



Newsletter

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David Deacon
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Wally Buch
Denis Coleman

Membership Committee
Mike Bateman
David Burwen
Brian Frenzel
Martin Lefebvre
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Stephen Taylor

Dinner Details

Date: Wed., August 15, 2007

Place: Los Altos Golf and Country Club

Time: 6:15 - 9:00 pm

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Inside This Issue:

Introduction	1
Company Updates	2
New Member	3
Dinner Program	3
Band Calendar	6
Other Valley Events	6

Introduction

Five Band members invested in Experclick (aka. AdEcn) after its presentation to the Band at the October 2005 dinner. The company, which built an exchange to sell ads on line in real time, just completed an all cash transaction with Microsoft resulting in a 5x return to the members and an IRR of 239%! Congratulations to all on this great success! Some may recall that SeaDragon Software, which presented to the Band in July of 2005, was also bought by Microsoft for 3x in cash just 4 months later. It seems as though Microsoft is one of our preferred paths to exit!

While exits of any kind are worth celebrating, especially now as they remain rare, our intern William is finishing an analysis of the Band investment track record that shows what I think we all know to be true: the main value driver in the VC business are IPOs not M&As. The bottom line is that, assuming a sale of all holdings at lockup expiration, the Band has a net IRR since inception of a remarkable 53%. That is, all money in and all money out, an annualized return of 53.1%. However, if you take out the IPOs and look only at the M&As, this IRR becomes -4.3%. So, the adage that one needs to swing for IPO's in the VC business seems to be borne out from our experience too!

We have closed two financings in the past month. Liferocks, the MMO company with a game directed toward children, honored their set aside commitment to the Band despite going with a brand name VC term sheet. Four members invested a total of \$150k in this \$2M round at a valuation that looks cheap in the light of the recently announced acquisition of Club Penguin for \$325M. And Pluggd, the video search company, closed \$3.8M with active participation of \$400K from a half dozen Band members. Two more companies are in the process of closing: Podaddies is oversubscribed and Tribal Shout is currently being syndicated.

We are fortunate to have a special guest speaker for our August Band dinner thanks to our member David Burwen. Professor Lord May of Oxford, OM AC Kt, holds a Professorship jointly at Oxford University and Imperial College, London and was, until recently, the president of the Royal Society, the world's oldest scientific organization. Before that he was the science advisor to two British governments (Blair & Major) and is one of the world's leading scientists. Lord May will be sharing his thoughts with us on "How to Encourage Adventure". The UK has for sometime looked enviously at the entrepreneurial, risk-embracing culture of Silicon Valley and Professor Lord Robert May will share his thoughts on where the UK stands in international comparisons as well as some of the things that the UK Government has done over the past 10 years to encourage such adventurousness, and indicators of success, along with problems which remain. We've had three candidates for President of the United States visit the Band and the head of the Human Genome Project, but we've never had an actual Knight speak to us before, until now!

- Ian