

FOR IMMEDIATE RELEASE

MORGENTHALER ANNOUNCES ACQUISITION OF PHILLIPS & TEMRO INDUSTRIES, INC.

Leading supplier of products to the diesel engine market to become newest Morgenthaler platform company.

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Cleveland, Ohio. January 5, 2005. Morgenthaler Partners announced today the acquisition of Phillips & Temro Industries (PTI), a leading supplier of products for diesel engine related markets. With industry-leading brands ZeroStart™, Temro™, EM Products™, Cowl™, and Cab Power™, PTI supplies cold start and emissions control products to both engine and motor vehicle original equipment manufacturers as well as to the motor vehicle aftermarket. The company also provides diesel engine intake and exhaust silencing products to the stationary power generation, marine engine and off-highway industries. PTI's newest product offering, Cab Power™, provides systems that allow truck drivers to use in-cab electrical equipment without needing to run the diesel engines, reducing both fuel consumption and exhaust emissions.

“Phillips and Temro is an engineering-driven company with highly regarded brand names and a strong market position in a growing industry,” stated Al Stanley, general partner at Morgenthaler Partners. “Its industry leadership position, combined with solid technical capabilities, patented technologies and an extremely strong commitment to quality, makes it a very attractive company,” he added.

The company is a leader in its served industry segments. Its customers include Caterpillar, Cummins, Ford, Freightliner, General Motors, International, John Deere, Katolight, Kohler, PACCAR, and Volvo/Mack.

According to Stanley, Morgenthaler plans to look for additional companies to expand the PTI platform.

Transaction Details

American Capital Strategies Ltd. provided transaction financing. Jones Day acted as legal advisor to Morgenthaler Partners. Terms of the deal were not disclosed.

About Phillips & Temro Industries

Headquartered in Eden Prairie, MN, Phillips & Temro also operates two facilities in Winnipeg, Manitoba and a facility in Prior Lake, MN and currently has more than 450 employees. Gary Edwards, President and CEO, and the existing leadership team will continue to operate and grow the company.

About Morgenthaler Partners

Founded in 1968, Morgenthaler Partners is a leading, national private-equity firm with a middle-market, management buyout group based in Cleveland, Ohio, and a venture capital group based in Menlo Park, California. The firm has funded more than 200 companies over its 35-year history. With its fund of \$850 million raised in July of 2001, Morgenthaler has a total of \$2 billion under management.

The firm's buyout group focuses on management buyouts and leveraged recapitalizations of middle-market companies, as well as, divisions or subsidiaries of larger corporations. Morgenthaler Partners has traditionally been strong in partnering with management teams to build industry-leading companies. For more information regarding the firm, visit www.morgenthaler.com.

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