HYSTER COMPANY

Americas Division

SUBJECT: 2007 S.W.O.T. Analysis

ACCOUNT: Federal Mogul – Icahn Group

<u>BACKGROUND</u>:

Federal Mogul produces engine components (i.e. pistons, pistons rings, cylinders and liners) for vehicle power trains, as well as other automotive components including wipers. They are suppliers to the automotive industry and to other light and heavy duty vehicles and marine equipment.

Hyster Company has been the recognized forklift supplier for Federal Mogul since 2003. They have about 300 Hyster trucks in their fleet now, and we're starting to see the first lease turnovers.

<u>STRENGTHS</u>:

- History of good cooperation with the corporate office.
- Close ties between Federal Mogul plants and their local dealers.
- Hyster product has worked very well in the Federal Mogul environment.
- Quick response to issues and concerns.

<u>WEAKNESSES</u>:

- We have not documented cost savings well enough to please the current corporate office group. The purchasing contact has changed 3 times in the last 3 years. It is difficult to establish a close working relationship.
- The corporate purchasing group is getting pressure to find a new supplier due to contract issues.
- Federal Mogul has not yet emerged from their bankruptcy which resulted from acquisitions they made in the United Kingdom that carried asbestos liability with them.
- We have some regional dealer difficulties with regard to customer service levels.

<u>OPPORTUNITIES</u>:

- We have a customer that wants to stay with us but needs the right ammunition to use with their buying group. Not only is Federal Mogul one of our best customers, but if we work things out with Icahn, we'll have all the orders from 20+ additional companies.

<u>THREATS</u>:

- Federal Mogul has been taken over by The Icahn Group (Carl Icahn). They are in bankruptcy due to asbestos liability that came with some acquisitions they made.
- The Icahn Group approached Hyster Company a year and a half ago to become its supplier for all of its buying group companies. We are working on a national account agreement with them.
- We stand to lose not only the steady business of Federal Mogul, but Icahn is poised to take over Lear's interiors group as well.

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STRATEGY:

We need to work out acceptable language with Icahn quickly. They are putting great pressure on Federal Mogul's purchasing group to qualify other suppliers.   I will continue to provide Federal Mogul as much information as I can on the benefits of sticking with Hyster Company.

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