

**Date:** September 15, 2006

**To:** The Securities Exchange Commission

**cc:** American Stock Exchange: John McGonegal, Senior Vice President, Equities; Paul Dorfman, Vice President, Issuer Services; Jeffrey Lewent, Director, Issuer Services

**From:** Philip M. Lynch, Chairman Emeritus – Northern Technologies International Corporation

**Subject:** S7-11-06

Dear Sirs,

I attach the results of the Northern Technologies International Corporation (“NTIC”) Shareholder Approval Quota for Fiscal Years 2004 and 2005. As you can see, our slate of Directors was elected by 97% of the vote in 2004 and 91% in 2005 even after the Sarbanes-Oxley Legislation turned America off on the practice of Concerned Insiders providing Corporate Guidance to Publicly listed companies in the wake of the Enron, Arthur Andersen, WorldCom and other lurid scandals.

It is, however, companies like NTIC who are suffering the brunt of the matter which most properly should be directed at those who with malice aforethought abused the ethical precepts of the fair and transparent investment system (formerly termed “People’s Capitalism” by sophisticated – if jealous – European institutions) which once set this country apart from other nations.

In practical terms, NTIC has had to ask the following Directors and Officers to withdraw from their positions, notwithstanding the high Shareholder Approval Rate due to various new corporate governance rules:

- Stephan C. Taylor, Director and Partner in the United Kingdom;
- Tatiana O. Yakubovskaya, Director and Partner in Russia;
- Ronnie Singh, Vice President of Field Technical Support and Partner in Brazil;
- Professor Ramani Narayan, Director and Progenitor of our Pioneering Biodegradable Technology (with Dr. Donald A. Kubik and Dr. Mehmet A. Gencer) and Recipient of \$100,000 per annum for R&D Support (Under Sarbanes Oxley, the limit is \$60,000; beyond that sum, an individual is considered an Insider);
- Professor Sunggyu Lee, Director and Progenitor of our Pioneering Supercritical Technology and Recipient of \$100,000 per annum for R&D Support (Under Sarbanes-Oxley, the limit is \$60,000; beyond that sum, an individual is considered an Insider);
- Tao Meng, Director and Partner in China (Former Member of the Ministry of Commerce of the People’s Republic of China who was stationed in New York so he could participate on behalf of China in Trade Negotiations in the US);
- Irina V. Roytman, Vice President responsible for International Coordination among Joint Venture Partners in the NTIC Federation and Partner in Russia;

- Dr. Mehmet A. Gencer, Partner in Turkey; and
- Philip M. Lynch, former Director and Officer.

The potential collapse of NTIC's Corporate Guidance cadre – as outlined above – due solely to our compliance with the New Corporate Governance Rules (such as Sarbanes-Oxley Legislation, American Stock Exchange Rules and various new accounting pronouncements such as FIN 46 hereinafter collectively the "New CG Rules"). This conundrum is, moreover, exacerbated by the New CG Rules that there be at least parity on the Board of Directors of NTIC between Independent and Inside Directors. The objective of this New CG Rules' provision is to ensure Corporate Governance, which we applaud, by the way; but Corporate Governance without Corporate Guidance is irrelevant.

In fact, we were able to preserve Professor Narayan and Professor Lee as Members of our Board only by treating them as insiders, based upon their annual compensation.

In practical terms, moreover, how can NTIC induce high quality business leaders to serve the interests of NTIC's Shareholders, JV Partners, Customers and Employees if I have a cap on fee for services to Independent Directors of \$60,000 per year and the likelihood of shareholder litigation is increasing apace – so much so that our Corporate Counsel, Dick Lareau, who had been on our Board for 30 years, has just been forced by the partners in his law firm actually to resign from our Board, for fear of legal exposure (see attached letter).

Now, our auditors are dictating that under the New CG Rules we have an absolute prohibition to lend or advance money to any of our Joint Venture Companies or prospective partners without having to consolidate the Joint Venture in question. How then can we provide working capital (e.g. to the UAE University to launch a new Joint Venture in that region) without having to both incur the costs of a full New CG Rules compliant audit for what is essentially a start-up, and take a hit on our Profit and Loss Statement in the US for all of the start up costs we incur as well?

So, what can we – or any other small public company, which is technology based and therefore must be serving international markets, do; given the fact that we must recruit and retain the most brilliant and productive scientists in our technology area, to work together with the most competent and honorable international business leaders on the planet to serve the interests of our Shareholders?

1. We could take our listing off the AMEX and establish our company off-shore on the London or Singapore Stock Exchange;
2. We could take the company private.
3. We could look offshore for growth capital.

In my view, the New CG Rules, specifically the Sarbanes-Oxley Legislation, cause a major competitive disadvantage for small American companies with world class technologies and the concomitant requirement for outstanding international business acumen

While it is true that our structure is a bit different from many other American public companies, in that we have elected to expand internationally by creating a series of 50/50 joint ventures through which we have a presence today in fifty-three (53) countries, whatever the impact NTIC has made in the world of material science, has come from our philosophy of sharing our technology with trusted, loyal partners around the world. Are we to be punished for having adopted this strategy?

If you have any questions, I am at your disposal. My American mobile number is 216-533-3449, and my office number is 216-595-1740.

With kind regards,

Sincerely,

Philip M. Lynch  
Chairman Emeritus