-free unit dose packaging and a broad range of precision dose deliveries. The company has more than a dozen pending/issued patents and is currently advancing collaboration with pharmaceutical manufacturers, biotech companies and academic research organizations to license the technology and co-develop combination products.

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**Nano3D Biosciences, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of a three-dimensional cell culturing device by magnetic levitation.

Actual outcome: The company completed its first commercial sale and has reached a large customer base of major commercial partners. Nano3D introduced additional cell culturing products since first commercializing the original “single-well” Bio Assembler™ kit, and announced 24- and 96-well platforms. In recent months, Nano3D has also launched a high-throughput toxicity testing kit based on its magnetic 3D bioprinting technology. The company formed a partnership with Funakoshi Japan to distribute its products in Japan, signed another distribution agreement with MIDSCI, and continues to evaluate other potential distribution and licensing partnerships. It continues to collaborate with the University of Texas MD Anderson Cancer Center, Rice University and University of Texas Health Science Center at Houston.

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**NanoComposites, Inc. – Common Stock**

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Intended outcome: Commercialization of electrometric material industrial products used in heat, pressure, noxious chemical and abrasion sensitive environments.

Actual outcome: The company conducted research, determined scaling feasibility and completed prototypes of four different types of elastomer seals. NanoComposites executed two joint development agreements with corporate partners, and started generating revenue. As of August 10, 2012, the company exhausted its financial resources and did not raise sufficient capital for ongoing operation. The company has ceased operations.

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**NanoCoolers, Inc. – Warrant**

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Intended outcome: Commercialization of a solid state cooling system.

Actual outcome: The company's prototype development proceeded with initial success. However, complications with the cooling technology hindered the company's ability to commercialize, which in turn discouraged follow-on funding. The company has ceased operations.

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**NanoMedical Systems, Inc. (NMS) – Series A Preferred Stock**

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Intended outcome: Commercialization of nanochannel drug delivery devices.

Actual outcome: NMS is producing a passive, constant release (zero-order) drug delivery device that delivers the dosage from a small implantable capsule controlled by a silicon chip, containing nanochannel structures that release drug molecules over a period ranging from weeks to months up to a year. The company plans follow-on generations of drug delivery systems through on-board electronics. It plans to design implants with smart drug release which will enable new therapeutic models, culminating in an "artificial gland".

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**Nanospectra Biosciences, Inc. – Common Stock**

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Intended outcome: Commercialization of a therapeutic medical device which incorporates a new class of nanoparticles capable of selectively killing solid tumors.

Actual outcome: The company's AuroLase<sup>®</sup> Therapy is a new medical device that is broadly applicable to many solid tumors. The therapy uses the unique "optical tunability" of a new class of nanoparticles that can convert light into heat to thermally destroy a solid tumor. In collaboration with the Houston VA Hospital and the Cancer Treatment Centers of America (CTCA) in Philadelphia, Nanospectra is currently conducting a pilot study in patients with refractory head and neck cancer under an open Investigational Device Exemption. A pilot study for the treatment of non small cell lung cancer is also underway at CTCA under an open IDE. Nanospectra is initiating pilot studies in Veterinary cancer with Texas A&M University.

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**NanoTailor, Inc. – Investment Unit**

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Intended outcome: Commercialization of the production of single wall nanotubes.

Actual outcome: The company relocated employees and operations to Texas, filed patent applications and began work on the nanotube production machine. The company failed to commercialize the technology and in December 2011, the Office of the Governor demanded full repayment of the award and ultimately referred the matter to the Texas Office of the Attorney General. NanoTailor filed for Chapter 7 Bankruptcy in May 2012. The state filed a Proof of Claim in the bankruptcy. The company has ceased operations.

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### Net.Orange, Inc. – Series A Preferred Stock

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Intended outcome: Commercialization of the Clinical Operating System (cOS™), which will be used by medical providers and health care administrators in clinics, hospitals and research organizations.

Actual outcome: Net.Orange provides health care informatics solutions that help healthcare organizations implement a patient-centric, virtually integrated care delivery model. The company's patented Clinical Operating System (cOS™) leverages existing systems, such as electronic medical records, health information exchanges and claims in real-time, to allow hospitals, physician practices, employers and payors to work together in an accountable health care environment, regardless of the payment model.

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### Netcordant, Inc. – Common Stock

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Intended outcome: Commercialization of web server efficiency software.

Actual outcome: The company's patented technology enables web performance optimization directly on the web server. It delivers fast and efficient applications to reduce costs, drive revenues and increase customer satisfaction without altering application logic or adding hardware.

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### Net Watch Solutions, Inc. – Warrant

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Intended outcome: Commercialization of a software which focused on behavioral patterns as the leading cause for system disruption.

**Actual outcome:** The company unsuccessfully applied for two patents on the software. The company has ceased operations.

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### Neuro Resource Group, Inc. – Common Stock

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Intended outcome: Commercialization of InterX®, a neurostimulation device for noninvasive acute pain management.

Actual outcome: Hand-held and battery operated, the InterX® products use interactive neurostimulation technology to deliver treatment for a variety of medical conditions. InterX® products have proven effective for acute and chronic pain relief and the resulting increase in range of motion; the reduction in neuropathic and nociceptive pain and improved rehabilitation times from sports injuries and other acute trauma. InterX® products carry the European CE mark, and are 510(k) cleared by the FDA as a pain management device and have been safely and effectively used to treat thousands of patients throughout the world.

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### Neurolink, Inc. – Series A Preferred Stock

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Intended outcome: Commercialization of an implantable therapy for epilepsy that predicts seizures and treats the underlying disease pathology via intracranial drug delivery.

Actual outcome: Neurolink has developed a drug-device combination therapy for the treatment of epilepsy. The therapy delivers a powerful pharmacologic agent to the brain in small quantities through an implanted device. Local drug delivery eliminates systemic side effects such as sedation and dramatically reduces and potentially eliminates seizures in certain patients. The sensing technology will be able to track a patient's seizure history and develop predictive algorithms to anticipate the onset of a seizure and treat it before it happens. The company is actively developing the technology and is conducting pre-clinical studies.

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**Noninvasix, Inc. – Common Stock**

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Intended outcome: Commercialization of a noninvasive platform for blood diagnostics.

Actual outcome: The company is commercializing a noninvasive monitor of cerebral venous oxygenation (SSSvO<sub>2</sub>) that will reduce the incidence of cerebral palsy and unnecessary c-section. It has demonstrated that the monitor can accurately measure SSSvO<sub>2</sub> in adults and designing a fetal probe to be used during late-stage labor. The company has received U.S. Army development awards to develop a laboratory prototype shock monitor and a laboratory prototype brain oxygenation monitor.

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**Oncolix, Inc. – Common Stock**

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Intended outcome: Commercialization of Prolanta™, a prolactin receptor antagonist that will block prolactin receptors found in breast and ovarian cancer patients.

Actual outcome: The company has an FDA Investigational New Drug clearance to commence human testing of Prolanta™ in the treatment of ovarian cancer. The FDA has granted Prolanta™ Orphan Drug status for ovarian cancer, which may allow an accelerated regulatory FDA approval. In addition to ovarian cancer, there is strong preclinical evidence Prolanta™ will be effective in breast, prostate and other cancers. Oncolix continues to work with The University of Texas MD Anderson Cancer Center under a sponsored research agreement.

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**OnTrack Imaging, Inc. – Common Stock**

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Intended outcome: Commercialization of a C-Scan™ ultrasound imaging system for soft tissue imaging.

Actual outcome: The company has successfully developed and tested a prototype device that uses a patented C-Scan™ ultrasound camera to examine soft tissue in the lower limbs of horses. The device produces a real time, high-resolution image that allows the structure of the tendons, ligaments and vasculature to be examined in-situ and continues to develop its innovative imaging technology for viewing soft tissue. Currently, the production prototype is under development and will be submitted to the Texas A&M Institute for Pre-Clinical Studies for clinical evaluations on live equine patients.

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**OptiSense Network, LLC – Warrant**

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Intended outcome: Commercialization of electro-optic voltage sensor systems.

Actual outcome: The company develops and manufactures medium voltage optical voltage and current sensors for electric utility distribution systems worldwide. OptiSensors™ use a patented crystal-optic technology to measure voltage and current on substation-to-end-user distribution lines. The sensors enable utility distribution and operations engineers to cost-effectively monitor and manage feeder line voltage and current in real time, informing critical decisions regarding distribution and reliability. Product development has been in collaboration with the University of North Texas.

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**Ortho Kinematics, Inc. – Series A-1 Preferred Stock**

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Intended outcome: Commercialization of spine-imaging technology.

Actual outcome: The company developed the FDA-approved Vertebral Motion Analysis™, a diagnostic test for the spine that uses fluoroscopy to capture the spine in motion, producing patient-specific graphs for each vertebral level. A fast, non-invasive test for assessing spinal instability, it can involve lower radiation dose levels to the patient compared to plain x-ray imaging.

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**OrthoAccel Technologies, Inc. – Warrant**

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Intended outcome: Commercialization of an orthodontics device.

Actual outcome: In 2013, the U.S. Patent and Trademark Office issued OrthoAccel Technologies. a patent for its hands-free AcceleDent®, an FDA-cleared, Class II medical device designed for faster orthodontic treatment with only 20 minutes of daily use. AcceleDent® was introduced to the U.S. market in 2012 and is now offered at over 1,000 orthodontic locations nationwide.

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**Palmaz Scientific, Inc. – Series B Preferred Stock**

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Intended outcome: Commercialization of a cardiovascular stent.

Actual outcome: Palmaz Scientific holds nearly 118 U.S. and international patents issued and has over 109 patent applications pending on its technologies including, thin-film technologies and physical vapor deposition process innovations for use in manufacturing medical implantable devices. It is in partnership with The University of Texas Health Science Center at San Antonio.

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**Patton Surgical Corporation – Series B Preferred Stock**

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Intended outcome: Commercialization of the PassPort™ double-shielded trocar line.

Actual outcome: The company performed research and development to complete a full product line that launched in 2010. After building up inventory and hiring a sales and marketing team, the company tripled the number of facilities where Patton Surgical's products were used in surgery. A leading medical device company, Stryker, purchased the company's Trocar™ line in June 2012. Patton Surgical Corporation returned the TETF's investment in July 2012.

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**Photodigm, Inc. – Warrant**

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Intended outcome: Commercialization of high volume manufacturing of high coherence laser diodes.

Actual outcome: The company introduced a wide product line of single frequency precision semiconductor lasers for use in scientific instruments, metrology and industrial processing. Customers include defense contractors, government and academic research laboratories and industrial equipment manufacturers. The lasers are designed and produced in the company's wafer fabrication facility in Richardson, Texas and sold to customers worldwide.

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**Photon8, Inc. – Investment Unit**

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Intended outcome: Commercialization of an algae growth and oil production system.

Actual outcome: Photon8 has produced an 8-ounce, visual quantity of algae oil and shipped it to customers for analytical testing. It has also begun developing genetically-improved alga that are high in protein and carbohydrates, and may be used in food and nutraceutical products.

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**PLx Pharma, Inc. – Common Stock**

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Intended outcome: Commercialization of new formulations of non-steroidal anti-inflammatory drugs (NSAIDs).

Actual outcome: PLx Pharma received FDA approval for 325 mg PL2200 Aspirin Capsules in January 2013 for over-the-counter (OTC) pain relief and fever reduction. Other drugs the company is developing include Oral Rx NSAID Products, Oral OTC NSAID Products (both in clinical development), and three IV Products that are in the preclinical stage.

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**PrincipleSoft, Inc. – Warrant**

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Intended outcome: Commercialization of Multiple Layer Overlay (MLO) modulation/multiple access.

Actual outcome: The company provides PrincipleCare™, a web-based hosted solution that provides an integrated interface between various components of modern operating facilities by allowing data collection and analysis. It also offers PrincipleTime™, a browser-based employee attendance and labor management module available as a hosted solution and direct installation that enables businesses to track employee attendance and working hours; as well as Time-Clock™, a web-based employee portal that allows time collection, employee communication and information sharing.

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**Procyrion, Inc. – Secured Convertible Promissory Note**

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Intended outcome: Commercialization of a catheter deployed long-term circulatory assist device.

Actual outcome: Procyrion has developed and is commercializing a new intra-aortic support pump for the treatment of chronic heart failure. The Aortix™ device is the first catheter-deployed, long-term treatment option designed to reduce the workload of the heart, providing an opportunity for the heart to rest and heal. Procyrion's device reduces the risks associated with circulatory support devices and will enable treatment of younger and healthier patients before years of progressive damage occur. In addition to chronic heart failure, the company is exploring alternative acute indications, including diuretic support in cardio renal syndrome, end-organ support, and renal support during chemotherapy.

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**Pronucleotein Biotechnologies Corporation – Investment Unit**

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Intended outcome: Commercialization of the Fluorescent Assay System Hand-held (FLASH) reader for rapid on-site food safety, environmental and other diagnostic testing.

Actual outcome: Pronucleotein has filed for patent protection for over 100 key food pathogen aptamer (nucleic acids or peptides) sequences that bind biological and chemical toxins as well as bacterial cell walls and cell capsules, and eventually intends to target other food contaminants, toxins, parasites and cancer cells. The company has also filed two patent applications in the area of nearly-instantaneous fluorescence resonance energy transfer aptamer technology for rapid diagnostics.

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**Pulmotect, Inc. – Common Stock**

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Intended outcome: Commercialization of Stimulated Innate Resistance (StIR) against inhaled pathogens.

Actual outcome: Pulmotect's lead Phase I research product, PUL-042, is an inhaled therapeutic that stimulates the immune system in minutes to provide immediate and effective protection that lasts for days. By stimulating receptors on lung epithelial cells, PUL-042 could initiate an innate immune system response that better protects the body against each of the major classes (bacterial, fungal and viral) of pathogens. Next steps are final animal studies and Phase I and II clinical trials.

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**Qcue, Inc. – Investment Unit**

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Intended outcome: Commercialization of an integrated selling platform.

Actual outcome: The company has developed proprietary "dynamic pricing" software used by leading franchises across major league and university-level sports, entertainment promoters and ticketing organizations. The software applies revenue management to ticket sales to improve pricing efficiency, generating tens of millions of dollars in incremental revenue for its customers on an annual basis.

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**Quantum Logic Devices, Inc. – Warrant**

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Intended outcome: Commercialization of a biomedical nanotechnology platform for rapid diagnosis of disease.

Actual outcome: The company has developed its core technology, based on single electron devices, into a platform with the ability to electronically-detect a single molecule of DNA or a single antigen in a simple, rapid and highly specific assay without fluorescent labels. The company has four U.S. and two international patents describing the fabrication and utility of single electron transistors, and has additional patents pending on related technologies and specific applications.

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**RadioMedix, Inc. – Common Stock**

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Intended outcome: Commercialization of generator-produced radiopharmaceuticals based on Gallium-68 chemistry.

Actual outcome: GlucoMedix™ is RadioMedix's lead diagnostic product candidate under development to target glycolytic pathway in cancer cells and detect aggressive tumors by positron emission tomography (PET). GlucoMedix™ provides high sensitivity and specificity of tumor detection, limiting false positive results. The company is also developing the SmartMedix™ system, an automated, cassette-based synthesizer system capable of producing a range of cost-effective radiopharmaceutical drugs for PET imaging.

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**Rebellion Photonics, Inc. – Secured Convertible Promissory Note**

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Intended outcome: Commercialization of a hyper-spectral analyzing Gas Cloud Imager (GCI) device to detect chemical leaks within the oil drilling, oil refining and chemical/petrochemical industries.

Actual outcome: Rebellion's Gas Cloud Imaging Camera monitors, quantifies and displays explosive/harmful gas leaks in real time on oil rigs and refineries. The company's Arrow™ camera offers real-time chemical detection for those who require a full screen image with the ability for instant chemical detection. Subsequent to the date of this report the company closed a significant funding round and the state received greater than the TETF award amount.

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**Receptor Logic, Inc. – Common Stock**

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Intended outcome: Commercialization of T Cell Receptor mimic (TCRm™) technology.

Actual outcome: The company has demonstrated the therapeutic potential of TCRm™ antibodies for treatment of oncology conditions and infectious disease. It has also developed TCRm™ Potency Assay Services and Immunology Reagent Products. The company is collaborating with academic and industry partners, including Texas Tech University licensing, and evaluation discussions are underway with leading companies.

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**Resonant Sensors, Inc. – Common Stock**

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Intended outcome: Commercialization of Resonant Photonic Crystal Elements for High Volume Screening of Proteins.

Actual outcome: Joining with the University of Texas at Arlington research partners, Resonant Sensors has conducted various projects utilizing a commercial prototype. The company established commercial production of the sensor plates and a partnership for production. The company recently released a new bioassay reader system and microarray plates designed for use with the reader system to provide a label-free approach for cell-based or biochemical tests.

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**RFMicron, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of self-tuning radio frequency identification (RFID) integrated circuit technology.

Actual outcome: The Magnus™ chip is a multipurpose passive device incorporating a wireless communication engine, a self-tuning circuit for high reliability, operation and sensing. RFMicron is engaging with leading producers of tags, sensors and systems who will offer products based on the company's Chameleon™ technology. The products will include RFID tags for systems, solutions and processes and sensors for applications where the use of expensive, wired or battery-powered sensors is not practical.

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**Salient Pharmaceuticals, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of calcium aluminosilicate antidiarrheal (CASAD), an all-natural product to prevent and treat cancer therapy-induced diarrhea.

Actual outcome: With support from the National Cancer Institute, Salient conducted a Phase II clinical trial to test the safety and efficacy of CASAD™ in preventing severe diarrhea associated with colon cancer treatment. The trial results were positive for safety but inconclusive for efficacy. The trial was led by The University of Texas MD Anderson Cancer Center. To further evaluate CASAD's efficacy, Salient is now conducting two new pilot studies at MD Anderson. One is for patients with medullary thyroid cancer and the other is for patients visiting the emergency medicine department with severe diarrhea.

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**Savara, Inc. – Series B Preferred Stock**

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Intended outcome: Commercialization Pulmonary Therapies

Actual outcome: Savara is conducting a Phase 2 study of its lead product candidate, AeroVanc™, for the treatment of persistent methicillin-resistant *Staphylococcus aureus* (MRSA) lung infection in cystic fibrosis (CF) patients. The purpose of this research study is to evaluate the effectiveness, safety and pharmacokinetics of AeroVanc™ compared to placebo in subjects with CF and a chronic MRSA lung infection.

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**ScanTech Sciences, Inc. – Investment Unit**

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Intended outcome: Commercialization of electron beam irradiation technology.

Actual outcome: The company has completed studies and schematics for the facility, located a potential site and partnered with a local business to build and operate the facility in McAllen, Texas. The company has received an amendment to the USDA regulation that will allow the operation of the facility on the Texas side of the Mexican border, has initiated the final licensing for the construction and is now focused on raising the necessary funding to complete construction.

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**Secure Origins, Inc. – Common Stock**

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Intended outcome: Commercialization of intelligent software agent solutions along the U.S.-Mexico border and its major North American trade corridors.

Actual outcome: The Frontera-21™ Managed Flow and Tracking System monitors shipments securely from the loading dock to the border, and across to the route of its destination. Its proprietary electronic surveillance systems monitor designated lanes at U.S.-Mexico ports of entry and achieve visibility through GPS tracking technology and a fiber optic network in Mexico, providing secure communications of data that is immediately processed and validated at the Command Center. The company was acquired by the TECMA Group, LLC.

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**Seno Medical Instruments, Inc. – Warrant**

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Intended outcome: Commercialization of laser optical acoustic system for cancer imaging and detection.

Actual outcome: The company completed the design and prototype development of a small animal research imaging system and subsequently licensed the system to a worldwide market leader. It has continued to develop its breast cancer imaging system, IMAGIO™, which is currently in clinical trial at 16 sites across the U.S. IMAGIO™ is a multi-modality device, comprised of opto-acoustic (OA) imaging co-registered with diagnostic grey-scale (B mode) ultrasound that has been designed to concurrently collect OA images in conjunction with diagnostic grey-scale (B-mode) ultrasound. IMAGIO™ is expected to identify two functional hallmarks of a potential malignancy: the presence of abnormal blood vessels (angiogenesis) and the relative reduction in oxygen content of hemoglobin. The technology is non-invasive and does not require any contrast agent or radio-isotope, which is required for other modalities such as MRI or PET. This is a prospective, single arm, controlled, multi-center, observational study that will compare Imagio versus conventional diagnostic ultrasound (CDU) for the visualization of suspicious masses.

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**SeprOx Corporation – Investment Unit**

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Intended outcome: Commercialization of an improved oxygen generator.

Actual outcome: The company was unable to secure funding, a requirement of TETF for the company to qualify to receive its final tranche of funding. The Office of the Governor sent a demand notice and referred the matter to the Attorney General's Office. The debt was deemed uncollectible. The company has ceased operations.

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**Smart Imaging Technologies Corporation – Investment Unit**

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Intended outcome: Commercialization of automated pathogen analysis technology for drinking water.

Actual outcome: The company developed a cloud-based software platform for high-performance biomedical image analysis. Smart Imaging is working with the Texas A&M University Office of Technology Commercialization, accelerating the adoption of the technology in multiple markets. Its products include SIMAGIS®, an image analysis software and SIMAGIS 3D®, an imaging spreadsheet that automates the comprehensive analysis and visualization of 3D objects.

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**Smartfield, Inc. – Priority Preferred Stock**

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Intended outcome: Commercialization of sensory technology.

Actual outcome: The company's lead product, the Base Station™, measures temperature, relative humidity and rainfall, and relays the information via the cellular network. The Standard SmartCrop® sensor measures crop canopy temperature and relays the information back to the Base Station™. SmartProfile™ is a soil moisture measurement tool placed into the root zone of a plant whose readings are sent back to the SmartProfile™. SmartWeather™ collects wind speed, wind direction, solar radiation and barometric pressure in conjunction with the ambient temperature, relative humidity and rainfall data collected by the Base Station™.

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**SNRLabs Corporation – Common Stock**

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Intended outcome: Commercialization of Convergence Manager Handset™ software.

Actual outcome: The company's product line provides device-based solutions for traffic management of heterogeneous networks, including 3G and WiFi. SNRLabs developed its product to address multi-radio bandwidth management and seamless mobility for network operators. The company was purchased by SEVEN Networks.

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**SolarBridge Technologies, Inc. – Series B-1 Preferred Stock**

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Intended outcome: Commercialization of a micro-inverter for photovoltaic applications.

Actual outcome: The company's SolarBridge AC Module System consists of three components: The SolarBridge Pantheon™ or Pantheon II microinverter, the SolarBridge Power Manager and the SolarBridge Power Portal. It designed the system to offer solar module manufacturers and installers a microinverter solution that makes rooftop solar more simple, cost-efficient and reliable.

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**Solarno, Inc. – Common Stock**

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Intended outcome: Commercialization of SolarnoFlex™ a transparent, conductive electrode of carbon nanotube sheets, for use in photovoltaic technologies.

Actual outcome: The company has filed and received additional patents and expanded its product line to engage more customers and submitted additional funding proposals. It secured funding for a Phase II STTR project for supercapacitors and signed non-disclosure agreements with potential commercialization partners.

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**Speer Medical Devices, Inc. – Investment Unit**

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Intended outcome: Commercialization of a noninvasive continuous vital sign monitor.

Actual outcome: The company received approval from an Investigational Review Board to proceed with a clinical trial. Clinical trials were being planned with a regional hospital. After intellectual property and commercialization delays, the company ceased operations and repaid a large portion of the award.

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**StarVision Technologies, Inc. – Warrant**

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Intended outcome: Commercialization of StarVision Space Systems.

Actual outcome: The company completed initial testing and development of its technology, but filed for bankruptcy in October 2010. The state filed a Proof of Claim in the bankruptcy. The Office of the Governor referred this matter to the Texas Office of the Attorney General. The debt was deemed uncollectible. The company has ceased operations.

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**Stellarray, Inc. – Common Stock**

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Intended outcome: Commercialization of flat panel x-ray source technology.

Actual outcome: The company successfully established its manufacturing processes and tested flat panel x-ray sources ranging up to 6 x 14 inches in size. These are being used in a self-contained blood irradiator, which is now being tested to prepare for FDA clearance and product release. The company continues its collaboration with The University of Texas MD Anderson Cancer Center on digitally addressable versions of its x-ray sources for advanced imaging systems.

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**Sunrise Ridge Algae, Inc. – Common Stock**

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Intended outcome: Commercialization of algae-derived biofuels project.

Actual outcome: The company worked with The University of Texas at Austin to research algae culture collection and was able to produce algae biomass for additional research and development. However, after technology and commercialize issues, Sunrise Ridge Algae ceased operations. The Office of the Governor demanded repayment of the disbursed award for failure to pursue commercialization efforts. The Office of the Governor referred this matter to the Texas Office of the Attorney General. The debt was deemed uncollectible. The company has ceased operations.

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**Syndiant, Inc. – Series B Preferred Stock**

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Intended outcome: Commercialization of light modulating panels for high resolution displays used in ultra-portable projectors small enough to embed in a cell phone.

Actual outcome: The company completed the final design for lithographic masks and tooling and the ASIC#2 image controller chip went into mass production. The company completed power-reduction analysis of products with the University of Texas at Dallas Center for Integrated Circuits and engaged with the UTD Material Science Department to explore Active Matrix Organic Light Emitting Diode drive applications. Additionally, Syndiant filed five provisional patents, with one patent granted.

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**Telemedicine Up Close, Inc. (dba DxUpClose) – Secured Convertible Promissory Note**

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Intended outcome: Commercialization of a small, lightweight, portable, bacterial diagnostic that will perform an antibiotic susceptibility test in 60 minutes, reducing the delay in patient care.

Actual outcome: The company's core technology is based on electronic sensors. The company exclusively licensed issued patents, which are supported by other exclusively or jointly-owned patents. It has a functional electronic prototype, is continuing product development and intends to perform alpha testing at Seton Healthcare Networks, a healthcare provider serving rural Texas.

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**Terapio Corporation – Series A-2 Preferred Stock**

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Intended outcome: Commercialization of RLIP 76, the basis of topical and systemic therapies.

Actual outcome: Initial applications include developing the RLIP76 protein as a medical countermeasure for radiation exposure and chemical threats to civilians, military and first responders. The RLIP76 protein primarily works through the oxidative stress pathway and provides benefit as both a prophylactic and post exposure treatment. The TETF made an additional investment subsequent to the date of this report.

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**Terrabon, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of the process of converting nonfood biomass into biofuels.

Actual outcome: The company's products in development included MixAlco®, a biofuel technology using disposed organic waste and biomass to create chemicals and drop-in transportation fuels, and SoluPro™, an eco-friendly conversion technology solubilizing protein waste with lime to create animal feed and commercial adhesives. The company filed for bankruptcy and has ceased operations.

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**Texas MicroPower, Inc. – Common Stock**

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Intended outcome: Commercialization of a compact, high-efficiency energy harvesting system.

Actual outcome: The company is developing solar and vibration energy harvesting solutions in a variety of applications including personal electronics, wireless sensors and active radio frequency identification tags. On-going research and development includes integrated thin-film harvesters and high efficiency power management circuits.

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**ThromboVision, Inc. – Warrant**

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Intended outcome: Commercialization of ThromboGuide™ platelet function monitor.

Actual outcome: The company completed design and prototype development of a 5th generation monitor in 2007. These devices were used to conduct several clinical trials, including at Houston Methodist Hospital. An application for FDA approval was filed in August 2008, however, after five rounds of questioning and additional clinical testing, the FDA denied approval. ThromboVision filed for bankruptcy in September 2010 and the state filed a Proof of Claim. The Office of the Governor referred this matter to the Texas Office of the Attorney General. The company has ceased operations.

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**Turbo Trac USA, Inc. – Series A Preferred Stock**

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Intended outcome: Commercialization of an infinitely variable mechanical transmission combined with self-adapting software.

Actual outcome: Turbo Trac's projects include developing an infinitely variable (ratio) transmission (IVT) for heavy duty industrial applications, oil field pump jacks and industrial pump and compressor applications. This design will reduce fuel or electrical energy consumption and greenhouse gas emissions by up to 25% in some applications. The design has the ability to handle the torque loads of electric motors and heavy-duty diesel engines, which other IVT designs have been unable to do. Additionally the IVT has been designed to provide the reliability and durability needed for industrial applications.

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**TXL Group, Inc. – Warrant**

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Intended outcome: Commercialization of thermoelectric cells for harvesting roadway energy.

Actual outcome: The company is selling a development kit for thermoelectric devices after developing thermoelectric converter circuits for enabling energy capture from environmental sources. TXL has received one U.S. patent for roadway heat-powered roadway markers, with additional patents pending. The company has obtained two NASA contracts for the development of high-efficiency thermoelectric materials and maintains an ongoing collaboration with the University of Texas at El Paso for research support.

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**Vapogenix, Inc. – Secured Convertible Promissory Note**

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Intended outcome: Commercialization of technology developing novel, non-opioid analgesics for minor procedure pain management.

Actual outcome: After completing formulation development projects with San Antonio based DPT Laboratories and the Southwest Research Institute, the company successfully initiated communication with the FDA to clarify FDA Investigational New Drug requirements. The company's lead product, VPX-595, is a compound developed initially for the treatment of acute pain. The drug has been effective in animal studies at providing local pain relief without systemic side effects. Vapogenix successfully filed an IND application with the FDA and is currently conducting its first clinical trial.

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**Varaha Systems, Inc. – Series B Preferred Stock**

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Intended outcome: Commercialization of uMobility™ Solutions.

Actual outcome: The company's uMobility™ application is approved for major smartphone and Blackberry devices and is sold worldwide. Varaha worked with The University of Texas at Arlington to publish a research and survey article, and has partnered with a number of worldwide IP-PBXs, softswitches, smartphones and Wi-Fi access business collaborators.

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**Veros Systems, Inc. – Common Stock**

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Intended outcome: Commercialization of a software-enabled solution for smart asset management, providing continuous, preemptive, actionable information and knowledge about actual machine condition and energy efficiency.

Actual outcome: The company's Veros ForeSight™ provides pump, fan, motor and compressor dashboards with real-time operating metrics and clear, early warnings about impending industrial equipment failures and without false alarms.

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**ViroXis Corporation – Series B Preferred Stock**

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Intended outcome: Commercialization of therapeutic products for the topical treatment of viral diseases in both adults and children.

Actual outcome: The company has completed patient enrollment into a Phase II study on the use of East Indian sandalwood oil to treat HPV infections of the skin (common warts).

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**Visualase, Inc. – Warrant**

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Intended outcome: Commercialization of interactive image guided closed loop thermal therapy.

Actual outcome: The company received six regulatory approvals for Visualase-related products and began commercial sales. The company completed a bone tumor study that demonstrated the procedure can be done both safely and easily with little pain to the patient. Visualase has also completed a Phase I clinical study on low-grade prostate cancer and initiated a Phase II clinical study for MR-image-guided thermal therapy in prostate cancer. The company's device is being used in a clinical study for the treatment of partial epilepsy and metastatic brain tumors.

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**Vital Arts & Science, Inc. – Investment Unit**

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Intended outcome: Commercialization of ocular disease detection and monitoring technology.

Actual outcome: The company has received FDA clearance to market myVisionTrack™, a prescription-only medical device that enables patients with retinal diseases to monitor vision function between regular visits to eye-care professional to help ensure timely care and treatments.

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**VUV Analytics, Inc. – Secured Convertible Promissory Note**

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Intended outcome: Commercialization of a vacuum ultraviolet circular dichroism instrument for protein structure characterization.

Actual outcome: The company filed three patents and patent applications for its technology and funded 1/3 early-stage university collaboration for technology validation at the University of Texas at Austin. The company also completed VUV-VIS Absorption Spectroscopy initial control and analysis software, and built a prototype gas sample cell for use in VUV-VIS/VUV-CD instruments.

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**Xeris Pharmaceuticals, Inc. – Secured Convertible Promissory Note**

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Intended outcome: Commercialization of non-aqueous formulations of biopharmaceuticals.

Actual outcome: The technologies developed by Xeris provide innovation in both the formulation and delivery of existing biopharmaceuticals and small molecule compounds. The company has products in development that treat severe and mild to moderate hypoglycemia and epileptic seizures. It has received multiple Small Business Innovation Research grants including a Phase I-II Fast Track Small Business Innovation Research grant in partnership with Baylor University to advance a glucagon mini-dose pen for treatment of mild to moderate hypoglycemia in people with diabetes.

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**Xitronix Corporation – Common Stock**

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Intended outcome: Commercialization of photo-reflectance technology to enable the volume manufacturing of semiconductor nanoelectronics.

Actual outcome: The company has completed engineering design and tool development, and conducted a trial with consortium partners. Headquartered in Austin, Xitronix is now turning its focus to fully bringing its XP700 system to market, and plans to expand operations.

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**Xtreme Power, Inc. – Warrant**

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Intended outcome: Commercialization of large scale load leveling and micro grid systems.

Actual outcome: The company unveiled its new 1MW, 60 minute system for Texas' Center for the Commercialization of Electric Technologies, a collaborative research and development consortium bringing together state university research centers, energy utilities and electric industry leaders. The project is included in a U.S. Department of Energy smart grid demonstration analyzing the benefits of using energy storage for wind energy integration. Subsequent to the date of this report the company filed for Chapter 11 Bankruptcy and intends to reorganize to continue product commercialization.

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**ZS Pharma, Inc. – Series B Convertible Preferred Stock**

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Intended outcome: Commercialization of oral sorbent products designed to remove toxins in patients suffering from kidney and liver disease.

Actual outcome: The company announced positive results of a Phase III Trial of ZS-9 in patients with Hyperkalemia, and presented Phase II data in a clinical trial oral presentation at the American Society of Nephrology's Kidney Week symposium in 2013.

## VALUATION OF THE STATE'S EQUITY POSITION AND OUTSTANDING LOANS

Texas Government Code Section 490.006 requires the Office of the Governor to perform an annual valuation of the equity positions it takes in companies. TETF provides a value of both equity and secured and convertible debt.

Equity: Warrants, options, common or preferred shares are valued using the fair value method. Privately held equities are first valued on the most recent third party transaction, second on the valuation of comparable securities and third on the evaluation of fair value using net present value of future cash streams. Subsequent events are considered and used in determining fair value. Publically-traded equities are valued based on the trading price on August 31, 2013.

Secured and convertible debt: Notes or investment units are valued as conventional convertible debt. Impaired notes are valued based on evaluation of the potential for and source of repayment. If the source of loan repayment is estimated to be liquidation of collateral, the value is based on the estimated salvage value of the collateral, minus liquidation costs. Impaired notes without collateral or without salvage value are valued at zero.

### TABLE 3. VALUATION

Item	Amount (\$)
Legislative appropriations <sup>1</sup>	485,361,977
Total investments and grants awarded	424,700,693
Total subchapter D Funds disbursed related to equity and loans <sup>2</sup>	192,659,002
Total subchapter E funds disbursed related to loans <sup>3</sup>	7,500,000
Returns (interest earned, refunds, award reductions, exits and liquidations)	39,867,695
Fair value of equity and loans (companies) <sup>4</sup>	221,185,000

#### Notes:

1. Additional legislative appropriations of \$50,000,000 were provided on 9/1/14 and included in this table.

2. Total Funds disbursed related to equity and loans means the total funds distributed to entities resulting in TETF receiving equity, warrants, options or convertible debt. The award amount shown in [Table 2](#) reports the total amount awarded as required by the legislation.

3. This disbursement amount was added to show disbursement amount related to the CIADM project. This award will result in a \$30 M mortgage payable to OOG beginning after completion of the Pandemic Influenza Facility and resulted in ownership in Kalon. Kalon is included in fair value and the mortgage will be included when issued. See [CIADM](#) project.

4. Fair value of equity and loans means the fair value as of August 31, 2013 determined using Private Equity and Venture Capital Valuation Guidelines published December 2012 and endorsed by the National Venture Capital Association [Link](#). Per GAAP, Government Accounting Standards Board, the cost basis value of equity and loans is \$175,486,422 as of 8/31/13.

## REGIONAL CENTERS FOR COMMERCIALIZATION AND CONSORTIA

RCICs provide assistance to potential TETF applicants and are designated by the TETF Advisory Committee. In addition to screening and recommending companies for TETF funding consideration to the committee, RCICs are charged with assisting current TETF portfolio companies through accelerator services and introduction to and assistance with follow on funding. Beginning in FY 2013, RCICs also have a consortium component and focus most efforts on regionally-unique challenges or assets to overcome or leverage that will further embed the innovation ecosystem in each region. Also, beginning in FY 2013, the RCIC and related consortia funding was allocated from returns received by the fund.

**TABLE 4. REGIONAL CENTERS FOR COMMERCIALIZATION AND CONSORTIA**

Award recipient	Award amount (\$)	Award date(s)	Region
Alliance for Higher Education	1,325,000	10/29/07; 12/12/08; 12/17/09; 9/1/10; 3/27/12	North
Greater Austin Chamber of Commerce	1,207,451	10/25/07; 10/25/08; 10/25/09; 9/1/10; 4/26/12	Central
Houston Technology Center	1,416,000	11/21/07; 11/21/08; 9/1/09; 9/1/10; 3/15/12; 10/4/12	Gulf Coast
Research Valley Partnership <sup>1</sup>	500,000	8/30/2013	Texas Triangle & Consortium
Startech Foundation	1,287,369	11/9/07; 11/10/08; 9/1/09; 9/1/10; 2/10/12	South
Technology & Entrepreneurship Center of Houston, Inc.	490,000	3/15/12; 12/20/12	Bay Area
Texas Lifescience Center for Innovation and Commercialization	452,500	4/10/08; 9/10/09	Statewide
Texas Research Technology Foundation <sup>1</sup>	500,000	8/30/2013	South & Consortium
Texas State Technical College-Harlingen	356,277	3/15/12; 8/11/12	Tropical Texas
Texas Tech University	636,521	11/9/07; 7/13/09; 9/1/10; 4/10/12	West
Trans Pecos Regional Center for Innovation and Commercialization	1,174,414	10/5/07; 11/1/08; 9/1/09; 9/1/10; 2/28/12	Trans Pecos
Valley Initiative for Development and Advancement	245,275	3/4/2008; 8/31/10	Tropical Texas
<b>Total</b>	<b>9,590,807</b>		

Note:

1. This award is for both and RCIC function and a consortium. Funds awarded are from returns to the fund.

## SUBCHAPTER E: RESEARCH AWARD MATCHING

Subchapter E of Chapter 490 of the Texas Government Code establishes matching research awards that create public-private partnerships to leverage additional, non-state appropriated funding, including federal, private and industry dollars. The TETF gives preference to research activities that involve collaboration among private entities and multiple Texas institutions of higher education or the JSC. Research matching awards also provide critical funding for projects that require state participation in order to receive federal grants or additional funding from other non-state entities and sources.

The number of jobs created was derived from reports provided by and direct communication with each awardee. Job numbers for universities or consortia where the contract has expired or terminated is reported as the number of jobs created at the time of the contract term or termination.

**TABLE 5. SUBCHAPTER E: RECIPIENT INFORMATION**

Award recipient	Award amount (\$)	Award date	Collaboration	Industry cluster	Region	Jobs
<b>Alliance for Higher Education</b>	4,700,000	3/7/08	DARPA, UTD, UNT, UTSysstem, TAMU, Raytheon, Vought, General Dynamics, Zyvex Labs	Advanced Tech. & Manufacturing	North	25
<b>Carbon Nanotechnologies, Inc.<sup>1</sup></b>	975,000	9/1/06	U.S. Dept of Commerce National Institute for Standards and Technology	Advanced Tech. & Manufacturing	Gulf Coast	5
<b>Center for Commercialization of Electric Technologies<sup>1</sup></b>	500,000	10/9/07	Dept of Energy, Electric Power Research Institute, Electric Reliability Council of Texas	Energy	Central	10
<b>Global Contours, Ltd.<sup>1</sup></b>	950,000	4/5/07	U.S. Army SBIR & NSF	Aerospace & Defense	North	1
<b>Lynntech, Inc.<sup>1</sup></b>	595,510	4/19/07	U.S. Air Force SBIR	Energy	Gulf Coast	1
<b>National Trauma Institute<sup>1</sup></b>	3,800,000	1/28/08	U.S. Army Inst. of Surgical Research & Athena GTX	Biotechnology & Life Science	South	6
<b>Sematech Corporation<sup>1</sup></b>	5,000,000	5/22/06	Semiconductor Research Corporation, UT System, DARPA	Advanced Tech. & Manufacturing	Central	165
<b>Texas A&amp;M University System</b>	50,000,000	1/27/09	MD Anderson & BARDA	Biotechnology & Life Science	Gulf Coast	6
<b>Texas A&amp;M University System</b>	40,000,000	12/12/12	GSK , Kalon Biotherapeutics, U.S. Department of Health and Human Services Biomedical Advanced Research and Development Authority	Biotechnology & Life Science	Gulf Coast	22

Award recipient	Award amount (\$)	Award date	Collaboration	Industry cluster	Region	Jobs
<b>Kalon Biotherapeutics, LLC.</b> <sup>3</sup>	NA	12/12/12	Special purpose entity for CIADM	Biotechnology & Life Sciences	Gulf Coast	65
<b>Texas Agricultural Experiment Station</b> <sup>1</sup>	4,025,000	11/29/07	General Atomics	Energy	West	8
<b>Texas Railroad Commission - FutureGen</b> <sup>1</sup>	3,259,095	8/31/06	U.S. Department of Energy	Energy	West	0
<b>University of Texas at Austin</b> <sup>1,2</sup>	1,750,000	1/9/07	UT Dallas, TAMU, Rice University, Sematech, NASA, Semiconductor Research Corp.	Advanced Tech. & Manufacturing	Central	See Note 2
<b>University of Texas at Dallas</b> <sup>1</sup>	5,000,000	10/6/08	Consortium of Semiconductor Advanced Research (COSAR)	Advanced Tech. & Manufacturing	North	40
<b>University of Texas Health Science Center at San Antonio</b> <sup>1</sup>	4,099,973	2/22/07	DARPA, NIH, UTSA, American Heart Assoc., SA Area Foundation & VA	Biotechnology & Life Science	South	15
<b>Award Total:</b>	124,654,578					369

Notes:

1. Contract has expired.
2. Job numbers for this award are reported in Table 6.
3. This company is part of the CIADM project.

**SUBCHAPTER E: PROJECT DESCRIPTIONS**

**Alliance for Higher Education (Atomically Precise Manufacturing Corporation)**

Development of core technologies for atomically precise manufacturing (APM).

**Carbon Nanotechnologies, Inc.**

Development of the Carbon Nanotube Accelerator Project (CNAP) to commercialize high-value SWNT applications, beginning with a new fuel cell electrode technology that can double the power density of fuel cells.

**Commercialization of Electric Technologies (CCET)**

Commercialization of Information Technology for the 21<sup>st</sup> Century Smart Grid.

**Global Contours, Ltd.**

Development of Smart Concrete™ Resistivity-based Self-Sensing for Diversified Applications.

**Lynntech, Inc.**

Development of Fuel Cell Power Systems.

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**National Trauma Institute (NTI)**

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Development and implementation of ground-breaking medical technology to improve injury prevention as well as the diagnosis, survival and quality of life for victims of trauma and burn injury.

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**Sematech Corporation**

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Commercialization and acceleration of critical advanced manufacturing technologies imperative to national defense and the economy.

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**Texas A&M University System (National Center for Therapeutics Manufacturing)**

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Development of flexible, disposable biologics manufacturing technologies.

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**Texas A&M University System (Center for Innovation in Advanced Development and Manufacturing)**

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The Center for Innovation in Advanced Development and Manufacturing (CIADM) is funded to develop the ability for rapid and efficient manufacture of vaccines and medical countermeasures against various biological threats.

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**Kalon Biotherapeutics, LLC. – Ownership Units received under Subchapter E award**

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Intended outcome: Serve as the special purpose entity under the CIADM project and serve as a contract manufacturer.

Actual outcome: Kalon has received an award from Texas A&M University and GSK to develop pandemic preparedness.

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**Texas Agriculture Experiment Station (Algae Biofuels)**

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Development and commercialization of key technologies required for the economic production of algae biofuels.

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**Texas Railroad Commission (FutureGen)**

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Development of FutureGen initiative for a near-zero-emission fossil fuel energy facility.

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**The University of Texas Austin (SWAN)**

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Development of transistor nano-electronic research.

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**The University of Texas at Dallas (FUSION)**

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Development of core technologies for low-power electronics based on novel nanoelectronics for medical and defense applications: high-power high speed RF applications for defense applications; flexible electronics for defense and entertainment applications; and large scale non-volatile embedded memory.

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**The University of Texas Health Science Center at San Antonio (CFAIR)**

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Development of Comprehensive Facility for Animal Imaging Research (CFAIR).

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**SUBCHAPTER F: ACQUISITION OF RESEARCH SUPERIORITY**

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Subchapter F of Chapter 490 of the Texas Government Code establishes Acquisition of Research Superiority awards to bring the best and brightest researchers with commercialization experience to Texas. This

enables Texas research institutions to continue to build expertise in key translational research areas, and move academic discovery from the lab into the marketplace. The TETF gives added consideration to proposals that are interdisciplinary, eligible for federal and other non-state funding, and likely to become a magnet for attracting new businesses, talent and funding.

To be eligible for this award, an applicant must be a Texas public institution of higher education or an innovation and commercialization organization associated with the Lyndon B. Johnson Space Center of the National Aeronautics and Space Administration, commit to acquiring new world-class or nationally recognized research talent from outside Texas, be sponsored by the institution’s leadership, and receive industry validation through matching funds.

The number of jobs created was derived from reports provided by and direct communication with each awardee. Job numbers for universities or consortia where the contract has expired or terminated is reported as the number of jobs created at the time of the contract term or termination.

**TABLE 6. SUBCHAPTER F: RECIPIENT INFORMATION**

Award recipient	Award amount (\$)	Award date	Collaboration	Industry cluster	Region	Jobs
Texas A&M University	3,000,000	8/9/2013	Texas Heart Institute	Biotechnology & Life Science	Gulf Coast	1
Texas A&M University Health Science Center at Temple	5,250,000	9/19/2008	Scott & White Health Care System	Biotechnology & Life Science	Central	42
Texas A&M University System	3,412,500	7/26/2007	Texas Agriculture Experiment Station, Texas Engineering Experiment Station	Energy	Gulf Coast	14
Texas A&M University System	6,300,000	7/20/2007	Research Valley Partnership	Biotechnology & Life Science	Gulf Coast	33
Texas State University at San Marcos	4,200,000	2/9/2009	Freescale, Motorola & Sematech	Advanced Tech. & Manufacturing Biotechnology & Life Science	Central	3
Texas Tech University at Lubbock	8,400,000	8/20/2010	Vestas & Alstom	Energy	West	35
Texas Tech University at Lubbock <sup>1</sup>	2,046,450	5/1/2006	Bayer CropScience	Biotechnology & Life Science	West	26
Texas Tech University at Lubbock <sup>1</sup>	2,100,000	2/12/2008	GE & Honeywell	Computer & IT	West	13
University of Houston	3,675,000	11/17/2009	SuperPower	Energy	Gulf Coast	22

Award recipient	Award amount (\$)	Award date	Collaboration	Industry cluster	Region	Jobs
University of Houston	5,775,000	2/5/2009	Methodist Hospital Research Institute	Biotechnology & Life Science	Gulf Coast	121
University of North Texas Health Science Center <sup>1</sup>	2,388,750	3/13/2007	Omm Scientific, National Institutes of Health, National Science Foundation	Biotechnology & Life Science	North	4
University of Texas at Austin	3,675,000	12/10/2007	Center for Memory and Learning, National Institute of Health	Biotechnology & Life Science	Central	49
University of Texas at Dallas	4,725,000	9/1/2009	Texas Instruments & Semiconductor Research Corp.	Computer & IT	North	59
University of Texas at El Paso	3,150,000	7/21/2010	Lockheed Martin Aeronautics	Advanced Tech. & Manufacturing / Aerospace and Defense	Trans Pecos - El Paso	4
University of Texas at El Paso <sup>1</sup>	2,100,000	10/20/2008	El Paso Water Utilities	Energy	Trans Pecos - El Paso	6
University of Texas at San Antonio <sup>1</sup>	3,694,524	4/5/2007	U.S. Department of Homeland Security	Computer & IT	South	8
University of Texas at Tyler <sup>1</sup>	3,937,500	6/14/2007	Trane Division of American Standard, Lennox Corp., Estes McClure & Assoc. Rheem Air Conditioning Division, Air Rover Inc., International Center for Indoor Environment and Energy	Energy / Biotechnology and Life Science	North	2
University of Texas Health Science Center at Houston	2,100,000	7/12/2010	Johnson & Johnson; Merck Sharm & Dohme Corp.	Biotechnology & Life Science	Gulf Coast	2
University of Texas Health Science Center at Houston	3,150,000	7/28/2011	Children's Memorial Hermann Hospital; Kinetic Concepts, Inc., Cord Blood Registry, Athersys, Inc., EMIT Corp.	Biotechnology & Life Science	Gulf Coast	2
University of Texas Health Science Center at Houston	4,200,000	10/6/2008	Memorial Hermann Hospital and U.S. Army Advanced Technologies Research Center	Biotechnology & Life Science	Gulf Coast	59
University of Texas Health Science Center at Houston <sup>1</sup>	2,625,000	8/23/2006	NASA, U.S. Department of Defense, National Cancer Institute, M.D. Anderson, University of Houston, Baylor College of Medicine, TAMUS Health Science Center, UTMB-Galveston, Rice University	Biotechnology & Life Science	Gulf Coast	80

Award recipient	Award amount (\$)	Award date	Collaboration	Industry cluster	Region	Jobs
University of Texas System	10,500,000	3/15/2007	Texas Instruments & Semiconductor Research Corporation	Computer & IT	Central	70
<b>Total</b>	<b>90,404,724</b>					<b>655</b>

Note:

1. Contract has expired. Reported figures reflect numbers at the time of contract term.

## SUBCHAPTER F: PROJECT DESCRIPTIONS

### Texas A&M University System:

#### Texas Institute for Preclinical Studies (TIPS)

Recruit three world class researchers and establish the Texas Institute for Preclinical Studies for the commercialization of preclinical research and biotechnology through development of medical devices.

#### Texas BioEnergy Alliance

Recruit two world class researchers and establish the Texas BioEnergy Alliance for the commercialization of preferred feedstock for cellulosic conversion and production of biofuels and bio products.

#### Institute for Regenerative Medicine (IRM)

Recruit Dr. Darwin Prockop and team and establish the Institute for Regenerative Medicine for the commercialization of regenerative medicine.

#### Center for Cell and Organ Biotech (CCOB)

Recruit Dr. Doris Taylor and establish the Center for Cell and Organ Biotech in partnership with the Texas Heart Institute for the commercialization of anti-organ transplant rejection therapies.

### Texas State University System:

#### Center for Multifunctional Materials

Recruit three world class researchers and establish the Center for Multifunctional Materials for the commercialization of coordinated integration of multiple cross disciplines of nanotechnology.

### Texas Tech University System:

#### International Center for Excellence (ICE) in Agriculture Genomics and Biotech

Recruit Dr. Thea Wilkins and establish the International Center of Excellence in Agriculture Genomics and Biotech for the commercialization of cotton genomic mapping.

#### Nanophotonic Center

Recruit Drs. Jingyu Lin, Zhoayang Fan and Hongxing Jiang and establish the Nanophotonic Center for the commercialization of nanophotonic technology.

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**National Institute for Renewable Energy**

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Recruit four world class researchers and establish the National Institute for Renewable Energy and the National Wind Resource Center for commercialization of wind and other renewable energies.

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**University of Houston System:**

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**Texas International Center for Cell Signaling and Nuclear Receptors**

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Recruit Jan-Åke Gustafsson, M.D., Ph.D., and team and establish the International Center for Cell Signaling and Nuclear Receptors for commercialization of cancer and other disease therapies

**Superconductivity Applied Research Hub**

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Recruit four world class researchers and establish the Texas Center for Superconductivity Applied Research Hub for commercialization of high temperature semiconductors and wires.

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**University of North Texas System:**

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**Center for Commercialization of Fluorescence Technology**

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Recruit Drs. Karol Gryczynski, Ingancy Gryczynski, Evgenia Matveeva and Julian Borejdo and establish the Center for Commercialization of Fluorescence Technology for the commercialization of fluorescence technology, as it relates to tissue imaging that allows noninvasive cancer detection and the monitoring of biohazards.

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**The University of Texas System:**

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**Neuroscience Imaging Center**

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Recruit Drs. Kristen Harris, Max Snodderly and one additional world class researcher and establish the Neuroscience Imaging Center for commercialization of therapies to enhance the neural circuitry and molecular basis of learning, memory and aging.

**Texas Analog Center of Excellence**

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Recruit Dr. Kenneth O and three additional world class researchers and establish the Texas Analog Center of Excellence for commercialization of analog and mixed signal technology.

**Center for Inland Desalination Systems**

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Recruit Dr. Thomas Davis and one additional researcher and establish the Center for Inland Desalination Systems for the commercialization of new technologies for the desalination of brackish inland water supplies.

**Integrated 3D Systems Technology**

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Recruit three world class researchers and expand the W.M. Keck Center for 3D Innovations.

**Institute for Cyber Security Research**

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Recruit Dr. Ravi Sandhu and establish the Institute for Cyber Security Research for the commercialization of information assurance and security technology.

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### Texas Allergy, Indoor Environment and Energy Institute

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Recruit a world-class researcher and establish the Texas Allergy, Indoor Environment and Energy Institute for residential indoor environmental quality (IEQ) and micro-combined heating commercialization.

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### Alliance for NanoHealth

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Recruit Dr. Mauro Ferrari and enhance the Alliance for NanoHealth for the commercialization of nanomedicine.

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### Center for Translational Injury Research

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Retain Dr. John Holcolm, Col. (Retired) and recruit four additional world class researchers to establish the Center for Translational Injury Research for the commercialization of trauma and critical care medicine and medical devices.

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### Texas Therapeutics Institute

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Recruit two world class researchers and establish the Texas Therapeutic Institute and accelerate the development and commercialization of drug therapies.

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### Children's Regenerative Medicine

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Recruit two world class researchers and expand the Children's Regenerative Medicine Institute to accelerate the development and commercialization of therapies for in utero and neo-natal disease and injury.

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### Southwest Academy for Nanotechnology

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Recruit four world class researchers and secure three additional researchers to establish the Southwest Academy of Nanotechnology, creating a multiple university consortium for the commercialization of nanoelectronics for the semiconductor, electronics, aerospace and defense, energy and life sciences industries.

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## DEFINED TERMS

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**Equity Option:** An equity derivative that provides the right, but not the obligation, to purchase a quantity of stock, at a set price, within a certain period of time

**Equity share:** A share of equity interest in an entity such as the capital stock (common and preferred stock) of a company, trust, or partnership

**Promissory note:** An instrument, wherein one party makes an unconditional contractual obligation to pay a determinate sum of money to the other, either at a fixed or determinable future time or on demand of the payee

**Secured Convertible Promissory Note:** An instrument, wherein one party makes an unconditional contractual obligation to pay a determinate sum of money to the other, either at a fixed or determinable future time or on demand of the payee. The Note can also be exchanged, at a fixed or determinable rate, into capital stock of the issuing entity either automatically or at the discretion of the holder.

**Warrant:** An equity derivative that entitles the holder to buy capital stock (common) of an entity issued at a specified price

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