



TAGLICH BROTHERS

The Standard of Excellence in the Microcap Market

Member: FINRA, SIPC

Earnings Note

Investors should consider this report as only a single factor in making their investment decision.

Park City Group, Inc.

Rating: Neutral

Howard Halpern

May 19, 2008

PCYG \$3.16 — (OTC BB)

Park City Group, Inc. (OTC BB: PCYG), headquartered in Park City, Utah, develops and markets patented software applications that helps its customers (retailer and suppliers) increase sales while reducing their two largest controllable expenses, inventory and labor. The Company's Business Analytics unit provides customers the opportunity to act on actionable information generated from its software portfolio, which consists of Supply Chain Profit Link (SCPL), Fresh Market Manager, and ActionManager™.

On May 14, 2008, Park City Group announced the results for its third quarter of fiscal 2008, ended March 31, 2008. Below are the Company's third quarter results along with Taglich Brothers' estimates (\$ thousands):

	<u>Q3 (03/08)A</u>	<u>Q3 (03/08)E</u>
Subscriptions	37	60
Maintenance and support	378	385
Professional services	26	100
License fees	<u>708</u>	<u>130</u>
Total Revenues	<u>1,150</u>	<u>675</u>
Total Operating Expenses	<u>1,743</u>	<u>1,840</u>
EBITDA	(423)	(1,015)
Operating Income (loss)	(594)	(1,165)
<i>Operating Margin</i>	-51.67%	-172.52%
Total Other Income (expense)	<u>403</u>	<u>8</u>
Pre-Tax Income (loss)	(191)	(1,157)
<i>Pre-Tax Margins</i>	-16.64%	-171.34%
Income Tax Expense (Benefit)	<u>-</u>	<u>-</u>
<i>Tax Rate</i>	0.00%	0.00%
Net income (loss)	<u>\$ (191)</u>	<u>\$ (1,157)</u>
Accrued preferred dividend	98	75
Net income (loss) to common shareholders	<u>\$ (289)</u>	<u>\$ (1,232)</u>
Earnings per share	<u>\$ (0.03)</u>	<u>\$ (0.13)</u>
Avg Shares Outstanding	9,209	9,210
Year /Year Growth		
Total Revenues	130.76%	35.54%

** Please view our disclaimer located on page 5.*

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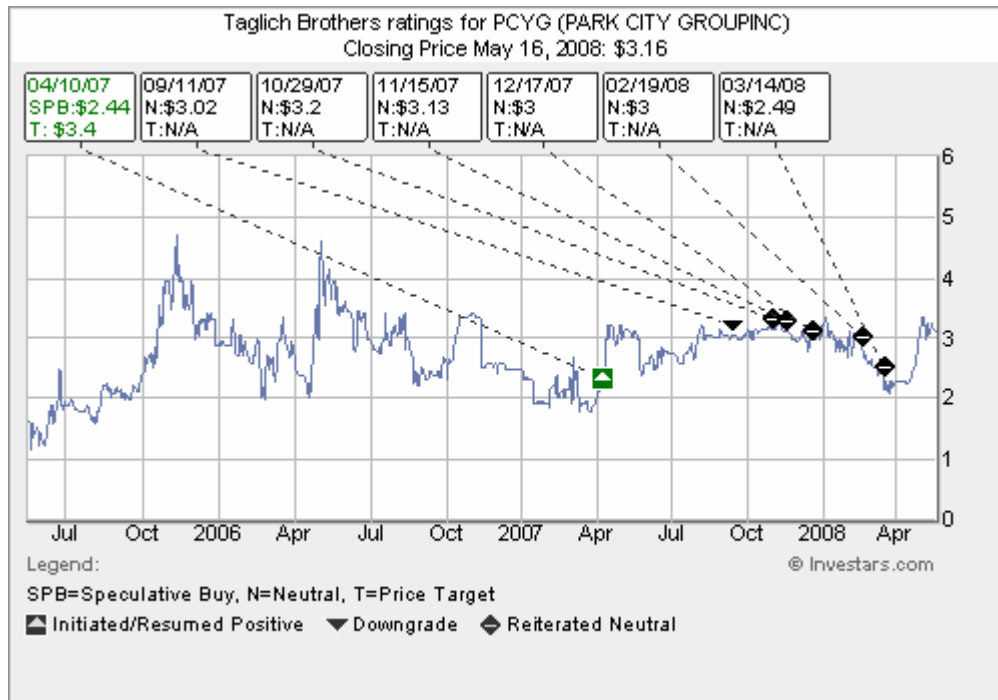
www.taglichbrothers.com

Estimate Analysis: Top line results significantly outpaced our forecast. Total revenues were \$0.475 million or 70% better than our forecast, primarily due to license fee revenue. We had estimated the Company would generate \$0.130 million in license fees and the Company was able to generate \$0.708 million in license fees during the quarter from two customers. Bottom line results also were well above our forecast, primarily due to higher revenues and the monetizing of the Company's patent portfolio, which generated approximately \$0.400 million in other income.

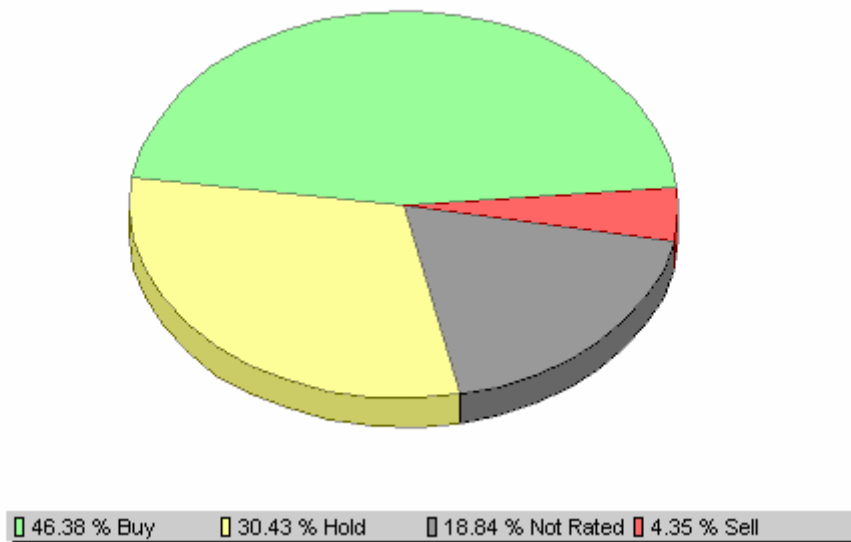
Rating: Currently, we are maintaining our Neutral rating on Park City Group.

Risks: Please review our latest research report (March 14, 2008) for a summary of the principal risks underlying the stock.

Park City Group, Inc.



Taglich Brothers Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months		
Rating	#	%
Buy	0	0
Hold	1	6.67%
Sell	0	0
Not Rated	0	0

Meaning of Ratings

Buy

We believe the Company is undervalued relative to its market and peers. We believe its risk reward ratio strongly advocates purchase of the stock relative to other stocks in the marketplace. Remember, with all equities there is always downside risk.

Speculative Buy

We believe that the long run prospects of the Company are positive. We believe its risk reward ratio advocates purchase of the stock. We feel the investment risk is higher than our typical “buy” recommendation. In the short run, the stock may be subject to high volatility and continue to trade at a discount to its market.

Neutral

We will remain neutral pending certain developments.

Underperform

We believe that the Company may be fairly valued based on its current status. Upside potential is limited relative to investment risk.

Sell

We believe that the Company is significantly overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.

* The information and statistical data contained herein have been obtained from sources, which we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to changes in figures or our views. This is not a solicitation of any order to buy or sell. Taglich Brothers, Inc. is fully disclosed with its clearing firm, Pershing, LLC, is not a market maker and does not sell to or buy from customers on a principal basis. The above statement is the opinion of Taglich Brothers, Inc. and is not a guarantee that the target price for the stock will be met or that predicted business results for the company will occur. There may be instances when fundamental, technical and quantitative opinions contained in this report are not in concert. We, our affiliates, any officer, director or stockholder or any member of their families may from time to time purchase or sell any of the above-mentioned or related securities. Analysts and members of the Research Department are prohibited from buying or selling securities issued by the companies that Taglich Brothers, Inc. has a research relationship with, except if ownership of such securities was prior to the start of such relationship, then an Analyst or member of the Research Department may sell such securities after obtaining expressed written permission from the Director of Research. All research issued by Taglich Brothers, Inc. is based on public information.

As of May 16, 2008, Michael Taglich, President, and Robert Taglich, Managing Director, each own 89,860 shares and 72,727 shares, respectively, of PCYG restricted common stock from the June 2006 offering. Taglich Brothers, Inc. has an Investment Banking relationship with the company. As of May 16, 2008, Michael Taglich, President, and Robert Taglich, Managing Director, each own or have a controlling interest in 30,840 and 25,709 shares, respectively, of PCYG Series A 7% Convertible Preferred from the June 2007 private placement. As of May 16, 2008, Michael Taglich and Robert Taglich, each own 103,242 warrants that were attained from private placements for the company in June 2006 and June 2007. Also, Michael Taglich owns or has a controlling interest in 65,000 common shares and Robert Taglich owns or has a controlling interest in 5,000 common shares. Doug Hailey, Director of Investment Banking, owns 27,263 warrants that were attained from private placements for the company in June 2006 and June 2007. Robert Schroeder, Vice President of Investment Banking, owns 80,880 warrants that were attained from private placements for the company in June 2006 and June 2007. Vincent Palmieri, Vice President of Capital Markets, owns 23,627 warrants that were attained from private placements for the company in June 2006 and June 2007. Michael Brunone, Executive Vice President, owns 14,418 warrants that were attained from private placements for the company in June 2006 and June 2007. Russell Bernier, Vice President of Institutional Sales, owns 6,280 warrants attained from private placements for the company in June 2006 and June 2007, as well as 2,154 shares of PCYG Series A 7% Convertible Preferred from the June 2007 private placement. Richard Oh, Managing Director and Director of Research, owns 17,534 warrants that were attained from private placements for the company in June 2006 and June 2007. In June 2006, Taglich Brothers, Inc. raised \$5,000,000 for the company through a private placement of 1,183,149 shares of unregistered common stock. Also, in June 2007, Taglich Brothers, Inc. raised \$5.840 million for the company through a private placement of \$10 Series A 7% Convertible Preferred, which is convertible at \$3.00 per share.

All research issued by Taglich Brothers, Inc. is based on public information. The company paid for the creation and dissemination of research reports for the first year a monetary fee of \$21,000 (USD) on September 2006, and since May 2008 pays a monthly monetary fee of \$1,750 (USD) to Taglich Brothers, Inc., for the creation and dissemination of research reports.

I, Howard Halpern, the research analyst of this earnings note, hereby certify that the views expressed in this note accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.