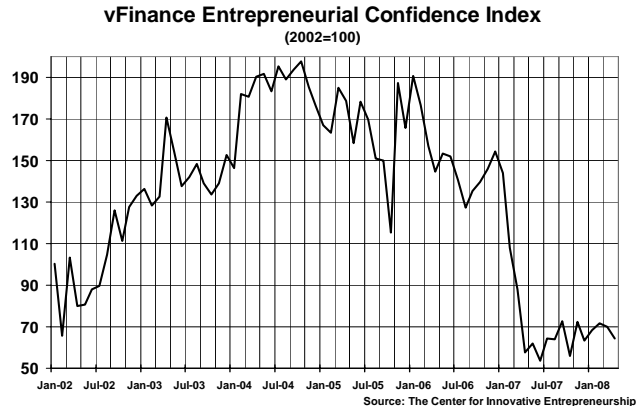


vFinance Entrepreneurial Confidence Index: VECI

April 2008



Recent Index Performance:

| Month | Index Level | Monthly % Change | Year Ago % Change |
|---------------|-------------|------------------|-------------------|
| Nov-07 | 72.5 | 30.4% | -50.2% |
| Dec-07 | 63.4 | -12.6% | -58.1% |
| Jan-08 | 68.4 | 7.9% | -52.1% |
| Feb-08 | 71.7 | 4.8% | -32.9% |
| Mar-08 | 70.0 | -2.4% | -20.2% |
| Apr-08 | 64.2 | -8.2% | 11.7% |

Focus of the Month:

Leisure Rebounds. The Leisure sector has been in decline as an area of interest among those seeking capital at vFinance.com for the past year and a half. However, the past two months have seen a significant increase in interest.

Summary:

The vFinance Entrepreneurial Confidence Index (VECI) fell by 8.2% in April 2008, marking its second consecutive decline. The overall slight uptrend since fall 2007 remains intact. In April, the VECI was above the level of a year ago for the first time in a year and a half and only the second time in the past two years.

The recent modest uptrend in the VECI would suggest that entrepreneurs see the current weakness as an opportunity and are now looking for ways to profit from the current economic and financial uncertainty. If so, the Index may be signaling that the economy will experience a mild recession followed by a slow recovery beginning sometime in late 2008 as small, more nimble businesses seek to exploit the weaknesses of larger firms.

Highest level of interest (Share of total responses):

- Diversified Services (9.9%)
- Real Estate (9.7%)
- Leisure (8.9%)

Lowest level of interest (Share of total responses):

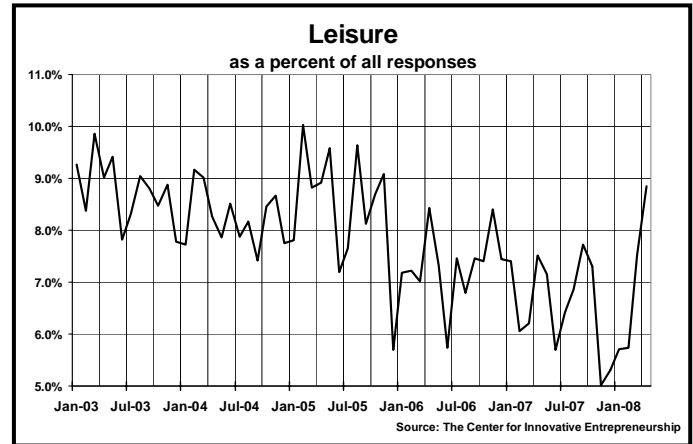
- Utilities (0.4%)
- Computer Hardware (0.2%)
- Conglomerates (0.2%)

| April 2008 | Rising | Falling |
|--------------------|--|--|
| Sectors | <ul style="list-style-type: none"> • Diversified Services • Media • Leisure | <ul style="list-style-type: none"> • Health Products and Services • Materials and Construction • Real Estate |
| Sub-Sectors | <ul style="list-style-type: none"> • Miscellaneous Entertainment • Major Diversified Media • Discount and Variety Retailing | <ul style="list-style-type: none"> • Concrete and Cement • Property Investment and Management • Clothing Retail |

FOR FULL DISCLOSURE INFORMATION REFER TO THE LAST PAGE OF THIS REPORT

Focus of the Month: *Leisure Rebounds*

- ✓ Relative to all other sectors, interest in seeking financing in the Leisure sector had been falling from 2003 through the end of 2007 when it reached its all time low. However, over the first four months of 2008 the interest in this sector has suddenly surged, until by April it had climbed to its highest share in more than 2 years.
- ✓ The industries within the Leisure sector have been those related to tourism, particularly Lodging and Restaurants.
- ✓ The increase in the tourism-related sectors may reflect the sharp increase in oil and gasoline prices that has occurred in the first four months of 2008. With oil prices now over \$100 per barrel, more families are likely to take vacations close to home this summer. Thus, local service providers are likely to see a pick up in business at the expense of more exotic vacation destinations. These businesses are probably seeking to improve their prospects this summer by using capital to make improvements to attract families who are staying close to home.
- ✓ It is also likely that the tax rebate checks are attracting the interest of entrepreneurs in the restaurant sector in particular. With many families receiving \$600 rebate checks, some of that money is likely to be spent at restaurants leading some to either look to start a restaurant or improve an existing one.



The VECI is published on the second Tuesday of every month.



The VECI and The Center for Innovative Entrepreneurship

The VECI is a measure of the interest entrepreneurs are showing in 28 sectors and 289 sub-sectors. That level of interest represents the confidence of these entrepreneurs in the business opportunities they perceive. The survey is conducted through www.vfinance.com, the world's leading web site for entrepreneurial financial information.

The Center for Innovative Entrepreneurship: **The Center for Innovative Entrepreneurship (CIE)** (www.C4IE.org) was established in November 2004 to measure the impact innovative entrepreneurship has on the global economy. Innovative entrepreneurship combines the act of creating a new product or process (innovation) with the act of starting a business to exploit the innovation (entrepreneurship). It is an activity that tends to be transformational in its macro economic impact. CIE serves entrepreneurs, investors, economists, and researchers through the Center's education, research, and communications initiatives.

For more information on the vFinance Entrepreneurial Confidence Index, please see the CIE Research Reports section at www.C4IE.com:

**The Center for Innovative Entrepreneurship
Ken McCarthy, Economic Consultant**

DISCLOSURE INFORMATION

The economist who prepared this report and whose name appears in the front cover of this report certifies that the views expressed in this macroeconomic research report accurately reflect such economist's personal views about the overall economy and the subject industries and sectors mentioned in the report. The economist responsible for the preparation of the report receives payment from The Center for Innovative Entrepreneurship (CIE) to prepare the reports, however, the economist's compensation was not and will not be directly or indirectly related to the specific recommendations or views published in this report.

The Center for Innovative Entrepreneurship uses the web site www.vfinance.com, owned by vFinance, Inc. to conduct research about entrepreneurs and investors in start-up companies.

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