

July 28, 1988

Marianne L. Schuler
The Barnes Group
1996 Baymeadows Way
Citrus Heights, CA 99456

Re: Investment survey results

Dear Ms. Schuler:

The results of the most recent investment criteria used by 100 venture capital firms revealed that management comes first and product second. The survey, conducted by Eagle State Bank's Investments division, asked 100 venture capital firms to rank on a scale of 1 to 4 the factors they considered before investing in venture proposals.

Here is the list of the 10 criteria most frequently rated by the survey respondents:

<i>Capable of sustained intense effort</i>	64%
<i>Thoroughly familiar with market</i>	62%
<i>At least ten times return in 5 to 10 yrs</i>	50%
<i>Demonstrated leadership in the past</i>	50%
<i>Evaluates and reacts to risk well</i>	48%
<i>Investment can be made liquid</i>	48%
<i>Significant market growth</i>	43%
<i>Track record relevant to venture</i>	37%
<i>Articulates venture well</i>	31%
<i>Proprietary protection</i>	29%

I hope this information proves useful to you. If you have any questions please do not hesitate to call.

Sincerely,

Peter C. Gambel
Director, Investments DivisionIAHA4bcdt2cgEagle State Bank Letter