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Dinner Details

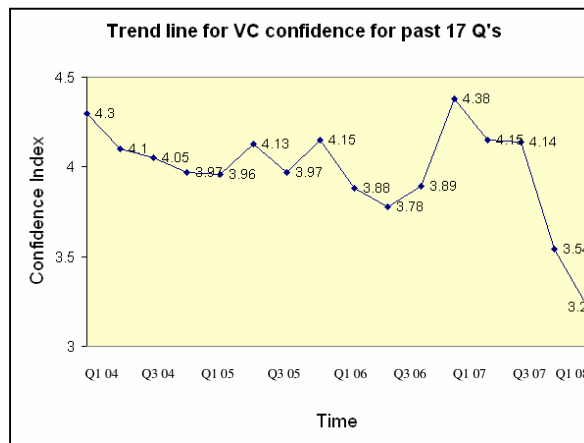
Date: Wed., June 18th, 2008
Place: Los Altos Golf and Country Club
Time: 6:15 - 9:00 pm
RSVP: 650.321.0854
 rsvp@bandangels.com

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Introduction

The stock market had staged a very nice rally in May; but the week this newsletter goes to press is a volatile one, with the financial instability fears, recession, inflation, stagflation, and a litany of other worries dragging down the sentiment of consumers and professionals. For a long time Venture Capitalists seemed somewhat insulated from the gloom. The period since the dot.com crash seemed one long plateau of modest expectation; in fact, while the feeling was a far cry from the heady optimism of the boom there was a certain comfort in the steady, “not so good, not so bad” attitude of most VCs. This feeling is quantified in the table below, reporting on the Silicon Valley Venture Capitalist Confidence Index based on an on-going survey of Bay Area venture capitalists. The Index measures VCs’ estimation of the high-growth venture entrepreneurial environment over the next 6 - 18 months.



One can see the plateau of expectations for the past several years. But the index, coincident with all the recent bad financial system news, registered a precipitous drop off in the past 3 quarters. If this pessimism among VCs turns into a reduction of follow-on capital or an increased sensitivity to valuations, then this obviously affects our investing activities. So far, we have noticed a slow down in the number of consummated deals at the Band this year; coupled with a higher intolerance for financing risk and greater concern for valuation. One quarter’s data is not statistically significant but we will see what the rest of 2008 looks like. For sure, as we have mentioned in a previous newsletter, if you have a portfolio company thinking about raising funds in 2008 it might be wise to start the fund raising sooner rather than later.

Despite this, the Band is close to closing two new financings. Mixbook, the photobook company distributed thru Facebook, is closing a financing as we go to press with \$380k from the Band including the Band Fund. There is room for another \$60k if anyone is interested. RHUB has two Band members committed and the Fund will match any Band member investment. A lot of diligence has been completed and available for anyone else interested. See the Company Update section for more information.

Finally, our member Alex Kurosawa has endowed a foundation to bring innovative classical piano musicians to the Bay Area. Their premier event is being held this month, more details are in the Events Section on Page 6. - Ian