

FROM THE DESK OF STEVE McSHANE, PRESIDENT & CEO

Welcome to Midtronics! Midtronics is a company committed to solving our global customers' problems with innovative solutions using our unique battery conductance testing technology, as well as other emerging technologies.

We are a fast growing company, committed to creativity and innovation. Our product offerings satisfy the needs of our worldwide customers in the automotive, heavy-duty truck and standby power markets. Midtronics' success has been built on high ethical standards, an entrepreneurial spirit, and the hard work and dedication of all employees. Our employees are expected to uphold the principles of personal integrity and professional excellence that have been the cornerstones of our business.

We pride ourselves on the quality of our products and services, as well as our research engineering and product development capabilities. We have a highly motivated team which has maintained many years of profitable growth by meeting or exceeding our customers' requirements.

The Midtronics team is committed to providing our customers with high quality, defect-free products and services delivered on time, every time. Our long-term strategic vision and product focus encompasses all areas of battery management technology, including battery and electrical system testing and monitoring, as well as power system monitoring and control and intelligent battery charging.

ABOUT THE COMPANY

Established in 1984, Midtronics is the global leader in battery testing, charging, and monitoring. Our patented conductance technology provides an accurate and valuable method for determining battery condition in automotive, heavy-duty truck and standby power applications. Midtronics develops, produces, and markets high quality products and services from our corporate headquarter in the U.S. Our affiliate, Midtronics, b.v. in the Netherlands, serves markets in Europe, the Mideast and Africa. Our sensor business supplies original equipment magnetic pickup sensors to the heavy-duty truck manufacturers. We also provide remanufacturing services to companies in the automotive and agricultural industries. We are members of BCI, SAE, IBMA, IEEE, ETI and APAA.

CORPORATE OBJECTIVES

We challenge our people to develop, produce, market and service high quality products to meet the needs of our customers worldwide, and to do it with high principles of personal integrity and corporate ethics. We strive to continue our high standard of quality as evidenced by our ISO-9001 and QS-9000 certifications, recognized throughout the world as symbols of excellence. We operate our company responsibly to achieve our established strategic objectives to benefit our employees, customers, and communities.

MISSION

Be the world leader in battery management solutions by relentlessly creating, expanding and leveraging superior technologies.

QUALITY POLICY - COMMITMENT TO PERFORMANCE EXCELLENCE

The Midtronics team is committed to providing products and services for our customers that are innovative, cost-effective, reliable and are delivered on time, and meet or exceed the requirements of our customers. Our commitment is based on our integrity, trust, sound judgment and a continual effort to improve our processes every day.

COMPANY BENEFITS & OPPORTUNITIES

In addition to receiving an equitable salary and having an equal opportunity for professional development and advancement, our employees are eligible to enjoy

other benefits that will enhance job satisfaction. The benefits program described in this brochure represents a very large investment in our employees.

401(k) SAVINGS PLAN

After six months of service and having attained the age of 21, employees are eligible to participate in the 401k Savings Plan. Employees may elect to contribute between 1% and 15% of their compensation. Midtronics will match contributions at the rate of 50% of the first 6% of compensation elected. Entry dates are January 1, April 1, July 1 or October 1.

PROFIT SHARING PLAN

Midtronics has one of the best profit sharing plans in the industry, allowing all eligible full-time employees to share in the earnings of our privately-held company. Midtronics may contribute a percentage of an employee's base compensation to the profit sharing plan, at the company's discretion, based on that year's profits and achievement of the business plan. As our profits continue to grow, so will our contributions to our employees' future. Midtronics will determine a profit sharing contribution each fiscal year for which profits allow. After twelve months of service and having attained the age of 21, an employee will become a participant in the Profit Sharing Plan. Entry dates are January 1 and July 1.

MIDTRONICS VALUE ADDED

MVA is a measure of company performance, calculated on profit and asset management. MVA is used to calculate the company's contribution to profit sharing, and also defines a pool that is used to reward employees for individual performance to their goals. All awards are discretionary. MVA performance is shown on a chart in the lunchroom and is discussed at the monthly Expo.

VESTING

Employees are always 100% vested in their own contributions and related earnings; they own a percentage of any employer contributions, according to the length of service. The same vesting schedule applies to the 401(k) Savings Plan and the Profit Sharing Plan.

<u>Years Of Service</u>	<u>% Of Vesting</u>
1 or more	0%
2 or more	20%
3 or more	40%
4 or more	60%
5 or more	80%
6 or more	100%

MEDICAL/DENTAL INSURANCE

Midtronics offers optional medical and dental insurance plans to all employees. Both plans are primarily funded by Midtronics, and there is a sixty-day waiting period. The employee's monthly cost is as follows:

	<u>PPO</u>	<u>Dental PPO</u>
Single	\$ 60	\$13
Employee & Spouse OR Child(ren)	\$125	N/A
Family (Spouse AND Child(ren))	\$193	\$34

LIFE INSURANCE

Life insurance is provided at no charge to employees and dependents as follows:

Salary Under \$30,000/Yr	\$25,000
Salary Over \$30,000/Yr	\$50,000
Spouse	\$10,000
Dependent Children (Each)	\$5,000

Midtronics also offers a voluntary, employee-funded life insurance plan for those employees requiring additional life insurance.

DISABILITY INSURANCE

Midtronics offers both Short-term and Long-term Disability benefits to full-time employees. These plans are intended to provide limited income maintenance in case of a non-job-related illness or injury, which may prevent the employee from working. The rate of compensation is 60% of the employee's regular earnings.

COLLEGE SAVINGS PLAN

Midtronics offers the Section 529 College Savings Plan where "aftertax" contributions today can fund future higher education needs. Earnings on investments are free of tax upon withdraw if used for specified educational purposes as outlined by the IRS.

HOLIDAYS

The following paid holidays are observed by Midtronics:

New Years Day	Thanksgiving Day
Memorial Day	Thanksgiving Friday
Independence Day	Christmas Eve
Labor Day	Christmas Day

In addition, one Floating Holiday will be designated by Management at the beginning of the fiscal year.

VACATION POLICY

Vacation is designed to provide employees with an opportunity to rest from work. We encourage vacation scheduling to provide maximum benefit to employees. For purposes of vacation time, "year" is defined as the twelve-month period between anniversary dates; "anniversary date" is the date that employment began.

<u>Years Of Service</u>	<u>Vacation Days Earned Per Year</u>
1	One (1) day per month after 60 day introductory period
2 - 5	10
6 - 9	15
10+	20

Upon separation from the company, employees will be compensated for all earned, but unused vacation time for the current year.

SICK/PERSONAL DAYS

All full-time employees qualify for sick/personal pay benefits. Each employee is entitled to three paid sick/personal days per calendar year.

BEREAVEMENT LEAVE

Midtronics allows up to three work days with pay to attend services and take care of personal matters related to the death of a member of your immediate family.

JURY DUTY LEAVE

Employees who are called for jury duty will be permitted time off with pay to fulfill their obligation. Any jury duty pay received must be returned to the company.

PERFORMANCE REVIEW

Every employee has an annual performance review with his or her immediate supervisor or manager. The performance review system is designed to enhance the employee's understanding of his/her job responsibilities, and is intended to provide an objective method for measuring performance. Performance reviews will be considered in making compensation adjustments; however, the performance review will not necessarily result in a compensation increase. Performance reviews may also take place from time to time, formally or informally, as the supervisor deems necessary.

HEALTH AND FITNESS PROGRAMS

At Midtronics we encourage our employees to participate in the company sponsored health club membership. The company will reimburse the 50% of monthly dues for employee membership only.

EMPLOYEE ASSISTANCE PROGRAM

Midtronics provides employee assistance programs to help employees and their immediate family with any personal and work-related issues. Through the employee assistance program, employees have access to confidential and professional counseling services.

PROFESSIONAL DEVELOPMENT/EDUCATION ASSISTANCE PROGRAM

Midtronics believes strongly in the value of ongoing training and education of our employees. Employees should pursue training and education to become familiar with our products and services, as well as update and develop new technical and professional skills. We feel employees who continue their education, in addition to performing their full-time jobs, improve themselves and their position within the company. After one year of service, employees will be reimbursed for their continued education when it directly relates to the employee's job or advancement. Reimbursement will take place at the time the grade is received. The company will also reimburse employees for 50% of the cost of schoolbooks.

SOCIAL EVENTS

Midtronics sponsors a summer picnic and a Christmas party for its employees. In addition, monthly information expositions (Expos) are held where departments make presentations on topics related to the company and business environment. The Expos include a luncheon where our executive staff updates the entire team on current business events and recognizes employees for significant achievements.

CONFIDENTIALITY AGREEMENT

Midtronics employees are bound by a commitment to each other to maintain confidentiality of technical, strategic, and financial information. To assure the continued success of the company and the livelihood of our people, we require every employee to sign a confidentiality agreement to treat confidential information with proper care, and never share such information with anyone outside the company. Violation of this agreement through breaches of confidentiality, or discussing or taking employment with a competitor of Midtronics will result in strong legal action by Midtronics to protect the interests of the company and our employees.

EMPLOYMENT AT WILL

Employment with Midtronics is considered "at will," which means employment can be terminated with or without cause, and with or without notice, at any time by the employee or by Midtronics.

INTRODUCTORY PERIOD

All employees are subject to a ninety-day introductory period. This period allows Midtronics to evaluate the employee and vice versa. If during this period employees fail to meet the expectations set before them, the introductory period may be extended or the employee may be released. Completion of the introductory period does not guarantee continued employment for any specified period of time.

HEALTH EXAMINATION

All newly hired employees will be required to take and pass a health exam and a drug test at the company's expense.

OPEN COMMUNICATION POLICY

It is our intention to provide open communications, competitive opportunities, and a pleasant, safe work environment.



Battery Management Innovation

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