

SETTLEMENT STATEMENT

Cortec Corporation and FPM, Inc. have settled their pending lawsuit in the United States District Court for the District of Minnesota. The settlement resolved the claims asserted by Cortec in its Verified Complaint and the claims asserted by FPM in its counterclaim. Questions related to the lawsuit may be referred to the pleadings filed in Federal District Court.

As part of the settlement, both parties deny any liability to the other, and both agree to abide by specific parameters governing the marketing of their competing technologies in the marketplace. The specific terms of the settlement are confidential, but both parties believe that the terms are fair and are pleased to have been able to resolve their differences.