



September 4, 2002

Attention: All Hyster Dealerships

Subject: Positive Enhancements Planned for the UNISOURCE / SMH Long Term Strategic Relationship

Since "Going Live" with SMH on May 6 of this year, we have dedicated a tremendous amount of resource to the alliance. As we strive to continuously improve our Aftermarket programs and services, it is my pleasure to advise you of five specific enhancements that will be coming in the near future. As a result of working in direct concert with SMH, the enhancements are:

1.) Prepaid freight on all parts ordered on STOCK - Targeted for 4th quarter of 2002, SMH will be coordinating with the PDC so that all SMH material ordered on your weekly STOCK order, will be transferred to them and held for release until your established STOCK order day. SMH will process this portion of your order and ship it ground freight prepaid regardless of the order value. In other words, the \$250 minimum for free ground freight will no longer apply, once this enhancement goes into effect. Accompanying such ground freight/prepaid stock shipments will be any of your backordered material (other than that for which you had specified air routing) that has been received by SMH. This service, when active, will provide a significant competitive advantage since it will only be available initially to NMHG dealers.

2.) Annual parts return policy - Also targeted for the 4th quarter of 2002, will be the right to return surplus SMH material that you may have in stock. This return allowance amount will be *UNLIMITED* and will coincide with the current annual return schedule that you follow for PDC returnable merchandise. There will be a 10% restocking fee and you will be responsible for freight costs to SMH in Olathe, Kansas.

3.) Price tapes updated on a monthly basis - Targeted for November 2002, SMH has agreed to update their pricing information on a monthly basis. Currently, Hyster Company issues a quarterly price tape to reflect part number additions and price changes while SMH makes price changes daily. With this change you will receive a monthly price tape that will include all PDC and SMH price changes. As a result, independent inquiries between your business system and IRMN will no longer be necessary to gain accurate real-time pricing.

4.) Frame relay - Installation of the "X-com" frame relay system is now in place and being tested in order to provide optimal e-order transferring. Once fully functional, order transfer between IRMN and the Danville PDC system will virtually occur in "real time". This will significantly reduce those instances where you noted an item to be in stock when inquiring on IRMN but later discovered the part had been sold to another dealer during the information transfer delay period. Additionally, this system upgrade may allow us to extend the daily cut-off time of 6:00 p.m. (EST), in the future.

5.) Quality - SMH will be developing and communicating their Quality message relative to: reverse engineering, physical and electronic, computer-based testing capability, dimensional verification process, FARO Arm data collection, CAD system capabilities, etc. This will increase your confidence that their processes and products have the integrity levels required to meet marketplace requirements. Of course, you are always welcome to visit SMH to witness their operation first-hand. Additionally, SMH has advised us that they procure approximately 70% of the parts they supply from the same vendor used by the original OEM. We are exploring ways with SMH to highlight those OEM identical parts in our price list.

We will be working aggressively toward these enhancements with SMH to align our business systems and finalize all implementation measures. Follow-up announcements will advise you of exact implementation dates for each enhancement mentioned above.

We are confident that cost reductions from prepaid STOCK orders, improved on-hand inventory supported by an unlimited return policy, enhanced price quoting and on-hand availability inquiries will all greatly assist your efforts towards maximizing parts sales for all brands of equipment. Furthermore, when you incorporate the many benefits this relationship has already established as noted below, I know you will agree that this continues to be a "win-win" situation.

Just to recap, our relationship with SMH currently provides you with:

- ❖ *A "look- up service" provided at no charge to assist with day-to-day competitive equipment inquiries - a \$5,200 annual value*
- ❖ *a private 24 / 7 intranet search engine, IRMN, at no charge with a dedicated 'hotline' to handle your questions - \$100 annual value*
- ❖ *Everyday Low Pricing - a preferred price (often a double-digit advantage) negotiated with SMH so no one can buy at a lesser cost*
- ❖ *2.5, 3, 5 and 10% 'Challenge to the Leaders' rebates and a 1% prompt payment discount cross references to over 250,000 parts and accessories*
- ❖ *coverage for over 40 brands of material handling equipment*
- ❖ *a team of 20 customer service agents with extensive backgrounds for providing competitive truck intelligence*
- ❖ *cut-off times extended to 6:00 p.m. EST for same day shipment*
- ❖ *annual return allowance credit for all purchases placed as STOCK or emergency*
- ❖ *an answer to specific feedback gained at Dealer Council meetings regarding the need to expand the UNISOURCE offering and cross reference capability*
- ❖ *One-Stop Shopping ... all available through IRMN or your existing business system!*

To learn more about the complete SMH relationship, visit www.hysterusa.com and select the "SMH Strategic Alliance" icon. There, you will find a copy of this announcement as well as all prior communications.

NOTE: Managers, please provide a copy to employees at your location that are not currently on the email system. Be sure to include all of your Aftermarket sales representatives.

Sincerely,

HYSTER COMPANY

Gary Bates
Director, Aftermarket Sales