HYSTER COMPANY

Americas Division

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

ACCOUNT: Weyerhaeuser Company

BACKGROUND:

Weyerhaeuser is one of the world's largest producers of softwood lumber, hardwood lumber, engineered lumber, softwood market pulp, containerboard, packaging and uncoated free-sheet paper, and is one of the largest private owners of merchantable softwood timber. In North America, they are among the largest producers of structural panels and distributors of wood products.

Weyerhaeuser is one of Hyster's largest national accounts, with sales in excess of $14 million annually. Hyster retains a majority (70% +) share of Weyerhaeuser's business despite a lower-priced option from Caterpillar and a perceived "heavy-duty" machine from Linde. New Fortis product offering has been very well-received in all facets of WH business segments and first Fortis models have been ordered by a WH recycling facility since Linde had taken such a strong position at recycle facilities over the past 2-3 years.

STRENGTHS:

- Strong relationship at corporate level and a vast acceptance of both product and dealers by most sites on a local level.
- Most sites recognize Hyster as their "forklift supplier." Sites that have sought alternative vendors (Cat and Linde) over the past few years have started to return to Hyster because of ongoing difficulties with non-Hyster product and dealer support.
- Sites seeking large machines have also been utilizing Taylor as an alternative. Taylor trucks and Taylor dealer support have been less than favorable at sites that have elected to purchase Taylor machines.
- WH has decided to pare down approved vendor base from 3 suppliers to only two future suppliers. They have asked Hyster to be a partner in the development of telemetric monitoring systems as well as a possible fleet management solution and the standardization of specifications.
- Product loyalty and strong dealer relationships are still very strong at many of the Weyerhaeuser facilities.

WEAKNESSES:

- Long lead times for Northern Ireland Product and SPED items have upset some sites (Aberdeen and Kent, WA).
- Certain sites have had lingering tech issues that cannot seem to be resolved.
- Some sites are viewed by dealer network as "guaranteed customers" and the level of dealer service has been poor or mediocre.
- Linde has gained significant share in the recycle plants at WH and considered the preferred supplier for WH recycle locations.

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- We have some regional dealer difficulties with regard to customer service levels.
- WH has divested many I-Level sites and many remaining I-Level sites have elected to utilize Combi-Lift (side loaders) for handling long loads.

<u>OPPORTUNITIES</u>:

- WH has indicated that they would like to pare down supplier base from 3 suppliers (Hyster, Cat and Linde). NAM is assuming that Cat will be eliminated as a result of quality issues and poor dealer and factory support.
- WH has expressed a deep interest in a standardization of specifications for all business segments. NAM currently working to offer a 3-model menu to I-Level yards (H120FT, S100FTBCS and H210HD) with a potential discount for the ordering of "standard" trucks.
- Working with ID Systems (and other potential providers) to offer WH a "stackable" telemetric monitoring package.
- Pursue the planned replacement of all IC powered machines in the state of California pursuant to the new CARB regulations.

<u>THREATS</u>:

- Many WH sites have been spun-off as a JV with Domtar. The New Company resulting from the JV, Domtar Paper Co. LLC, has requested that a "mirror" contract be extended to DPCLLC. Many sites that were former Domtar-only facilities have been resistant to this arrangement and previous Domtar suppliers may have an inroad to quote former WH sites included as part of the JV.

<u>STRATEGY</u>:

Continue to push well-accepted Fortis product line in paper roll handling applications as well as work to gather back order share lost to Linde at recycle locations. Work to sustain very strong share position in lumber and hardwood applications and bolster slight share loss at I-Level sites. Continue to work with the corporate office to provide a total material handling solution to WH. This is something that only Hyster can offer amongst the group of current approved vendors via a complete product offering, fleet management and viable dealer network.
Strive to effectively solve technical issues at s they arise. Continue to pursue the standardization of machine specifications throughout the WH network. Provide creative cost-saving programs like "Power-by-the-Hour" that will ensure both share growth and well as a strengthened relationship.

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