



Newsletter

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Bob Constantino
Art Reidel
Wally Buch
Denis Coleman
Paul Quadros

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

Dinner Details

Date: Wed., May 21st, 2008
Place: Los Altos Golf and Country Club
Time: 6:15 - 9:00 pm
RSVP: 650.321.0854
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Introduction

The annual Angel Capital Association (ACA) summit was held last week in San Diego and was well attended by more than 350 people representing 150+ member angel groups and even a score of foreign countries. The Band continues to attract a large amount of attention as the archetype group of this "industry" and many groups, both old and new, remain very interested in how we do things. That said, this entire industry is maturing steadily and there are many fine and strong groups across the country. Perhaps the most visible trend is the development of small "side-car" funds that invest alongside the main angel group. These funds are smaller than the Band's \$50M fund, typically less than \$5M; but provide some of the same benefits to the groups of extra capital and term structuring. They also provide a way for angel members to participate in every deal that a group funds, even if they miss the meeting where the deal is funded. Amazingly, half of all angel groups in the country report the intention of starting such side funds. For many years we have proposed that the union of a small fund with an angel group is the business model that most sustainable angel groups will adopt and it seems as if this is indeed playing out.

For those members interested in Life Science deals, we have free passes to the 14th Annual Venture Forum presented by Larta Institute in partnership with the National Institutes of Health and Burrill & Company. Here you can see 60+ life science presentations and more than 100 poster exhibits. The usual cost is \$995, but these passes are made available to you for free; just let us know if you want one.

Our member Steve Rothenberg has a second home in Carmel and would like to find other Band members who spend time in Carmel/Monterey on a regular basis. There was once an angel group down there which he reports disbanded during the nuclear winter of 2002. But there are good deals down there, and if there is enough member interest we could support some systematized way of bringing those deals to the attention of the broader group. We're not talking about a different Band "chapter"; just a group of members who might occasionally gather in the Carmel area to meet with interesting companies. If you are interested in pursuing this please contact Steve or Rock Clapper.

Probably one of the most unusual investments the Band ever made came to a sad end last month when EOS Airlines ceased operations. In 2003 we invested in a young exec out of British Airways with an interesting niche airline proposition: business class only flights between New York and London at a fraction of the sky-high fares typically charged for these seats. It was a true seed deal, where we funded the exec with about \$1M to go out and raise the \$100+M he needed to build the airline; and this is exactly what he did! EOS launched with Boeing 757 service and 55 business class, flat bed, seats. The economics of trans Atlantic air travel are such that airlines make money on first/business and lose money on the back of the airplane. For example, four economy tickets NY-London/return sell about \$300 each, totaling \$1,200. The same floor space at business/first class for one seat sells about \$5,000+ on major airlines. The EOS team, according to reviews, did much

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