

The Role of Venture Capital in Achieving CRA Goals and an Inclusive Green Economy

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DBL Investors

- Venture capital firm headquartered in San Francisco, pursuing
 - Top tier financial returns
 - Significant social, environmental and economic impact
- Spun out of JPMorgan in 2008, currently two funds under management
- Investors include pension funds, utilities, banks, foundations
- Heavy, but not exclusive, focus on cleantech investments, including:



- CRA compliant: many bank investors
- Women-owned firm

Why Venture Capital?

- Venture capital adds significant diversification to investment portfolios and can offer strong potential of attractive returns
- Venture capital builds new companies that often grow significantly and create thousands of jobs
- Some sectors of cleantech venture capital offer an unusual opportunity to create U.S. jobs and careers as much of the customer base is domestic
- Cleantech companies backed by venture capital dollars address important climate change and energy policy challenges
 - As a result, when navigated correctly, these companies can take advantage of public/private partnerships and initiatives

The DBL/CRA Connection

- As venture capitalists, we help our companies grow. In the process, we accomplish many CRA goals:
 - Over two-thirds of our companies have facilities in low-to moderate-income (LMI) areas
 - Venture -backed companies pay livable wages with benefits, often with opportunity for upside through employee stock ownership
 - Significant job creation, including entry level jobs
 - Training opportunities, community engagement
- We publish a report twice a year that details quantitative information on job creation and other human resource matters as well as qualitative information on social impact

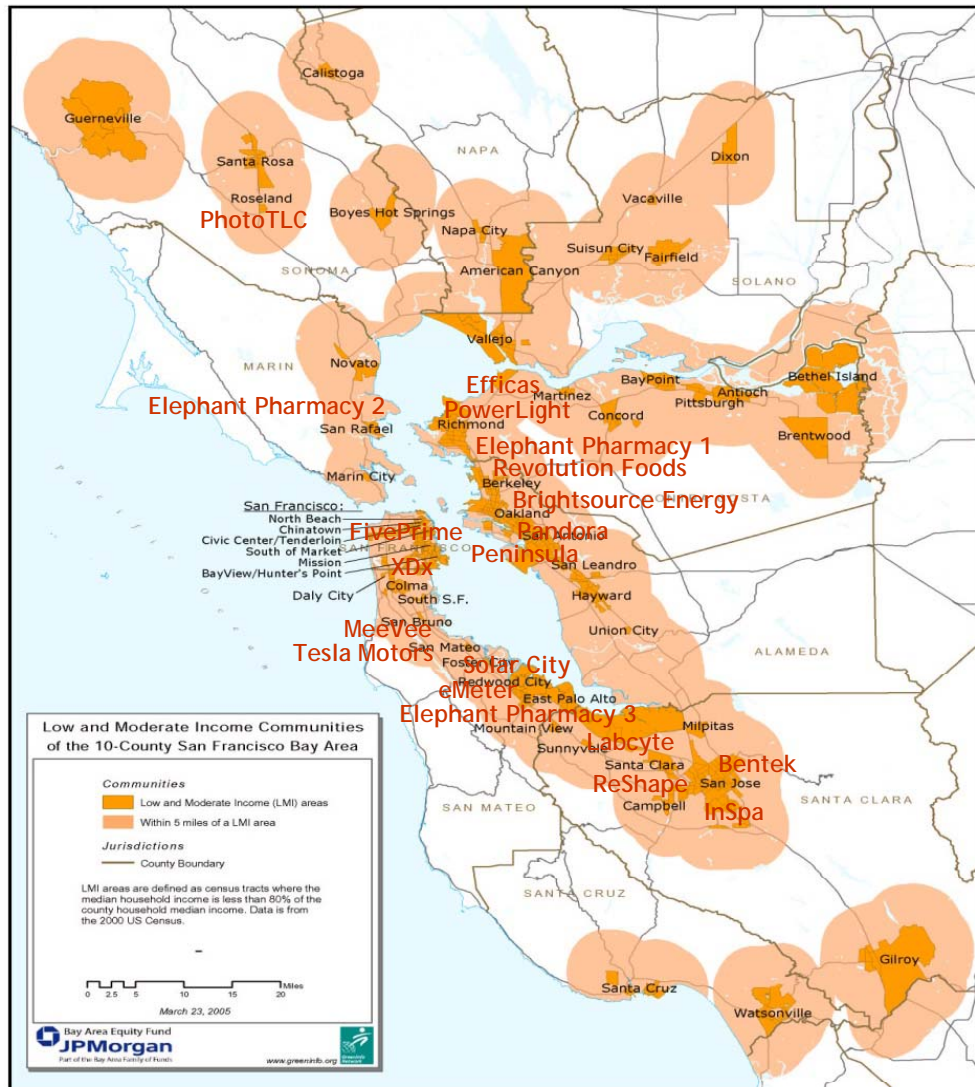
Tracking, transparency, documentation
+ Attention to LMI neighborhoods, economic stabilization, job creation = CRA Compliance

- At the same time, we offer the potential of strong financial returns

As a result, venture capital can be an attractive option for bank CRA investors

Citigroup
East West Bank
JPMorgan Chase
Far East National Bank
Union Bank
Wells Fargo
USBancorp
eTrade Bank
Schwab Bank

Bay Area Equity Fund I Geographic Focus



Women in Leadership:

28% of BAEF I company CEOs are women -

in 2006 only 3% of \$19B in venture investments went to woman-led companies

BAEF I Job Creation

Current Bay Area Job Creation

	<u>Life of Fund Target</u>	<u>Actual as of 9/30/2009</u>
Total Jobs:	1,500	1,883
Entry-Level Jobs:	750	997

Federal Stimulus Package Job Creation (Projected):
\$787B to create up to 3MM jobs = \$262k/job

BAEF I Job Creation as of 9/30/2009:
\$74.1MM Capital Called has created 1,883 jobs = \$39k/job

BAEF I Job Creation

Total Projected Entry-Level Job Creation by Portfolio Company

Clean Tech Companies

SolarCity:	1,000 (2011)
Tesla Motors:	1,000 (2010)
BrightSource Energy	2,000 (2011): 1,500 Constr.; 500 Ops.
Other Clean Tech:	60

Consumer Companies

Revolution Foods:	450 (2012)
InSpa:	200 (2013)

Other Portfolio Companies

TOTALS:	200 about 5,000
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- Revolution Foods provides healthy, tasty meals to schools to address childhood obesity and malnutrition.
- Delivers nutrition education platform: fun nutrition education cards to young students, “Revy Reader” newsletter to students and teachers, “Family Corner” newsletter to families, cooking and tasting events and health fairs at schools.
- Focused on charter school market, 80% of students served are in the Federal Free and Reduced Lunch program: \$2.68/lunch federal reimbursement rate.



GLOBALSOCIALVENTURE
COMPETITION





- Began service in August 2006 serving 700 meals/day at 4 schools with a staff of 6. Currently serving 40,000 meals/day at 240 schools in the Bay Area, LA, San Diego, Denver and Washington DC with 250 jobs created, about 75% of which are entry-level jobs: food preparation, delivery drivers.

- Revenues: 07-08 year: \$4MM; 08-09 year: \$10MM; 09-10 year: \$17MM projected.

- Mature facility “store contribution margin” of 15% compares favorably with the store contribution margins of major food services vendors: Aramark, Sodexo and Compass Group: 7-14%.



GLOBALSOCIALVENTURE
COMPETITION





- Largest installer of residential and small commercial solar power systems; Trusted brand in an industry dominated by small contractors as a high-quality, reasonable-cost solution
- Strong value proposition to customers who have significant electricity bills: 10-15% IRR and 8-12 year payback
- Innovative marketing strategy: 10-15% discounts to groups of self-assembling homeowners
- \$23MM in revenue for 2007: SolarCity's first full year of operations. Revenue of \$63MM in 2008, \$90M in 2009 (estimated). 500 employees, ½ are entry level. 1,000 jobs total predicted in next 12 months.



- SolarLease customer financing program launched in April 2008: customers get solar system with little to no upfront cost, and a monthly payment that is typically less than monthly utility bill.
- Developed a special financing product to encourage solar installation in multifamily low-income housing
- Developed one of the first “green collar” job training programs; Partnering with local community college to develop green collar training curriculum
- Community focus: “PV on a Stick” at Oakland Zoo, local schools; solar matching program with Project Open Hand

Luz II Solar Receiver Array (SRA)



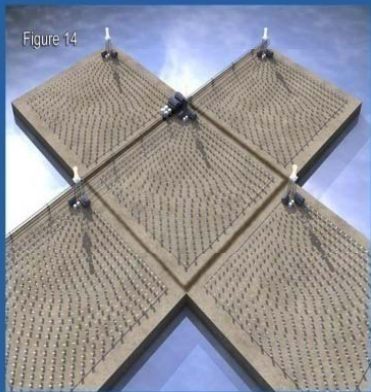
(Proprietary and Confidential) Slide 12



- Builder and operator of large scale solar thermal power plants for industrial and utility customers
- May 2009 new 1.31GW PPA with PG&E (up from 900MW March 2008); Feb 2009 signed 1.3GW PPA with SCE (largest solar deal in history)
- In Dec 2008 3rd party engineering validation of pilot plant performance to PPA targets

Multiple Inter-Connected SPCs

Figure 14



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Luz II Solar Receiver Array (SRA)



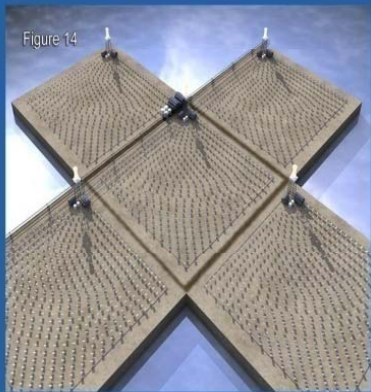
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- Signed Bechtel to build first plant
- Received US DoE loan guarantee clearance of \$1.4B in Feb 2010
- Will create over 1,000 entry-level, project-related jobs beginning in late 2010
 - In low-income areas of California and Nevada where economic activity has been difficult to sustain historically

Multiple Inter-Connected SPCs

Figure 14



(Proprietary and Confidential) Slide 18





TESLA MOTORS



- Manufactures high-performance, highly energy efficient, battery-powered electric cars
- Tesla delivered the first Roadster in March 2008 and as of December 2009 has delivered over 1,000 Roadsters. Tesla operates 10 stores in the US and Europe, is delivering about 100 Roadsters per month and expects operations to be cash flow positive starting in early 2010.
- In March of 2009 Tesla introduced the Sedan model at a \$49,900 price, and booked over 1,600 reservations as of October 2009. Deliveries to begin in late 2011.





TESLA MOTORS



- BAEF has been instrumental in helping Tesla find sites and maximize incentives for its power train and Sedan model assembly plants: both of which are now located in California and are expected to create about 1,600 jobs.
- Sedan assembly plant will be located in Downey, CA, a low income area near Los Angeles.
- BAEF helped Tesla apply for the \$465 million loan from the Department of Energy, which was approved in June 2009 and will be used to build the plants.



Venture Capital

- Strong financial returns
- A proven tool for green job creation
- Positive LMI neighborhood impact
- Compelling environmental impact
- Provides a differentiated and innovative component to CRA strategy for banks