

*The COIN Program furnishes the following announcement solely for use by insurance companies, in accordance with California law, to provide notice of this investment. In no event should this announcement or the information set forth herein be considered an offer of securities. Each organization should conduct its own investigation of the information referenced below to obtain information essential to making an independently informed investment decision.*

## CRATON EQUITY INVESTORS II, LP

**\$400 Million**

*The COIN Program invites proposals for safe, sound and solvent investments that offer an acceptable financial return and that also provide tangible social and/or environmental benefits to underserved low-income and/or rural communities.*

### **TYPE OF INVESTMENT** - (Reportable in NAIC Schedule BA, LPs/LLC/JVs)

The California Organized Investment Network (COIN) invites insurers to view this investment announcement proposal for Craton Equity Investors II, LP "Fund II". Craton has extensive experience managing private equity funds and is one of the country's leading emerging managers in this space that is focused on growth capital investments for venture backed companies. Most recently, the General Partner has managed Craton Equity Investors I, LP ("Fund I"), a \$191 million private equity fund that invests in small cap, clean technology companies. Fund I revenue across Craton's 13 Fund I portfolio companies increased by 134% from 2009 to 2010 and is expected to increase by 41% from 2010 to 2011 to more than \$375 million.

### **TYPE OF FINANCING**

Craton is seeking commitments from Limited Partners to participate in Fund II. The terms of Fund II include the following standard elements:

- Preferred return for Limited Partners of 8%
- Funds in excess of the preferred return are allocated 80% to the Limited Partners and 20% to the General Partner
- The GP will receive 2% of committed funds as a standard annual management fee; consistent with the existing Fund II approved Limited Partnership Agreement
- The General Partner's commitment is 2% of the capital commitments for Fund II up to \$10 million

Other terms of Fund II are available in the Private Placement Memorandum.

### **USE OF PROCEEDS**

Fund II will be financing a variety of transactions, ranging from early seed investments to pure private equity plays to help companies set the stage and path of execution for an initial public offering.

### **GEOGRAPHIC FOCUS**

Fund II is primarily focused on making domestic investments including companies that are headquartered in California or have other business dealings in the state. California drives much of the domestic clean tech market and each of our companies has a meaningful presence in this market as well as internationally and throughout the United States. Up to 20% of Fund II will be available for international investments.

### **SOCIAL/ENVIRONMENTAL BENEFIT OF INVESTMENT**

In addition to generating superior returns for investors, Fund II will continue the pattern established in Fund I by creating social and environmental benefits:

- Social Benefit - The number of employees for Fund I portfolio companies increased by 23% annually from 2008 to 2010 with some 1,500 employees, all high wage, high skills jobs and located in mainly urban and economically challenged areas;
- Environmental Benefit – Fund I companies combined have contributed tremendously to reducing millions of tons of carbon, conserved and cleaned thousands of acre feet of water and, as a result, have added to and improved the urban quality of public health in diverse communities. The environmental benefits generated by Fund I portfolio companies in 2010 alone are equivalent to taking more than 4,000 cars off the road, avoiding the use of 50,000 barrels of oil, planting 500,000 trees or avoiding more than 10,000 rail cars of coal.

### ***Primary Contact for This Investment***

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***Table of searchable data for this announcement***

<b><i>Type of Search</i></b>	<b><i>Field</i></b>	<b><i>Data for this Investment</i></b>
<i>Simple or Advanced</i>	<i>Extent of Social Benefit</i>	High Impact - Special Capital Need/Non- Profit or Community Dev Org Involved
<i>Simple or Advanced</i>	<i>Type of Social Benefit</i>	Mixed Use
<i>Simple</i>	<i>Investment Category/NAIC Schedule</i>	BA - LPs / LLC / JVs,
<i>Advanced</i>	<i>Investment Type</i>	Partnerships - Other,
<i>Simple or Advanced</i>	<i>Tax Benefit</i>	Potential Tax Benefit,
<i>Advanced</i>	<i>Tax Credit Type</i>	Potential Tax Credit,
<i>Simple or Advanced</i>	<i>Region</i>	Primarily in the State of California,