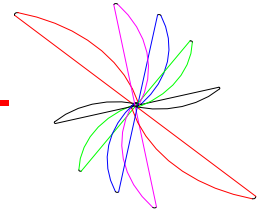


# Magnetec Inspection, Inc.

*Excellence in Eddy Current Inspection Technology & Failure Analysis*

P.O. Box 10 Aroma Park, IL 60910h 815-802-1363 Officeh 815-802-1250 Fax



UPDATE

August, 2009

This is an update from Magnetec Inspection informing you of our most current status as a viable and competitive NDE inspection company leading in today's active and growing energy industries. We want to keep our customers informed as to the continuing efforts we make in order to stay up to date and moving along with recent standards as well as pushing forward with our own unique steps toward previously uncharted progress. We have worked hard and diligently to better ourselves and it has been greatly paying off. Ideas are good but actions are even better!

Magnetec Inspection has enjoyed years of involvement as a key player in the field of Heat Exchanger tube inspection specializing in applied Eddy Current techniques as well as offering competence in other NDE methods as well. We have always considered ourselves an inspection company first and will do whatever it takes to get to the heart of a matter. Our customer base has grown significantly and kept us busy participating within a subjective trade where constant diligence to new and improved technologies & applications are paramount and a must in order to stay at the forefront of successful business practice. This is a well known phenomenon realized throughout any of today's modern and progressive business paradigms. A steady resolve to current accepted test methods, R&D, program efficiency, training, and reliable professional employee qualification has kept us running strong to this point and we expect continued improvement in all these areas plus more. We appreciate the opportunity our customer base has afforded us so far and plan to continue impressing our contribution well into the future.

Magnetec Inspection has developed into a company that offers numerous services for the purpose of addressing many of the issues surrounding the affective longevity of Heat Exchanger equipment in its service life. As well, these services have been applied to other asset items like Vessels, Tanks, Boilers, Piping, Hx Shells, Shell/Bundle components, and Thermowells. Methods of inspection, conditional assessment, analysis, and procedural recommendations as well as assistance in mechanical repairs have been employed in order to join the team assisting in the continued life of process equipment.

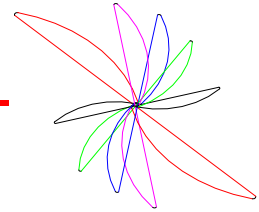
## · *New development –R&D*

Magnetec Inspection began about 2 years ago with a project involving the production of its own full fledged Eddy Current data acquisition, analysis, and recording system. This had been a major goal since ideas began spinning amid suggestions from a long time colleague and friend of the company who had previously a career dealing with electronic hardware design and construction. Now retired and with time on his hands this individual joined hands with a very knowledgeable computer software technician he knew and began assisting Magnetec in the development of their very own Eddy Current instrumentation and recording devices. Much has proceeded since and today Magnetec is out in the field accompanied by their own little baby and this tool is basically revolutionizing the way they carry about daily inspection duties and tasks. Many of the technicians who lived the old school are reeling and have realized the effective impact of something that had once only been dreamed of. So much comfort and flexibility has now come into the game. The subjective now duels with the objective. Possibilities come forthwith anew as Magnetec has now taken a giant leap forward in competitive ability. Frankly speaking, any major player in the Eddy Current inspection industry would fall backward with some degree of amazement in the shear prospect of what we have developed! It is truly awesome! Toot toot.

# Magnetec Inspection, Inc.

*Excellence in Eddy Current Inspection Technology & Failure Analysis*

P.O. Box 10 Aroma Park, IL 60910h 815-802-1363 Officeh 815-802-1250 Fax



- ***Investment & opportunity***

Any great development like this comes at a price though. Financially that is. We want our customers to know that Magnetec Inspection has invested a very substantial expenditure in this project and the bills will continue still for some time to come. But it has been worth it. We can now offer our client so much more. They will be able to rely on increased depth and dependability within our service to them. They can notice improved quality and consistency in the overall sequence of our NDE testing operation. And greater detail and information in the results provided will as well be something of further benefit for those who assign the objectives set fourth in the quest for answers to those important questions. Clients along with their inspection personnel need to contract companies that can provide good acceptable service but also get the most for their budgeted dollar and with the hopes that those companies will give back in the form of investment in improvements that reflect and bolster the overall goals of everyone involved. Needs and deeds. Magnetec Inspection has always been building for now and the future with dutiful respect for their clients business as well as their needs.

- ***New equipment***

So, as stated, Magnetec Inspection has developed a new Eddy Current scope and recording system. It is really something. The competition would be jealous. We re jealous of ourselves! Most persons in the business have seen the overall size and dimension of much of the electronic hardware s that is use on a regular basis for Eddy Current testing. The standard issue test models can be quite bulky and cumbersome to lug around. Well like a lot of smaller hardware we see today Magnetec has produced a scope at a significantly reduced size and weight in comparison to most of its industry s predecessors. With battery powered capabilities, a tablet PC recording platform, and other peripherals the whole package can fit into the ordinary day pack. This greatly improves mobility within the typical congested work sites we re all familiar with. It works best when needing to get to equipment where it is difficult or impractical to involve a vehicle parked nearby which is how we often work. If need be a two person crew can hang together out in the refinery unit and tackle equipment inspections with a relatively higher degree of efficiency than before.

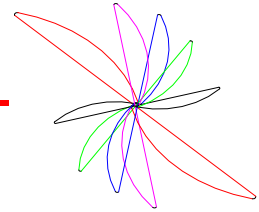
Having developed their new scope themselves Magnetec has a blank check on flexibility. Anything goes. It s a fully custom scenario from hardware to software. Just about any and everything that can be thought of as necessary, convenient, or essential to the operation of Eddy Current testing can be managed. There is hardly a restriction. The ideas of many including those from some of our customers past and present have been implemented here. Some of the capabilities and many foreseen for the future are of a nature likely never before seen or of benefit to any typical Eddy Current company till now as they have all been at certain restriction to the only equipment available from vendors who produce the test equipment known to this day. And most of our innovation has been in the form offered by the special software involved. Magnetec Inspection has the benefit of a software designer who seems to be capable of a great deal. So far there is nothing and no idea that he has not been able to replicate.

Some of the latest greatest new features we enjoy are that of analysis, review, sharing, import/export, internet support, libraries, and documentation. We have implemented a great expanse of analysis tools which can aid in making the call on what we find during our Eddy

# Magnetec Inspection, Inc.

*Excellence in Eddy Current Inspection Technology & Failure Analysis*

P.O. Box 10 Aroma Park, IL 60910h 815-802-1363 Officeh 815-802-1250 Fax



Current test process. There is assistance in calibration, angle detection, viewing, filtering, thresholds, mapping, and others. We can now look at our data from about sixteen ways to Sunday with elements that involve levels of personal comfort to those most important in cutting through the maze of signals generated on the typical test strip. Reference and compare functions allow us to put on display, side by side, acquired data strips and charts from past and present inspections of same or similar equipment test results in order to better help us see today's conditions and compare against norms or advancements, for example, in the defect mechanisms affecting a particular piece of equipment. This is very powerful. We can better monitor corrosion rates for anything we tested in the past and get help with our perspective of a defect today. Some of the analysis tools utilized within our software are nothing new but just better tailored to our needs and likings. Elements of data review are for us now more slipstream. Levels of customization allow a tech to see things in a way that they may better understand since to them their own tweaks may seem more sleek. We can share data files amongst one another now with rare a limit. Either side by side or through the internet data files can be uploaded anywhere and literally sometimes within minutes can be reviewed by another miles away. And anyone who can see can read. Imagine even being in transit somewhere and looking at data files on an iPhone or Blackberry responding then and there with your opinion on a matter. Many eyes. What support! Features of documentation are improved. Screen shots of our software impressions can be generated. We can set up libraries of information for instant access. We are even developing an extensive library of calibration standards. We now have a server operating from our home base which allows us access to all past reports and Hx forms. Our resources have become almost unlimited. And all this adds to the depth of our reports now. We're still working out a lot of bugs but the room for expansion now and in the future is still at hand.

- **Mechanical**

We are also in the process of improving on most of the mechanical operations we can provide our customers with. The work of ferrule installation, tube extraction, sampling, rolling, and even some partial or full tube replacement operations are improving. We have also been in a steady process of improvement and standardization of our Eddy Current probe construction. Since we make our own probes this offers awesome flexibility within that aspect of our operation.

We never stop trying to improve on that which we already have. We benefit from this philosophy and believe that our customers then benefit as well. Again, we really appreciate your business and the opportunity you have given us so far and just thought that you would like to know some of what we've been up to.