HYSTER COMPANY

Americas Division

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

Account: Kraft Foods (RJ Nabisco, Kraft, Kraft Cheese, Post Cereal)

Background:

Kraft Foods is majority owned by Phillip Morris but is undergoing transition to a stand-alone company. It is headquartered out of Northlake, IL and has approximately 80 plants across the US and North America. Crown has the dominant position at approximately 40% market share. Today, there is no contract but an RFP is underway and Kraft will narrow approved suppliers to 2 vendors. They are considering Yale and Hyster as equal; Crown and Raymond, Mitsubishi and CAT, and Clark are being combined as in the effort to consolidate.

Strengths:

- 25% market share is reasonable market share for Kraft and they see Hyster as a force for consideration. Crown has had some recent issues with cracked frames and although they are very strong in distribution and RJ Nabisco, they charge a premium and are seen as pricey by corporate.
- Breadth of new offerings has Hyster positioned well for full offering to Kraft.
- Pockets of strength do exist with our dealers that do a good job servicing Kraft

Weaknesses:

- Toyota is gaining momentum with new team at Kraft corporate. Toyota is a managed dealer account but they are local and seem to be favored.
- Warehouse offerings are strong at Crown and gaining mindshare from distribution centers will be challenging. Hyster is not seen as dominant player in this space and it is believed by Kraft corporate that Crown understandings warehouse and is best suited for this task.
- Corporate direction is not fully supported by plants. Each does as they desire and although corporate indicates they will gain support of VP’s, this remains to be seen.
- The RFP will set the tone but by no means is winner assured that they will be selected at plants. What we have been told is that exception process will remain and if local plant prefers non-preferred vendor, they can still purchase based upon an exception process.

Opportunities:

- Bid will separate fleet, maintenance, equipment, and finance into four pieces. Kraft will order once a year to selected vendors-or so they claim.
- Winner of bid likely to get first dibs on plants that are mixed in fleet. This is the position of corporate.

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<u>Strategy:</u>
If selected, we will have to prove our value against at each plant. If Crown has position, it is likely that corporate will push entire plant to remain Crown and not allow others to participate, unless they fail to deliver or do not have an offering. If we are not selected, it would be business as usual. That is, fight like crazy to secure a seat at the table on an exception basis. We will not have corporate support but providing plant buys into our dealer support, we would be able to participate as today.

Timing for selection June 2007.

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