



August 14, 1997

Mr. David Campbell
President
Product Services Marketing Group
20354 Empire Avenue, Suite D1
Bend, OR 97701

Dear Mr. Campbell:

In response to your fax request of this afternoon, the Alternative Agricultural Research and Commercialization (AARC) Corporation has reviewed the status of Oil Gator with leading scientists in academia and within the U.S. Environmental Protection Agency (EPA). Based on that review and the company's projected sales, AARC is in the process of making a follow-on investment in Product Services Marketing Group (PSMG). AARC's first investment in PSMG was made in March of this year. Our proposed follow-on investment is an indication of the confidence the U.S. Department of Agriculture has in the bioremediation properties and market potential of PSMG's Oil Gator product.

During AARC's pre-investment due diligence review of PSMG, we learned that while U.S. government agencies, such as EPA, will in some cases verify the performance of certain branded products, they cannot issue specific product endorsements. However, AARC has obtained the results of several private sector trials of Oil Gator which document the bioremediation attributes of the product.

We are happy to answer any questions regarding AARC's due diligence review of PSMG.

Sincerely,

ROBERT E. ARMSTRONG, Ph.D.
Acting Executive Director

cc: Dr. Ralph Hardy

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