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Dinner Details

Date: Wed., February 21, 2007

Place: Los Altos Golf and Country Club

Time: 6:15 - 9:00 pm

RSVP: 650.321.0854
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Introduction

There has often been talk comparing angel backed companies negatively with VC backed companies; usually, with the spin that angel financed companies might somehow be less professionally run or advised than their venture backed brethren. So, an article brought to our attention by member Art Reidel is fascinating in its conclusion that angel backed companies are more capital efficient and generate a better ROI than VC backed companies. Here quoting directly from VentureBeat (Jan 21, 2007):

“Bridgescale, a new Silicon Valley venture firm used VentureOne statistics and other sources to track IPOs and mergers and acquisitions. Companies funded by angels initially take in three rounds of venture capital, on average, instead of four, they found. This suggests these angel-backed companies are more efficient. Indeed, these angel-backed companies ended up taking \$15 million less money from investors than other companies did before their exits - or \$50 million, versus \$65 million. Finally, these companies accounted for \$700 million in total investments, but led to \$10 billion in exit value, a 15-fold return, Bridgescale found. That compares to \$2 billion invested, and a \$13 billion exit value for other companies, or a 6-fold return.”

Data like this will continue to bolster the case of angel investing being a stable and legitimate piece of the financial food chain, not a fad or exceptional feature. In fact, there are now 110 member groups of the Angel Capital Association. This trade group, a peer to the NVCA, itself is a testament to the growth of the industry. The ACA is now an independent 501c 6. I serve as the group’s Vice Chairman but there are more than a dozen angel group leaders on the board and many more contribute to the program of its annual meeting. This year’s conference is in Chicago and anyone interested in attending is invited to register at: www.angelcapitalassociation.org/dir_events/upcoming.aspx It is truly a site to see leaders from more than 100 angel groups in one room, reflect that Angel capital is still where VC was in 1970, and then wonder, where will angel capital be in 20 years?

Wherever the industry is, the Band will remain at the forefront as both pioneer and leader. Building on the 13 new deals we did last year there are Band syndicates about to close on two more financings totaling almost \$2M. See the company update section for more information, but this seems to continue the momentum of our busy 2006. We’ve 3 new members still to profile in the newsletter including a former VC of a top tier Venture firm. And, as the list of future band Member Speakers highlights, a fun year planned:

February - Gary Peltz
March - Katie Burke Mitic
April - Antonio Chan
May - Ajit Medhekar
June - Lin Wu

- Ian