

Entrepreneurial Confidence Index Analysis

Third Quarter 2002
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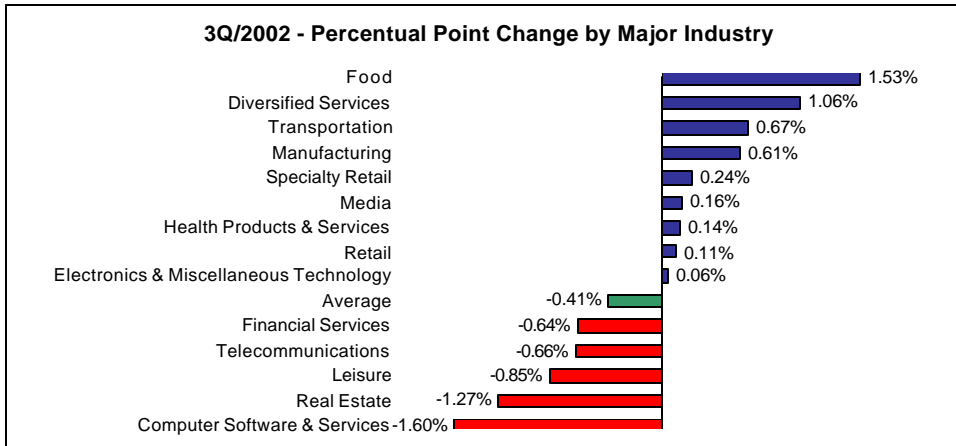
During the third quarter, more than 8,000 emerging companies, institutions and private investors participated in the ECI survey at www.vfinance.com, the Internet's leading private equity portal. The ECI is fast becoming the global standard in entrepreneurial activity measurement and analysis. The results are an extremely useful tool for early identification of industries and sectors that will lead the economy's future growth. Following are some of the most relevant findings:

- Entrepreneurial activity increased by 13.6% versus the previous quarter. The basis for the measurement data and analysis is actual click-by-click Internet-user behavior measured through real-time meters installed on our global web portal. Current trends indicate entrepreneurs are moving "back to basics" as they continue to reduce their participation in high-tech sectors and focus more on less cyclical industries such as Food, Transportation and Retail, among others.
- This quarter we identified an important new trend in the **Real Estate** sector, which experienced a 1.3% decline from 9.4% to 8.1% in the overall share of entrepreneurial activity, after experiencing significant growth during the first half of the year. Sub-sectors including: Real Estate Development, Property Management and Miscellaneous Real Estate Services lead the decline. This change in trend may be the first indication of a potential weakness in one of the few industries that has enjoyed sustained growth over the past few years. Although still nourished by historically low interest rates, indications of a weaker real estate market are starting to appear. (Please refer to chart No. 4).
- The **Telecommunication** and the **Computer Software** industries experienced their third consecutive quarter of declining activity among entrepreneurs, while **Media** is the only industry that has grown in every ECI-monitored quarter.
- The industries with the largest increases in entrepreneurial activity in this quarter were: **Food, Diversified Services and Transportation**, where sectors such as Air Services, Lodging, Trucking, Tour Operators and Airlines experienced a significant increase in entrepreneurial activity, which fueled the growth of the whole Transportation industry suggesting a much anticipated recovery in this industry. (Please refer to chart No. 1).
- The industries with the largest decline in entrepreneurial activity were **Computer Software & Services** and **Real Estate**, declining 1.6% and 1.3%, respectively.
- Regarding specific sectors, the niche that experienced the highest increase in participation was the **Biotechnology Research** sector, reaching a 0.89% share, which compares positively versus a 0.31% share experienced in the previous quarter, thus almost tripling its share of the overall entrepreneurial universe. Conversely, the number of entrepreneurs interested in the Medicine sub-sector declined.
- When analyzing the breakdown of total entrepreneurial activity by major industry class, **Computer Software and Services (CSS)** again appears to be the industry with by far the largest number of individuals searching for financing, accounting for 13.9% of the total universe, followed by **Leisure** with 8.7% and **Real Estate** with 8.1%. Nevertheless, it is important to point out that even though CSS continues to attract the largest percentage of entrepreneurs, it continues to decline rapidly. By year-end 2001, CSS enjoyed 21.0% of all entrepreneurial activity, while this quarter it captured only 13.9% of the audience. We continue to believe that this may be a result of the sector's highly competitive environment and scarcity of funds. (Please refer to chart No. 3).
- The Entrepreneurial Confidence Index (ECI) also measures both **entrepreneur and investor confidence** in the private equity markets nationwide. This quarter's results showed that over 62% of entrepreneurs seeking financing are "very confident" they will get funded, which is similar to the figure registered in the previous quarter. However, entrepreneurs are still more pessimistic than they were a year ago.
- In addition, investor confidence also declined as 68% of institutional and wealthy private investor respondents indicated they will fund more than two deals this year, down from 72% in the second quarter of this year. This might be due to low valuations in the stock market currently offering investors good positive returns with more limited risk.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

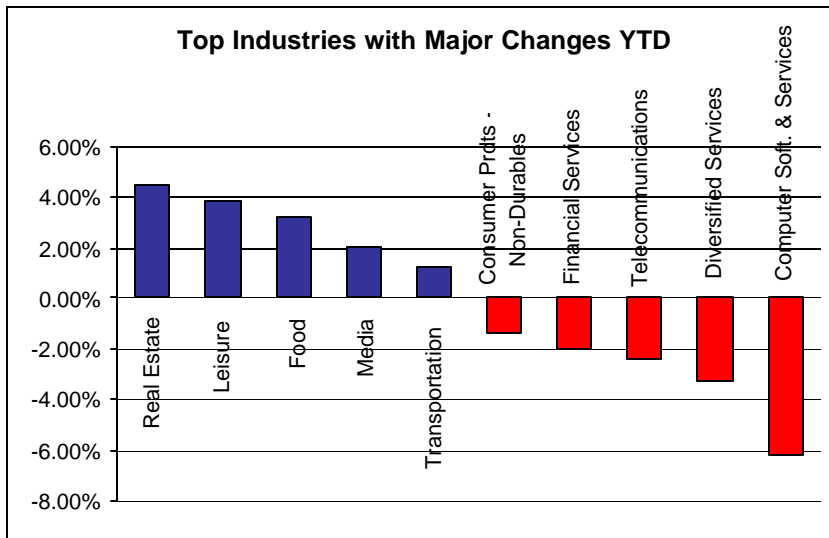
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Chart No. 1 - Major Growth and Decline in Participation by Major Industry versus the previous quarter.



Sources: vFinance website: www.vfinance.com - Only considers industries that contribute 80% of the sample.

The following table presents the 10 industries that had experienced the largest growth and decline in their overall participation for the first nine months of 2002 in comparison to participation levels at the end of 2001.



Sources: vFinance website: www.vfinance.com

Chart No. 3

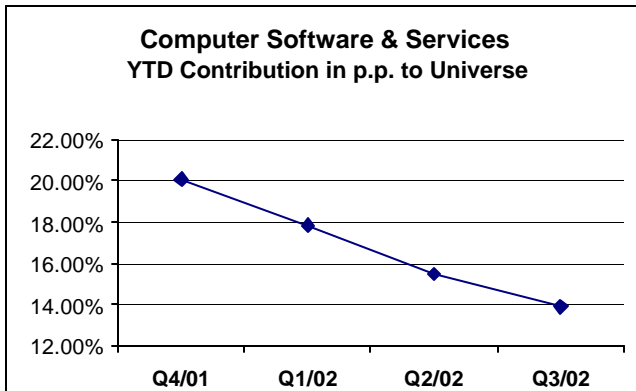
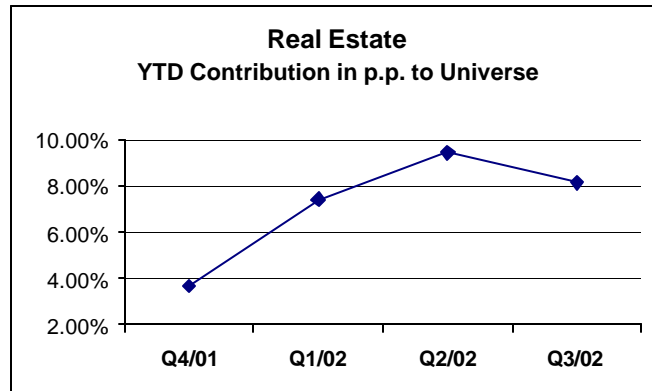


Chart No. 4



Top 60 Sectors with the Highest Growth and Declines – 3Q/2002

Industry	Specific Sector	Q2 % of total universe	Q3 % of total universe	% Diff.
Drugs	Biotechnology - Research	0.307%	0.89%	0.59%
Automotive & Transport Equipment	Auto Parts	0.281%	0.75%	0.47%
Media	Media - Major Diversified	1.471%	1.93%	0.46%
Diversified Services	Personal Services	0.486%	0.89%	0.41%
Transportation	Air Services	0.269%	0.66%	0.39%
Manufacturing	Miscellaneous General & Special Machinery	1.126%	1.44%	0.32%
Health Products & Services	Specialized Health Services	1.305%	1.60%	0.29%
Leisure	Lodging	0.832%	1.12%	0.29%
Food	Diversified Foods - Major	0.179%	0.42%	0.25%
Diversified Services	Marketing & Public Relations Services	0.230%	0.47%	0.24%
Food	Sugar & Confectionery	0.115%	0.35%	0.23%
Telecommunications	Wireless Communications Services	0.563%	0.79%	0.23%
Food	Other Processed & Packaged Goods	0.192%	0.41%	0.22%
Financial Services	Commercial Lending	0.128%	0.34%	0.21%
Electronics & Miscellaneous Technology	Cards & Connector Products	0.077%	0.28%	0.20%
Computer Software & Services	Security Software & Services	0.678%	0.87%	0.19%
Food	Meat Products	0.179%	0.37%	0.19%
Transportation	Trucking	0.371%	0.56%	0.19%
Food	Food Wholesale - to Restaurants	0.384%	0.57%	0.19%
Retail	Shoe & Accessory Retailing & Wholesaling	0.205%	0.38%	0.18%
Retail	Grocery Retailing	0.218%	0.39%	0.17%
Transportation	Airlines	0.512%	0.68%	0.17%
Computer Software & Services	Multimedia Production	0.576%	0.74%	0.16%
Food	Beverage & Tobacco	0.256%	0.41%	0.16%
Retail	Health & Beauty Product Retailing	0.179%	0.34%	0.16%
Specialty Retail	Miscellaneous Retail	2.226%	2.38%	0.15%
Computer Software & Services	Computer Products Distribution & Support	0.141%	0.29%	0.15%
Energy	Integrated Oil & Gas	0.154%	0.30%	0.15%
Materials & Construction	Diversified Building Materials	0.256%	0.40%	0.15%
Diversified Services	Building Maintenance & Related Services	0.179%	0.32%	0.15%
Telecommunications	Internet & Online Service Providers	0.716%	0.61%	-0.10%
Specialty Retail	Sporting Goods Retailing	0.640%	0.54%	-0.10%
Computer Software & Services	Entertainment & Games Software	0.870%	0.76%	-0.11%
Specialty Retail	Toy & Hobby Retailing & Wholesale	0.614%	0.49%	-0.12%
Consumer Products - Durables	Housewares & Accessories	0.755%	0.63%	-0.13%
Health Products & Services	Home Health Care	0.601%	0.47%	-0.13%
Computer Software & Services	Document Management Software	0.537%	0.39%	-0.15%
Telecommunications	Miscellaneous End-User Communications Services	0.473%	0.32%	-0.15%
Consumer Products - Durables	Home Furnishings	0.486%	0.34%	-0.15%
Retail	Discount & Variety Retailing	0.780%	0.63%	-0.15%
Computer Hardware	Diversified Computer Products	0.473%	0.30%	-0.17%
Computer Software & Services	Miscellaneous Computer Services	0.665%	0.45%	-0.22%
Financial Services	Investment Banking & Brokerage	0.857%	0.64%	-0.22%
Drugs	Biotechnology - Medicine	0.537%	0.28%	-0.26%
Computer Software & Services	Other Application Software	1.088%	0.79%	-0.29%
Telecommunications	Wireless	1.113%	0.82%	-0.30%
Retail	Clothing	1.331%	1.02%	-0.31%
Consumer Products - Non-Durables	Personal Care Products	0.704%	0.38%	-0.32%
Real Estate	Property Investment & Management	2.226%	1.89%	-0.34%
Consumer Products - Non-Durables	Miscellaneous Non-Durable Consumer Goods	1.267%	0.91%	-0.36%
Real Estate	Miscellaneous Real Estate Services	1.075%	0.70%	-0.37%
Leisure	Sporting Activities	2.418%	2.01%	-0.41%
Financial Services	Services to Financial Companies	0.768%	0.35%	-0.42%
Leisure	Restaurants	1.446%	1.02%	-0.43%
Financial Services	Mortgage Banking & Related Services	0.729%	0.29%	-0.44%
Computer Software & Services	Educational Software	1.088%	0.65%	-0.44%
Media	Music Production & Publishing	2.597%	2.15%	-0.45%
Computer Software & Services	Internet & Intranet Software & Services	4.081%	3.55%	-0.53%
Leisure	Adult Entertainment	0.819%	0.27%	-0.55%
Real Estate	Real Estate Development	2.725%	2.16%	-0.57%

Sources: vFinance website: www.vfinance.com - Only considers Industries that contribute 80% of the sample.

Methodology: This analysis only considered 14 industries and 122 sectors, which constitute 80% of the overall universe of industries and sectors. The variations are analyzed on a weighted manner; therefore, any increase or decrease shown is the result of changes in the participation of a specific industry or sector within the overall universe.

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