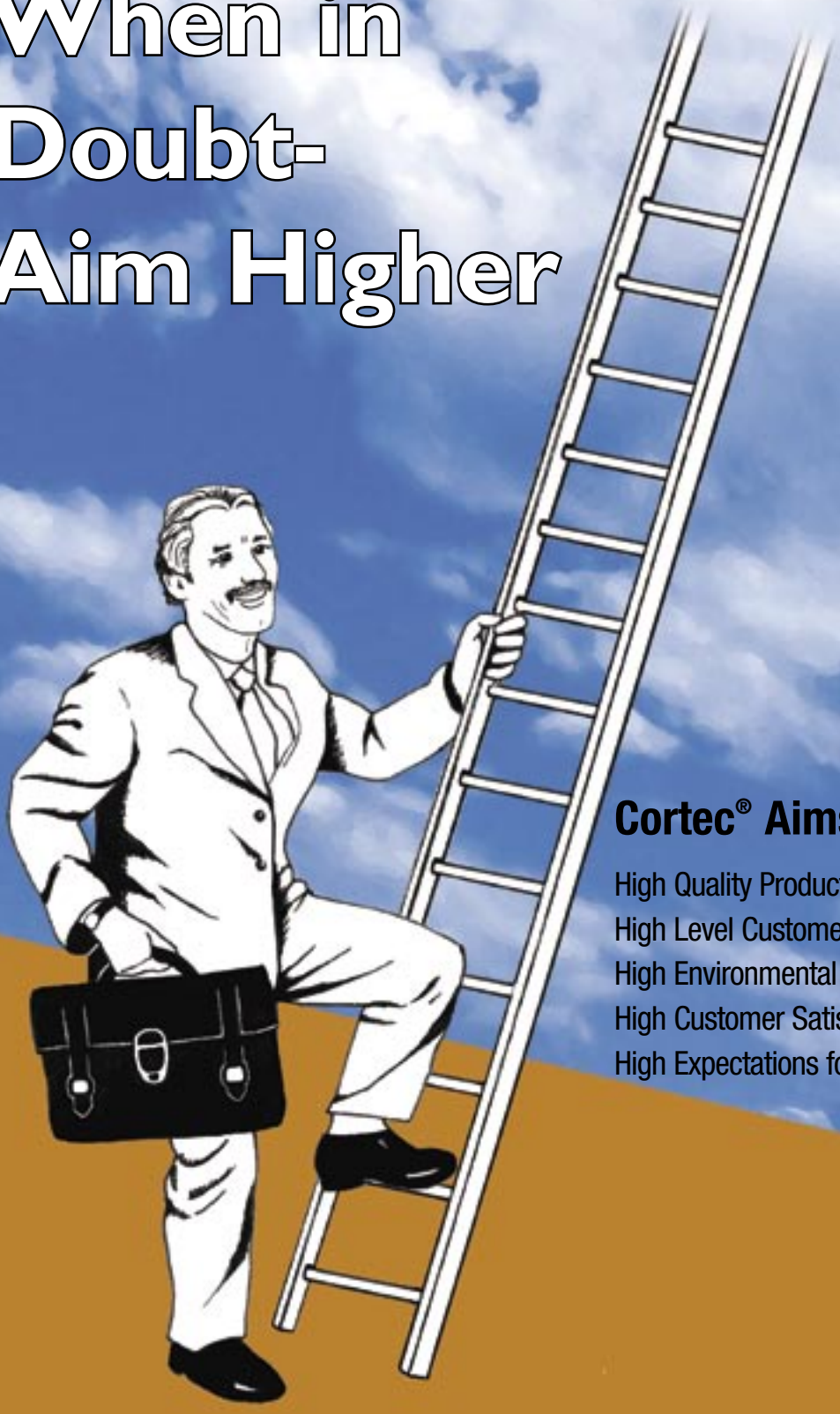
CORTEC Vision

When in Doubt- Aim Higher



Boris 30 Years in the U.S.
A 30 Year Adventure

$100 Million in 5 Years
Cortec® Sets a New Goal

Root for the 'Little Guy'
Cortec® Competes with Chemical Conglomerates

Cortec® Aims High:

High Quality Products
High Level Customer Service
High Environmental Concern
High Customer Satisfaction
High Expectations for the Future!

In this Issue...

$100 MILLION *in* 5 YEARS

2003 was yet another record-breaking sales year for Cortec® Corporation. Cortec® is the world's leader in environmentally friendly VpCI® technology. The line of products that Cortec® has developed is the most diverse in the industry; and these high quality products are now warehoused throughout the U.S. and in 70+ countries worldwide. With so many achievements to boast of, one might expect Cortec's CEO, Boris Miksic, to kick off his flip-flops, grab a margarita, and enjoy the fruits of his labor 'Jimmy Buffet style'.

Instead, Boris has set a new goal for Cortec® Corporation: reach $100 million in sales in 5 years. It sounds like an impossible mission in such tough economic times, but Cortec® has broken through seemingly impossible barriers before. The secret weapon that allows expectations to be exceeded time after time is the dedication and focus of the talented professionals that make up Cortec®. The drive to succeed that inspired Boris to start Cortec® motivates the individuals that comprise Cortec® today. With the quality policy in mind, Cortec® is ready to attack its next challenge: $100 in 5.

Maybe when this new goal has been realized, the entire Cortec® family will kick off its flip-flops and toast its success to the tune of Margaritaville.

Quality Policy

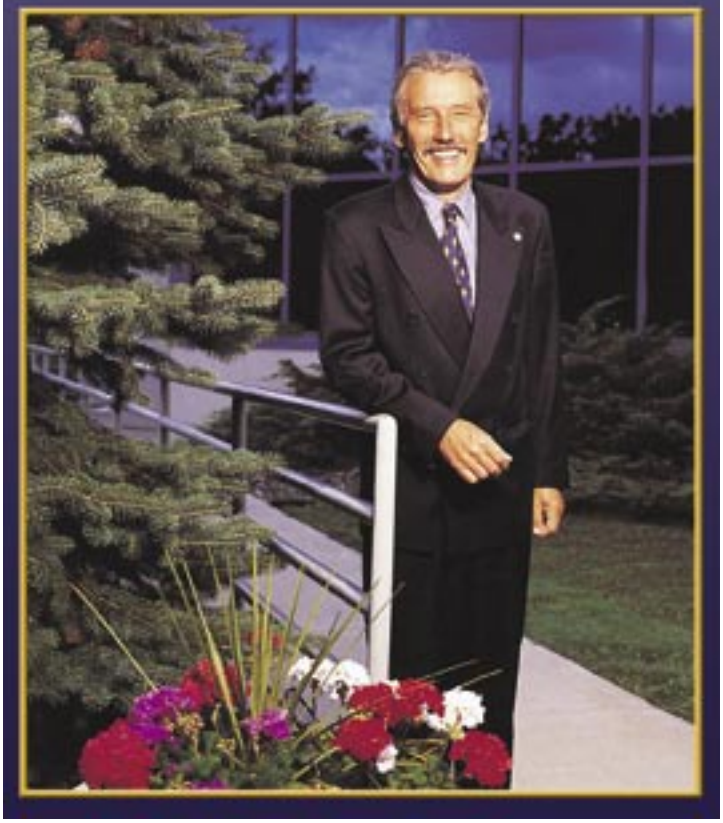
Responsibilities:
We commit to fulfill our customers' needs worldwide. To do so, we will:

- Achieve excellent service, timely delivery and continue to develop high quality, innovative products.
- Continually strive for overall quality and customer satisfaction in products delivered, services rendered, and all aspects of our business.
- Employ practices which will encourage continuing improvements in quality throughout all facets of Cortec®.
- We will encourage a safe and productive work environment and environmentally sound practices.

HOME TOWN FIELD TO BIG LEAGUE PLAYER

Boris Miksic Celebrates 30 Years in the United States

Is anyone you know looking for a good story to make into a movie? I've got a great one- it's about a man who narrowly escapes becoming a political prisoner of his native country, immigrates to the United States with almost no money and then starts a garage-based business which grows into a multimillion dollar enterprise. Oh, and did I mention that along the way he is hunted by secret communist police, survives a home explosion and barely misses a doomed flight? It sounds like an over-the-top Hollywood thriller; yet, it's actually a true story. It's Boris Miksic's story.



The story starts in Zagreb, Croatia; however it wasn't Croatia at the time, it was communist controlled Yugoslavia. While in college, Boris helped lead a student movement demonstrating for more freedoms. While it was a cause that he passionately believed in, his actions angered the ruling communist party. With a new diploma in hand and the communist police only moments behind, Boris escaped Yugoslavia into Austria and then came to the United States. When he arrived he had only $37 dollars in his pocket and a pregnant wife.

Unable to speak English, Boris started out washing floors at McDonald's. Fortunately, since he had a degree in mechanical engineering, some friends were able to find him a job with a chemical company in Minnesota. Boris had a strong desire to succeed and learned everything he could about the industry he was newly employed in. After several years of studying corrosion problems and solutions, Boris began to form innovative ideas for new technologies in the field. However, his ethically questionable employer was short sighted and dismissed Boris's out-of-the-box thinking.

It was 1977 and once again he was feeling trapped when fate stepped in and his life took another dramatic turn. A natural gas leak caused an explosion that destroyed his home, injured his wife and left his baby daughter in critical condition. The tragedy forced him to re-evaluate his priorities as his family healed, and he decided to break out on his own. He started his own business called Cortec®, short for corrosion technologies.

Boris's Hugo, MN garage- the birthplace of Cortec® Corporation

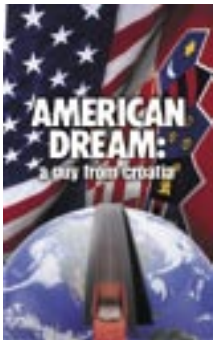
Cortec® got its start in Boris's Hugo, MN garage. At the time it was estimated that corrosion was costing the United States economy alone $146 billion a year- and that was a modest number. Due to this tremendous need, Cortec® flourished, growing in leaps and bounds year after year. In 1983 Inc. Magazine listed Cortec® as one of the 500 fastest growing companies in the U.S.

However, partially due to the rapid growth, in 1984 Boris was looking for a buyer to help Cortec® out of its financial growing pains. The packaging giant Sealed Air stepped in. The new management lacked the necessary background in corrosion technologies and after two short years they asked Boris if he wanted to buy Cortec® back.

Boris jumped at the opportunity and restored Cortec® to its previous glory by using stronger financial and manufacturing controls and by obtaining ISO 9001 and 14001 certifications. With Cortec® once again thriving, Boris looked to invest in the newly independent Croatia. He was part of a group of 30 American business leaders looking to bring commercial opportunities to the new country; however, at the last minute he was called away to a meeting. He was in Paris when he received the news- the flight had crashed and there were no survivors.

Boris's close call didn't slow him down; with his leadership, Cortec® has continued to grow. Today Cortec® Corporation is the leader in the VpCI®/MCI® corrosion prevention industry with four major manufacturing plants and seven offices worldwide, including a warehouse in Boris's native Croatia. Throughout his adventure, Boris has maintained his innovative thinking that gave Cortec® it's start in 1977; in fact, currently Boris/Cortec has 30+ patents in several countries. He also is a generous philanthropist supporting organizations both in Croatia and here in the U.S.

This year marks Boris's 30th anniversary of arriving in the United States. His story is truly an American Dream. With hard work and a lot of luck Boris has transformed himself from the poor immigrant escaping the communist oppression of his homeland to the owner of a multimillion-dollar international company. Boris Miksic's life story is perfect for the Big Screen- complete with the Hollywood happy ending; however, he's not done yet and there's always room for a sequel.



Do you want to know the whole story? Request a copy of Boris's book 'American Dream: A guy From Croatia' at : info@cortecvci.com

Uncle Sam Shops for Bio Products

Buying eco-based products has always been the politically correct thing to do; and, now it's mandatory for U.S. government agencies. Part of the 2002 Farm Security Act and Rural Investment Act requires federal agencies to buy bio-based products when they are available, affordable and meet performance requirements.

Federal government purchasers spend billions of dollars every year on products that could be substituted with bio-based products. The federal mandates preference for

Cortec® bio-based products like EcoWorks biodegradable bags could receive preference other products by U.S. government purchasers.

bio-based products for 11 categories:

- Adhesives
- Construction material and composites
- Fibers, paper and packaging
- Fuel Additives
- Landscaping materials, compost and fertilizer
- Lubricants and functional fluids
- Plastics
- Paintings and coatings
- Solvents and cleaners
- Sorbents
- Plants and vegetable oils

This opens a window of opportunity for Cortec® Corporation. Cortec® offers several lines of bio-based products including EcoLine™, EcoSpray™, EcoClean™, EcoAir® as well as the biodegradable and compostable EcoWorks™ films and bags. All of these products could receive preference by federal agencies.

New Technologies in Metalworking, New Opportunities for Cortec®

The metalworking industry has some new ideas and technologies to explore. More and more businesses are offering dry and near-dry machining options. Proponents of this new approach say that they can drastically reduce the need for expensive metalworking fluids, without sacrificing the finished product's quality. Perhaps counter-intuitively this change could provide a wealth of new business for Cortec®.

Traditionally, metalworking fluids have served as a coolant during machining and have provided some corrosion inhibition to the finished product. However, machining using large amounts of fluids has its drawbacks. Fluids are messy, they require significant storage space, pose health hazards to workers and stored fluids must be monitored closely to prevent the breeding of microorganisms. Dry and near-dry machining therefore offers a significant advantage in that it can be a less-expensive and a safer alternative in many situations.

However, this technology does have a few of its own disadvantages. One of which is that without the corrosion-inhibiting fluids the finished piece is more vulnerable to its environment. This is where Cortec® comes in. Cortec's VpCI® technology provides superior corrosion protection and is available in a variety of forms. Cortec® can protect dry machined parts with coatings such as VpCI®-377 or with VpCI® packaging products like VpCI®-126 Film or VpCI®-146 paper.

Granted, dry and near-dry machining technologies are still in their infancy; however, it has the potential to be the next big thing in the metalworking industry. Already automotive manufacturers are choosing dry machining in one-third of their new machinery purchases. Regardless of how big the dry machining trend grows, Cortec® is poised to fill the corrosion inhibition need it will create.

Congratulations Predrag and Antonija!

Predrag Mrvic, Cortec's Web Developer, will wed his long-time girlfriend Antonija Malek on August 21, 2004. Predrag works remotely from Osijek, Croatia where he is finishing his degree at the Faculty of Electrical Engineering J.J. Strossmayer for a Bachelor of Science in Computer Engineering. Predrag is responsible for the day to day maintenance of the Cortec® web sites as well as the back end improvements and upgrades. Predrag has been part of the Cortec® team for a year.

The happy couple at their engagement party last December.

INDUSTRY GIANTS Don't Scare Cortec

Many people ask how Cortec®, a relatively small company, can compete with the billion dollar chemical giants lumbering about in the industry. Cortec's advantages fall within four major categories: products, service, speed and drive.

In the chemical industry, no company will be able to stand the test of time without a solid foundation of quality products. Cortec® Corporation was the first company to develop corrosion prevention technology on the molecular level. Cortec® is the best at VpCI® development, creation and application. In fact, no competitor even comes close. Cortec® has incorporated its VpCI® technology into a variety of materials including coatings, rubbers, sealants, adhesives, water and oil additives, films, papers and many more. Throughout the years Cortec® has maintained complete control of the development, engineering and manufacturing of its products ensuring a consistently high quality product.

Cortec® backs its superior products with outstanding customer service, technical support and sales teams. Product specialization by team members helps customer service since they are familiar with their unique needs. Additionally, Cortec® has customer service members dedicated to the unique concerns of our domestic and international customers. The technical support and sales teams are comprised of experts in their fields and product lines. The Technical Support professionals work every day on the research and development of our technologies and are able to answer even the most specific of questions. The Cortec® Sales Department understands the importance of supporting Cortec® Representatives and Distributors with continuing training, trade show participation and in-the-field sales and technical support whenever possible.

Cortec® is privately owned and lead by Boris Miksic. Decisions are made by a tight-knit group of well-educated professionals. This allows Cortec® to adjust quickly to changes in the chemical industry as well as the world economy. Additionally, Cortec® is able to meet the specific needs of it's customers with custom products, whereas large corporations may have difficulty in providing for the specialized needs of individual customers. Cortec® is quicker at making critical decisions. Cortec® can have a new product on the market before massive chemical companies can finish their first round of committee meetings.

Finally, as a company, Cortec® just plain has more heart. Cortec® has an entrepreneurial atmosphere that provides a fire-in-the-gut drive to continually innovate and improve. Cortec® employees know they have superior products, service, speed and drive; and, the knowledge that Cortec® can compete and beat the industry giants is a massive motivating force. Cortec® may be the 'little guy' in the chemical industry, but the people of Cortec® know that when they work together towards a common goal, there really is nothing they cannot accomplish.

European Strategy & Sales Meeting
Mark your calendars! Please join us in Split, Croatia September 20-21, 2004. Together participants will expand their knowledge of Cortec products and sales tactics while building a strategy for the European market. *For more information visit: www.cortecvci.com/whats_new*

Cortec® Wins!

Miksic Wins NACE Speller Award

Boris Miksic was honored with the prestigious Frank Newman Speller Award at Corrosion/2004, NACE International's 59th annual conference. The NACE Speller award recognizes significant contributions to corrosion engineering. Boris was chosen to receive this honor in recognition of his life's work in the development and application of organic corrosion inhibitors technology.

Boris improved, developed and further engineered the principle of Vapor phase Corrosion Inhibitors (VpCI®) and Migratory Corrosion Inhibitors (MCI®) in 1977 when he established Cortec® Corporation. At the time conventional thinking held that corrosion could be prevented only through barrier methods; the idea of preventing corrosion at a molecular level was virtually unheard of. However, Boris's continuing improvement of VpCI®/MCI® technologies has dramatically improved the industries ability to control corrosion.

Cortec® Wins NACE 'Distinguished Organization Award'

NACE International also awarded Cortec® Corporation the Distinguished Organization Award at the same conference! This honor is given each year to an organization that has made outstanding contributions to the field of corrosion science. Cortec® was recognized for its research, development, manufacturing and marketing of industrial and consumer Vapor phase Corrosion Inhibitor (VpCI®) technologies. Cortec is the first company in NACE history to win both awards in the same year.

Cortec® in the Press

Cortec® Helps Preserve M-16 Rifles

In the 2004 March edition, Packaging World Magazine reported on a winning combination of technologies that helped keep the U.S. Marine Corps M-16 rifles corrosion-free. Durable, reusable bags were designed using CorrLam low-density polyethylene film treated with Cortec's VpCI® on the interior of the bag. The final bag kept the rifle rust-free and eliminates much of the cost, labor and waste associated with other preservation systems.

Cortec® Insures 'Insurance Spares' will be Corrosion Free When Needed

Materials Performance magazine featured an article describing how Cortec® products were able to solve a tricky corrosion problem for a U.K. company. This company was looking for a solution to its corrosion problems when trying to preserve spare parts kept in the event of an emergency. These 'insurance spares' needed to be kept in a condition where they would be ready to use quickly. The parts were often kept in outdoor storage facilities for several years. Previous attempts at preservation included coating the spares with paints and primers; however, that solution only worked for a short time and was therefore partially successful. A maintenance system of Cortec's VpCI® powders and films was introduced. The Cortec® Preservation system has been successful for five years. Additionally, the cost of the VpCI® system was recovered in the first year when a major insurance spare was pulled from storage and able to be shipped immediately.

Cortec® News Alerts

Florida's EPA Approves Cortec® VpCI®

Recently Cortec's VpCI® powders have been approved by Florida's DEP (Department of Environmental Protection) as an acceptable 'alternate procedure' of the protection of above ground tanks.

For the protection from rust of the annular space between the double bottoms, Cortec's VpCI® powders provide an excellent corrosion defense alternative. The powders can be used as a supplement for an existing CP (Cathodic Protection) system or when a CP system is not functioning properly.

Cortec® Coated Products Division Improvements

Cortec® Coated Products Division (CCPD) is the newest addition to the Cortec® family and it is already providing Cortec® customers with more product options while keeping costs down. CCPD is proud to announce some of its newest additions and improvements:

- VpCI® paper sheet stock in various sizes.
- 60# in stock and custom sizes.
- EcoShield repulpable/recyclable barrier papers. EcoShield papers are excellent replacements to wax and polycoated papers and are available with and without a VpCI® coating.

Have You Heard? Daubert and Cromwell Phoenix are Merging

Daubert, 2nd largest in the industry, and Cromwell Phoenix, 4th largest, two of Cortec's major competitors in the corrosion inhibition industry have announced that they are merging. This is good news for Cortec®. The merger is a sign of weakness, indicating that both companies are shrinking due to the competitive market pressure coming from Cortec®. They are combining their manufacturing capabilities into a smaller facility. In comparison, Cortec® is expanding its manufacturing facilities upwards of 300,000 sq. ft. total*. Cortec® is setting new goals, breaking new records and adding new equipment and capabilities. The Daubert/Cromwell Phoenix merger is more evidence of Cortec's strength as the leader of Vapor phase Corrosion Inhibition (VpCI®) technologies. Cortec remains firmly in a number one position even after this merger. **For more information, see 'Cortec® News Alerts' above.*

- VpCI® treated linerboard that can be used in corrugated boxes, single-walled containers such as battery boxes, end closures for shipping tubes, insert strips for recessed areas in large packages, or as sheet liners or separators.
- Calendered papers and films for the release paper industry and the high quality printing market.
- Almost unlimited printing, sheeting, and/or slitting capabilities.

Cortec® Advanced Films Division (CAFD) Improvements

Cor-Pak® Stretch Film has been a staple in rolled steel protection because it is a high-performance, cost-effective means of corrosion protection. To ensure our stretch film is better than the competition, we have again invested in new equipment to provide better film quality.

The new state-of-the-art winder was designed and built solely for blown VpCI® stretch film. The winder is placed after the coextruder and carefully winds the film onto the rolls you receive. This new custom winder ensures film is produced with variation in tension and eliminates blocking.

Pound for pound and kilogram for kilogram, Cor-Pak® VpCI® Stretch Film is the best corrosion inhibiting film available anywhere in the world!

The latest expansion of 20,000 sq. ft. will bring into service one of the largest blown film lines in North America. Line 21 is capable of producing films, tubing and gusseted bags using the latest IBC (internal bubble cooling) technology. The production rates will be over 3,500 lbs/hr.

The new equipment will allow greater control over key properties of the film—cling, tension, strength and others. Combined with a multi-million dollar coextrusion line, CAFD is the most advanced corrosion-inhibiting stretch film production facility in the world.

Case History Abstracts

2001 World Trade Center Memorial (081)

A MN company supplied raw materials used to build the World Trade Center, which made the tragedy of 9/11 especially meaningful for them. A memorial was established at their main entrance soon after the tragedy. Cortec® donated product and labor to remove existing corrosion from the monument. VpCI®-386 Clear, VpCI®-418 and VpCI®-426 Rust Remover were used in the restoration and will ensure that the monument stays corrosion-free for years to come.

Export Packing and Crating with VpCI® Protection (235)

What does a customer do when looking for an alternative to coatings, greases, desicants and vacuum packaging for long-term storage? Cortec's solution to this storage problem used Cortec's VpCI® 126 and 132 foam. Cortec's products were more effective, less expensive and did not require clean up before product use.

Boiler Lizard Does Laundry (232)

A commercial laundry facility needed to take one of its firetube boilers off-line for a year. They explored conventional lay-up solutions and found them to be costly and labor intensive. Instead, they used Cortec's VpCI® Boiler Lizard for dry lay-up, which was a cost-effective, and simple corrosion prevention solution.

Protecting Parts for a Power Plant (227)

Large sections needed for the construction of a power plant arrived partially corroded from the manufacturer to the job site. Storage in a harsh outdoor environment until needed, which was the dilemma being faced. Cortec's VpCI®-389 and VpCI®-309 provided a solution that was non-toxic, easy to apply and would not require removal.

Cleaning and Preservation of Spare Parts (237)

Significant corrosion on spare parts is a regular concern for manufacturing facilities. Cortec® used combinations of VpCI®-414, VpCI®-422, VpCI®-368, VpCI®-126 Bags and Corwipe 500 to clean and protect the spare parts. After a year in storage, the customer found all of the parts are still in perfect condition.

MCI® and the Construction of the World's Largest Mosque (236)

MCI® 2021 and MCI® Architectural Coating is being used in the construction of the Grand Mosque in United Arab Emirates. Cortec's MCI® products provided an environmentally friendly water-based corrosion prevention system for the Mosque that protected the embedded rebar in the concrete as well as forming a protective barrier from the elements.

Preservation of Naval Aircraft Engines (233)

The Indian Navy was using a corrosion prevention method for aircraft engines that was labor intensive in both application and removal, expensive, toxic and had to be reapplied every quarter. Using VpCI®-416/377, VpCI®-132, VpCI®-146, and VpCI®-126 film Cortec® was able to design for them a corrosion protection system that was quick to apply and remove, non-toxic, 60-70% less expensive and effective for two years.

New Additions to the Cortec Team

Alisha Clarin has been our Customer Service Assistant since the end of Feb. '04. Alisha comes to us with five years experience in customer service at various companies. She enjoys playing with her 20 month old daughter and playing X-Box games.

Debbie Cook has been our Document Production person since Dec. '03. She enjoys restoring her 1985 El Camino and also keeps busy with her five children.

Keith Kao has been our Customer Service Assistant since the beginning of March '04. Keith comes to us with over 2 years of customer service experience. He moved here from Phoenix in 1984. Keith enjoys all sports especially basketball.

Joe Stark has been our Human Resources person working part-time since Feb. '04. Joe comes to us with over fifteen years of Human Resource Generalist experience. He enjoys the outdoors, especially fishing and keeps busy with his two kids' activities.

Dawn Wrich has been our part-time Document Production person since March '04. She comes to us from Deluxe Corp. with 23 years of experience. Dawn enjoys going to her farm in Siren, Wisc. where she likes fishing and gardening.

Mary Frisinger has been our part-time Sales Assistant Since March '04. She comes to us with over 15 years of administrative experience working in the medical field.

Karl Breiland has been a day shift Machine Operator in the Extrusion Department since March '04. Karl is a Persian gulf veteran with experience in assembly, printing, plastic injection molding and printed circuit board production.

Dean Crider has been a night shift Machine Operator in the Extrusion Department since March '04. Dean comes to us from a local landscaping company and has extensive farming experience. Dean enjoys golf, fishing, walking, and painting in his spare time.

Erick Gregerson has been a night shift Machine Operator in the Extrusion Department since Oct. '03. Erick is a Braham native with ties to many CAFD employees. Erick has been trained in the shipping and receiving functions at CAFD. Erick also assists maintenance whenever he can.

Eric Hadtrath has been a night shift Machine Operator in the Extrusion Department since Oct. '03. Eric is a Cambridge native with a heavy background in construction. Eric was married to Sarah in January of this year, they honeymooned at the North Shore. Congratulations Eric and Sarah.

Stacie Lien-Rubbert has been with CAFD since Feb. '04. Stacie started with us on day shift as a Converting Machine Operator. In March Stacie transferred to the office as an office assistant. Stacie is the wife of long-time extrusion machine operator Mike Ruppert. Stacie enjoys wildlife photography as a past time.

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