

Band of Angels

Newsletter

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Volume 10, Issue 2

March 3, 2004

Coordinator

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Dinner Details

Date: Wed. , March 10, 2004

Place: Los Altos Golf and Country Club

Time: Cocktails & Hors d'oeuvres at 6:15, Dinner & Presentations at 7:30

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Introduction

In the past two months we lost two lights of Silicon Valley and members of our extended Band family. We feel this loss acutely and the outpouring of support to the staff here, to Fred's and to Hans' family, has been tremendous. The recent memorial service for Hans would have probably embarrassed him, but was classy in the way that he would have appreciated. To those who were unable to attend, I have copies of the program and Hans' brother's eulogy.

It goes without saying that the Band will not be the same; these large personalities are irreplaceable. However, the good work of the Band will continue. Hans built a legacy that is bigger than one person and an important entity in the Valley. Since its inception, the Band of Angels has invested in more than 140 companies, 5 of which have gone public and are still listed on the NASDAQ. Not counting for the more than 20 profitable acquisitions, even the unsuccessful financial investments have contributed to the local society by creating more than 3,000 jobs, and giving vital opportunity to entrepreneurs who might otherwise not have had a chance to try and make something of their dreams.

The Band's good work continued apace last year. In 2003, the individual angel members of the Band invested \$1.74M into 7 startup companies. This is a far cry from the ~\$12M the Band invested in 2000; but according to the PWC/MoneyTree survey, this decline is commensurate with the Venture Capital Industry, which in 2003, invested \$18B compared with \$106B in 2000. In fact, given the sophistication of our Band members it would be worrisome if, during a period of wash-outs, pay to plays, and a declining NASDAQ, we had not pulled back—a sinking tide lowers all boats. But Hans and Fred, the self described congenital optimists, would have emphasized that the converse is the thing for us to focus on today; namely, that a rising tide lifts all boats!

A current consensus seems to exist among VCs, Angels, and Entrepreneurs that the Valley is recovering from the downturn of the post-bubble crash. We see some evidence of this in our Band portfolio companies. On March 1st, Novacept (September, 1995 Dinner) announced that it will be acquired by Cytoc Corporation, for \$325 million in cash. In the past two months Dust (March, 2003 Dinner) closed on a subsequent "up-round" financing led by Foundation Capital, as did JobFlash (February, 2003 Dinner) led by Maveron Ventures. Two other recent Band deals just received term sheets from high profile VCs: WiDiFi (June, 2003 Dinner) and Ispiri (February, 2003 Dinner). And Vapore, which presented at last month's dinner, garnered \$300k of interest from Band members and \$200k from the Band Fund! Despite the fewer Band dollars being invested, this recent evidence confirms what we have said in previous newsletters: the Band deal flow is better than ever and there are plenty of opportunities for good investments of time and money.