

February 2008 PCI/Gazelles Index Report

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Index Reveals That Revenue Growth Rates of Historically High-Growth Companies Have Slowed

Chicago, IL – March 28, 2008 – The February PCI/Gazelles Index marks a 4.7% increase from its January month-end figure, landing the Index at 1139. This reflects a significantly reduced growth rate from the over 13% increase the Index saw moving from its December baseline into January 2008.

This newly formed, 10 company, high-growth subset of the Private Company Index (PCI) did outperform the overall PCI this month as that measure saw a drop of 3%.

Stephen H. Watkins, CEO of PCI sponsor company Entrex, shares his view of this month's PCI/Gazelles data; "Although any growth is good, It's worth noticing that the growth rate slowed dramatically this month over its prior run. These resilient companies, who came out of 2007 with growth rates that would be enviable during any economic period, are finally feeling the pinch of cautionary national spending habits and the looming recession."

From another perspective, Gazelles CEO Verne Harnish says, "There are two key questions one tends to ask: First, why did this group of companies enjoy such rapid growth until now? And, second, why was this group suddenly affected in February? The 10 companies are completely diverse in their geography and industry make-up."

A look at the 10 companies reveals that at least a few are in "hot" industry sectors including luxury organic, fair-trade fashion, medical financing and environmental engineering and design. It goes to show that the recession is broad based and that even hyper-growth companies are feeling the brunt of this strong economic headwind.

PCI analysts are eager to observe the behavior of this subset Index as it moves through 2008. In particular, they'll be looking to see if growth rates continue to slow or turn negative—signaling a deepening of the recession—or if the economy begins to show signs of support for private companies.

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About the PCI:

Published monthly by Entrex, Inc., the Private Company Index (PCI) is a proprietary benchmarking tool that measures revenue performance and activity in the \$1-250 Million private company sector. The PCI is recognized by investment professionals and financial media as a leading and authoritative source on private company revenue performance.

About the PCI/Gazelles Index:

The PCI/Gazelles Index is a 10 company subset of the PCI portfolio which tracks the top growth firms of 2007 (as measured by the percent change in '07 revenues over '06) against the overall PCI .

Learn about PCI partner Gazelles at www.gazelles.com.

