



MATERIALS HANDLING GROUP, INC.

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June 26, 2002

Attention: All Hyster Dealer Principals and Aftermarket Distribution List

Subject: UNISOURCE/SMH Strategic Partnership

The information contained in this document provides answers to additional questions that have surfaced since the second 'Frequently Asked Questions' (FAQ's) announcement that was forwarded on May 2, 2002. All prior communications relating to this subject can be located at the secure Dealer Resource site www.hysterusa.com by selecting the "SMH Strategic Alliance" icon.

Should you have additional questions or concerns, please feel free to contact your Dealer Satisfaction Representative.

Yours truly,

NACCO Materials Handling Group, Inc.

Tracy Minto
Manager of Customer Satisfaction, Parts

SMH Strategic Relationship – FAQ Release # 3

Q 1.) All parts come in TotalSource bags. Does Hyster want the dealer to repackage all these parts, or do they have a position on this? Is Hyster going to stop advertising UNISOURCE and start promoting TotalSource?

In an effort to retain brand identity and maintain competitive pricing we have made arrangements with SMH to over pack the TotalSource shipment with a UNISOURCE label. For example, on an order that contains 10 lines, the TotalSource parts will be over-packed in a UNISOURCE shipping carton. All of the parts in the carton will be in the original TotalSource packaging. Hyster does not expect the dealer to repackage these types of parts and our position is that the "over-pack" exercise is sufficient. We understand your desire to request UNISOURCE packaging for each All-Makes part. This was a very topical point of review during the implementation process. However, it became apparent that the additional cost required for providing labeling would jeopardize our competitive position in the marketplace due to the sensitive nature of All-Makes pricing at the dealer level. The decision was made to treat this similar to our other Direct Ship suppliers such as GNB, Monarch, and Mobile Lift. In answer to the second part of the question, Hyster will continue to market the All-Makes program under the UNISOURCE label and will be providing visibility to SMH just as we do for our other supplier partners.

Q 2.) When we place our weekly stock order with Hyster we have no way of knowing what parts are filled by Hyster and what parts will be filled by SMH?

Currently you have the ability to do a part number check on your "Interactive Inquiry" screen that displays the shipping location of UNISOURCE parts. If the part is to ship from SMH the message "Direct Ship Item/Systems Material Handling" will appear. If this message does not appear, the part will ship from the PDC in Danville. Moving forward, effective with the July 1, 2002 parts price tape you will have the capability to quickly identify the shipping location of your UNISOURCE parts. We have enhanced the UNISOURCE code to identify UNISOURCE parts that will ship from SMH. This means of identification will allow you the flexibility to understand what dollar amount of material will be coming from SMH, thereby providing you with the necessary visibility to build your order to the \$250 threshold to avoid freight charges.

Q 3.) Our stock orders filled by SMH do not contain bin location information. Will this issue be addressed in the future?

We are working with SMH to improve the order processing flow. Beginning in August we are enhancing the order processing to allow for continuous order flow between the PDC and SMH. At that time bin location information noted by you will be included on the packing list below the part number information.

Q 4.) Why do we have to pay freight on SMH stock orders if the order is less than \$250?

SMH is an independent company that is in a strategic partnership with us for the supply of Aftermarket parts within the UNISOURCE program. Under all such direct ship arrangements we adopt the business partner's terms & conditions and warranty coverage. We require our direct ship business partners to provide us with a competitive position in the marketplace relative to pricing and order logistics. Currently the minimum order value for free freight at SMH is \$250. Following input from our dealers, we have requested SMH to review and confirm that their minimum freight requirement is competitive with other players in the market. Should their assessment result in a change, we will notify you immediately.

Q 5.) How do we determine which SMH stocking location a part will ship from?

SMH's principal warehouse is in Olathe, Kansas with additional locations in Canada, Mexico, and California. Optimizing Customer Service, minimizing freight costs to dealers, and providing best order turnaround determines which SMH location ordered lines will ship from.

Q 6.) For some reason, we have had several instances where SMH showed an item in stock, only to find out that when they really went to fill the order, they had to backorder it. How can this happen?

When you inquire on IRMN, parts availability information is provided in realtime. Depending on the amount of order activity from the time you inquire on availability to the time of order placement, it is possible that bin stock gets used up.

Q 7.) Does Hyster have plans to provide training on the IRMN system?

There are a number of options you can choose to address IRMN training and understanding.

1. On June 25, we conducted a web cast presentation titled, "Understanding The Fundamentals For Using the SMH IRMN System". You can view the recorded audio and text by going to:
http://www.hysteraftermarkettraining.com/DistanceLearning/Webcasting/web_casts.asp
2. On July 18, we will be conducting a second web cast presentation titled, "Advanced Techniques For Using The IRMN System". Go to:
http://www.hysteraftermarkettraining.com/DistanceLearning/Webcasting/web_casts.asp to register for this upcoming, informative web cast.
3. We will be including a two-hour IRMN training session in our "Understanding Aftermarket Operations" seminar to be held in Danville on August 5-6, 2002.
4. Click on the "View IRMN Users Guide On Line" from the main page of IRMN to access additional information.
5. Call the private "IRMN" technical hotline @ 1-877-660-8381 for assistance or e-mail questions to garye@smhco.com.

Q 8.) Where do we report part discrepancies or quality issues on SMH parts?

There is a process in place for addressing your concerns, and the attached form has been designed to assist in solving your problems quickly. SMH has assigned a dedicated individual to promptly review the details and will act accordingly to research and resolve. The form is also on the SMH link of the Dealer Restricted Area of www.hysterusa.com.



UNISOURCE Parts
Inquiry Form.d...

Q 9.) Relative to remanufactured product, does SHM include the core value in the price of the part?

SMH's pricing on remanufactured components does not reflect the core value. You can access core values by checking the part number on your "Interactive Inquiry" screen where part price and core value information is displayed.