



May 2, 2002

Attention: All Hyster Dealer Principals and Aftermarket Distribution List

Subject: UNISOURCE / SMH Strategic Partnership – May 6, 2002 we “GO LIVE”

Since our initial SMH Strategic partnership announcement on March 4, 2002, we have made significant progress toward a successful implementation. From the start, we committed to communicating with you on a regular basis “so you have the ability to follow our progress and actively develop an aggressive sales plan targeted at business development, key account conversions and incremental sales”.

To that end, the information contained in this document provides answers to additional questions that have surfaced since the first ‘Frequently Asked Questions’ (FAQ’s) announcement that was forwarded on April 3. If you have misplaced any prior communications relating to this subject, you can simply go to the secure Dealer Resource site www.hysterusa.com and click on “SMH Strategic Alliance”.

As our “GO LIVE” date of May 6 approaches, we are very excited about the opportunities this business relationship will afford us. Should you wish to discuss any element of this program further, please feel free to contact either your Regional Aftermarket Sales Manager or myself at ahgbates@hyster.com (252/931-5690).

Sincerely,

A handwritten signature in black ink that reads 'Gary M. Bates'.

Gary Bates
Director, Aftermarket Sales
Hyster Company

SMH Strategic Relationship – FAQ release # 2

Section A: IRMN / PRICING RELATED QUESTIONS

Q 1.) Regarding SMH part number length.

- a.) Will the part numbers in the SMH offering be compatible with our Dealer business systems today?**
- b.) Can we expect all current NACCO/ Hyster systems (i.e.: Order Entry, Invoicing, On-line Order Inquiries, B/O Inquiry, etc.) to support all SMH part numbers?**

The following best describes where we are today and where we plan to be by July 1.

- **Price Files**

Quarterly price file formats are being expanded to include part number and description fields large enough to process SMH formats. The file will include all Hyster and SMH part records available for sale. This will be effective with the 7/1/02 update. SMH records will be identified by an OEM code equal to 'SMH'. Also, an initial "one-time" parts price file containing only SMH parts will be available prior to the May 6 "GO LIVE" date.

- **Order Entry**

Of the 250,000 part numbers offered by SMH, 1509 will have a number sequence larger than 16 digits. In those instances, we recommend you order directly on the IRMN Intranet. For all other demand (99.4% of the SMH offering), you may go through the PDC or IRMN. Your order will be processed by the Parts Distribution Center for Hyster part numbers, and SMH parts will be routed to SMH for distribution. Order status can be reviewed using the PDC Interactive RAPID inquiry system, or IRMN.

- **Invoices & Credit Memo Formats**

Documents distributed to dealerships (for printing) are being expanded to include the longer length part numbers and descriptions. Data files, which include invoice data, will be expanded for the new field lengths.

Q 2.) Some end user customers already go to the IRMN site to order direct.

- a.) How do we persuade them to work through us for something they already have?**
- b.) How many other SMH customers are at the same pricing tier as we are?**
- c.) How are we protected from using SMH when the end user sees the packaging and starts to go direct?**

With the SMH "end user program", the dealer has the ability to sponsor some end user customers through e-commerce. Currently, SMH has about 200 such arrangements. SMH does not sell direct to end-users. We are discussing this opportunity with SMH.

Your dealer net price has been negotiated at a very advantageous level considering our national consolidated purchase level. Currently, only about 10 to 15% of SMH's customer base enjoys this level of pricing. The pricing under this program should be equal or better than available to any dealer on an individual basis. Add to that "Challenge to the Leaders" rebates, and there should be a price advantage for all Hyster dealers.

Q 3.) When can we be assured that Hyster parts price is equal to or less than the SMH price?

We are actively reviewing all pricing relative to the SMH offering. Any prices that need adjustment will be adjusted and effective with the May 6 "GO LIVE" date in order to provide you price parity with SMH. These changes will be incorporated in the July 2002 price tapes.

Q 4.) What pricing will be available to us and how? On-line with IRMN? Pricing files available to the Dealers?

As quarterly price tapes are sent to you, they will reflect all the part numbers offered by SMH in the same dealer net / fleet pricing format as you are accustomed to. Additionally, a special tape will be sent to you in time for the program kick-off. As an option, you always have access to IRMN for price and availability too.

Q 5) Is SMH list pricing the same as OEM list price? Will it be available both on-line with IRMN and on a price tape available to the Dealers?

The SMH list price in IRMN is to the best of our knowledge, their indication of OEM list price. The 'fleet' price to be listed in your Hyster price tape will reflect a 35% margin (gross profit) across the board for SMH sourced parts. This is what we will be using to create savings analyses for Key Accounts.

Section B: TERMS AND CONDITIONS

Q 1.) The minimum order historically for freight free was \$100; this included both Hyster and UNISOURCE. Now it is still \$100 for just Hyster and SMH is \$250. This will require a daily order of \$350 instead of \$100. What was the average order placed in Danville in 2001?

There is a \$100 minimum billing in place for stock orders, but freight has always been free. We have to adopt the policies of SMH as a Direct Ship supplier. All material sourced from SMH is independent of any demand on the PDC as far as order minimums are concerned. Based on a study from March 2002 volume, the average value of a stock order placed on the PDC is \$1,671.

Q 2.) What parts are warrantable for 90 days and which ones are for one year?

SMH warranty, from the date of purchase, is generally one year unless specified otherwise. Amongst the parts warrantable for 90 days are torque converters, reman products, Micro and Cherry brand electrical switches, Prestolite solenoids and electrical / SCR relays, rectifiers and diodes. For additional warranty detail, please refer to the SMH catalog (2 were recently shipped to each of your branch locations) or go to www.smhco.com/warranty.html

Q 3.) Please clarify point of sale. Is it sale to dealer or sale to the customer?

All orders placed through IRMN or the PDC will be invoiced by Hyster Company exactly the way they are today. All orders placed for SMH material will be eligible for 5% return allowance towards PDC sourced parts. All purchases will receive credit towards "You Make It Happen!" objectives and "Challenge to the Leaders" rebates.

Q 4.) The parts return credits we earn from buying SMH parts are for Hyster parts only. So as we order more through SMH, we get extra Hyster parts return credits, which will hit the law of diminishing returns. Why can't these returns privileges include at least SMH parts?

SMH, as a direct ship supplier has their return policy explained below. All returns are to be handled directly with them. A good example of a similar situation would be GNB. Your purchases for GNB material are eligible for a 5% return allowance for Hyster parts, not GNB products. Any return request directly related to GNB, would be between GNB and the dealer.

SMH Return policy: If you have ordered a part in error, you will have 30 days from the date of invoice to return it directly to SMH at a 25% restocking fee, plus freight. The way to obtain prior consent from SMH is by going to the "Return Authorization" section of IRMN, identifying the part you want to return, adding your comments, and forwarding. Once your request is reviewed, an RA number will be assigned by SMH and emailed to you. Also, please remember that unless SMH receives your return cores within 60 days of purchase, we will be unable to process your core return credit. After 30 days, parts are non-returnable.

Q 5.) SMH charges 25% restocking charge, Hyster is only 15%. Why can't we get SMH to 15%?

Again, SMH's terms and conditions as an independent Direct Ship supplier will apply.

Q 6.) SMH is being considered a Direct Ship order. On a direct ship order currently we have no idea about if it was in stock, what the status of the order is, etc. Will we be able to know if parts are in stock and when the back orders will be shipped?

By accessing IRMN, you will have 24 / 7 access to all on-hand / backorder inquiries. All backorders are held in the SMH system and subsequently shipped, freight prepaid. Accurate availability for each part can be found in IRMN, as no special expediting will occur.

Section C: CONTRACTS / PROCEDURES

Q 1.) Are there any part numbers covered in this program that you have previously classified as a GM part? If so, how are you going to handle them in the future?

All parts in the price tape (including SMH) can be ordered by dealers to service GM or any other account. Some of the ordered parts (Hyster) will ship from the PDC and others from SMH. The dealer has the option of consolidating at the dealer premises prior to delivery if that is important.

Q 2.) Since Hyster will be billing the Dealers for all parts, will parts warranties be submitted using the same method that is currently used?

No. All returns and warranty claims are to be handled directly with SMH for SMH sourced material.

Q 3.) Currently the dealers have a significant advantage for disposing their non-Hyster inventory with SMH. How will this work in the future and has Hyster negotiated an improved buy-back arrangement with them? If so, what are the terms?

No such buy-back arrangement will be in place. As always, if you have inventory disposal issues you should contact us and we will jointly determine a course of action.

Q 4.) Could we become an SMH dealer right now without the assistance of NACCO?

No. The agreement calls for the inclusion of all Hyster dealers. Our arrangement provides a private Hyster / UNISOURCE Intranet access page, a preferred price, a sourcing service for non-Hyster parts ... and includes "Challenge To The Leaders" rebates. We have negotiated a value package that delivers a winning outcome for you, SMH and NMHG.

Q 5.) I read through your initial FAQ but did not see anything addressing UNISOURCE part numbers for Reman products that we use that are not competitive or accessory items (oil program for example). Since these numbers fall into the part number range that has been listed for deletion, how should I handle these?

Most of the part numbers shifted to SMH are what we refer to as UNIQUE part numbers meaning they only fit competitive applications. These numbers will be discontinued over time. Reman and accessory items will continue to be active part numbers with distribution out of the PDC or on a Direct Ship basis. Many accessory type items, including oil, will continue to be serviced using UNISOURCE part numbers.

Section D: SPECIAL SERVICES / CONTACTS

Q 1.) Since we will be entering IRMN through a private Intranet website, what is the address?

www.UNISOURCEirmn.com will take you directly to the private IRMN web site. Simply enter your user name and password to access.

Q 2.) If I have question regarding the use of IRMN as I begin to get more familiar with the system, who is the direct contact person I can call for assistance?

For all inquiries regarding the IRMN system, simply click on "view IRMN user's guide on line" from the main page of IRMN. If additional information is required, you can call the private IRMN technical support hotline at 1- 877-660-8381 for assistance or email garye@smhco.com.

Q 3.) What is the direct fax line number I should dial when forwarding a fax to the attention of the "SMH Look-Up" service?

For all inquiries pertaining to model identification, part number price and availability or parts needed that SMH does not offer, fax your information to 1-877-358-1507. This is the same number that you used for All Makes Central inquiries.