

PAULSON INVESTMENT'S WESTERGAARD CONFERENCE ATTENDEES PREDICT GROWTH IN MICRO AND SMALL CAP MARKETS IN 2009 DESPITE ECONOMIC TURMOIL

More Than 400 Small and Micro Cap Investment Professionals Surveyed

PORTLAND, Ore. – (MARKET WIRE) – November 13, 2008 – Paulson Investment Company, Inc., a wholly-owned subsidiary of Paulson Capital Corp. (Nasdaq: PLCC), polled micro and small cap industry experts and executives at the 31st Annual Westergaard Conference in New York City on November 12, 2008 for their outlook on the 2009 micro and small cap market. The survey revealed that just over 91 percent feel current market uncertainty is expected to hinder micro and small cap investments this quarter. However, the survey results reflected an expectation of moderate growth for micro and small cap investments in 2009.

“This marks the sixth consecutive year of surveying Westergaard Conference attendees on their micro and small cap outlook for the following year,” said Trent Davis, President and Chief Executive Officer of Paulson Investment Company, Inc. “Despite the current economic climate, investment professionals still see growth opportunities for micro and small cap companies in 2009.”

Micro and Small Cap Investment Activity in 2009

More than half of respondents expect activity to increase for micro and small caps in 2009. Despite the consensus for growth, respondents are more cautious than last year when 76 percent predicted growth in 2008. Only nine percent expect significant growth in 2009, and more than 45 percent expect moderate growth.

Expected Activity in Energy and Biotech/Pharmaceutical/Healthcare Sectors

Conference attendees were asked to choose micro or small cap sectors that would likely be the most active in 2009. Consistent with last year, attendees selected both Energy and Biotech/Pharmaceutical/Healthcare as the most active sectors.

Internet Content/Commerce was the third choice with approximately 11 percent of attendees expressing that this sector will be active in 2009. Software and Security tied for the fourth and fifth most active sectors, selected by eight percent of the attendees.

Fourth Quarter 2008

When polled about the current credit crisis and volatility of the market in the fourth quarter of 2008, approximately 91 percent of respondents felt that the current economic state could potentially drive investors away from micro and small cap investments. Approximately half of those respondents anticipate moderate downturn in the sector this quarter.

About Paulson Investment's Westergaard Conference

Paulson Investment's 31st Annual Westergaard Conference showcased small and emerging growth companies focused on establishing leadership in a broad range of industry sectors, including alternative and conventional energy, consumer products, environmental, financial services, healthcare, industrial, security and technology. Founded in 1978 by noted small cap analyst John Westergaard, this conference provides a venue for select micro and small cap companies to share detailed insight into their business operations, short- and long-term growth strategies, and industry vision.

About Paulson Capital Corporation

Paulson Capital Corporation is the parent company to Paulson Investment Company, Inc. Headquartered in Portland, Oregon, Paulson Investment Company, Inc. is the Northwest's largest independent brokerage firm and a national leader in public offerings of small and emerging growth companies with capital needs of \$5 million to \$45 million. Founded by Chester “Chet” Paulson in 1970, it has managed or underwritten 163 securities offerings and has generated more than \$1.2

billion for client companies. The firm's enduring success stems from its ability to recognize emerging industry trends and from supporting emerging companies pioneering positive change and advancements in those related markets.

With corporate and independent retail brokerage offices located in 10 states throughout the country, Paulson Investment Company, Inc. aims to earn and build trust with retail and select institutional investors through highly customized financial portfolio management, diversified financial products and service offerings and effective administration and execution of investment strategies that specifically address individual risk tolerance levels. In addition, Paulson Investment Company, Inc.'s brokerage clients look to the firm for compelling new investment ideas in the small and emerging growth markets.

Paulson Investment Company, Inc. was the managing underwriter for the initial and/or secondary public offerings for one or more of the presenting companies. Paulson Investment Company, Inc. may make a market in one or more of the securities for the presenting companies. These markets may, however, be changed at any time without notice. Individuals associated with Paulson Investment Company, Inc. and its officers and/or directors may hold shares in companies affiliated with this conference and may increase or decrease such holdings without notice.

This release may contain "forward-looking statements" based on current expectations but involving known and unknown risks and uncertainties. Actual results of achievements may be materially different from those expressed or implied. The Company's plan and objectives are based on judgments with respect to future conditions in the securities markets as well as general assumptions regarding the economy and competitive environment in the securities industry, which can be volatile and out of our control. In particular, we make assumptions about our ability to complete corporate finance transactions and increase the volume and size of our securities trading operations, which are difficult or impossible to predict accurately and often beyond the control of the Company. Therefore, there can be no assurance that any forward-looking statement will prove to be accurate.

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