



Newsletter

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Paul Quadros—LS/Biotech
Dean Sirovica—Energy
Bob Kyle—Telecom/Security
Ron Weissman—Software
Jan Jannink—Internet

Full Screening Committee

Chris Meyer
Wally Buch
David Overhauser
Daniel Joensen
Rock Clapper
Gene Shklar

Life Science Committee

Rivka Sherman-Gold
Mike Bates
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., March. 18th, 2009
Place: Los Altos Golf and Country Club
Time: 6:15 - 9:00 pm
RSVP: 650.321.0854
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Introduction

We can't tell you which company it is yet; but one of our companies is being bought by a major public software company for a 50% profit to Band members. The deal is all but finalized and will be kept quiet until May, but the half-dozen Band members who invested (just 2 years ago!) know which one it is. While this kind of 1.5x exit is not the kind of "homerun" we strive for, the positive +22% IRR of this investment sure looks good compared to the substantially negative return of the S&P 500 over the same period of time! And I think this kind of thing demonstrates that, while the "mood" of seed investing is affected negatively by the current climate, profitable companies and profitable investments can be started in good times and bad.

In that vein, it is less than surprising, but still quite encouraging, that the Band is leading the financing of Practice Fusion, which presented at the January Band dinner meeting. The deal has already garnered more than \$500k in commitments from Band members. Wally Buch will be going on the board and has coordinated some excellent diligence which is available on-line to anyone interested. This digital medical records company, with an intriguing business model, has exciting prospects even amid the turmoil of the current economy.

Explaining some of that turmoil will be the subject of our member talk given by Alan Biller. Alan has a unique vantage point on the subject and provided a few of us, back in October, a remarkably coherent explanation what was going on. Alan will recap the causes of the current mess and will focus on how this looks from the standpoint of an institutional investor. He'll show how many investors went into July 2007 with excessive equity risk, why illiquid assets were underpriced, how correlations rose dramatically in this crisis and why, how illiquid assets are hugely underpriced right now, and why current opportunities are huge ... as long as one has access to cash/financing and can stomach the near term risks. We are guessing everyone will be especially interested in this subject and so are extending the usual 10-15 minutes allotted to our member talks to something a bit longer to allow for Q&A. So, we'll be starting the dinner very close to 7:30 next week and not have as much time for the usual table chatting.

Please pay special attention to the SiG section for updates, especially the first luminary meeting with Netgear CEO Patrick Lo.



Finally, a half dozen Band members demonstrated skiing prowess, less facility at solving complicated brain teasing puzzles, but all around jolly fraternity at the first Band of Angels Ski Weekend, hosted by our member and Social Chair, David Deacon, he is pictured to the left with members Mike Bates and Jefferson Lilly (a prize if you can tell who is who). Additional upcoming events include the Symphony and Opera, see the Social Activities update section.

- Ian