

The Role of Venture Capital in Mission-Related Investing Delivering Returns-Perception and Reality Panel

More for Mission: Expanding the Field

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DBL INVESTORS
DOUBLE BOTTOM LINE VENTURE CAPITAL

DBL Investors Background

- Double-bottom line venture capital firm spun out of JPMorgan in 2008
- Mission is to achieve top-tier financial returns as well as social, environmental and economic returns in the regions in which we invest
- Two funds:
 - Bay Area Equity Fund I LP - \$75M, 2004 vintage year
 - DBL Equity Fund - BAEF II LP - ~\$110M, 2010 vintage year, closing Dec 2010
 - Traditional VC responsibilities plus hands-on mission development with our companies
 - Regular reporting on financial and social metrics (DBL report published twice a year)
 - Investors in both funds include foundations, pension funds, banks, fund-of-funds, corporations, and high net-worth individuals

REVOLUTION FOODS



GLOBALSOCIALVENTURE
C O M P E T I T I O N



- ⑩ Revolution Foods provides healthy, tasty meals and nutrition education to schools to address childhood obesity and malnutrition.
- ⑩ Focused on charter school market, 80% of students served are in the Federal Free and Reduced Lunch program: \$2.68/lunch federal reimbursement rate.
- ⑩ 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.
- ⑩ Revenues: 07-08 year: \$4MM; 08-09 year: \$10MM; 09-10 year: \$18MM. 10-11 year: \$30MM (projected)
- ⑩ Mature facility “store contribution margin” of 15% compares favorably with store contribution margins of major food services vendors: Aramark, Sodexo, Compass Group: 7-14%.
- ⑩ Closed \$6.5M Series D round of financing in May 2009 at a 11.5x markup to the July 2006 Series A, for which BAEF was the founding investor.

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TESLA MOTORS



- ⑩ Manufacturer of high-performance, highly energy efficient, battery-powered electric cars
- ⑩ Tesla (TSLA:Nasdaq) conducted its IPO on 6/29/2010 at a post-money valuation of \$1.5B. BAEF invested a total of \$9.0MM starting with the Series C round in May 2006 at a \$100MM post-money valuation. Co-investors include VantagePoint, Technology Partners, DFJ and Daimler.
- ⑩ Tesla delivered the first Roadster in March 2008 and as of April 2010 has delivered 1,100 Roadsters. Tesla operates 11 stores in the US and Europe, is delivering about 100 Roadsters per month.
- ⑩ In March of 2009 Tesla introduced the Sedan model at a \$49,900 price, and booked over 2200 reservations as of April 2009. Deliveries to begin in late 2012.
- ⑩ 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 over 2,000 jobs.
- ⑩ BAEF helped Tesla apply for the \$465 million loan from the Department of Energy, which was approved in June of 2009 and is being used to build the plants.



- ④ Fund II invested \$3.0 million in June of 2010 coincident with the Series E-1 round, led by new investor Mayfield with existing investors: DFJ and Generation. Other investors include First Solar and Elon Musk (Chairman).
- ④ Fund I was SolarCity's first institutional investor and has invested a total of \$5.0 million across the Series B, C and D rounds. Fund I has a board seat.
- ④ Largest US 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
- ④ Strong value proposition to customers who have significant electricity bills: 10-15% IRR and 8-12 year payback
- ④ \$23MM in revenue for 2007: SolarCity's first full year of operations. Revenue of \$63MM in 2008, \$109M in 2009. Over 700 employees as of July 2010, most of which are entry-level jobs.
- ④ 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.
- ④ Tax equity leadership: US Bank, PG&E: first utility tax equity fund
- ④ Commercial installation wins with WalMart, Home Depot
- ④ Worked with DBL to develop one of the first "green collar" job training programs; Partnering with City of SF on a training facility planned for low-income area of SF

BrightSource ENERGY

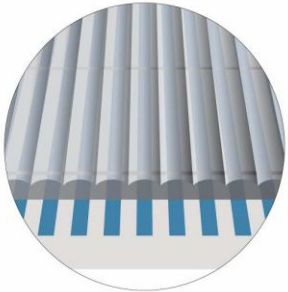
Luz II, Limited - A Wholly-Owned Subsidiary



- ⑩ Fund II investment of \$4.3 million in Series D in Jan 2010. New investors were Alstom and CalSTRS, other existing investors: VantagePoint, Morgan Stanley and DFJ.
- ⑩ Fund I has invested a total of \$8.5 million across the Series A, B and C rounds.
- ⑩ Builder and operator of large scale solar thermal power plants for industrial and utility customers
- ⑩ In Dec 2008 3rd party engineering validation of pilot plant performance to PPA targets
- ⑩ 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)
- ⑩ Partnerships with Bechtel, Siemens and Alstom
- ⑩ Feb 2010: received US DoE loan guarantee of \$1.37B
- ⑩ In August 2010: CPUC approved the first of BSE's SCE contracts; BLM issued final report on Ivanpah project; and CEC recommended approval of Ivanpah project
- ⑩ Project finance for first plant to be completed in fall 2010, potential IPO in 1H 2011.
- ⑩ Will create over 1,000 entry-level, project-related jobs beginning in late 2010



SOLARIA™



- ⑩ Fund II invested \$6MM in a \$55.6MM Series D in May 2010 co-led by Fund II and CMEA Capital with participation from new investors Adams Street, Birchmere and Mitsui and existing investors NGEN and Sigma. Fund II has a board seat.
- ⑩ Designs, manufactures and markets silicon PV modules to solar system integrators, project developers and electric utilities in North America, Europe and Asia
- ⑩ Patented design enables Solaria modules to provide reliable crystalline silicon performance at substantially lower costs while matching the form and fit profile of standard PV modules
- ⑩ Solaria modules are designed and optimized for solar trackers, for use in large scale solar power plants for industrial and utility customers
- ⑩ Seasoned management team combined with solar and semi-conductor industry expertise. CEO familiar to DBL: Dan Shugar, was President of PowerLight
- ⑩ Solaria's proprietary module manufacturing approach offers substantially reduced capital expenditure per watt of manufacturing capacity for integrated cell and module manufacturers
- ⑩ Manufacturing in Fremont CA and via ModCo in India
- ⑩ Above revenue plan for 2010, revised plan up. Over 200 MW in LOIs signed with customers in North America, Europe and Asia
- ⑩ Approved for CEC grant in August 2010

PANDORA™

created by
the Music Genome Project™

YOUR CHOICE. YOUR CHASE

PANDORA™

created by the Music Genome Project™

Ever since we started the **Music Genome Project**, our friends would ask:

Can you help me discover more music that I'll like?

Those questions often evolved into great conversations. Each friend told us their favorite artists and songs, explored the music we suggested, gave us feedback, and we in turn made new suggestions. Everybody started joking that we were now their personal DJs.

We created **Pandora** so that we can have that same kind of conversation with you.



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CHASE

TUNE INTO
CHASE FREEDOM™



What are you in
the mood for?

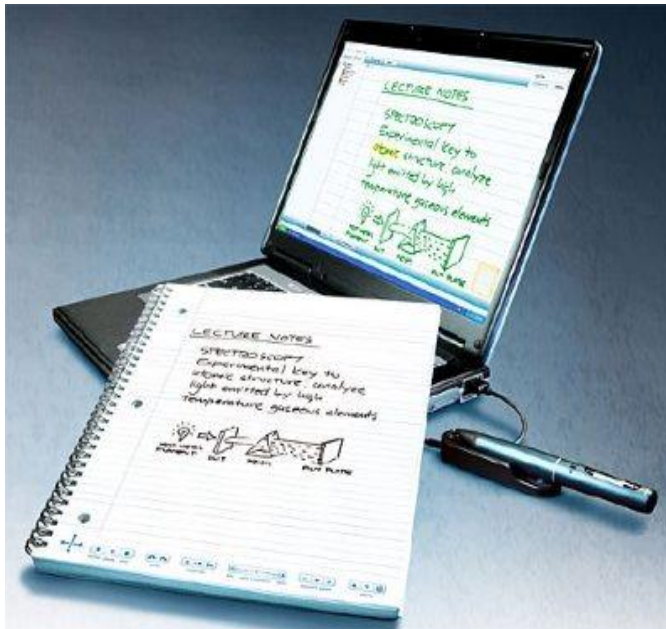
Pick a genre and
we'll do the rest.

Try It Now!

PANDORA™

- Online radio which creates personalized stations for the user; Proprietary “music genome” technology enables unique music recommendation
- Revenue growth: \$3.8MM in 2006, \$13MM in 2007, \$20MM in 2008, and \$50MM in 2009
- Since June 2006 has grown from 2MM registered users to 60MM, 1.3 MM uniques to 22MM; Pandora is the most visited internet radio station and single largest US radio station (by listeners)
- Signed major corporate advertisers, launched iPhone, Blackberry, Palm, CPA & audio advertising, subscription model and pay to play, integrated into key CE devices and soon autos
- BAEF I invested \$3.0MM in June 2006, co-investors include Walden VC, Crosslink, Labrador Ventures
- BAEF and Pandora design and teach music education to students at Futures Elementary School in Oakland - now in its 3rd year





- ⑩ Fund II invested \$3.0MM in the Dec 2009 extension of the Series B round and \$300k in the June 2010 Series C led by Crosslink Capital. Other Co-investors include: VantagePoint, Photon Global and Aeris.
- ⑩ LiveScribe's smartpen is a mobile computing platform that allows users to electronically capture handwritten notes and concurrent audio, and access and share that information via the smartpen and other computing platforms. The smartpen's computer enables additional applications such as: handwriting to text conversion, calculator, dictionary, learning aids, language tools and games.
- ⑩ LiveScribe launched the smartpen in June of 2008. Revenues: \$17MM in 2008, \$32MM in 2009. The Company projects \$61MM in revenues for 2010 and projects cash flow positive operation for 2011. Retail distribution in over 4000 stores in North America.
- ⑩ The smartpen has generated over 700 million media impressions since its debut, including: the Wall Street Journal, The New York Times, USA Today, The Today Show, The Early Show, ABC News, CNBC, TED, The Today Show, Good Morning America, The View, and Oprah.
- ⑩ In July 2010 LiveScribe launched a new, slimmer version of the pen with more memory and support for PDF files. The future addition of wireless capability will enable text, email and Web access.
- ⑩ Located in an Enterprise Zone in Oakland and working with DBL to provide smartpens, training to students in local low-income schools.

Double Bottom Line Returns

Financial Returns:

- First fund is a top-quartile fund
- Post-Tesla lock up later this year or early next year, we have the potential to return most, if not all, the capital to our LPs
 - Unprecedented for a 2004 vintage fund given the severe economic dislocation during this period
- Second fund already has three companies in it which could exit in 12-24 months
 - Robust Deal Flow
 - DBL Brand increasingly well received
- Establishing competitive financial returns with “vanilla” corpus investments in alternative assets
 - Annie E. Casey Foundation experience

Double Bottom Line Returns

Social/Economic/Environmental Returns:

- First fund will create over 5,000 jobs, many entry level
 - Very high capital/jobs productivity
 - Quality jobs: liveable wages, stock options, benefits
- Major wins in terms of economic development:
 - NUMMI plant save (now called Tesla Motors plant)
 - Companies with big brand potential in Enterprise Zones:
 - BrightSource Energy; LiveScribe; Revolution Foods; Pandora Media
- “Green Corridor” along Interstate 880 in Alameda County :
 - Powerlight/SunPower; BrightSource Energy; Tesla Motors; Solaria; Solexant
- Green Jobs Leadership: training, job creation, community college outreach

Double Bottom Line Returns

Social/Economic/Environmental Returns: (continued)

- Policy Leadership
 - Revolution Foods - Child Nutrition Act
 - Cleantech Companies
 - Federal Climate and Transportation Policies
 - Tax Policies: Federal and State
 - State and Local Initiatives: Green Economic Development, Climate Change, etc.
 - Pandora Media - Webcaster Settlement Act 2009
- Community Engagement
 - Pandora Media; SolarCity; LiveScribe
- “Gazillions” of tons of carbon emissions avoided!

Venture Capital: A Potent Investment and Programmatic Tool for Foundations

- Strong financial returns
- Meaningful and diverse mission impact
- Brings the power of scale and brand to programmatic goals
- Hands-on, proactive, iterative relationships with entrepreneurs
 - Allowing for many “teachable moments”
 - Infusing the entrepreneurial economy with more sophisticated community and socioeconomic mindset
- Has the potential to refresh mission efforts and extend their reach