



Newsletter

275 Middlefield Road, Menlo Park, CA 94025
T: 650.321.0854 F: 650.321.1968
www.bandangels.com

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Coordinator

Ian Patrick Sobieski

Full Screening Committee

Bill Hilliard
Charlie Marshall
Wally Buch
Antonio Salerno
Dan Seligson
Thanos Triant

Life Science Committee

Rivka Sherman-Gold
Bob Constantino
Dave Deacon
Buzz Kramer
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Mike Bateman
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Michael Geilhufe
Martin Lefebvre
Art Reidel

Dinner Details

Date: Wed., Oct. 19, 2005

Place: Los Altos Golf and Country Club

Time: 6:15—9:00 pm

RSVP: 650.321.0854
tonia@bandangels.com

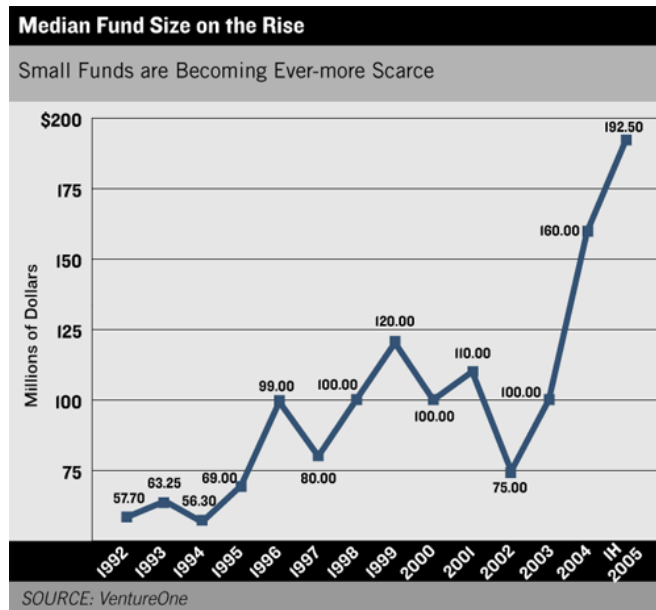
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Introduction

The IBF Early Stage Investing Conference on October 20th and 21st, at the Fairmont Hotel in San Francisco, is the premier annual gathering for over 300 seed and early-stage venture investors. A wide range of topics are covered regarding developments facing the early-stage venture investing community. We've arranged for a 20% discount to the event for Band Members. If you wish to attend please go to: www.ibfconferences.com and use the code 'BA' to receive the discount.

The conference is a good place to learn more about important trends such as the one summarized in the graph below. Amazingly, despite all the press reports about Sequoia and other premiere funds "shrinking" in size, the median fund size jumped 20% during the first half of 2005 compared with the same period a year before. According to VentureOne, the number of sub-\$100M venture funds today comprises about 40% of the market whereas in the year 2000 it comprised more than 70%. This trend is due to the number of small funds leaving the marketplace after disastrous boom/bust portfolios. The increasing median size of funds means that there is less capital available for early/seed stage investing, and a corresponding increase in competition of the later stage deals. This is evident by the recent increase in Series B and Series C valuations reported by VentureOne.



Both of these trends are good for the Band. We are active in the sub-million dollar financing level where fewer VCs are playing, and this, combined with the heightened competition for later stage deals, makes it more likely our seed investments will be subsequently financed at a step up valuation. Also, unlike many of the disappearing boom/bust funds, the Band has survived. We've done 8 new deals this year and 9

follow-ons; as we continue on into our 12th year the Band has built brand equity as a recognized source of startup capital that in turn garners more and better deals soliciting our attention.

The end of the year is fast approaching. That means it is almost time for our Holiday Party; please reserve the evening of December 6th for our annual holiday celebration which, as usual, will be held at the Circus Club in Atherton. We've also specified dates for Band dinners in 2006; with one or two exceptions these are all the **third Wednesday** of the month; so be sure to put these in your calendar now:

January 18th	February 15th	March 15th
April 19th	May 17th	June 14th
July 19th	August 16th	September 20th
October 18th	November 15th	- No Dinner -

This month's member talk will be given by Dr. Federico Faggin. Federico got his doctorate in physics and came to the USA in 1968 to work in R&D at Fairchild, where he led the development of the original MOS Silicon gate technology. He joined Intel in 1970,

where he led the design of the 4004 and 8080 microprocessors. As manager of R&D he led the development of more than 24 IC's including the 2102A, the first high speed, 5 Volt 1024-bit static RAM. He co-founded Zilog in 1974 and was President and CEO until 1980. He conceived the Z80 microprocessor family, the most successful 8-bit microprocessor ever produced, with a cumulative production of well over two billion units. In 1982 he co-founded Cygnet Technologies and was President and CEO until the company's sale in 1986, after which he co-founded Synaptics, where he was CEO until 1999. He will certainly touch on his current "project", Foveon Inc. on Wednesday. Federico will spend a few minutes talking about his impressive career, and then focus the balance of his talk on **Electronic Vision and Imaging.**



- Ian