

January 20, 2003

Dear Colleagues,

Are you aware of the article that has been published in the December 18/25 2002 issue of Chemical Week Magazine?

Chad Holliday, Chairman and CEO of DuPont Chemical Company is featured on the cover reflecting "The 200th-Year Upgrade". He is seen smiling...

On page 36 of this issue (attached) Cortec is targeted as one of **"This Year's Crop of Hot Prospects. Getting Growth from High-Tech Products and Services"**. The article introduces Cortec from the start to what it is today, and where Cortec will be tomorrow. For Cortec employees and Cortec's sales network this article is an icon of success and good business.

So someday who knows ... hopefully sooner than later, Cortec will be up there with the big guys, DuPonts, Dows of this world!

Thank you for your support!



Boris A. Miksic
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Ernst & Young, LLP
Entrepreneur Of
The Year®



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DuPont

The 200th-Year Upgrade

CHAD HOLLIDAY
Chairman and CEO

A Chemical Week Associates Publication

This Year's Crop of Hot Prospects

Getting Growth from High-Tech Products and Services

Catalysts, corrosion control, cyclic resins, and nanomaterials are among the areas targeted by CW's 2002 Hot Prospects—fast-growing companies with sales under \$100 million. Most of these firms are less than a decade old and are pouring considerable resources into R&D to stay ahead of the pack.

Automotive Catalysts

Catalytic Solutions

A novel automotive catalyst technology is expected to generate rapid sales growth at Catalytic Solutions Inc. (CSI; Oxnard, CA). Analysts say the technology is a major threat to catalyst producers such as Engelhard and Johnson Matthey that account for the lion's share of the \$1.7-billion/year autocatalyst market. Shares in several auto catalyst suppliers moved lower earlier this year following an analyst report noting the threat from CSI's technology (CW, June 26, p. 12).

The technology, dubbed mixed-phase catalyst (MPC), was developed by Steve Golden, who founded CSI in 1996. "MPCs are made using an entirely different design approach than those of our competitors," Golden says. The MPCs contain a combination of several metals and metal oxides, mostly from the spinel and perovskite group of non-noble metals. The precious and nonprecious metal atoms, combined in the same structure, create a compound with "unexpected performance synergies," Golden says. "The complex oxide is the catalyst, not the precious metal, as is normally the case."

The technology allows automakers to meet emission standards while providing dramatic cost reductions, because it uses 50%-80% less platinum group metals than conventional technology, says William Anderson, CEO of CSI.

MPC technology has been used since 2001 on the Stpwn minivan in Japan made by Honda, which has a 10% stake in CSI. The company's big test will come in 2004 when the technology is introduced on a "major" 2005 model platform for General Motors. Anderson would not disclose the model. Lehman Brothers analyst Timothy Gerdeman speculates that the award will be a contract for more than 250,000 GM autos/year.

CSI is also eyeing the market for diesel fuel catalysts used on light trucks in Europe, Anderson says. He expects that market to grow from \$400 million today, to \$2.2 billion by 2008. Another major potential market is in selective catalytic reduction catalysts, used in power plants. GE Power Systems has taken an equity stake in Catalytic Solutions, and has also agreed to test the SCR technology at its power plants.

—ROBERT WESTERVELT

Corrosion Control Chemicals

Cortec

Cortec's (St. Paul, MN) owner and CEO Boris Miksic came to America in 1974 with just \$37 after fleeing Croatia, then part of Soviet-controlled Yugoslavia. A chance encounter with a U.S. businessman in Zagreb, Croatia in 1967, provided him with a sponsor who would later aid in his immigration to the U.S. and

help land him a job as a chemical engineer at Northern Technology (St. Paul, MN), a maker of corrosion control chemicals and equipment. Miksic became disenchanted by management and its practices, and decided to start up a company of his own, literally from his kitchen sink. From those humble beginnings, he has built a \$50 million/year business in corrosion control chemicals.

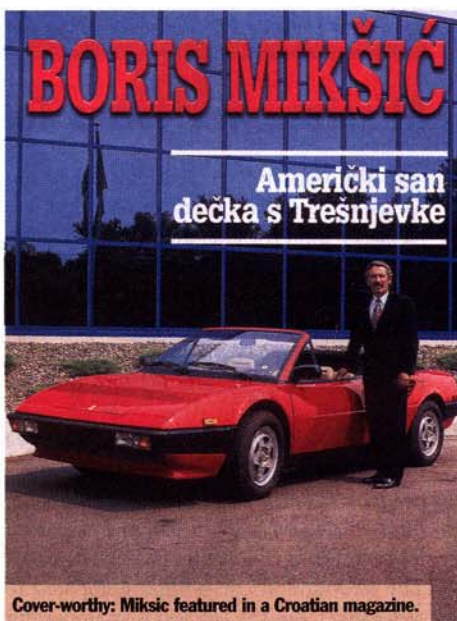
Miksic started Cortec in 1977 with a \$40,000 bank loan, and spent about \$8,000 of that on a mailing to a list of companies provided by the National Association of Corrosion Engineers (Houston). The respondents included Hitachi, who asked for more information and product samples. He immediately purchased a round-trip ticket to Tokyo. "The cost of the ticket didn't leave me with enough to pay for a hotel room, so I made a deal with Hitachi to pick up my room—a major departure from the way Japanese companies do business," he wrote in an autobiography published last year.

Miksic says he did not let on that the company was a one-man shop with no manufacturing capability. He was determined to get the business, however, and refused to leave Tokyo without a purchase order. He got the order—for \$3,000 worth of products. "We ground the chemicals in our kitchen sink with my wife's coffee grinder," he says. "The garage was our chemical plant and the basement was our warehouse." It all worked out. Hitachi was pleased and remains a Cortec customer.

Cortec managed sales of \$100,000 in its first year and has grown steadily, to about \$50 million in 2002. A weak economy has limited sales growth this year to 10%, a disappointment, as Cortec has steadily posted 20%/year growth since its inception. Miksic is confident that growth will rebound 20% or more in 2003, placing the company on target to meet its goal of \$100 million in sales within the next three to five years.

Miksic's target for Cortec is "20-20-20:" 20% growth in sales, 20% in overall sales from new products, and a 20% reduction in costs every year.

—RW



Cover-worthy: Miksic featured in a Croatian magazine.