

NACCO INDUSTRIES INC
Form DEF 14A
March 16, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934
Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

NACCO INDUSTRIES, INC.

(Name of Registrant as Specified in Its Charter)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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2. Approval, for purposes of Section of 162(m) of the Internal Revenue Code and Section 303A.08 of the New York Stock Exchange's listing standards, of the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective March 1, 2012)

3. Approval, for purposes of Section 303A.08 of the New York Stock Exchange's listing standards, of the NACCO Industries, Inc. Supplemental Executive Long-Term Incentive Bonus Plan (Amended and Restated Effective March 1, 2012)

4. Approval, for purposes of Section of 162(m) of the Internal Revenue Code, of the NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (Amended and Restated Effective as of January 1, 2012)

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5875 LANDERBROOK DRIVE
CLEVELAND, OHIO 44124-4069
NOTICE OF ANNUAL MEETING

The Annual Meeting of stockholders of NACCO Industries, Inc., which we refer to as the Company, will be held on Wednesday, May 9, 2012 at 9:00 A.M., at 5875 Landerbrook Drive, Cleveland, Ohio, for the following purposes:

1. To elect nine directors for the ensuing year;
To act on the proposal to approve, for purposes of Section 162(m) of the Internal Revenue Code and Section 2. 303A.08 of the New York Stock Exchange's listing standards, the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective March 1, 2012);
To act on the proposal to approve, for purposes of Section 303A.08 of the New York Stock Exchange's listing standards, the NACCO Industries, Inc. Supplemental Executive Long-Term Incentive Bonus Plan (Amended and Restated Effective March 1, 2012);
To act on the proposal to approve, for purposes of Section 162(m) of the Internal Revenue Code, the NACCO 4. Materials Handling Group Inc. Long-Term Incentive Compensation Plan (Amended and Restated Effective as of January 1, 2012);
5. To act on the proposal to approve, for purposes of Section 162(m) of the Internal Revenue Code, the NACCO Annual Incentive Compensation Plan (Effective January 1, 2012);
6. To confirm the appointment of the independent registered public accounting firm of the Company for the current fiscal year; and
7. To transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on March 12, 2012 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof. The 2012 Proxy Statement and related form of proxy are being mailed to stockholders commencing on or about March 16, 2012.

Charles A. Bittenbender

Secretary

March 16, 2012

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders To Be Held on May 9, 2012

The 2012 Proxy Statement and 2011 Annual Report are available, free of charge, at

<http://www.nacco.com> by clicking on the "2012 Annual Meeting Materials" link and then clicking on either the "2012 Proxy Statement" link or the "2011 Annual Report" link, as appropriate.

If you wish to attend the meeting and vote in person, you may do so.

The Company's Annual Report for the year ended December 31, 2011 is being mailed to stockholders concurrently with the 2012 Proxy Statement. The 2011 Annual Report contains financial and other information about the Company, but is not incorporated into the 2012 Proxy Statement and is not deemed to be a part of the proxy soliciting material. If you do not expect to be present at the Annual Meeting, please promptly fill out, sign, date and mail the enclosed form of proxy or, in the alternative, vote your shares electronically either over the internet (www.investorvote.com/NC) or by touch-tone telephone (1-800-652-8683). If you hold shares of both Class A Common Stock and Class B Common Stock, you only have to complete the single enclosed form of proxy or vote once via the internet or telephone. A self-addressed envelope is enclosed for your convenience. No postage is required if mailed in the United States.

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5875 LANDERBROOK DRIVE

CLEVELAND, OHIO 44124-4069

PROXY STATEMENT — MARCH 16, 2012

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of NACCO Industries, Inc., a Delaware corporation, which we also refer to as the Company, NACCO, we, our or us, of proxies to be used at the annual meeting of stockholders of the Company to be held on May 9, 2012, which we refer to as the Annual Meeting. This Proxy Statement and the related form of proxy are being mailed to stockholders commencing on or about March 16, 2012.

If the enclosed form of proxy is executed, dated and returned or if you vote electronically, the shares represented by the proxy will be voted as directed on all matters properly coming before the Annual Meeting for a vote. Proxies that are properly signed without any indication of voting instructions will be voted for the election of each director nominee, for the approval of each of the incentive plans recommended by our Board of Directors, for the confirmation of the appointment of the independent registered public accounting firm and as recommended by our Board of Directors with regard to any other matters or, if no recommendation is given, in the proxy holders' own discretion. The proxies may be revoked at any time prior to their exercise by giving notice to us in writing or by executing and delivering a later dated proxy. Attendance at the Annual Meeting will not automatically revoke a proxy, but a stockholder attending the Annual Meeting may request a ballot and vote in person, thereby revoking a previously granted proxy.

Stockholders of record at the close of business on March 12, 2012 will be entitled to notice of, and to vote at, the Annual Meeting. On that date, we had 6,793,716 outstanding shares of Class A Common Stock, par value \$1.00 per share, which we refer to as the Class A Common, entitled to vote at the Annual Meeting and 1,592,571 shares of Class B Common Stock, par value \$1.00 per share, which we refer to as the Class B Common, entitled to vote at the Annual Meeting. Each share of Class A Common is entitled to one vote for a nominee for each of the nine directorships to be filled and one vote on each other matter properly brought before the Annual Meeting. Each share of Class B Common is entitled to ten votes for each such nominee and ten votes on each other matter properly brought before the Annual Meeting.

At the Annual Meeting, in accordance with Delaware law and our Bylaws, the inspectors of election appointed by the Board of Directors for the Annual Meeting will determine the presence of a quorum and will tabulate the results of stockholder voting. As provided by Delaware law and our Bylaws, the holders of a majority of our stock, issued and outstanding, and entitled to vote at the Annual Meeting and present in person or by proxy at the Annual Meeting, will constitute a quorum for the Annual Meeting. The inspectors of election intend to treat properly executed proxies marked "abstain" as "present" for purposes of determining whether a quorum has been achieved at the Annual Meeting. The inspectors will also treat proxies held in "street name" by brokers that are voted on at least one, but not all, of the proposals to come before the Annual Meeting, which we refer to as broker non-votes, as "present" for purposes of determining whether a quorum has been achieved at the Annual Meeting.

Class A Common and Class B Common will vote as a single class on all matters anticipated to be brought before the Annual Meeting. In accordance with Delaware law, the nine director nominees receiving the greatest number of votes will be elected directors. In accordance with our Bylaws, the affirmative vote of the holders of a majority of the voting power of our stock that is present in person or represented by proxy and that is actually voted is required to approve all other proposals which are brought before the Annual Meeting. As a result, abstentions and broker non-votes in respect of any proposal will not be counted for purposes of determining whether a proposal has received the requisite approval under our Bylaws by our stockholders.

Proposal two is to approve, for purposes of Section 162(m) of the Internal Revenue Code, which we refer to as Code Section 162(m), and Section 303A.08 of the New York Stock Exchange's listing standards, the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective March 1, 2012), which we refer to as the NACCO Long-Term Plan. Proposal three is to approve, for purposes of Section 303A.08 of the New York Stock Exchange's listing standards, the NACCO Industries, Inc. Supplemental Executive Long-Term Incentive Bonus Plan (Amended and Restated Effective March 1, 2012), which we refer to as the NACCO Supplemental Long-Term Plan. With respect to proposals two and three, the New York Stock Exchange's listing standards require

the affirmative vote of a majority of votes cast to approve these proposals, provided that the total votes cast on these proposals represents over 50% of the total voting power of all the shares entitled to vote on these proposals. For purposes of approval under the New York Stock Exchange listing standards, abstentions will be treated as votes cast, so any abstentions for proposals two and three will have the same effect as a

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vote against proposals two and three. Broker non-votes, however, will not be treated as votes cast, so broker non-votes will not affect the outcomes of proposals two and three for purposes of approval under the New York Stock Exchange's listing standards. However, broker non-votes are considered to be entitled to vote and, therefore, could impair our ability to satisfy the requirement under the New York Stock Exchange's listing standards that votes cast represent at least 50% of the total voting power of all shares entitled to vote on proposals two and three.

The affirmative vote of a majority of the votes cast is required to approve proposals two, four and five for purposes of Code Section 162(m). For purposes of Code Section 162(m), abstentions and broker non-votes will not be treated as votes cast, so abstentions and broker non-votes will not affect the outcomes of proposals two, four and five.

In accordance with Delaware law and our Bylaws, we may, by a vote of the stockholders, in person or by proxy, adjourn the Annual Meeting to a later date or dates, without changing the record date. If we were to determine that an adjournment was desirable, the appointed proxies would use the discretionary authority granted pursuant to the proxy cards to vote in favor of such an adjournment.

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BUSINESS TO BE TRANSACTED

1. Election of Directors

Director Nominee Information

It is intended that shares represented by proxies in the enclosed form will be voted for the election of the nominees named in the following table to serve as directors for a term until the next annual meeting and until their successors are elected, unless contrary instructions are received. All of the nominees listed below presently serve as our directors and were elected at our 2011 annual meeting of stockholders, except for John P. Jumper who was elected to fill a vacancy on our Board of Directors effective January 1, 2012. If an unexpected occurrence should make it necessary, in the judgment of the proxy holders, to substitute some other person for any of the nominees, shares represented by proxies will be voted for such other person as the proxy holders may select.

The disclosure below provides information as of the date of this Proxy Statement about each director nominee. The information presented is based upon information each director has given us about his age, all positions held, his principal occupation and business experience for the past five years, and the names of other publicly-held companies of which he currently serves as a director or has served as a director during the past five years. In addition, we have presented information regarding each nominee's specific experience, qualifications, attributes and skills that led our Board of Directors to the conclusion that he should serve as a director. We also believe that the nomination of each of our director nominees is in the best long-term interests of our stockholders, as each individual possesses the highest personal and professional ethics, integrity and values, and has the judgment, skill, independence and experience required to serve as members of our Board of Directors. Each individual has also demonstrated a strong commitment to service to the Company.

Name	Age	Principal Occupation and Business Experience and Other Directorships in Public Companies During Last Five Years	Director Since
John P. Jumper	67	President and Chief Executive Officer of SAIC, Inc. (a government technology solutions company). Retired Chief of Staff, United States Air Force. From prior to 2007, President, John P. Jumper & Associates (aerospace consulting). Also, Director of Goodrich Corporation, Science Applications International Corporation, Wesco Aircraft Holding, Inc. From prior to 2007 to 2009, Director of TechTeam Global and from 2007 to 2010, Director of Somanectics Corp. From 2007 to February 2012, Director of Jacobs Engineering, Inc.	2012

Through his extensive military career, including as the highest-ranking officer in the U.S. Air Force, General Jumper developed valuable and proven leadership and management skills that will make him a significant contributor to our Board of Directors. In addition, General Jumper's service on the boards of other publicly-traded corporations allows him to provide valuable insight to the Board of Directors on matters of corporate governance and executive compensation policies and practices.

Dennis W. LaBarre	69	Partner in the law firm of Jones Day.	1982
		Mr. LaBarre is a lawyer with broad experience counseling boards and senior management of publicly-traded and private corporations regarding corporate governance, compliance and other domestic and international business and transactional issues. In addition, he has over 25 years of experience as a member of senior management of a major international law firm. These experiences enable him to provide our Board of Directors with an expansive view of the legal and business	

issues pertinent to the Company, which is further enhanced by his extensive knowledge of us as a result of his many years of service on our Board of Directors and through his involvement with its committees.

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Name	Age	Principal Occupation and Business Experience and Other Directorships in Public Companies During Last Five Years	Director Since
Richard de J. Osborne	78	Retired Chairman and Chief Executive Officer of ASARCO Incorporated (a leading producer of non-ferrous metals). Current non-executive Chairman of the Board of Directors of Datawatch Corp.	1998
		Mr. Osborne's experience as chairman, chief executive officer and chief financial officer of a leading producer of non-ferrous metals enables him to provide our Board of Directors with a wealth of experience in and understanding of the mining industry. From this experience, as well as his past and current service on the boards of other publicly-traded corporations, Mr. Osborne offers our Board of Directors a comprehensive perspective for developing corporate strategies and managing risks of a major publicly-traded corporation.	
Alfred M. Rankin, Jr.	70	Chairman, President and Chief Executive Officer of the Company. Chairman of the Board of each of our principal subsidiaries: NACCO Materials Handling Group, Inc., which we refer to as NMHG, The North American Coal Corporation, which we refer to as NA Coal, Hamilton Beach Brands, Inc., which we refer to as HBB, and The Kitchen Collection, LLC, which we refer to as KC (all wholly-owned subsidiaries of the Company). Also, Director of Goodrich Corporation and The Vanguard Group, and Chairman of the Board of Directors of the Federal Reserve Bank of Cleveland.	1972
		In over 39 years of service to the Company as a Director and over 20 years in senior management, Mr. Rankin has amassed extensive knowledge of all of our strategies and operations. In addition to his extensive knowledge of the Company, he also brings to our Board of Directors unique insight resulting from his service on the boards of other publicly-traded corporations and the Federal Reserve Bank of Cleveland. Additionally, through his dedicated service to many of Cleveland's cultural institutions, he provides a valuable link between our Board of Directors, the Company and the community surrounding our corporate headquarters.	
Michael E. Shannon	75	President of MESHannon & Associates, Inc. (a private firm specializing in corporate finance and investments). Retired Chairman, Chief Financial and Administrative Officer of Ecolab, Inc. (a specialty chemicals company). From prior to 2007 to April 2010, Director of CenterPoint Energy, Inc. From prior to 2007 to 2007, Director of Apogee Enterprises, Inc. and Director of Clorox Company.	2002
		Mr. Shannon's experience in finance and general management, including his service as chairman and chief financial and administrative officer of a major publicly-traded corporation, enables him to make significant contributions to our Board of Directors, particularly in his capacity as the Chairman of our Audit Review Committee and as our audit committee financial expert. Through his past and current service	

on the boards of publicly-traded corporations, he has a broad and deep understanding of the financial reporting system, the challenges involved in developing and maintaining effective internal controls and the isolation of areas of focus for evaluating risks to the Company.

Britton T. Taplin 55 Self-employed (personal investments). Former Partner of Western Skies Group, Inc. (a privately-held real estate developer) from prior to 2007 to 2007. From prior to 2007 to 2007, worked in a commercial real-estate development business. 1992

Mr. Taplin is a grandson of the founder of the Company and brings the perspective of a long-term stockholder to our Board of Directors.

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Name	Age	Principal Occupation and Business Experience and Other Directorships in Public Companies During Last Five Years	Director Since
David F. Taplin	62	Self-employed (tree farming).	1997
		Mr. Taplin is a grandson of the founder of the Company and brings the perspective of a long-term stockholder to our Board of Directors.	
John F. Turben	76	Founding Partner of Kirtland Capital Partners (a private equity company).	1997
		Mr. Turben brings to our Board of Directors the entrepreneurial perspective of a founder and operator of a successful company. Mr. Turben has acquired extensive experience handling transactional and investment issues through his over 35 years of involvement in operating a private equity firm. Through this experience as well as his service on other boards of publicly-traded corporations and private institutions, he provides important insight and assistance to our Board of Directors in the areas of finance, investments and corporate governance, which enable him to be a significant contributor to our Board of Directors.	
Eugene Wong	77	Professor Emeritus of the University of California at Berkeley.	2005
		Dr. Wong has broad experience in engineering, particularly in the areas of electrical engineering and software design, which are of significant value to the oversight of our information technology infrastructure, product development and general engineering. He has served as technical consultant to a number of leading and developing nations, which enables him to provide an up-to-date international perspective to our Board of Directors. Dr. Wong has also co-founded and managed several corporations, and has served as a chief executive officer of one, enabling him to contribute the unique administrative and management perspective of a corporate chief executive officer.	

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Directors' Meetings and Committees

The Board of Directors has an Audit Review Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, a Finance Committee and an Executive Committee. The members of such committees are as follows:

Audit Review Committee

John P. Jumper
 Richard de J. Osborne
 Michael E. Shannon (Chairman)
 John F. Turben

Compensation Committee

John P. Jumper
 Richard de J. Osborne (Chairman)
 Eugene Wong

Finance Committee

Dennis W. LaBarre
 Alfred M. Rankin, Jr.
 Michael E. Shannon
 Britton T. Taplin
 John F. Turben (Chairman)

Executive Committee

Dennis W. LaBarre
 Richard de J. Osborne
 Alfred M. Rankin, Jr. (Chairman)
 Michael E. Shannon
 John F. Turben

Nominating and Corporate Governance Committee

Dennis W. LaBarre
 Richard de J. Osborne
 Michael E. Shannon (Chairman)
 David F. Taplin
 John F. Turben

The Audit Review Committee held eight meetings in 2011. The Audit Review Committee has the responsibilities set forth in its charter with respect to:

- the quality and integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the adequacy of our internal controls;
- our guidelines and policies to monitor and control our major financial risk exposures;
- the qualifications, independence, selection and retention of the independent registered public accounting firm;
- the performance of our internal audit function and independent registered public accounting firm;
- assisting our Board of Directors and us in interpreting and applying our Corporate Compliance Program and other issues related to us and employee ethics; and
- preparing the Annual Report of the Audit Review Committee to be included in our Proxy Statement.

Our Board of Directors has determined that Michael E. Shannon, the Chairman of the Audit Review Committee, qualifies as an audit committee financial expert as defined in Section 407(d) of Regulation S-K under the Securities Exchange Act of 1934, which we refer to as the Exchange Act. Mr. Shannon is independent, as such term is defined in the listing standards of the New York Stock Exchange and Rule 10A-3(b)(1) under the Exchange Act. Our Board of Directors believes that, in keeping with our high standards, all members of the Audit Review Committee should have a high level of financial knowledge. Accordingly, our Board of Directors has reviewed the membership of the Audit Review Committee and determined that each member of the Audit Review Committee is independent as defined in the listing standards of the New York Stock Exchange and Rule 10A-3(b)(1) under the Exchange Act, is financially literate as defined in Section 303A.07(a) of the New York Stock Exchange's listing standards, has accounting or related financial management expertise as defined in Section 303A.07(a) of the New York Stock Exchange's listing standards and, therefore, may qualify as an audit committee financial expert. No members of the Audit Review Committee serve on more than three public company audit committees.

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The Compensation Committee held four meetings in 2011. The Compensation Committee has the responsibilities set forth in its charter with respect to the administration of our policies, programs and procedures for compensating our employees, including our executive officers and directors. Among other things, the Compensation Committee's direct responsibilities include:

- the review and approval of corporate goals and objectives relevant to compensation for the Chief Executive Officer and other executive officers;
- the evaluation of the performance of the Chief Executive Officer and other executive officers in light of these goals and objectives;
- the determination and approval of Chief Executive Officer and other executive officer compensation levels;
- the consideration of whether the risks arising from our employee compensation policies and practices are reasonably likely to have a material adverse effect on us;
- the making of recommendations to our Board of Directors, where appropriate or required, and the taking of other actions with respect to all other compensation matters, including incentive compensation plans and equity-based plans; and
- the review and approval of the Compensation Discussion and Analysis and the preparation of the annual Compensation Committee Report to be included in our Proxy Statement.

Consistent with applicable laws, rules and regulations, the Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to one or more subcommittees of the Compensation Committee or, in appropriate cases, to our senior managers. The Compensation Committee retains and receives assistance in the performance of its responsibilities from an internationally recognized compensation consulting firm, discussed further below under the heading "Executive Compensation - Compensation Discussion and Analysis - Compensation Consultants." Each member of the Compensation Committee is independent, as defined in the listing standards of the New York Stock Exchange.

The Nominating and Corporate Governance Committee held three meetings in 2011. The Nominating and Corporate Governance Committee has the responsibilities set forth in its charter. Among other things, the Nominating and Corporate Governance Committee's responsibilities include:

- the review and making of recommendations to our Board of Directors of the criteria for membership on our Board of Directors;
- the review and making of recommendations to our Board of Directors of the optimum number and qualifications of directors believed to be desirable;
- the establishment and monitoring of a system to receive suggestions for nominees to directorships of the Company; and
- the identification and making of recommendations to our Board of Directors of specific candidates for membership on our Board of Directors.

The Nominating and Corporate Governance Committee will consider director candidates recommended by our stockholders. See "- Procedures for Submission and Consideration of Director Candidates" on page 9. In addition to the foregoing responsibilities, the Nominating and Corporate Governance Committee is responsible for reviewing our Corporate Governance Guidelines and recommending changes to the Corporate Governance Guidelines, as appropriate; overseeing evaluations of the Board of Directors' effectiveness; and annually reporting to the Board of Directors the Nominating and Corporate Governance Committee's assessment of our Board of Directors' performance. Each member of the Nominating and Corporate Governance Committee is independent, as defined in the listing standards of the New York Stock Exchange. However, the Nominating and Corporate Governance Committee may, from time to time, consult with certain other members of the Taplin and Rankin families, including Alfred M. Rankin, Jr., regarding the composition of our Board of Directors.

The Finance Committee held seven meetings in 2011. The Finance Committee reviews our financing and financial risk management strategies and those of our principal subsidiaries and makes recommendations to our Board of Directors on matters concerning finance.

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The Executive Committee did not hold any meetings in 2011. The Executive Committee may exercise all of the powers of our Board of Directors over the management and control of our business during the intervals between meetings of our Board of Directors.

Our Board of Directors held nine meetings in 2011. In 2011, all of the directors attended at least 75 percent of the total meetings held by our Board of Directors and by the committees on which they served during their tenure.

Our Board of Directors has determined that, based primarily on the ownership of Class A Common and Class B Common by the members of the Taplin and Rankin families and their voting history, we have the characteristics of, and may be, a “controlled company,” as that term is defined in Section 303A of the listing standards of the New York Stock Exchange. Accordingly, our Board of Directors has determined that we could be characterized as a “controlled company.” However, our Board of Directors has elected not to make use at the present time of any of the exceptions to the requirements of the listing standards of the New York Stock Exchange that are available to controlled companies. Accordingly, at least a majority of the members of our Board of Directors is independent, as defined in the listing standards of the New York Stock Exchange. In making a determination as to the independence of our directors, our Board of Directors considered Section 303A of the listing standards of the New York Stock Exchange and broadly considered the materiality of each director's relationship with us. Based upon the foregoing criteria, our Board of Directors has determined that the following directors and former director are independent as defined in the listing standards of the New York Stock Exchange: Owsley Brown II (former director who passed away in 2011), John P. Jumper, Dennis W. LaBarre, Richard de J. Osborne, Michael E. Shannon, Britton T. Taplin, David F. Taplin, John F. Turben and Eugene Wong.

In accordance with the rules of the New York Stock Exchange, our non-management directors are scheduled to meet in executive session, without management, once a year. The Chairman of the Compensation Committee presides at such meeting. Additional meetings of the non-management directors may be scheduled from time to time when the non-management directors believe such meetings are desirable. The determination of the director who should preside at such additional meeting will be made based upon the principal subject matter to be discussed at the meeting. A meeting of the non-management directors was held on February 8, 2012.

We hold a regularly scheduled meeting of our Board of Directors in conjunction with our annual meeting of stockholders. Directors are expected to attend the annual meeting of stockholders absent an appropriate excuse. All of our directors attended our 2011 annual meeting of stockholders, except John P. Jumper who did not become a director until

January 1, 2012.

We have adopted a code of ethics, entitled “Code of Corporate Conduct,” applicable to all of our personnel, including the principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions. Waivers of our code of ethics for our directors or executive officers, if any, may be disclosed on our website, by press release or by filing a Current Report on Form 8-K with the Securities and Exchange Commission, which we refer to as the SEC. We have also adopted Corporate Governance Guidelines, which provide a framework for the conduct of our Board of Directors' business. The Code of Corporate Conduct, the Corporate Governance Guidelines and the Independence Standards for Directors, as well as each of the charters of the Audit Review Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, are available free of charge on our website at <http://www.nacco.com>, under the heading “Corporate Governance.” The information contained on or accessible through our website other than this Proxy Statement is not incorporated by reference into this Proxy Statement, and you should not consider such information contained on or accessible through our website as part of this Proxy Statement.

The Audit Review Committee reviews all relationships and transactions in which we and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest in such transactions. Our legal department is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions in order to enable the Audit Review Committee to determine, based on the facts and circumstances, whether we have or a related person has a direct or indirect material interest in the transaction. As set

forth in the Audit Review Committee's charter, in the course of the review of a potentially material related-person transaction, the Audit Review Committee considers:

- the nature of the related person's interest in the transaction;
- the material terms of the transaction, including, without limitation, the amount and type of transaction;
- the importance of the transaction to the related person;

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the importance of the transaction to us;

whether the transaction would impair the judgment of a director or executive officer to act in our best interest; and
any other matters the Audit Review Committee deems appropriate.

Based on this review, the Audit Review Committee will determine whether to approve or ratify any transaction that is directly or indirectly material to us or a related person.

Any member of the Audit Review Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote with respect to the approval or ratification of the transaction; however, such director may be counted in determining the presence of a quorum at a meeting of the Audit Review Committee that considers the transaction.

Procedures for Submission and Consideration of Director Candidates

Stockholder recommendations for nominees for election to our Board of Directors must be submitted to NACCO Industries, Inc., 5875 Landerbrook Drive, Suite 300, Cleveland, Ohio 44124-4069, Attention: Secretary, and must be received at our executive offices on or before December 31 of each year in anticipation of the following year's annual meeting of stockholders. The Nominating and Corporate Governance Committee will consider such recommendations if they are in writing and set forth the following information:

1. the name and address of the stockholder recommending the candidate for consideration as such information appears on our records, the telephone number where such stockholder can be reached during normal business hours, the number of shares of Class A Common and Class B Common owned by such stockholder and the length of time such shares have been owned by the stockholder; if such person is not a stockholder of record or if such shares are owned by an entity, reasonable evidence of such person's beneficial ownership of such shares or such person's authority to act on behalf of such entity;

2. complete information as to the identity and qualifications of the proposed nominee, including the full legal name, age, business and residence addresses and telephone numbers and other contact information, and the principal occupation and employment of the candidate recommended for consideration, including his or her occupation for at least the past five years, with a reasonably detailed description of the background, education, professional affiliations and business and other relevant experience (including directorships, employments and civic activities) and qualifications of the candidate;

3. the reasons why, in the opinion of the recommending stockholder, the proposed nominee is qualified and suited to be one of our directors;

4. the disclosure of any relationship of the candidate being recommended has with us or any of our subsidiaries or affiliates, whether direct or indirect;

5. a description of all relationships, arrangements and understandings between the proposing stockholder and the candidate and any other person(s) (naming such person(s)) pursuant to which the candidate is being proposed or would serve as a director, if elected; and

6. a written acknowledgment by the candidate being recommended that he or she has consented to being considered as a candidate, has consented to our undertaking of an investigation into that individual's background, education, experience and other qualifications and, in the event that the Nominating and Corporate Governance Committee desires to do so, has consented to be named in our Proxy Statement and to serve as one of our directors, if elected.

We do not require our directors to possess any specific qualifications or specific qualities or skills. In evaluating director nominees, the Nominating and Corporate Governance Committee will consider such factors as it deems appropriate, and other factors identified from time to time by our Board of Directors. The Nominating and Corporate Governance Committee will consider the entirety of each proposed director nominee's credentials. As a general matter, the Nominating and Corporate Governance Committee will consider a diverse number of factors such as judgment, skill, ethics, integrity, values, independence, possible conflicts of interest, experience with businesses and other organizations of comparable size or character, the interplay of the candidate's experience and approach to addressing business issues with the experience and approach of incumbent members of our Board of Directors and other new director candidates. The Nominating and Corporate Governance Committee's goal in selecting directors for nomination to our Board of Directors is generally to seek a well-

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balanced membership that combines a diversity of experience and skill in order to enable us to pursue our strategic objectives.

The Nominating and Corporate Governance Committee will consider all information provided to it that is relevant to a candidate's nomination as one of our directors. Following such consideration, the Nominating and Corporate Governance Committee may seek additional information regarding, and may request an interview with, any candidate who it wishes to continue to consider. Based upon all information available to it and any interviews it may have conducted, the Nominating and Corporate Governance Committee will meet to determine whether to recommend the candidate to our Board of Directors. The Nominating and Corporate Governance Committee will consider candidates recommended by stockholders on the same basis as candidates from other sources.

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for directors. The Nominating and Corporate Governance Committee regularly reviews the appropriate size of our Board of Directors and whether any vacancies on our Board of Directors are expected due to retirement or otherwise. In the event vacancies are anticipated, or otherwise arise, the Nominating and Corporate Governance Committee may consider various potential candidates. Candidates may be recommended by current members of our Board of Directors, third-party search firms or stockholders. No search firm was retained by the Nominating and Corporate Governance Committee during the past fiscal year. The Nominating and Corporate Governance Committee generally does not consider recommendations for director nominees submitted by individuals who are not affiliated with us. In order to preserve its impartiality, the Nominating and Corporate Governance Committee may not consider a recommendation that is not submitted in accordance with the procedures set forth above.

John P. Jumper was recommended to our Board of Directors and our Nominating and Corporate Governance Committee by a member of our Board of Directors.

Board Leadership Structure and Risk Management

Through our holding company structure, we operate a diverse group of businesses spanning the following four principal industries: lift trucks, small appliances, specialty retail and mining. Due to the diversity of our businesses, including in terms of their products, customers, operations, geographical scope, risks and structure, the Board of Directors believes that our Chief Executive Officer is the most appropriate person to serve as our Chairman because he possesses in-depth knowledge of the issues, opportunities and challenges facing each of our principal businesses. Because of this knowledge and insight, he is in the best position to effectively identify strategic opportunities and priorities and to lead the discussion for the execution of the Company's strategies and achievement of its objectives.

As Chairman, our Chief Executive Officer is able to:

- focus our Board of Directors on the most significant strategic goals and risks of our businesses;
- utilize the individual qualifications, skills and experience of the other members of the Board of Directors in order to maximize their contributions to our Board of Directors;
- ensure that each other member of our Board of Directors has sufficient knowledge and understanding of our businesses to enable him to make informed judgments;
- provide a seamless flow of information from our subsidiaries to our Board of Directors;
- and
- facilitate the flow of information between our Board of Directors and our management.

This board leadership structure also enhances the effectiveness of the boards of directors of our subsidiaries, which have parallel structures and provide oversight at the strategic and operational business unit level. Each director who serves on our Board of Directors is also a member of each subsidiary's board of directors, which integrates our Board of Directors with the boards of our subsidiaries. Our Chief Executive Officer serves as the Chairman of each subsidiary's board of directors, which provides a common and consistent element that enables these subsidiary boards of directors to function effectively and efficiently as well as in an independent, informed basis for exercising effective oversight, including risk oversight. The Board of Directors believes that the combined role of Chairman and Chief Executive Officer promotes strategic development and execution at each of the subsidiaries, which is essential to effective governance. We do not assign a lead independent director but the Chairman of our Compensation Committee presides at the regularly scheduled meetings of non-management directors.

The Board of Directors oversees our risk management. The full Board of Directors (as supplemented by the appropriate board committee in the case of risks that are overseen by a particular committee) regularly reviews information provided by management in order for our Board of Directors to oversee the risk identification, risk management and risk mitigation strategies. Our board committees assist the full Board of Directors' oversight of our material risks by focusing on risks related to the particular area of concentration of the relevant committee. For example, our Compensation Committee

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oversees risks related to our executive compensation plans and arrangements, our Audit Review Committee oversees the financial reporting and control risks, our Finance Committee oversees financing and other financial risk management strategies and our Nominating and Corporate Governance Committee oversees risks associated with the independence of the Board of Directors and potential conflicts of interest. Each committee reports on these discussions of the applicable relevant risks to the full Board of Directors during the committee reports portion of the Board of Directors meeting. The full Board of Directors incorporates the insight provided by these reports into its overall risk management analysis.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves or has served on the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Certain Business Relationships

Dennis W. LaBarre, one of our and our principal subsidiaries' directors, is a partner in the law firm of Jones Day. Jones Day provided legal services on our behalf and on behalf of our principal subsidiaries during 2011 on a variety of matters, and it is anticipated that such firm will provide similar services in 2012. Mr. LaBarre does not receive any direct compensation from legal fees we pay to Jones Day and these legal fees do not provide any material indirect compensation to Mr. LaBarre.

J.C. Butler, Jr., one of our executive officers, is the son-in-law of Alfred M. Rankin, Jr. In 2011, Mr. Butler's total compensation from us was \$696,038, which includes annual compensation, long-term compensation and all other compensation.

Report of the Audit Review Committee

The Audit Review Committee has reviewed and discussed with our management and Ernst & Young LLP, our independent registered public accounting firm, our audited financial statements contained in our Annual Report to Stockholders for the year ended December 31, 2011. The Audit Review Committee has also discussed with our independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Review Committee has received and reviewed the written disclosures and the independence letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the Audit Review Committee concerning independence, and has discussed with Ernst & Young LLP its independence.

Based on the review and discussions referred to above, the Audit Review Committee recommended to the Board of Directors (and the Board of Directors subsequently approved the recommendation) that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC.

MICHAEL E. SHANNON, CHAIRMAN

JOHN P. JUMPER

RICHARD DE J. OSBORNE

JOHN F. TURBEN

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Director Compensation

The following table sets forth all compensation of each director for services as our directors and as directors of our principal subsidiaries for 2011, other than Alfred M. Rankin, Jr. In addition to being a director, Mr. Rankin is also Chairman, President and Chief Executive Officer of the Company and Chairman of each of NMHG, NA Coal, HBB and KC. Mr. Rankin does not receive any compensation for his services as a director. Mr. Rankin's compensation for services as one of our executive officers is shown in the Summary Compensation Table on page 40.

DIRECTOR COMPENSATION

For Fiscal Year Ended December 31, 2011

Name	Fees Earned or Paid in Cash(1) (\$)	Stock Awards(2) (\$)	All Other Compensation(3) (\$)	Total (\$)
Owsley Brown II (4)	\$61,047	\$46,953	\$2,019	\$110,019
John P. Jumper (5)	\$0	\$0	\$0	\$0
Dennis W. LaBarre	\$54,503	\$84,497	\$6,718	\$145,718
Richard de J. Osborne	\$89,226	\$51,774	\$6,518	\$147,518
Michael E. Shannon	\$90,197	\$61,803	\$6,571	\$158,571
Britton T. Taplin	\$71,047	\$46,953	\$6,515	\$124,515
David F. Taplin	\$66,047	\$46,953	\$6,631	\$119,631
John F. Turben	\$97,226	\$51,774	\$6,549	\$155,549
Eugene Wong	\$25,583	\$89,417	\$4,549	\$119,549

Amounts in this column reflect the annual retainers and other fees earned by the directors in 2011. They also (1) include payment for certain fractional shares of Class A Common that were earned and cashed out in 2011 under the Non-Employee Directors' Plan described below.

Under the Non-Employee Directors' Plan, the directors are required to receive a portion of their annual retainer in shares of Class A Common, which we refer to as the Mandatory Shares. They are also permitted to elect to receive all or part of the remainder of the retainer and all fees in the form of shares of Class A Common, which we refer to as the Voluntary Shares. Amounts in this column reflect the aggregate grant date fair value of the Mandatory Shares and Voluntary Shares that were granted to directors under the Non-Employee Directors' Plan, determined (2) pursuant to the Financial Accounting Standards Board Accounting Standards Codification Topic 718, which we refer to as FASB ASC Topic 718. The amounts listed include the following amounts that certain directors elected to receive in the form of Voluntary Shares rather than in cash: \$37,544 for Dennis W. LaBarre, \$4,821 for Richard de J. Osborne, \$14,850 for Michael E. Shannon, \$4,821 for John F. Turben and \$42,464 for Eugene Wong. See Note (2) of the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for more information regarding the accounting treatment of our equity awards.

The amount listed includes: (i) \$1,129 for Mr. Brown and \$1,505 for each other director in Company-paid premium payments for life insurance for the benefit of the directors; (ii) other Company-paid premium payments for accidental death and dismemberment insurance for the director and his spouse; and (iii) personal excess liability (3) insurance for the director and members of his immediate family. The amount listed also includes charitable contributions made in our name on behalf of the director and his spouse under our matching charitable gift program in the amount of \$3,796 for Britton Taplin, \$2,000 for Eugene Wong and \$4,000 for each of Messrs. LaBarre, Osborne, Shannon, Turben and David Taplin.

(4) Mr. Brown ceased serving as a director on September 26, 2011 due to his death.

(5) General Jumper became a director effective January 1, 2012.

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Description of Material Factors Relating to the Director Compensation Table

As of July 1, 2011, each non-employee director received the following annual compensation for service on our Board of Directors and on our subsidiaries' boards of directors:

a retainer of \$125,000 (\$69,000 of which is required to be paid in the form of shares of Class A Common, as described below);

- attendance fees of \$1,000 for each meeting attended (including telephonic meetings) of our Board of Directors or a subsidiary board of directors, but not exceeding \$2,000 per day;

attendance fees of \$1,000 for each meeting attended (including telephonic meetings) of a committee of our Board of Directors on which the director served or a committee of a subsidiary's board of directors on which the Director served;

a retainer of \$5,000 for each committee of our Board of Directors on which the director served (other than the Executive Committee);

an additional retainer of \$5,000 for each committee of our Board of Directors on which the director served as chairman (other than the Audit Review Committee); and

an additional retainer of \$10,000 for the chairman of the Audit Review Committee of our Board of Directors.

The retainers are paid quarterly in arrears and the meeting fees are paid following each meeting. Each director is also reimbursed for expenses incurred as a result of attendance at meetings. We also occasionally make our private aircraft available to directors for attendance at meetings of our Board of Directors and our subsidiaries' boards of directors.

Under the Non-Employee Directors' Plan, each director who was not an officer of the Company or of any of our subsidiaries received \$69,000 of his \$125,000 retainer in whole shares of Class A Common. Any fractional shares were paid in cash. The actual number of shares of Class A Common issued to a director is determined by the following formula:

the dollar value of the portion of the \$69,000 retainer that was earned by the director each quarter divided by

the average closing price of shares of Class A Common on the New York Stock Exchange for each week during such quarter.

These shares are fully vested on the date of grant, and the director is entitled to all rights of a stockholder, including the right to vote and receive dividends. However, the shares cannot be assigned, pledged, hypothecated or otherwise transferred by the director, voluntarily or involuntarily, other than:

by will or the laws of descent and distribution;

pursuant to a qualifying domestic relations order; or

to a trust for the benefit of the director or his spouse, children or grandchildren.

The foregoing restrictions on transfer lapse upon the earliest to occur of:

the date which is ten years after the last day of the calendar quarter for which such shares were earned;

the date of the death or permanent disability of the director;

five years (or earlier with the approval of our Board of Directors) from the date of the retirement of the director from our Board of Directors; or

the date that a director is both retired from our Board of Directors and has reached 70 years of age.

In addition, each director has the right under the Non-Employee Directors' Plan to receive shares of Class A Common in lieu of cash for up to 100% of the balance of his retainers and meeting attendance fees. The number of shares issued is determined under the same formula stated above. However, these Voluntary Shares are not subject to the foregoing transfer restrictions.

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Director Compensation Program for 2012

The Compensation Committee periodically evaluates and recommends changes to our compensation program for directors. In 2010, the Compensation Committee used the Hay Group consulting firm to evaluate and provide recommendations regarding our director compensation program. Our Board of Directors agreed to implement the recommendations over a several year period. Effective January 1, 2011, the annual retainer was increased from \$55,000 to \$80,000. Effective July 1, 2011, the annual retainer was increased from \$80,000 to \$125,000. No other changes were made to the director compensation program in 2011. However, the Compensation Committee and our Board of Directors expect to review the compensation program at the end of 2012 to determine if any additional changes are warranted.

Executive Compensation

Compensation Discussion and Analysis

The following describes the material elements of our compensation objectives and policies as they relate to those individuals named in the Summary Compensation Table on page 40, whom we refer to as the Named Executive Officers. This discussion and analysis of our compensation program should be read in conjunction with the accompanying tables and text disclosing the compensation awarded to, earned by or paid to the Named Executive Officers during 2011.

Executive Compensation Governance

The Compensation Committee of our Board of Directors and the Compensation Committees of the Company's subsidiary boards of directors, which we refer to collectively in this "Executive Compensation" section as the Compensation Committee unless the context requires otherwise, establish and oversee the administration of our policies, programs and procedures for compensating our employees, including our executive officers. Each Compensation Committee consists solely of independent directors.

The Compensation Committee's direct responsibilities include:

- review and approval of corporate goals and objectives relevant to compensation for the Chief Executive Officer and other executive officers;
- evaluation of the performance of the Chief Executive Officer and other executive officers in light of these performance goals and objectives;
- determination and approval of the compensation levels of the Chief Executive Officer and other executive officers based on this evaluation;
- consideration of whether the risks arising from our employee compensation policies and practices are reasonably likely to have a material adverse effect on us;
- making recommendations to our Board of Directors, where appropriate or required, with respect to non-equity-based compensation matters; and
- taking other actions with respect to all other compensation matters, including equity-based and other incentive compensation plans.

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Named Executive Officers for 2011

The Named Executive Officers for 2011 are listed on the table below. They include executives who were employed by the Company and two of its subsidiaries, NMHG and HBB. None of the Named Executive Officers were employed by NA Coal or KC, our other major subsidiaries.

Name	Title(s)	2011 Employer
Alfred M. Rankin, Jr.	Chairman, President and Chief Executive Officer — NACCO	NACCO
Kenneth C. Schilling	Vice President and Controller — NACCO Vice President and Chief Financial Officer — NMHG	NACCO
Michael P. Brogan	President and Chief Executive Officer — NMHG	NMHG
Colin Wilson	Vice-President, Chief Operating Officer and President, Americas — NMHG	NMHG
Gregory H. Trepp (1)	President and Chief Executive Officer — HBB Chief Executive Officer — KC	HBB

(1) Although Mr. Trepp is the Chief Executive Officer of KC, he does not receive any compensation from KC or participate in any incentive compensation plans sponsored by KC.

Compensation Consultants

The Compensation Committee receives assistance and advice from the Hay Group, an internationally-recognized compensation consulting firm. These consultants are engaged by and report to the Compensation Committee. The consultants also provide advice and discuss compensation issues directly with management.

Throughout 2011, the Hay Group prepared, presented and made recommendations regarding substantially all aspects of compensation for the directors and senior management employees, including the Named Executive Officers. For 2011, the Hay Group was engaged to:

- make recommendations regarding Hay point levels, salary midpoints and incentive targets for all new senior management positions and/or changes to current senior management positions;
- make recommendations regarding 2011 salary midpoints, short-term and long-term incentive compensation targets (calculated as a percentage of salary midpoint) and target total compensation for all senior management positions;
- make recommendations regarding 2011 salary midpoints and/or range movement for all other employee positions;
- evaluate and provide recommendations regarding the compensation program for our non-employee directors; and
- make presentations regarding legislative and regulatory changes.

At the direction of the Compensation Committee, all Hay point recommendations for new senior management positions and/or changes to current positions are determined by the Hay Group through the consistent application of the Hay point methodology, which is a proprietary method that takes into account the know-how, problem solving and accountability requirements of the position.

Representatives of the Hay Group attended one of the Compensation Committee meetings in 2011 by telephone and, during that meeting, consulted with the Compensation Committee in executive session without management present. The Hay Group did not provide any other services to us or the Compensation Committee in 2011.

Hay Group's All Industrials Survey - Salary Midpoint

As a starting point for setting target total compensation, the Compensation Committee directed the Hay Group to use their proprietary survey of a broad group of domestic industrial organizations from almost all segments of industry ranging in size from under \$150 million to over \$5 billion in annual revenues, which we refer to as the All Industrials survey. Organizations that satisfy the consultant's quality assurance controls voluntarily participate in the All Industrials survey by submitting data to the consultant. For 2011, participants in the All Industrials survey included 300 parent organizations and 388 independent operating units representing almost all segments of industry, including the light and heavy manufacturing, consumer products and mining segments.

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The Compensation Committee chose this particular survey as its benchmark for the following reasons:
• the use of a broad-based survey reduces volatility and lessens the impact of cyclical upswings or downturns in any one industry that could otherwise skew the survey results in any particular year; and
• due to the unique nature of our holding group structure, this survey provides internal consistency in compensation among all of our subsidiaries, regardless of industry.

Using the proprietary Hay point methodology discussed above under the heading “- Compensation Consultants,” the Hay Group compares positions of similar scope and complexity with the data obtained in the All Industrials survey. The Hay Group then derives a median salary level for each Hay point level, including those positions occupied by the Named Executive Officers, which is targeted at the 50th percentile of the All Industrials survey. We refer to the 50th percentile median target as the salary midpoint. For 2011, the Compensation Committee used (i) 100% of the salary midpoints recommended by the Hay Group for all positions at NACCO and HBB, as well as for NMHG positions in Europe, the Middle East and Africa, which we refer to as EMEA, and (ii) 97.5% of the salary midpoints for all other positions at NMHG. Because salary midpoints are based on each Hay point level, all of the employees at a particular Hay point level at a particular company generally have the same salary midpoint. This process assures internal equity in pay among the executives across all business units.

Executive officers' compensation levels are set at (or slightly below) the salary midpoint recommended by the Hay Group because the Compensation Committee believes that the use of salary midpoints ensures that the compensation program provides sufficient compensation to attract and retain talented executives and maintain internal pay equity, without overcompensating our executive officers.

The salary midpoint provided by the Hay Group is then used to calculate the total target compensation of all senior management employees, including the Named Executive Officers.

Compensation Policies and Objectives - Total Target Compensation

The guiding principle of the compensation program for senior management employees, including Named Executive Officers, is the maintenance of a strong link between an employee's compensation, individual performance and the performance of the Company or the subsidiary for which the employee has responsibility. The primary objectives of our compensation program are:

- to attract, retain and motivate talented management;
- to reward management with competitive total compensation for achievement of specific corporate and individual goals; and
- to make management long-term stakeholders in us.

In addition, due to the unique nature of our holding company structure, the Compensation Committee attempts to maintain consistency in compensation among all of the Company's subsidiaries.

The Compensation Committee establishes comprehensively defined “target total compensation” for each senior management employee following rigorous evaluation standards to ensure internal equity. Target total compensation is determined explicitly in dollar terms as the sum of: (i) salary midpoint, as determined by the Hay Group, (ii) for U.S. employees, target cash in lieu of perquisites, (iii) target short-term incentives, and (iv) target long-term incentives. The target short-term incentives and long-term incentives are all determined by multiplying each employee's salary midpoint by a specified percentage of that midpoint, as determined by the Hay Group for each Hay salary grade.

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The following table sets forth target total compensation for the Named Executive Officers, as recommended by the Hay Group and approved by the Compensation Committee for 2011:

Named Executive Officer	(A) Salary Midpoint \$(%)	(B) Cash in Lieu of Perquisites \$(%)	(C) Short-Term Plan Target \$(%)	(D) Long-Term Plan Target \$(%)	(A)+(B)+(C)+(D) Target Total Compensation (\$)
Alfred M. Rankin, Jr.	\$974,600	19 % \$50,000	1% \$974,600	19% \$3,082,173	61%(1) \$5,081,373
Kenneth C. Schilling	\$307,600	49 % \$20,000	3% \$123,040	20% \$176,870	28%(1) \$627,510
Michael P. Brogan	\$631,100	31 % \$40,000	2% \$441,770	21% \$946,650	46% \$2,059,520
Colin Wilson	\$475,500	38 % \$32,000	2% \$261,525	21% \$499,275	39% \$1,268,300
Gregory H. Trepp	\$566,100	34 % \$34,992	2% \$339,660	20% \$735,930	44% \$1,676,682

The amounts include a 15% increase from the Hay-recommended long-term plan target awards that the Compensation Committee applies each year to account for the immediately taxable nature of the NACCO (1) Long-Term Plan awards. See “- Long-Term Incentive Compensation - NACCO Long-Term Incentive Compensation.”

In addition to the target total compensation shown on the table above, we provide employees with retirement benefits that are designed to provide a competitive rate of income during retirement, with the opportunity for additional income in the form of profit sharing benefits if a particular business unit (other than NA Coal) attains better than forecasted results.

The design of our compensation program offers opportunities for employees to earn truly superior compensation for outstanding results. It also includes significantly reduced compensation for results that do not meet or exceed the previously established performance targets for the year. In years when we have weaker financial results, payouts under the incentive compensation plans will generally be lower. In years when we have stronger financial results, payouts under the incentive compensation plans will generally be greater. We believe that our program encourages Named Executive Officers to earn incentive pay significantly greater than 100% of target over time by delivering outstanding managerial performance.

In most years, incentive compensation payments made to the Named Executive Officers exceed their base salary plus perquisite allowance for the year and the actual total compensation received exceeds the All Industrials survey median target total compensation for the year. See “- Hay Group's All Industrials Survey - Salary Midpoint.” Except for Mr. Schilling, each of the Named Executive Officer's incentive compensation exceeded the sum of his base salary and perquisite allowance for 2011.

Overview of Executive Compensation Methodology

We seek to achieve the foregoing policies and objectives through a mix of base salaries and incentive plans. Base salaries are set at levels appropriate to allow the incentive plans to serve as significant motivating factors. The Compensation Committee carefully reviews each of these components in relation to our performance.

Incentive-based compensation plans are designed to provide significant rewards for achieving or surpassing annual operating and financial performance objectives, as well as to align the compensation interests of the senior management employees, including the Named Executive Officers, with our long-term interests.

The Compensation Committee views the various components of compensation as related but distinct. While a significant percentage of total target compensation is allocated to incentive compensation as a result of the policies and objectives discussed above, there is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation. The Compensation Committee does not believe that significant compensation derived from one component of compensation should negate or reduce compensation from other components. Rather, the Compensation Committee reviews information provided from the Hay Group All Industrials survey to determine the appropriate level for each component and mix of compensation.

The Compensation Committee reviews and takes into account all elements of executive compensation in setting policies and determining compensation levels. In this process, the Compensation Committee reviews “tally sheets” with

respect to target total compensation for the Named Executive Officers and other senior management employees. The tally sheets list each officer's title, Hay points, salary midpoint, base salary, perquisite allowance (for U.S. employees), short-term and long-term incentive compensation targets and target total compensation for the current year, as well as those that are being proposed for the subsequent year.

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In November 2010, the Compensation Committee reviewed the tally sheets for each of our Named Executive Officers to help decide whether it should make changes to the 2011 compensation program. Although the Committee determined that the overall program continued to be consistent with our compensation objectives, it made the following adjustments for 2011:

As a result of the improvement in the economy and the Company's financial results in 2010, the Compensation Committee fully restored retirement benefits at NACCO and NMHG effective January 1, 2011.

The Hay Group prepared an updated analysis of the cash in lieu of perquisite amounts for our senior U.S. management employees. Based on this analysis, starting January 1, 2011, the Compensation Committee changed the methodology from calculating the perquisite allowance based on a percentage of salary midpoint to paying a specified dollar amount, which was recommended by the Hay Group and varies based on Hay salary grade. This change avoids unwarranted annual automatic increases in perquisite allowances. The Committee intends to have the Hay Group review the dollar amounts every few years in order to determine if the amounts should be modified.

Components of Named Executive Officers' Compensation. As discussed above, compensation for senior management employees primarily includes the following components:

- base salary;
- cash in lieu of perquisites for U.S. executives;
- short-term incentives; and
- long-term incentives.

Target total compensation is supplemented by retirement benefits, which consist mainly of the qualified plans and U.S. restoration nonqualified deferred compensation arrangements described below, and other benefits, such as health and welfare benefits. In addition, from time to time, the Compensation Committee may award discretionary cash and equity bonuses to employees, including the Named Executive Officers.

Base Salary. The Compensation Committee fixes an annual base salary intended to be competitive with the marketplace to recruit and retain talented senior management employees. Base salary is intended to provide employees with a set amount of money during the year with the expectation that they will perform their responsibilities to the best of their ability and in our best interests.

Each year, the Compensation Committee determines the base salary for each senior management employee, including the Named Executive Officers, by taking into account the employee's individual performance for the prior year and the relationship of the employee's prior year's base salary to the new salary midpoint for the employee's Hay point level. The Committee also takes into account any other relevant information, including:

- general inflation, salary trends and economic forecasts provided by the Hay Group;
- general budget considerations and business forecasts provided by management; and
- any extraordinary personal or corporate events that occurred during the prior year.

The potential for larger salary increases exists for individuals with lower base salaries relative to their salary midpoint and/or superior performance. The potential for smaller increases or even no increase exists for those individuals with higher base salaries relative to their salary midpoint and/or who have performed poorly during the performance period.

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The following table sets forth the salary midpoint, salary range and base salary for each Named Executive Officer for 2011, as well as the percentage of increase from the 2010 base salary:

Named Executive Officer	Salary Midpoint Determined by the Hay Group (\$)	Salary Range (Compared to Salary Midpoint) Determined by the Compensation Committee (%)	Base Salary For 2011 and as a Percentage of Salary Midpoint (\$)(%)	Change Compared to 2010 Base Salary (%)
Alfred M. Rankin, Jr.	\$974,600	80% - 130%	\$1,167,000 120 %	5.6%
Kenneth C. Schilling	\$307,600	80% - 120%	\$277,022 90 %	6.5%
Michael P. Brogan	\$631,100	80% - 120%	\$534,711 85 %	6.6%
Colin Wilson	\$475,500	80% - 120%	\$446,727 94 %	10%
Gregory H. Trepp	\$566,100	80% - 120%	\$459,996 81 %	4.5%

Cash in Lieu of Perquisites. In addition to providing car allowances to NMHG executives in EMEA and other perquisites to a limited number of employees in unique circumstances, U.S. senior management employees are paid a fixed dollar amount of cash in lieu of perquisites. The amount of the perquisite allowance for 2011 and future years is equal to a flat dollar amount, based on the employee's Hay point level.

The applicable dollar amounts were recommended by the Hay Group based on an analysis of the 2010 data from its proprietary Benefits Report, which contains employee benefits data from a survey conducted by the Hay Group. For the 2010 Benefits Report, the organizations that submitted information included 852 organizations or operating units representing almost all areas of industry, including the light and heavy manufacturing, consumer products and mining segments, as well as other organizations from the health care, service and financial sectors. Consistent with the use of the All Industrials survey, the Compensation Committee determined that the Benefits Report was an appropriate benchmark because using a broad-based survey reduces volatility and lessens the impact of cyclical upswings or downturns in any industry that could otherwise affect the survey results in a particular year.

For this study, the Compensation Committee did not seek identical comparisons. Rather, it merely requested an indication of the cost of perquisites that would represent a reasonable competitive level of perquisites for our various executive positions, which are reflected in the Hay points assigned to each position.

The table below sets forth the dollar amount of cash paid in lieu of perquisites, as determined by the Hay Group. The Compensation Committee approved the use of these recommendations for each of the Named Executive Officers. These amounts were paid in cash ratably throughout the year. This approach satisfied our objective of providing competitive total compensation to its Named Executive Officers while recognizing that many perquisites are largely just another form of compensation.

Named Executive Officer	Amount of Cash Paid in Lieu of Perquisites in 2011 (\$)
Alfred M. Rankin, Jr.	\$50,000
Kenneth C. Schilling	\$20,000
Michael P. Brogan	\$40,000
Colin Wilson	\$32,000
Gregory H. Trepp	\$34,992

Incentive Compensation of Named Executive Officers

Applicable Incentive Compensation Plans. As described in more detail under the heading “- Compensation Policies and Objectives - Total Target Compensation,” one of the principles of our compensation program is that senior management employees, including Named Executive Officers, are compensated based on the performance of the subsidiary for which the employee has responsibility or, in the case of employees of NACCO, our performance as a whole.

Due to the unique nature of our holding company structure, this means that the incentive compensation of the senior management employees who are employed by the Company is based on the aggregate performance of our four subsidiaries - NMHG, NA Coal, HBB and KC. However, the incentive compensation of senior executives who are employed by a subsidiary of the Company is based solely on the performance of that particular subsidiary.

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The table below identifies the employer of each of the Named Executive Officers, as well as the name of each of the incentive compensation plans in which the Named Executive Officer participated, during 2011:

Name	2011 Employer	Incentive Compensation Plan Name
Alfred M. Rankin, Jr.	NACCO	NACCO Short-Term Plan
		NACCO Long-Term Plan
Kenneth C. Schilling	NACCO	NACCO Short-Term Plan
		NACCO Long-Term Plan
Michael P. Brogan	NMHG	NMHG Short-Term Plan
		NMHG Long-Term Plan
Colin Wilson	NMHG	NMHG Short-Term Plan
		NMHG Long-Term Plan
Gregory H. Trepp	HBB	HBB Short-Term Plan
		HBB Long-Term Plan

Overview. A significant portion of the compensation of each Named Executive Officer is linked directly to the attainment of specific corporate financial and operating targets. The Compensation Committee believes that the Named Executive Officers should have a material percentage of their compensation contingent upon the performance of the Company and/or its subsidiaries.

The performance criteria and target performance levels for the incentive plans are established within the Compensation Committee's discretion, and are generally based upon management's recommendations as to the performance objectives of the particular business for the year. Two types of performance targets are used in the incentive compensation plans:

Targets Based on Annual Operating Plan. Certain performance targets are based on forecasts contained in each subsidiary's 2011 annual operating plan. With respect to these targets, there is an expectation that these performance targets will be met during the year. If they are not, the participants will not receive all or a portion of the award that is based on these performance criteria.

Targets Based on Long-Term Goals. Other performance targets are not based on the 2011 annual operating plans. Rather, they are based on long-term goals established by the Compensation Committee. Because these targets are not based on the annual operating plan, it is possible in any given year that the level of expected performance may be above or below the specified performance target for that year. Return on total capital employed, which we refer to as ROTCE, is an example of a target that is based on long-term goals (see below).

Each Named Executive Officer is eligible to receive a short-term cash incentive payment and a long-term incentive award based on a target incentive amount that is expressed as a percentage of salary midpoint. However, the final, actual payout may be higher or lower than the targeted amount, as explained in further detail below.

Design of Incentive Program: Use of ROTCE and Underlying Performance Metrics. Code Section 162(m) provides that we may not deduct compensation of more than \$1 million that is paid to the Named Executive Officers (other than Mr. Schilling) unless that compensation consists of "qualified performance-based compensation." The performance-based exception to Code Section 162(m) requires that deductible compensation be paid under a plan that has been approved by our stockholders. In order to comply with Code Section 162(m), we obtained stockholder approval of the following incentive compensation plans which provide benefits to the Named Executive Officers, which we collectively refer to as the 162(m) Plans:

The NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective February 1, 2010), referred to as the NACCO Long-Term Plan;

The NACCO Industries, Inc. Annual Incentive Compensation Plan (effective January 1, 2010), referred to as the NACCO Short-Term Plan;

The NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (Effective January 1, 2010), referred to as the NMHG Long-Term Plan; and

The Hamilton Beach Brands, Inc. Long-Term Incentive Compensation Plan (Effective January 1, 2010), referred to as the HBB Long-Term Plan.

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See “- Tax and Accounting Implications - Deductibility of Executive Compensation” on page 37 for additional information about our philosophy on structuring our incentive compensation plans for tax purposes.

In order to ensure that the incentive compensation payments to the Named Executive Officers under the 162(m) Plans would count as qualified performance-based compensation and would be deductible under Code Section 162(m), the Compensation Committee adopted performance targets under the 162(m) Plans that were designed to meet the requirements for qualified performance-based compensation under Code Section 162(m). Specifically, for 2011, the Compensation Committee adopted minimum and maximum ROTCE performance targets under each of the 162(m) Plans. In each case, ROTCE is calculated as described below or in the same manner as described below under “- Incentive Compensation of Named Executive Officers - ROTCE Methodology and Explanation,” including the adjustments for non-recurring and special items.

For each 162(m) Plan, we establish a payment pool based on actual results against the ROTCE performance targets. The minimum ROTCE target must be met in order for any payment to be permitted, and any payment pool to be created, under a particular 162(m) Plan. The maximum ROTCE target is used to establish a maximum limit, and a maximum payment pool, for awards that can be paid to each participant under a particular 162(m) Plan for the 2011 performance period. For 2011, ROTCE results were at or above the applicable maximum ROTCE target and resulted in a maximum payment pool of 150% of target under all 162(m) Plans other than the NACCO Long-Term Plan which had a maximum payment pool of 200%.

The Compensation Committee then considered actual results against underlying financial and operating performance measures for each of our subsidiaries and exercised “negative discretion,” as permitted under Code Section 162(m), to determine the final, actual incentive compensation payment for each participant. These underlying financial and operating performance measures reflect the achievement of our specified business goals for 2011 (for those targets that are based on the annual operating plans) or for future years (for those targets that are based on long-term goals), as further described below.

ROTCE Methodology and Explanation. For 2011, a substantial portion of the short-term incentive compensation and long-term incentive compensation for our employees depended on the extent to which our ROTCE performance met long-term financial objectives. The Compensation Committee views the ROTCE performance targets as stockholder protection rates of return. They reflect the Compensation Committee's belief that our stockholders are entitled to at least a certain rate of ROTCE for each of our subsidiaries and the Company overall. Accordingly, as a measure of protection for our stockholders, performance against the ROTCE rates of return, rather than based on cyclical movements in our stock price, should determine the payouts for a portion of our incentive compensation plans. The ROTCE targets used for incentive compensation purposes reflect our long-term corporate objectives. They are not based on ROTCE operating targets established by management and contained in our five-year long-range business plan or the long-term subsidiary financial objectives (although there is a connection between them). The ROTCE performance targets that were established by the Compensation Committee to determine the final, actual incentive compensation payments under the 2011 incentive compensation plans represent the financial performance that the Compensation Committee believes we should deliver over the long-term, not the performance expected in the current year or the near-term.

The members of the Compensation Committee consider the following factors together with their general knowledge of each of our industries and businesses, including the historical results of operations and financial positions of the subsidiaries and the Company overall, to determine the ROTCE performance targets for the Company and the subsidiaries:

- forecasts of future operating results and the business models for the next several years (including the annual operating plans for the current fiscal year and our five-year long-range business plans);
- anticipated changes in the industries and businesses that affect ROTCE (e.g., the amount of capital required to generate a projected level of sales); and
- the potential impact a change in the ROTCE performance target would have on the ability to incentivize our employees.

The Compensation Committee reviews these factors annually and, unless the Compensation Committee concludes that changes in these factors warrant an increase or decrease in the ROTCE performance targets, the ROTCE performance

targets generally remain the same from year to year. The ROTCE performance targets have been adjusted in the past from time to time. When made, these periodic adjustments generally have reflected:

- a subsidiary's expected ability to take advantage of anticipated changes in industry dynamics over the longer term;
- the anticipated impact of programs (such as layoffs and restructurings) on future profitability of a subsidiary's business;

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the anticipated impact of economic conditions on a subsidiary's business;

major accounting changes; and

the anticipated impact over time of changes in a subsidiary's business model on the subsidiary's business.

The ROTCE targets that were used in the 162(m) Plans to establish the minimum and maximum incentive payment pools for purposes of Code Section 162(m), as well as the underlying ROTCE targets that were used by the Compensation Committee using negative discretion to determine final, actual payouts for participants under the 162(m) Plans, remained essentially unchanged from the targets that were used in 2010, except that (i) the ROTCE target under the HBB Short-Term Plan and (ii) the ROTCE target used to determine the minimum and maximum payment pool under the NMHG Long-Term Plan were each increased in anticipation of improved business conditions from 2010 to 2011.

After our year-end financial results are finalized, actual ROTCE performances are compared against the ROTCE performance targets and, using the pre-established formulas, used to determine both (i) the maximum payment pool under the 162(m) Plans for the year and (ii) the final, actual incentive compensation payouts under the incentive plans for the year. As a result, ROTCE serves as both a metric for tax deductibility to establish maximum potential incentive amounts and as a metric for underlying performance to determine final incentive compensation payout amounts. ROTCE is calculated for both of these purposes as follows:

Earnings Before Interest After-Tax after adjustments

divided by

Total Capital Employed after adjustments

Earnings Before Interest After-Tax is equal to the sum of interest expense, net of interest income, less 38% for taxes, plus net income from continuing operations attributable to stockholders, which we refer to as net income. Total

Capital Employed is equal to (i) the sum of the average debt and average stockholders' equity less (ii) average consolidated cash. For purposes of the NACCO Short-Term Plan and NACCO Long-Term Plan, average debt, stockholders' equity and consolidated cash are calculated by taking the sum of the balance at the beginning of the year and the balance at the end of each of the next twelve months divided by thirteen.

ROTCE is calculated from the Company or subsidiary financial statements using average debt, average stockholders' equity and average cash based on the sum of the balance at the beginning of the year and the balance at the end of each quarter divided by five, which is then adjusted for any non-recurring or special items.

Following is the calculation of our consolidated ROTCE for purposes of the NACCO Short-Term Plan and NACCO Long-Term Plan for 2011:

2011 Net income	\$162.1	
Plus: 2011 Interest expense, net	22.4	
Less: Income taxes on 2011 interest expense, net at 38%	(8.5)
Earnings Before Interest After-Tax	\$176.0	
2011 Average stockholders' equity (12/31/2010 and each of 2011's quarter ends)	\$525.4	
2011 Average debt (12/31/2010 and each of 2011's quarter ends)	379.1	
Less: 2011 Average cash (12/31/2010 and each of 2011's quarter ends)	(273.9)
Total Capital Employed	\$630.6	
ROTCE (Before Adjustments)	27.9	%
Less: Adjustments to Earnings Before Interest After-Tax	\$(31.1)
Less: Adjustments to Total Capital Employed	\$(14.6)
ROTCE (After Adjustments)	23.5	%

Adjustments to the ROTCE calculation under our incentive plans are non-recurring or special items that are generally established by the Compensation Committee at the time the ROTCE targets are set. For 2011, the ROTCE adjustments related

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to (i) the after-tax impact of subsidiary restructuring costs including reduction in force charges; (ii) the after-tax impact of subsidiary acquisition, disposition or related costs and expenses and (iii) the following costs or expenses only if they were in excess of the amounts included in the 2011 annual operating plans:

- the elimination of the cost of any valuation allowances;
- the after-tax cost of any tangible or intangible asset impairment;
- the after-tax impact of environmental expenses or early lease termination expenses; and
- the after-tax impact of refinancing costs.

The Compensation Committee determined that these non-recurring or special items would be incurred in connection with improving our operations and, as a result, these items should not adversely affect incentive compensation payments, as the actions or events were beneficial to us or were generally not within the employees' control. Other examples of adjustments that have been made in the past include the after-tax impact of costs related to reductions in force, product recall expenses and legal or regulatory changes.

We do not disclose the ROTCE performance targets that were established by the Compensation Committee for purposes of the 2011 incentive compensation plans because they would reveal competitively sensitive long-term financial information, as well as our long-range business plans, to both our competitors and our customers. The Compensation Committees expected that all ROTCE targets (with the exception of the ROTCE targets under the KC plans and the consolidated operations ROTCE target under the NA Coal short-term plan) would be met in 2011, but such targets were not so low that the result was guaranteed.

Short-Term Incentive Compensation

In General. All of our short-term incentive compensation plans, which we refer to as short-term plans, follow the same basic pattern for award determination:

- target awards for each executive are equal to a specified percentage of the executive's 2011 salary midpoint, based on the number of Hay points assigned to the position and the Hay Group's recommendations regarding an appropriate level of short-term incentive compensation at that level;
- each short-term plan has a one-year performance period;
- generally, payments under the short-term plans may not exceed 150% of the target award levels;
- payouts to the Named Executive Officers under the short-term plans are determined after year-end by comparing the Company's or subsidiary's actual performance to the pre-established performance targets that were set by the Compensation Committee;
- the Compensation Committee, in its discretion, may decrease awards;
- for participants other than the Named Executive Officers in the 162(m) Plans, the Compensation Committee, in its discretion, may also increase awards and may approve the payment of awards where business unit performance would otherwise not meet the minimum criteria set for payment of awards, although it rarely does so; and
- awards are paid annually in cash and are immediately vested when paid.

For 2011, the short-term plans were designed to provide target short-term incentive compensation to the Named Executive Officers of between 40% and 100% of salary midpoint, depending on the Named Executive Officer's position.

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The table below shows the short-term target awards and payouts approved by the Compensation Committee for each Named Executive Officer for 2011:

Named Executive Officer and Short-Term Plan	(A) 2011 Salary Midpoint	(B) Short-Term Plan Target as a % of Salary Midpoint (%)	(C) = (A) x (B) Short-Term Plan Target (\$)	Short-Term Plan Payout as a % of Salary Midpoint (%)	Short-Term Plan Payout \$(1)
Alfred M. Rankin, Jr. (NACCO Short-Term Plan)	\$974,600	100%	\$974,600	97.4 %	\$949,260
Kenneth C. Schilling (NACCO Short-Term Plan)	\$307,600	40%	\$123,040	39.0 %	\$119,841
Michael P. Brogan (NMHG Short-Term Plan)	\$631,100	70%	\$441,770	69.2 %	\$436,911
Colin Wilson (NMHG Short-Term Plan)	\$475,500	55%	\$261,525	54.4 %	\$258,648
Gregory H. Trepp (HBB Short-Term Plan)	\$566,100	60%	\$339,660	19.0 %	\$107,672

As shown in the calculations below, the final payout percentages under the various short-term plans, as applied to (1) the Named Executive Officers, were: 97.4% under the NACCO Short-Term Plan; 98.9% under the NMHG

Short-Term Plan and 31.7% under the HBB Short-Term Plan.

As described in more detail below, the Compensation Committee considered the factors described under “- Overview of Executive Compensation Methodology” above and adopted performance criteria and target performance levels upon which the short-term plan awards were based.

Refer to “- Employment and Severance Agreements and Change in Control Payments” below for a description of the impact of a change in control on short-term plan awards.

NMHG Short-Term Incentive Compensation. The following table summarizes the performance criteria established by the Compensation Committee for 2011 under the NMHG Short-Term Plan for corporate executives in the U.S., including Messrs. Brogan and Wilson, to determine final, actual incentive compensation payments:

Performance Criteria	(A) Weighting	Performance Target	Performance Results	(B) Achievement Percentage(1)	(A) x (B) Payout Factor
Adjusted Operating Profit Dollars - NMHG Global	30	% \$62,700,000	\$112,172,000	150 %	45%
Operating Profit Percent - NMHG Global	20	% (2)	(2)	62.2	12.4%
NMHG ROTCE - Global (3)	20	% (3)	(3)	150	30%
Americas Market Share	15	% (2)	(2)	—	—%
EMEA Market Share	9	% (2)	(2)	116.7	10.5%
Asia-Pacific Market Share	5	% (2)	(2)	12.5	0.6%
Japan Market Share	1	% (2)	(2)	40	0.4%
Final Payout Percentage U.S. Corporate					98.9% (4)

The achievement percentages are based on the formulas contained in underlying performance guidelines adopted (1) by the Compensation Committee. The formulas do not provide for straight-line interpolation from the performance target to the maximum payment target. The maximum achievement percentage is 150%.

(2) This table does not disclose the NMHG operating profit percent or market share targets or results due to the competitively sensitive nature of that information. The operating profit target used for incentive compensation

purposes reflects long-term corporate objectives and is not based on the target established by management and contained in NMHG's five-year long-range business plan or the long-term NMHG financial objectives (although there is a connection between them). For 2011, the NMHG Compensation Committee expected NMHG to meet the market share targets but did not expect NMHG to meet the operating profit percent target under the NMHG Short-Term Plan.

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NMHG ROTCE is calculated in the same manner as shown above under “- Incentive Compensation of Named Executive Officers - ROTCE Methodology and Explanation” (including the adjustments for the non-recurring or (3) special items). The NMHG ROTCE target for 2011 is the same target that was used for 2010. For 2011, the NMHG Compensation Committee expected the NMHG ROTCE performance to exceed the target for the NMHG Short-Term Plan.

For 2011, NMHG performance resulted in a performance payout factor of 98.9% of short-term incentive (4) compensation targets for NMHG U.S. corporate participants, including Messrs. Brogan and Wilson. This final performance factor was less than the maximum 150% under the 162(m) payment pool.

HBB Short-Term Incentive Compensation. The following table summarizes the performance criteria established by the Compensation Committee for 2011 under the HBB Short-Term Plan to determine final, actual incentive compensation payments:

Performance Criteria	(A) Weighting	Performance Target	Performance Results	(B) Achievement Percentage(1)	(A) x (B) Payout Factor
Adjusted Net Income	30	% \$23,610,000	\$19,959,962	31.6	% 9.5
Adjusted Net Sales	30	% \$539,990,000	\$493,047,414	—	% —
HBB ROTCE(2)	15	% (2) (2)		41.5	% 6.2
Operating Profit Percent	25	% (3) (3)		64	% 16
Final Payout Percentage					31.7 % (4)

The achievement percentages are based on formulas contained in the underlying performance guidelines adopted (1) by the Compensation Committee. The formulas do not provide for straight-line interpolation from the performance target to the maximum payment target. The maximum achievement percentage is 150%.

HBB ROTCE is calculated in the manner as shown above under “- Incentive Compensation of Named Executive Officers - ROTCE Methodology and Explanation” (including the adjustments for the non-recurring or special (2) items). The 2011 HBB ROTCE target was higher than the 2010 ROTCE target due to the anticipated improvement in economic conditions. For 2011, the HBB Compensation Committee expected the HBB ROTCE performance to exceed the target for the HBB Short-Term Plan.

This table does not disclose the HBB operating profit percent target or result due to the competitively sensitive nature of that information. The operating profit target used for incentive compensation purposes reflects long-term (3) corporate objectives and is not based on the target established by management and contained in HBB's five-year long-range business plan or the long-term HBB financial objectives (although there is a connection between them).

For 2011, the HBB Compensation Committee did not expect HBB to meet the operating profit percent target.

For 2011, HBB performance resulted in a performance payout factor of 31.7% of short-term incentive (4) compensation target for all participants, including Mr. Trepp. This final performance factor was less than the maximum 150% under the 162(m) payment pool.

NACCO Short-Term Incentive Compensation. For 2011, the short-term incentive compensation for NACCO employees, including Messrs. Rankin and Schilling, was based on performance against specific business objectives of the subsidiaries for the year, as identified in each subsidiary's short-term plan.

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The following table summarizes the performance criteria established by the Compensation Committee for 2011 under the NACCO Short-Term Plan, to determine final, actual incentive compensation payments:

Performance Criteria	(A) Initial Weighting at Subsidiary Level	(B) NACCO Weighting	(C)=(A) x (B) NACCO Payment Factor	Performance Target	Performance Result	(D) Achievement Percentage (1)	(C) x (D) Payout Factor		
NMHG Adjusted Operating Profit Dollars - Global	30	% 40	% 12.00	% \$62,700,000	\$112,172,000	150.0	% 18.0	%	
NMHG ROTCE - Global	20	% 40	% 8.00	% (2)(3)	(2)(3)	150.0	% 12.0	%	
NMHG Operating Profit Percent-Global	20	% 40	% 8.00	% (2)	(2)	62.2	% 5.0	%	
NMHG Market Share:									
Americas	15	% 40	% 6.00	% (2)	(2)	—	% —	%	
EMEA	9	% 40	% 3.60	% (2)	(2)	116.7	% 4.2	%	
Asia-Pacific	5	% 40	% 2.00	% (2)	(2)	12.5	% 0.3	%	
Japan	1	% 40	% 0.40	% (2)	(2)	40.0	% 0.2	%	
NMHG Total									39.7 %
HBB Adjusted Net Income	30	% 25	% 7.50	% \$23,610,000	\$19,959,962	31.5	% 2.4	%	
HBB ROTCE	15	% 25	% 3.75	% (3)(4)	(3)(4)	41.5	% 1.6	%	
HBB Operating Profit Percent	25	% 25	% 6.25	% (4)	(4)	64.0	% 4.0	%	
HBB Adjusted Net Sales	30	% 25	% 7.50	% \$539,990,000	\$493,047,414	—	% —	%	
HBB Total									8.0 %
KC Adjusted Net Income	30	% 5	% 1.50	% \$4,743,200	\$1,459,557	—	% —	%	
KC ROTCE	15	% 5	% 0.75	% (3)(5)	(3)(5)	—	% —	%	
KC Operating Profit Percent	25	% 5	% 1.25	% (5)	(5)	—	% —	%	
KC Adjusted Net Sales	30	% 5	% 1.50	% \$226,267,500	\$221,172,872	75.9	% 1.1	%	
KC Total									1.1 %
NA Coal Adjusted Net Income	50	% 30	% 15.00	% \$33,430,000	\$32,373,340	90.7	% 13.6	%	
NA Coal Consolidated Operations ROTCE	20	% 30	% 6.00	% (3)(6)	(3)(6)	47.5	% 2.9	%	
NA Coal New Project Development	30	% 30	% 9.00	% (6)	(6)	106.0	% 9.5	%	
NA Coal Positive Discretion									2.6 %
NA Coal Total									28.6 %
Sub-Total									77.4 %
NACCO Positive Discretion									20.0 %
Final Payout Percentage									97.4 % (7)

(1)

The achievement percentages are based on the formulas contained in underlying performance guidelines adopted by the Compensation Committee. The formulas do not provide for straight-line interpolation from the performance target to the maximum payment target. The maximum achievement percentage is 150%.

(2) NMHG Performance Factors: Refer to the NMHG Short-Term Plan chart on page 24 for descriptions of individual NMHG targets and the reasons for non-disclosure of certain targets.

(3) ROTCE Performance Factors: ROTCE performance factors are calculated as shown above under “- Incentive Compensation of Named Executive Officers - ROTCE Methodology and Explanation” (including the adjustments for the non-recurring or special items). ROTCE targets and results are not disclosed for the reasons stated in that section.

(4) HBB Performance Factors: Refer to the HBB Short-Term Plan chart on page 25 for descriptions of the individual HBB targets and the reasons for non-disclosure of certain targets.

(5) KC Performance Factors: This table does not disclose the KC operating profit percent targets or results due to the competitively sensitive nature of that information. The operating profit target used for incentive compensation purposes reflects long-term corporate objectives and is not based on the target established by management and contained in KC's five-year long-range business plan or the long-term KC financial objectives (although there is a connection between them). For 2011, the KC Compensation Committee did not expect KC to meet the operating profit percent target or the ROTCE target.

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NA Coal Performance Factors: The NA Coal ROTCE performance factor is based on 2011 ROTCE performance of the Mississippi Lignite Mining Company, the Florida Dragline Operations and NA Coal Royalty Company, each of which require a capital contribution from NA Coal and which we refer to collectively as the Consolidated Operations. In 2010, the performance factor was based solely on the performance of one of these Consolidated Operations. Therefore, there is no comparison for this performance target. For 2011, the Compensation Committee did not expect the Consolidated Operations ROTCE performance to exceed the target for the NA Coal Short-Term Plan. The new project development goals are highly specific, task-oriented goals. They identify specific future projects, customers and contracts. This table does not list the new project development goals due to their competitively sensitive nature. In 2011, NA Coal began negotiations for a long-term lignite supply agreement with a utility customer. The utility is expected to select a supplier in 2012. NA Coal also executed a long-term contract with a new customer relating to use of coal from an existing mine in a non-fuel application. NA Coal continued its efforts to develop four new mining operations, two of which have been issued mining permits. NA Coal continues to research, evaluate and implement innovative technologies that will allow low cost lignite to successfully continue as a viable fuel source for power generation, coal-to-liquids production and the production of activated carbon. Finally, NA Coal also made significant progress on its project in India. Due to these new project successes, as well as unforeseen issues beyond the control of the employees at a mine site that were favorably resolved by year-end due to the extraordinary efforts of the management team, the Compensation Committee increased the payouts under the NA Coal short-term plan by 10% of the amount otherwise payable.

(6) The Compensation Committee recognized the extraordinary effort of the NACCO executives in obtaining a litigation settlement of \$60 million (\$39 million after-tax of \$21 million) related to the Applica Incorporated litigation by increasing their awards under the NACCO Short-Term Plan by 20%. The settlement was not otherwise reflected in the subsidiary performance targets. The final, actual short-term payments for Messrs. Rankin and Schilling were 97.4% of short-term incentive compensation target, which is less than the maximum 150% under the Code Section 162(m) payment pool.

Long-Term Incentive Compensation

In General. The purpose of each of our long-term incentive compensation plans is to enable senior management employees to accumulate capital through future managerial performance, which the Compensation Committee believes contributes to the future success of our businesses. Our long-term incentive compensation plans generally require long-term commitment on the part of our senior management employees, and cash withdrawals or stock sales are generally not permitted for a number of years. Rather, the awarded amount is effectively invested in the Company for an extended period to strengthen the tie between stockholders' and the Named Executive Officers' long-term interests.

The Compensation Committee believes that awards under our long-term plans promote a long-term focus on our profitability due to the holding periods under the long-term plans. Those individual Named Executive Officers who have a greater impact on our long-term strategy receive a higher percentage of their compensation as long-term compensation. In 2011, the executives employed by NACCO were the only long-term plan participants who were entitled to receive equity-based compensation. The Compensation Committee does not consider a Named Executive Officer's long-term incentive awards for prior periods when determining the value of a long-term incentive award for the current period because it considers those prior awards to represent compensation for past services.

All of the long-term incentive compensation plans, which we refer to as long-term plans, follow the same basic pattern for award determination:

- target awards for each executive are equal to a specified percentage of the executive's 2011 salary midpoint, based on the number of Hay points assigned to the position and the Hay Group's recommendations regarding an appropriate level of long-term incentive compensation at that level;
- each long-term plan has a one-year performance period;
- awards under the long-term plans are determined after year-end by comparing the Company's or subsidiary's actual performance to the pre-established performance targets;
- the Compensation Committee, in its discretion, may decrease awards; and
-

for participants other than the Named Executive Officers in the 162(m) Plans, the Compensation Committee, in its discretion, may also increase awards and may approve the payment of awards where business unit performance would otherwise not meet the minimum criteria set for payment of awards, although it rarely does so.

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For 2011, the long-term plans were designed to provide target long-term incentive compensation to the Named Executive Officers of between 57.50% and 316.25% depending on the Named Executive Officer's position. The table below shows the long-term target awards and payouts approved by the Compensation Committee for each Named Executive Officer for 2011:

Named Executive Officer and Long-Term Plan	(A) Salary Midpoint (\$)	(B) Long-Term Plan Target as a Percentage of Salary Midpoint (\$)	(C)=(A) x (B) Long-Term Plan Target (\$)	(D) Cash-Denominated Long-Term Plan Payout(2)(3)	(E)=(D)/(A) Cash-Denominated Long-Term Plan Payout as a Percentage of Salary Midpoint (%)	(F) Fair Market Value of Long-Term Plan Payout (3)(4)	(G)=(F)/(A) Fair Market Value of Long-Term Plan Payout as a Percentage of Salary Midpoint
Alfred M. Rankin, Jr. (NACCO Long-Term Plan)	\$974,600	316.25 %	316.25 % (1) \$3,082,173	\$1,827,729	187.54 %	\$2,066,197	212.00 %
Kenneth C. Schilling (NACCO Long-Term Plan)	\$307,600	57.5 %	57.5 % (1) \$176,870	\$104,884	34.10 %	\$118,557	38.54 %
Michael P. Brogan (NMHG Long-Term Plan)	\$631,100	150 %	150 % \$946,650	\$747,854	118.50 %	N/A	N/A
Colin Wilson (NMHG Long-Term Plan)	\$475,500	105 %	105 % \$499,275	\$394,427	82.95 %	N/A	N/A
Gregory H. Trepp (HBB Long-Term Plan)	\$566,100	130 %	130 % \$735,930	\$434,935	76.83 %	N/A	N/A

The target percentages for participants in the NACCO Long-Term Plan include a 15% increase from the Hay-recommended long-term plan target awards that the Compensation Committee applies each year to account for the immediately taxable nature of the NACCO Long-Term Plan awards. See “- Long-Term Incentive Compensation - NACCO Long-Term Incentive Compensation.”

As shown in the calculations below, the final payout percentages under the various long-term plans, as applied to the Named Executive Officers, were: 59.3% under the NACCO Long-Term Plan; 79.0% under the NMHG Long-Term Plan and 59.1% under the HBB Long-Term Plan.

Awards under the NMHG and HBB Long-Term Plans are each calculated and paid in dollars. There is no difference between the amount of the cash-denominated awards and the fair market value of the awards under those plans.

Awards under the NACCO Long-Term Plan are initially denominated in dollars. The amounts shown in columns (D) and (E) reflect the dollar-denominated awards that were earned for services performed in 2011. This is the amount that is used by the Compensation Committee when analyzing the total compensation of the Named Executive Officers of NACCO. As described in “- Long-Term Incentive Compensation - NACCO Long-Term Incentive Compensation” beginning on page 30, the dollar-denominated awards are then paid to the participants in a combination of restricted shares of Class A Common and cash. For Messrs. Rankin and Schilling, 35% of the

award is distributed in cash, to approximate their income tax withholding obligations for the shares, with the remaining 65% being distributed in whole shares of restricted stock. The actual number of shares of stock issued is determined by taking the dollar value of the stock component of the award and dividing it by the lower of the average share price during the 2011 performance period or the preceding calendar year. The amounts shown in column (F) reflect the sum of (i) the cash distributed and (ii) the grant date fair value of the stock that was distributed for services performed in 2011. This amount is computed in accordance with FASB ASC Topic 718 and is the same as the amount that is disclosed in the Summary Compensation Table on page 40. The shares were valued using a grant date of February 7, 2012, the date on which the NACCO Long-Term Plan awards were approved by the Compensation Committee. The difference in the amounts disclosed in columns (D) and (F) is due to the fact that the number of shares issued was calculated using a price of \$85.57 (the average share price during 2010) and the grant date fair value was calculated using a share price of \$102.75 (the average of the high and low share price on February 7, 2012 when the shares were granted).

Due to the nature of the NMHG and HBB Long-Term Plans, the awards and payments under the plans are described in both the Grants of Plan-Based Awards Table on page 42 and the Nonqualified Deferred Compensation Table on page 46. Also refer to “- Employment and Severance Agreements and Change in Control Payments” below for a description of the impact of a change in control on long-term plan awards.

NMHG and HBB Long-Term Incentive Compensation - Summary. Long-term compensation for NMHG and HBB executives is initially based on the applicable subsidiary's consolidated ROTCE performance, which reflects the Compensation Committee's belief that our stockholders are entitled to at least a certain rate of ROTCE for each subsidiary and that

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performance against that rate of return should determine the long-term incentive compensation payouts under the NMHG and HBB Long-Term Plans.

At the beginning of 2011, the Compensation Committee set a consolidated ROTCE performance target and a performance period of one year for the awards under the NMHG and HBB Long-Term Plans. Because the consolidated ROTCE performance target is based on the stockholder protection rate of return rather than the subsidiary's current-year annual operating plan, it is possible that in any given year the expected actual level of performance for the year could be higher or lower than the consolidated ROTCE performance target for that year. Consistent with the methodology used for our short-term 162(m) Plans, we establish a payment pool under our long-term plans based on actual results against the maximum ROTCE performance targets. For 2011, because ROTCE results were above the maximum consolidated ROTCE performance target, the NMHG and HBB Long-Term Plans each had a maximum payment pool of 150%. The maximum consolidated ROTCE performance target under the HBB Long-Term Plan for 2011 was identical to the target that was in effect in 2010. The maximum consolidated ROTCE performance target under the NMHG Long-Term Plan for 2011 was set substantially higher than in 2010 in anticipation of improved business conditions for NMHG. Although the Compensation Committee expected that the maximum ROTCE targets would be met in 2011, the targets were not set so low that the result was guaranteed. The Compensation Committee then considers actual results against underlying financial and operating performance measures for NMHG or HBB, as applicable, and exercises "negative discretion," as permitted under Code Section 162(m), to determine the final, actual long-term incentive compensation payment for each participant out of the maximum payment pool. These underlying financial and operating performance measures reflect the achievement of specified business goals for 2011, as further described below. For more information about our use of ROTCE performance targets for tax deductibility purposes, see "- Incentive Compensation of Named Executive Officers - Design of Incentive Program: Use of ROTCE and Underlying Performance Metrics" above.

The awards granted under both plans are subject to the following rules:

• The awards are immediately vested as of the grant date of the award (which is the January 1st following the end of the performance period).

• Once granted, awards are not subject to any forfeiture or risk of forfeiture under any circumstances.

Awards approved by the subsidiary's Compensation Committee for a calendar year are credited to separate sub-accounts established for each participant for each award year. The sub-accounts are credited with interest based on the rate earned by the Vanguard RST fixed income fund under the U.S. 401(k) plans. While a participant remains actively employed, additional interest is credited based on the excess (if any) of a ROTCE-based rate over the Vanguard RST fixed income fund rate.

• Each sub-account is paid at the earliest of death, disability, retirement, change in control or on the third anniversary of the grant date of the award.

Due to the nature of the NMHG and HBB Long-Term Plans, the awards under the plans are described in both the Grants of Plan-Based Awards Table on page 42 and the Nonqualified Deferred Compensation Table on page 46. NMHG Long-Term Incentive Compensation. The following table summarizes the performance criteria established by the Compensation Committee for 2011 under the NMHG Long-Term Plan to determine final, actual incentive compensation payments for NMHG corporate employees in the U.S., including Messrs. Brogan and Wilson:

Performance Criteria	(A) Weighting	Performance Target	Performance Result	(B) Achievement Percentage(1)	(A) x (B) Payout Factor
Operating Profit Percent-NMHG Global	45	% (2)	(2)	62.2	% 28.0 %
NMHG ROTCE (2)-Global	25	% (2)	(2)	150	% 37.5 %
Americas Market Share	15	% (2)	(2)	—	% — %
EMEA Market Share	9	% (2)	(2)	150	% 13.5 %
Asia-Pacific Market Share	5	% (2)	(2)	—	% — %
Japan Market Share	1	% (2)	(2)	—	% — %
Final Payout Percentage - U.S. Corporate					79.0 % (3)

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The achievement percentages are based on the formulas contained in underlying performance guidelines adopted (1) by the Compensation Committee. The formula does not provide for straight-line interpolation from the performance target to the maximum payment target. The maximum achievement percentage is 150%.

The operating profit percent and NMHG ROTCE targets under the NMHG Long-Term Plan are the same as those used under the NMHG Short-Term Plan. For 2011, the NMHG Compensation Committee expected that NMHG would meet the ROTCE target but not the operating profit percent target under the NMHG Long-Term Plan. The (2) NMHG market share targets under the NMHG Long-Term Plan are different since they reflect longer-term market share targets than those used in the NMHG Short-Term Plan. For 2011, the NMHG Compensation Committee expected that NMHG would meet the market share targets for the Americas and EMEA, but not the others. Refer to the NMHG Short-Term Plan chart on page 24 for descriptions of the targets and reasons for non-disclosure.

For 2011, NMHG performance resulted in a performance payout factor of 79.0% of long-term incentive (3) compensation target for all participants, including Messrs. Brogan and Wilson, which is less than the maximum 150% permitted under the Code Section 162(m) payment pool.

HBB Long-Term Incentive Compensation. The following table summarizes the performance criteria established by the Compensation Committee for 2011 under the HBB Long-Term Plan to determine final, actual incentive compensation payments:

Performance Criteria	(A) Weighting	Performance Target	Performance Result	(B) Achievement Percentage(1)	(A) x (B) Payout Factor
Adjusted Standard Margin	15	% (2)	(2)	69.1	% 10.4
Adjusted Net Sales	15	% \$513,300,000	\$493,047,414	60.3	% 9.0
HBB ROTCE(3)	25	% (3)	(3)	36.5	% 9.1
Operating Profit Percentage	45	% (3)	(3)	68	% 30.6
Final Payout Percentage					59.1 % (4)

The achievement percentages are based on formulas contained in the underlying performance guidelines adopted (1) by the Compensation Committee. The formulas do not provide for straight-line interpolation from the performance target to the maximum payment target. The maximum achievement percentage is 150%.

This table does not include the adjusted standard margin target or result due to the competitively sensitive nature of (2) that information. For 2011, the HBB Compensation Committee expected HBB to meet its adjusted standard margin targets under the HBB Long-Term Plan.

The ROTCE and operating profit percent targets under the HBB Long-Term Plan were slightly higher than those used under the HBB Short-Term Plan. For 2011, the HBB Compensation Committee did not expect either target to (3) be met under the HBB Long-Term Plan. Refer to the HBB Short-Term Plan chart shown on page 25 for descriptions of the targets and reasons for non-disclosure.

For 2011, HBB performance resulted in a performance payout factor of 59.1% of long-term incentive (4) compensation target for all participants, including Mr. Trepp, which is less than the maximum 150% permitted under the Code Section 162(m) payment pool.

NACCO Long-Term Incentive Compensation. During 2011, we maintained two equity-based long-term incentive compensation plans for NACCO executives:

NACCO Long-Term Plan. The NACCO Long-Term Plan used the Company's consolidated ROTCE to determine the minimum and maximum payment pools. The Compensation Committee then used negative discretion using the performance of the Company's subsidiaries compared to the performance criteria established under their long-term plans to determine the final, actual payouts under the NACCO Long-Term Plan.

NACCO Supplemental Long-Term Plan. Under the NACCO Supplemental Long-Term Plan, the Compensation Committee has the flexibility to provide additional equity compensation in its discretion.

Under both the NACCO Long-Term Plan and the NACCO Supplemental Long-Term Plan, the executive is effectively required to invest the non-cash portion of the payout in the Company for up to ten years. This is because, as discussed

below, the shares awarded generally may not be transferred for ten years following the last day of the award year.
During the holding

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period, the ultimate value of the shares is subject to change based upon the value of the shares of Class A Common. The value of the award is enhanced as the value of the shares of Class A Common increases or is reduced as the value of the shares of Class A Common decreases. Thus, the awards provide the executives with an incentive over the ten-year period to increase the value of the Company, which is expected to be reflected in the increased value of the shares of Class A Common. As a result of the annual equity grants under the NACCO Long-Term Plan and the corresponding transfer restrictions, the number of shares of Class A Common that an executive holds generally increases each year. Consequently, the executives of the Company will continue to have or accumulate exposure to long-term Company performance notwithstanding any short-term changes in the price of shares of Class A Common. This increased exposure strongly aligns the long-term interests of the Named Executive Officers with those of other stockholders.

Long-term compensation for NACCO executives under the NACCO Long-Term Plan is initially based on the Company's consolidated ROTCE performance, which reflects the Compensation Committee's belief that the Company and its stockholders are entitled to at least a certain rate of ROTCE for the Company overall and that performance against that rate of return should determine the long-term incentive compensation payouts under the NACCO Long-Term Plan.

At the beginning of 2011, the Compensation Committee set a consolidated ROTCE performance target and a performance period of one year for the awards under the NACCO Long-Term Plan. The consolidated ROTCE performance target for the NACCO Long-Term Plan for 2011 was the same as the consolidated ROTCE performance target that was in effect during 2010. Although the Compensation Committee expected that the ROTCE target would be met in 2011, the target was not set so low that the result was guaranteed. Because the consolidated ROTCE performance target is based on the stockholder protection rate of return rather than the Company's current-year annual operating plan, it is possible that in any given year the expected actual level of performance for the year could be higher or lower than the consolidated ROTCE performance target for that year. Consistent with the methodology for the short-term 162(m) Plans described above, we establish a payment pool under the NACCO Long-Term Plan based on actual results against the maximum consolidated ROTCE performance target. For 2011, ROTCE results at or above the maximum consolidated ROTCE performance target resulted in a maximum payment pool at a level of 200%.

The Compensation Committee then considers actual results against underlying financial and operating performance measures for each of the Company's subsidiaries and exercises "negative discretion," as permitted under Code Section 162(m), to determine the final, actual long-term incentive compensation payment for each participant out of the payment pool. These underlying financial and operating performance measures reflect the achievement of specified business goals for 2011, as determined under the subsidiary long-term plans and as further described below. For more information about our use of ROTCE performance targets for tax deductibility purposes, see "- Incentive Compensation of Named Executive Officers - Design of Incentive Program: Use of ROTCE and Underlying Performance Metrics" on page 20.

The Compensation Committee also set dollar-denominated award targets for all of the participants in the NACCO Long-Term Plan at the beginning of the year. The awards are expressed in a dollar amount equal to a percentage of the participant's salary midpoint based on the number of Hay points assigned to the executive's position and the Hay Group's long-term incentive compensation recommendations for that Hay point level. Long-term plan award targets for Messrs. Rankin and Schilling are designed to provide target long-term incentive compensation of 275% and 50% of their salary midpoints, respectively. These amounts are then increased by 15% to 316.25% and 57.50%, respectively, to account for the immediately taxable nature of the long-term plan awards. These amounts are reflected in the table below.

Generally, the dollar-denominated payments under the NACCO Long-Term Plan will not exceed 200% of the award target. The Compensation Committee retains discretionary authority to increase or decrease the amount of any award that would otherwise be payable to a participant or to approve the payment of awards where the Company's performance would otherwise not meet the minimum criteria set for payment of awards (except awards for Mr. Rankin, which may only be decreased).

Final awards are paid to the participants in a combination of shares of Class A Common and cash, with the cash amount approximating the income tax withholding obligations of the participants for the shares. Approximately 65%

of each award is distributed in shares of Class A Common and 35% in cash. The actual number of shares of Class A Common issued to a participant is determined by taking the dollar value of the stock component of the award and dividing it by the average share price. For this purpose, the average share price is the lesser of:

- the average closing price of Class A Common on the New York Stock Exchange at the end of each week during the year preceding the start of the performance period (or such other previous calendar year as determined by the Compensation Committee no later than the 90th day of the performance period); or
- the average closing price of Class A Common on the New York Stock Exchange at the end of each week during the performance period.

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The average closing price of Class A Common during 2010 was \$85.57 per share, while the average closing price of Class A Common during 2011 was \$91.54 per share. Thus, the number of shares issued to participants under the NACCO Long-Term Plan was determined using the \$85.57 share price. The fair market value of the shares issued was based on a share price of \$102.75, the average of the high and low price on February 7, 2012, which is the date the stock was issued. This is the amount that is shown in the Summary Compensation Table.

The awards are fully vested when granted and the participants have all of the rights of a stockholder, including the right to vote, upon receipt of the shares. The participants also have the right to receive dividends that are declared and paid after they receive the shares of Class A Common. The full amount of each final award, including the fair market value of the shares of Class A Common on the date of grant, is fully taxable to the participant.

The shares of Class A Common that are issued are subject to transfer restrictions that generally lapse on the earliest to occur of:

- the date which is ten years after the last day of the performance period;
- the date of the participant's death or permanent disability; or
- five years (or earlier with the approval of the Compensation Committee) from the date of retirement.

The Compensation Committee has the right to release the restrictions at an earlier date, but rarely does so.

The following table summarizes the performance criteria (each of which mirrors the performance criteria that were used under the subsidiary long-term incentive plans) established by the Compensation Committee for 2011 under the NACCO Long-Term Plan to determine final, actual incentive compensation payments:

Performance Criteria	(A)		(C) = (A) x		Performance Target	Performance Result	(D) Achievement Percentage (1)	(C) x (D)	
	Initial Weighting	(B) NACCO Weighting	(B) NACCO Payment Factor	Payout Percentage					
NMHG ROTCE - Global	25	% 40	% 10.00	% (2)	(2)	150.0	% 15.0	%	
NMHG Operating Profit Percent - Global	45	% 40	% 18.00	% (2)	(2)	62.2	% 11.2	%	
NMHG Market Share:									
Americas	15	% 40	% 6.00	% (2)	(2)	—	% —	%	
EMEA	9	% 40	% 3.60	% (2)	(2)	150.0	% 5.4	%	
Asia-Pacific	5	% 40	% 2.00	% (2)	(2)	—	% —	%	
Japan	1	% 40	% 0.40	% (2)	(2)	—	% —	%	
NMHG Total								31.6 %	
HBB Adjusted Standard Margin	15	% 25	% 3.75	% (3)	(3)	69.1	% 2.6	%	
HBB ROTCE	25	% 25	% 6.25	% (3)	(3)	36.5	% 2.3	%	
HBB Operating Profit Percent	45	% 25	% 11.25	% (3)	(3)	68.0	% 7.7	%	
HBB Adjusted Net Sales	15	% 25	% 3.75	%	\$513,300,000	\$493,047,414	60.3	% 2.3 %	
HBB Total								14.9 %	
KC Adjusted Gross Profit	15	% 5	% 0.75	% (4)	(4)	53.6	% 0.4	%	
KC ROTCE	25	% 5	% 1.25	% (4)	(4)	—	% —	%	
KC Operating Profit Percent	45	% 5	% 2.25	% (4)	(4)	—	% —	%	
	15	% 5	% 0.75	%	\$237,400,000	\$221,172,872	73.4	% 0.6 %	

KC Adjusted Net Sales									
KC Total									
								1.0	%
NA Coal Annual Factor	30	% 30	% 9.00	% (5) (5) (5)	—	%
NA Coal Cumulative Factor	30	% 30	% 9.00	% (5) (5) (5)	1.8	%
NA Coal New Project Factor	40	% 30	% 12.00	% (5) (5) (5)	—	%
NA Coal Total									
Sub-total									
								1.8	%
NACCO Positive Discretion									
								10.0	%
Final Payout Percentage									
								59.3	%(6)

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- The achievement percentages are based on the formulas contained in underlying performance guidelines adopted by the Compensation Committee. The formulas do not provide for straight-line interpolation from the performance target to the maximum payment target. The maximum achievement percentage is 150% for all factors other than the NA Coal New Project Factor, which is unlimited.
- (1) NMHG Performance Factors. See the NMHG Long-Term Plan table on page 29 for descriptions of individual targets in the NMHG Long-Term Plan and reasons for non-disclosure of certain targets and results.
 - (2) HBB Performance Factors. See the HBB Long-Term Plan table on page 30 for descriptions of individual targets in the HBB Long-Term Plan and reasons for non-disclosure of certain targets and results.
 - (3) KC Performance Factors. This table does not disclose the KC adjusted gross profit, ROTCE or operating profit percentage targets or results due to the competitively sensitive nature of that information. For 2011, the KC Compensation Committee expected KC to meet the adjusted gross profit percentage target but did not expect KC to meet the ROTCE target or the operating profit percent target.
 - (4) NA Coal Performance Factors. The performance factors under the NA Coal long-term plan that are used in the NACCO Long-Term Plan measure the economic value of income of current and new projects as the performance criteria because the Compensation Committee believes it is a more accurate reflection of the rate of return in NA Coal's business, where a substantial portion of revenue is based on long-term contracts and projects. Each of the factors is described in detail below.

New Project Factor. When the NA Coal long-term plan was established in 2006, the NA Coal Compensation Committee set a target dollar level of the "present value appreciation" that was to be earned by new projects obtained during the entire ten-year plan term. Value appreciation for a new project is determined based on the economics of the project. For example, the present value appreciation will be determined based on the forecasted net income and cost of capital over the life of the contract (which could be 40 years) based on the contract terms, including a present value calculation over the life of the contract. During the year the new project comes into existence, the value appreciation of that project for the ten-year term (or the remainder thereof) is taken into account under the NA Coal new project factor portion of the NACCO Long-Term Plan and compared to the target that was initially set by the Compensation Committee in 2006.

Annual Factor. When the NA Coal long-term plan was established, the NA Coal Compensation Committee listed each NA Coal project that was in effect at that time. Using the existing contractual terms for each project, as shown in NA Coal's five-year business plan that was in effect in 2006 and forecasting the results out for another five years, the Compensation Committee established annual net income targets and forecasted capital expenditure targets for each project for each year from 2006 through 2015. Each year, the Compensation Committee compares the actual net income and actual capital charges for each project against these previously established targets to determine whether the pre-established targets have been satisfied.

Cumulative Factor. When the NA Coal plan was established, the NA Coal Compensation Committee used the same five-year business plan and forecasting for the same projects to establish cumulative net income targets and cumulative forecasted capital expenditure targets for the same projects for each and every year during the ten-year term of the plan. Each year, the NA Coal Compensation Committee compares the actual cumulative net income and actual capital charges for each project against these previously established targets to determine whether the pre-established targets have been satisfied.

If the Compensation Committee determines in any year, which we refer to as an Adjustment Year, that a new project has provided significantly less net income appreciation than originally expected, then the amount of any prior award previously attributed to that project as the result of a prior year's New Project Factor will reduce the New Project Factor in the Adjustment Year, which we refer to as the New Project Adjustment. If the New Project Adjustment is large enough, it is possible for participants to receive negative awards in a given year. This table does not include the NA Coal performance targets or results due to the competitively sensitive nature of that information. The Compensation Committee did not expect that any of the performance targets would be met in 2011.
 - (6) The Compensation Committee recognized the extraordinary effort of the NACCO executives in obtaining \$60 million (\$39 million after-tax of \$21 million) related to the Applica Incorporated litigation settlement in 2011 by increasing their awards under the NACCO Long-Term Plan by 10%. The settlement was not otherwise reflected in

the subsidiary performance targets. Application of the formula resulted in a final, actual long-term payment for Messrs. Rankin and Schilling of 59.3% of long-term incentive target, which is less than the maximum 200% permitted under the Code Section 162(m) maximum payment pool.

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Other Compensation of Named Executive Officers

Discretionary Cash Bonuses. The Compensation Committee has the authority to grant, and has from time to time granted, discretionary cash bonuses to the executive officers, including the Named Executive Officers, in addition to the short-term and long-term incentive plan compensation described above. The Compensation Committee uses discretionary cash bonuses to reward substantial achievement or superior service to the Company and/or its subsidiaries, particularly when such achievement or service is not reflected in the performance criteria established under our short-term and long-term incentive compensation plans. No discretionary cash bonuses were awarded for 2011 performance.

Discretionary Awards under the NACCO Supplemental Long-Term Plan. Under the NACCO Supplemental Long-Term Plan, the Compensation Committee has the flexibility to provide additional equity compensation, with a corresponding cash component, for outstanding results and extraordinary personal effort. The NACCO Supplemental Long-Term Plan is discussed in more detail above under the heading “- Long-Term Incentive Compensation - NACCO Long-Term Compensation.” The Compensation Committee did not grant any awards under the NACCO Supplemental Long-Term Plan for services performed in 2011.

Retirement Plans. The material terms of the various retirement plans are described in the narratives following the Pension Benefits Table and the Nonqualified Deferred Compensation Table.

Defined Benefit Pension Plans. The Company no longer provides any defined benefit pensions to the Named Executive Officers.

Defined Contribution Plans. We provide the Named Executive Officers and most other employees in the U.S. and the U.K. with defined contribution retirement benefits. Employer contributions under the defined contribution retirement plans are calculated under formulas that are designed to provide employees with competitive retirement income. The Compensation Committee believes that the target level of retirement benefits gives us the ability to attract and retain talented management employees at the senior executive level and below.

For the Company and all businesses other than NA Coal, additional employer contributions may be made in the form of profit sharing contributions, depending on company performance. In general, if the Company and/or those subsidiaries perform well, the amount of the profit sharing contribution increases.

With the exception of a portion of the retirement benefits that are provided to Messrs. Rankin, Brogan and Wilson, the Named Executive Officers and other executive officers receive the same retirement benefits as all other similarly-situated employees. However, the benefits that are provided to the Named Executive Officers and other executive officers in the U.S. are provided under a combination of qualified and nonqualified retirement plans, while the benefits that are provided to other employees are provided generally only under qualified plans. The nonqualified retirement plans generally provide the U.S. executive officers with the retirement benefits that would have been provided under the qualified plans, but that cannot be provided due to various Internal Revenue Service regulations and limits and non-discrimination requirements. Non-U.S. employees do not receive non-qualified retirement benefits. Our retirement plans contain the following three types of benefits:

- employee deferrals;
- matching benefits or "safe harbor" employer contributions; and
- minimum and additional profit sharing benefits.

The “compensation” that is taken into account under the plans generally includes base salary and annual incentive payments, but excludes most other forms of compensation, including long-term incentive compensation and other discretionary payments. However, annual incentive payments are excluded under the HBB plans, except for purposes of calculating profit sharing benefits.

Under the U.S. plans, eligible employees may elect to defer up to 25% of compensation. Under the matching portion of the plans, eligible employees receive employer matching contributions on their deferrals in accordance with the following applicable contribution formula:

- NACCO Plans. 50% of the first 5% of before-tax contributions;
- NMHG U.S. Plans. 66-2/3% of the first 3% of before-tax contributions and 25% of the next 4% of before-tax contributions; and

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HBB Plans. 3% employer safe-harbor contribution, regardless of amount contributed by the employee. Under the profit sharing portion of the plans, eligible employees receive a profit sharing contribution equal to a specified percentage of compensation. The percentage varies based on a formula that takes into account the employee's age and compensation. The formulas at NACCO and NMHG also take into account ROTCE performance for the year. As applied to the Named Executive Officers in 2011, the range of profit sharing contributions under each applicable formula were:

- Mr. Rankin: between 7.00% and 16.35% of compensation;
- Mr. Schilling: between 5.15% and 11.90% of compensation;
- Mr. Brogan: between 4.50% and 14.90% of compensation;
- Mr. Wilson: between 3.80% and 12.25% of compensation; and
- Mr. Trepp: between 3.66% and 7.35% of compensation.

The Named Executive Officers are 100% vested in their deferrals and in all matching/safe-harbor contributions. They are also 100% vested in all benefits that are provided under the nonqualified plans. However, they become vested in their profit sharing contributions under the qualified plans at the rate of 20% for each year of service. All of the Named Executive Officers are 100% vested in all profit sharing benefits because they have each been employed for at least five years.

Benefits under the qualified plans are generally payable at any time following a termination of employment. Participants have the right to invest their qualified plan account balances among various investment options that are offered by the plans' trustees. Participants can elect various forms of payment including lump sum distributions and installments.

The defined contribution nonqualified retirement plans in the U.S. are structured as "pay-as-you-go" plans, based on the Compensation Committee's desire to:

- avoid additional statutory and regulatory restrictions applied to nonqualified deferred compensation plans under Section 409A of the Internal Revenue Code;
- simplify plan administration and recordkeeping; and
- eliminate the risk to the executives based on the unfunded nature of these plans.

Under the "pay-as-you-go" plans:

participants' account balances, other than excess profit sharing benefits, are credited with earnings during the year based on the rate of return of the Vanguard RST fixed income fund, which is one of the investment funds under the U.S. qualified plans. The maximum annual earnings rate for this purpose is 14%;

no interest is credited on excess profit sharing benefits;

the amounts credited under the plans each year will be paid during the period from January 1st to March 15th of the following year; and

the amounts credited under the plans each year will be increased by 15% to reflect the immediately taxable nature of the payments. The 15% increase will apply to all benefits other than the portion of the excess 401(k) benefits that are in excess of the amount needed to obtain a full employer matching contribution under the plans.

Certain Named Executive Officers also maintain accounts under various deferred compensation plans that were frozen effective December 31, 2007:

Mr. Rankin. Mr. Rankin maintains accounts under The NACCO Industries, Inc. Unfunded Benefit Plan, which we refer to as the Frozen NACCO Unfunded Plan, and the Retirement Benefit Plan for Alfred M. Rankin, Jr., which we refer to as the Frozen Rankin Retirement Plan.

Messrs. Brogan and Wilson. Messrs. Brogan and Wilson each maintain an account under the NACCO Materials Handling Group, Inc. Unfunded Benefit Plan, which we refer to as the Frozen NMHG Unfunded Plan.

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The frozen accounts are subject to the following rules:

• No additional benefits are credited to the frozen plans (other than interest credits).

The frozen accounts are credited with interest each year. Interest credits will be based on the greater of 5% or a ROTCE-based rate. The maximum interest rate for this purpose is 14%. The amount of the annual interest credits, increased by 15% to reflect the immediately taxable nature of the payments, will be paid to these Named Executive Officers during the period from January 1st to March 15th of the following year.

The frozen accounts (including unpaid interest for the year of payment, if any) will be paid at the earlier of termination of employment (subject to a six-month delay if required under Section 409A of the Internal Revenue Code) or a change in control.

Upon payment of the frozen accounts, a determination will be made whether the highest incremental state and federal personal income tax rates in the year of payment exceed the rates that were in effect in 2008 when all other nonqualified participants received their nonqualified plan payment. In the event the rates have increased, an additional tax gross-up payment will be paid to the Named Executive Officer. The Compensation Committee determined that the Company or the subsidiary, as applicable, and not the executive should bear the risk of a tax increase after 2008 because the Named Executive Officers would have received payment of their frozen accounts in 2008 were it not for the adverse cash flow and income tax impact on us. No other tax gross-ups (such as gross-ups for excise or other taxes) will be paid.

Refer to “- Employment and Severance Agreements and Change in Control Payments” below for a description of the impact of a change in control on the terms of the nonqualified deferred compensation plans.

Refer to “Nonqualified Deferred Compensation Benefits” below for a more detailed description of the current and frozen plans.

Other Benefits. All salaried U.S. employees, including the Named Executive Officers, participate in a variety of health and welfare benefit plans that are designed to enable us to attract and retain its workforce in a competitive marketplace.

Perquisites and Other Personal Benefits. Although we provide limited perquisites and other personal benefits to certain executives, we do not believe these perquisites and other personal benefits constitute a material component of the executive officer's compensation package. See note (6) to the Summary Compensation Table on page 40.

Employment and Severance Agreements and Change in Control Payments. Upon a Named Executive Officer's termination of employment with us for any reason, the Named Executive Officer (and all other employees) are entitled to:

• amounts or benefits earned or accrued during their term of employment, including earned but unpaid salary and accrued but unused vacation pay; and

• benefits that are provided under the retirement plans, incentive compensation plans and U.S. nonqualified deferred compensation plans at termination of employment that are further described in this Proxy Statement.

Upon termination of employment in certain circumstances and in accordance with the terms of the plans, the U.S. Named Executive Officers are also entitled to severance pay and continuation of certain health benefits provided under broad-based severance pay plans that are generally available to all U.S. salaried employees that provide benefits for a stated period of time based on length of service, with various maximum time periods.

In the U.S., none of the Named Executive Officers has an employment agreement that provides for a fixed period of employment, fixed positions or duties, or for a fixed base salary or actual or target annual bonus. In addition, there are no pre-arranged severance agreements with any of the Named Executive Officers and the Compensation Committee must review and approve any material severance payment that is in excess of the amount the U.S. Named Executive Officer is otherwise entitled to receive under the broad-based severance plans.

The terms and conditions of the employment of NMHG executives outside the U.S. are generally contained in written agreements that cannot be revised without the consent of both NMHG and the executive. These agreements generally specify a minimum salary and may provide for participation in the NMHG incentive compensation plans, but do not guarantee the amount of any incentive payments. The agreements also specify a notice period, sometimes in excess of the statutorily required maximum, pursuant to which NMHG would be required to pay the executive's base pay for the notice period if the executive were terminated without notice. Any additional compensation or benefits would be the

subject of negotiation and would require Compensation Committee approval.

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Change in control provisions are included in all short-term and long-term incentive compensation plans and all U.S. nonqualified defined contribution retirement plans. In order to advance the compensation objective of attracting, retaining and motivating qualified management, the Compensation Committee believes that it is appropriate to provide limited change in control protections to the Named Executive Officers and other employees.

The accrued account balances under the subsidiary long-term incentive compensation plans, as well as the accrued account balances under all of the U.S. nonqualified defined contribution plans will automatically be paid in the form of a lump sum payment in the event of a change in control of the participant's employer. A pro-rata target award under the current year's short-term and long-term plans will also be paid in the event of a change in control. The Compensation Committee believes that the change in control payment triggers are appropriate due to the unfunded nature of the benefits provided under these plans. The Compensation Committee believes that the skills, experience and services of its key management employees are a strong factor in our success and that the occurrence of a change in control transaction would create uncertainty for these employees. The Compensation Committee believes that some key management employees would consider terminating employment in order to trigger the payment of their unfunded benefits if an immediate payment is not made when a change in control occurs. The change in control payment trigger is designed to encourage key management employees to remain employed during and after a change in control. The change in control payment trigger under the U.S. nonqualified defined contribution plans does not increase the amount of the benefits payable under those plans. Participants will only receive their accrued account balance (including interest) as of the date of the change in control. However, the change in control provisions under our current short-term and long-term incentive compensation plans, in addition to providing for the immediate payment of the account balance (plus interest) as of the date of the change in control (if any), also provide for the payment of a pro-rated award target for the year of the change in control.

Importantly, these change in control provisions are not employment agreements and do not guarantee employment for any of the executives for any period of time. In addition, none of the payments under the incentive compensation plans or the nonqualified deferred compensation plans will be "grossed up" for any excise taxes imposed on the executives as a result of the receipt of payments upon a change in control.

For a further discussion of the potential payments that may be made to the Named Executive Officers in connection with a change in control, see "- Potential Payments Upon Termination/Change in Control" beginning on page 44.

Tax and Accounting Implications

Deductibility of Executive Compensation. As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Code Section 162(m), which provides that we may not deduct compensation of more than \$1 million that is paid to certain individuals. For 2011, the NACCO Long-Term Plan, the NACCO Short-Term Plan, the NMHG Long-Term Plan and the HBB Long-Term Plan, among others, were used so that, together with steps taken by the Compensation Committee in the administration of the plans, payouts on most awards made under the plans should not count towards the \$1 million cap that the law imposes for purposes of federal income tax deductibility.

While the Compensation Committee intends generally for payments under certain of our incentive plans to meet the criteria for federal income tax deductibility under Code Section 162(m), such deductibility will be only one factor among a number of factors considered in determining appropriate levels or modes of compensation. We intend to maintain the flexibility to compensate executive officers based upon an overall determination of what the Compensation Committee believes is in the best interests of the Company and its stockholders.

Accounting for Stock-Based Compensation. The Company accounts for stock-based payments in accordance with the requirements of FASB ASC Topic 718. Based on FASB ASC Topic 718, the grant date of the Company's awards under the NACCO Long-Term Plan and the NACCO Supplemental Long-Term Plan for this purpose is the date on which the shares of Class A Common are issued, which occurs in the year following the year in which the shares of Class A Common are earned. See note (2) of the Company's audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for more information regarding accounting treatment of our equity awards.

Stock Ownership Guidelines

While the Company encourages the executive officers to own shares of Class A Common, it does not have any formal policy requiring the executive officers to own any specified amount of Class A Common. However, the shares of Class A Common granted to the Company's executive officers under the NACCO Long-Term Plan and NACCO Supplemental Long-Term Plan generally must be held for a period of ten years. Executive officers of the subsidiaries do not have a similar

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requirement as they are compensated based on the performance of their own businesses and not on the performance of the Company, and as a result, do not receive shares of Class A Common.

Role of Executive Officers in Compensation Decisions

Our management, in particular the Chief Executive Officer of the Company and the Chief Executive Officer of each subsidiary, reviews our goals and objectives relevant to the compensation of our executive officers. The Chief Executive Officer of the Company annually reviews the performance of each executive officer (other than the Chief Executive Officer, whose performance is reviewed by the Compensation Committee) and makes recommendations based on these reviews, including with respect to salary adjustments and annual award amounts, to the Compensation Committee. In addition to the Chief Executive Officer's recommendations, the Compensation Committee considers recommendations made by the Hay Group, our independent outside compensation consultant, which bases its recommendations upon an analysis of similar positions at a broad range of domestic industries, as well as an understanding of our policies and objectives, as described above. The Compensation Committee can exercise its discretion in modifying any recommended adjustments or awards to executive officers. After considering these recommendations, the Compensation Committee determines the base salary and incentive compensation levels for the executive officers, including each Named Executive Officer, and any additional discretionary payments.

Executive Compensation Program for 2012 and Impact of "Say on Pay" Stockholder Vote

When setting executive compensation for 2012, the Compensation Committee took into account the results of the stockholder advisory vote on executive compensation that occurred at the 2011 Annual Meeting of stockholders. Because a substantial majority (over 94%) of the votes cast approved the compensation program described in our 2011 proxy statement, the Compensation Committee applied the same principles in determining the amounts and types of executive compensation for 2012. Therefore, our executive compensation program for 2012 will be structured in a manner similar to the 2011 program.

Principal changes for 2012 include (1) any appropriate modifications to salary midpoints and base salaries in view of internal considerations as well as marketplace practice as reflected in analysis, general industry survey data and the recommendations of the Hay Group based on an updated All Industrials survey and (2) changes to certain performance measures, weightings and/or targets for the incentive compensation plans based on management recommendations as to the performance objectives of the particular business for 2012 or to better incentivize certain groups of participants.

In addition, due to the transfer of the employees of the Company to an NMHG payroll effective January 1, 2012, the following changes have been made to our compensation program for 2012:

• All former Company employees will be subject to the NMHG matching and profit sharing contribution formulas.

• Non-qualified U.S. defined contribution benefits for former Company employees will be provided under an NMHG plan.

• The salary midpoints for all NMHG employees in Hay salary grades 25 and above, including the Named Executive Officers, will be based on 100% of the All Industrials survey and the salary midpoints for those in salary grades 24 and below will be based on 97.5% of the All Industrials survey, but any employee whose midpoint was higher under the prior rules will be grandfathered.

• Some former Company employees will continue to participate in the NACCO Long-Term Plan. The NACCO Long-Term Plan was amended and restated, effective March 1, 2012 (subject to stockholder approval) to, among other things, allow subsidiary employees to participate in the plan and to provide that different groups of participants may be subject to different performance factors. See "Approval, for purposes of Section 162(m) of the Internal Revenue Code and Section 303A.08 of the New York Stock Exchange's listing standards, of the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective March 1, 2012)" on page 51.

• The NACCO Supplemental Long-Term Plan was amended and restated, effective March 1, 2012 (subject to stockholder approval) to, among other things, allow subsidiary employees to participate in the plan and to increase by 17,567 the number of shares of Class A Common Shares available for issuance under the plan. See "Approval, for purposes of Section 303A.08 of the New York Stock Exchange's listing standards, of the NACCO Industries, Inc. Supplemental Executive Long-Term Incentive Bonus Plan (Amended and Restated Effective March 1, 2012)" on page

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The NMHG Long-Term Plan was amended and restated, effective as of January 1, 2012 (subject to stockholder approval) to, among other things, expand the list of permitted performance objectives and to provide that different groups of participants may be subject to different performance factors. See "Approval, for purposes of Section 162(m) of the Internal Revenue Code, of the NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (Amended and Restated Effective as of January 1, 2012)" on page 56.

The NACCO Short-Term Plan was terminated effective December 31, 2011 and all former Company employees began participating in a short-term incentive compensation plan sponsored by NMHG on January 1, 2012. A replacement NMHG short-term plan was adopted by the Compensation Committee subject to stockholder approval in order to satisfy the requirements of Code Section 162(m). See "Approval, for purposes of Section 162(m) of the Internal Revenue Code, of the NACCO Annual Incentive Compensation Plan (Effective January 1, 2012)" on page 58.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with the Company's management. Based on these reviews and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC.

RICHARD DE J. OSBORNE, CHAIRMAN

JOHN P. JUMPER

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Summary Compensation Table

The following table sets forth the compensation for services of our Named Executive Officers in all capacities to the Company and its subsidiaries.

SUMMARY COMPENSATION TABLE

For Fiscal Year Ended December 31, 2011

Name and Principal Position	Year	Salary(1)(\$)	Bonus (2)(3) (\$)	Stock Awards(3)(\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value(4) and Nonqualified Deferred Compensation Earnings(5) (\$)	All Other Compensation (\$)(6)	Total (\$)
Alfred M. Rankin, Jr.; Chairman, President and Chief Executive Officer of the Company	2011	\$1,217,000	\$—	\$1,426,409	\$1,589,048 (7)	\$1,871,523	\$629,760	\$6,733,740
	2010	\$1,217,943	\$—	\$5,306,595	\$2,037,348 (7)	\$1,628,046	\$341,592	\$10,531,524
	2009	\$1,138,798	\$552,245	\$665,388	\$554,168 (7)	\$473,137	\$104,598	\$3,488,334
Kenneth C. Schilling; Vice President and Controller of the Company and Vice President and Chief Financial Officer of NMHG	2011	\$297,022	\$—	\$81,785	\$156,613 (7)	\$8,361	\$76,218	\$619,999
	2010	\$284,168	\$—	\$322,910	\$189,945 (7)	\$9,020	\$34,572	\$840,615
	2009	\$265,904	\$67,215	\$46,904	\$58,718 (7)	\$4,951	\$3,325	\$447,017
Michael P. Brogan; President and Chief Executive Officer of NMHG	2011	\$574,711	\$—	\$—	\$1,184,765 (8)	\$184,658	\$209,774	\$2,153,908
	2010	\$565,866	\$—	\$—	\$985,160	\$159,912	\$48,496	\$1,759,434
	2009	\$531,026	\$—	\$—	\$—	\$334,468	\$4,036	\$869,530
Colin Wilson; Vice President, Chief Operating Officer and President, Americas of NMHG (9)	2011	\$478,727	\$—	\$—	\$653,075 (10)	\$143,030	\$136,302	\$1,411,134
Gregory H. Trepp;	2011	\$494,988	\$—	\$—	\$542,607 (12)	\$101,623	\$95,029	\$1,234,247
	2010	\$494,952	\$—	\$—	\$1,102,800	\$13,466	\$93,805	\$1,705,023

President and
Chief
Executive
Officer of
HBB (11)

(1) As required under the current disclosure requirements of the SEC, the amounts reported under the "Salary" column include both the base salary and the fixed dollar amount of cash paid in lieu of perquisites for the Named Executive Officers. Refer to the "Compensation Discussion and Analysis," which begins on page 14, for further information on our compensation philosophy with respect to perquisites.

(2) The discretionary cash bonuses that were granted to Messrs. Rankin and Schilling for 2009 consist of the sum of (i) discretionary cash bonuses of \$274,140 and \$44,040 for Messrs. Rankin and Schilling, respectively, and (ii) the cash portion of the discretionary award granted under the NACCO Supplemental Long-Term Plan described in note (3) below, which were \$278,105 and \$23,175 for Messrs. Rankin and Schilling, respectively.

(3) The amounts reported in the Stock Award column represent the aggregate grant date fair value of the shares of Class A Common that were granted to Named Executive Officers of the Company for awards under the NACCO Long-Term Plan and the NACCO Supplemental Long-Term Plan computed in accordance with FASB ASC Topic 718. Based on FASB ASC Topic 718, the grant date of the Company's awards under the NACCO Long-Term Plan and the NACCO Supplemental Long-Term Plan is the date on which the shares are issued, which is a date after the end of the fiscal year in which the services are performed. However, based on SEC guidance, the share awards that are payable under the NACCO Long-Term Plan are required to be reported for the year in which the employee's service inception date for such award occurs (i.e., the year earned), while the discretionary share awards that are payable under the NACCO Supplemental Long-Term Plan are required to be reported for the year in which such awards are granted (i.e., the year paid). As a result, the share awards shown in the table reflect the following:

2011. The amount shown reflects the shares that were granted on the service inception date in March 2011 and issued on February 7, 2012 under the NACCO Long-Term Plan for 2011 performance.

2010. The amount shown reflects the sum of (i) the shares that were granted on the service inception date in March 2010 and issued on February 8, 2011 under the NACCO Long-Term Plan for 2010 performance plus (ii) the shares that were issued in the discretion of the Compensation Committee on January 29, 2010 under the NACCO Supplemental Plan for 2009 performance.

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2009. The amount shown reflects only the shares that were granted on the service inception date in March 2009 and issued January 29, 2010 under the NACCO Long-Term Plan for 2009 performance. It does not reflect the shares that were issued in the discretion of the Compensation Committee on January 29, 2010 under the NACCO Supplemental Plan for 2009 performance.

The amount shown is the grant date fair value as determined in accordance with FASB ASC Topic 718. Refer to the table on page 28 under "Long-Term Incentive Compensation" to determine the target long-term awards, as well as the cash-denominated award payouts for 2011 under the NACCO Long-Term Plan.

The disclosure requirements of the SEC require that the cash portion of the awards that are paid under the NACCO long-term plans be included in the year in which it was earned, not paid. As a result, the total amount of all awards under the NACCO Long-Term Plan are reported in the same year (the year earned, not paid); however, the share portion of the awards under the NACCO Supplemental Long-Term Plan and the cash portion of such awards are reported in different years in the Summary Compensation Table. Based on the applicable requirements, the cash portion of the discretionary awards paid under the NACCO Supplemental Long-Term Plan for 2009 performance are reflected under the "Bonus" column for 2009 in the above table. However, the stock portion of the discretionary awards paid under the NACCO Supplemental Long-Term Plan for 2009 performance are reflected in the "Stock Awards" column for 2010.

Reconciliation. In order to disclose the total NACCO long-term plan awards for each of the years in which the awards were earned, the following table sets forth the stock portion of long-term plan compensation for Messrs. Rankin and Schilling in the year it was earned (regardless of when the shares were issued), as well as what their total compensation would have been if the stock portion of the award under the NACCO Supplemental Long-Term Plan for 2009 was included in the Summary Compensation Table in the year it was earned rather than the year it was paid:

Named Executive Officer	Year	Stock Awards (\$)	Total (\$)
Mr. Rankin	2010	\$4,652,115	\$9,877,044
	2009	\$1,319,868	\$4,142,814
Mr. Schilling	2010	\$268,370	\$786,075
	2009	\$101,444	\$501,557

(4) Amounts listed in this column include the aggregate change in the actuarial present value of accumulated plan benefits under all defined benefit pension plans, as described in more detail in the Pension Benefits Table on page 48. For 2011, the following amounts were included: \$0 for Mr. Schilling, \$820 for Mr. Brogan and \$1,229 for Mr. Wilson. Messrs. Rankin and Trepp do not participate in any defined benefit pension plans.

(5) Amounts listed in this column also include the interest that is in excess of 120% of the federal long-term interest rate, compounded monthly, that was credited to the executives' accounts under the nonqualified deferred compensation plans of the Company and its subsidiaries, as described in more detail in the Nonqualified Deferred Compensation Table on page 46. For 2011, the following amounts were included: \$1,871,523 for Mr. Rankin; \$8,361 for Mr. Schilling; \$183,838 for Mr. Brogan, \$141,801 for Mr. Wilson and \$101,623 for Mr. Trepp.

(6) All other compensation earned during 2011 for each of the Named Executive Officers is as follows:

	Alfred M. Rankin, Jr.	Kenneth C. Schilling	Michael P. Brogan	Colin Wilson	Gregory H. Trepp
Employer Qualified Matching Contributions	\$6,125	\$6,125	\$7,188	\$7,188	\$0
Employer Nonqualified Matching Contributions	\$50,446	\$4,619	\$21,853	\$14,159	\$0
Employer Qualified Profit Sharing Contributions	\$0	\$20,875	\$25,313	\$11,082	\$9,465
Employer Nonqualified Profit Sharing Contributions	\$448,010	\$42,128	\$152,811	\$101,301	\$68,239
Other Qualified Employer Retirement Contributions	\$0	\$0	\$0	\$0	\$7,350
Other Nonqualified Employer Retirement Contributions	\$62,850	\$0	\$0	\$0	\$7,500

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Employer Paid Life Insurance Premiums	\$23,021	\$1,519	\$1,657	\$1,620	\$0
Perquisites and Other Personal Benefits	\$38,356	\$0	\$0	\$0	\$0
Other	\$952	\$952	\$952	\$952	\$2,475
Total	\$629,760	\$76,218	\$209,774	\$136,302	\$95,029

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The Company does not provide Mr. Rankin with any defined benefit pension benefits. Of the \$629,760 in other compensation shown above for Mr. Rankin, \$567,431 represents defined contribution retirement benefits earned in 2011.

The \$38,356 listed for Mr. Rankin's perquisites and other personal benefits is the aggregate incremental cost to the Company of his personal use of the corporate aircraft to attend board meetings of other non-related for-profit and non-profit companies. The Compensation Committee has determined that it is in the best interest of the Company and its stockholders that Mr. Rankin serve on these boards. The aggregate incremental cost is determined on a per flight basis and includes the cost of actual fuel used, the hourly cost of aircraft maintenance for the applicable number of flight hours, landing fees, trip related hanger and parking costs and crew expenses and other variable costs specifically incurred.

Amounts listed in "Other" include employer-paid premiums paid for personal excess liability insurance, cash service awards and flex payments in lieu of life insurance.

The amounts listed for Messrs. Rankin and Schilling include the cash payments under the NACCO Short-Term (7) Plan and the NACCO Long-Term Plan that were earned during 2011, 2010 and 2009, respectively. Refer to note (3) above.

The amount listed for 2011 includes a cash payment of \$436,911 to Mr. Brogan under the NMHG Short-Term Plan (8) and \$747,854 representing the value of his award under the NMHG Long-Term Plan. No incentive compensation payments were paid to any NMHG employees for 2009, including Mr. Brogan.

(9) Mr. Wilson was not a Named Executive Officer for 2009 or 2010.

(10) The amount listed for 2011 includes a cash payment of \$258,648 to Mr. Wilson under the NMHG Short-Term Plan and \$394,427 representing the value of his award under the NMHG Long-Term Plan.

(11) Mr. Trepp was not a Named Executive Officer for 2009.

(12) The amount listed for 2011 includes a cash payment of \$107,672 to Mr. Trepp under the HBB Short-Term Plan and \$434,935 representing the value of his award under the HBB Long-Term Plan.

Grants of Plan-Based Awards

The following table sets forth information concerning awards granted to the Named Executive Officers for fiscal year 2011 and estimated payouts in the future, under the incentive compensation plans of the Company and its principal subsidiaries.

GRANTS OF PLAN-BASED AWARDS

For Fiscal Year Ended December 31, 2011

Name	Grant Date	Plan Name	(A) Estimated Future or Possible Payouts Under Non-Equity Incentive Awards(1)		(B) Estimated Future or Possible Payouts Under Equity Incentive Plan Awards		Grant Date Fair Value of Stock Awards(2) (\$)
			Target (\$)	Maximum (\$)	Target (\$)	Maximum (\$)	
Alfred M. Rankin, Jr.	N/A	NACCO Short-Term Plan	(3) \$974,600	\$1,461,900	\$0	\$0	N/A
	2/7/2012	NACCO Long-Term Plan	(4) \$1,078,761	\$2,157,522	\$2,003,412	\$4,006,825	\$1,426,409
Kenneth C. Schilling	N/A	NACCO Short-Term Plan	(3) \$123,040	\$184,560	\$0	\$0	N/A
	2/7/2012	NACCO Long-Term Plan	(4) \$61,905	\$123,809	\$114,966	\$229,931	\$81,785
Michael P. Brogan	N/A	NMHG Short-Term Plan	(3) \$441,770	\$662,655	\$0	\$0	N/A
	N/A		(5) \$946,650	\$1,419,975	\$0	\$0	N/A

		NMHG Long-Term Plan						
Colin Wilson	N/A	NMHG Short-Term Plan	(3)	\$261,525	\$392,288	\$0	\$0	N/A
		NMHG Long-Term Plan	(5)	\$499,275	\$748,913	\$0	\$0	N/A
Gregory H. Trepp	N/A	HBB Short-Term Plan	(3)	\$339,660	\$509,490	\$0	\$0	N/A
	N/A	HBB Long-Term Plan	(5)	\$735,930	\$1,103,895	\$0	\$0	N/A

(1) There are no minimum or threshold payouts to the Named Executive Officers under any of the incentive plans.

Amounts in this column reflect the grant date fair value of shares of Class A Common that were granted and issued (2) to Named Executive Officers of the Company for the 2011 performance period under the NACCO Long-Term Plan. The

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amounts shown in this column are also reflected in the Summary Compensation Table on page 40. The amount shown is the grant date fair market value as determined in accordance with FASB ASC Topic 718.

Awards under the short-term plans are based on a one-year performance period that consists solely of the 2011 calendar year. The awards are paid out, in cash, as soon as practicable after they are calculated and approved by the Compensation Committee. Therefore, there is no post-2011 payout opportunity under these plans. The amounts (3)disclosed in this table are the target and maximum awards that were initially communicated to the executives when the targets were established by the Compensation Committee in 2011. The amount the executives actually received, after the final payout was calculated based on the actual performance compared to the pre-established performance goals, is disclosed in the Summary Compensation Table and the related footnotes.

These amounts reflect the awards issued in 2012 under the NACCO Long-Term Plan for 2011 performance. Awards under the plan are based on a one-year performance period that consists solely of the 2011 calendar year. The awards are paid out, partially in stock and partially in cash, as soon as practicable after they are calculated and approved by the Compensation Committee. Therefore, there is no post-2011 payout opportunity for any award under the plan. The amounts disclosed in this table are the dollar values of the target and maximum awards that were communicated to the executives when the targets were established by the Compensation Committee in 2011 (including the 15% increase to Messrs. Rankin and Schilling to account for the immediately taxable nature of their (4)long-term plan awards). The cash portion of the award, representing 35% of the total award, is listed under column (A) of this table. The remaining 65% of the award, reflecting the stock portion of the award, is listed under column (B) of this table. To determine the number of shares that are actually issued under the NACCO Long-Term Plan, the dollar value of the stock portion of the award is divided by the average closing price of shares of Class A Common on the New York Stock Exchange at the end of each week during the relevant period specified in the NACCO Long-Term Plan, as discussed beginning on page 30 under the heading “- Long-Term Incentive Compensation - NACCO Long-Term Incentive Compensation.” The number of shares of Class A Common that the Named Executive Officers actually received under the plan is disclosed in the Stock Vested Table below.

(5) These amounts reflect the dollar value of Messrs. Brogan, Wilson and Trepp's award targets for the 2011 performance period under their respective long-term plans.

Description of Material Factors Relating to the Summary Compensation Table and Grants of Plan-Based Awards Table

The compensation of the Named Executive Officers consists of various components, including base salary, which includes a fixed dollar amount of cash in lieu of perquisites for U.S. employees, short-term cash incentives and long-term equity incentives for employees of the Company or non-equity long-term incentives for employees of the Company's subsidiaries. All of the Named Executive Officers also receive various retirement benefits. Each of these components is described in detail in the “- Compensation Discussion and Analysis” which begins on page 14. Additional details of certain components are provided below.

Equity Compensation

Certain key management employees of the Company participate in the NACCO Long-Term Plan and the NACCO Supplemental Long-Term Plan. As described in more detail in the “- Compensation Discussion and Analysis” beginning on page 14, awards are based on one-year performance periods and are immediately vested and paid when approved by the Compensation Committee. Therefore, no equity awards remain outstanding as of December 31, 2011.

Awards under the NACCO Long-Term Plan and the NACCO Supplemental Long-Term Plan are paid partially in cash and partially in the form of fully vested shares of Class A Common. While the stock is fully vested at the time of grant, it is subject to transfer restrictions for a period of ten years from the date of grant. Refer to (i) the “- Compensation Discussion and Analysis” beginning on page 14 for a description of the transfer restrictions applicable to the shares of Class A Common issued under the NACCO long-term plans and (ii) note (4) of the "Grants of Plan-Based Awards" table above for a detailed description of these awards. The following table reflects the stock awards issued in 2012 under the NACCO Long-Term Plan for 2011 performance. No stock awards were issued under the NACCO Supplemental Long-Term Plan for 2010 or 2011 performance.

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STOCK VESTED

For Fiscal Year Ended December 31, 2011

Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Alfred M. Rankin, Jr.	13,883	\$1,426,409
Kenneth C. Schilling	796	\$81,785
Michael P. Brogan	—	\$0
Colin Wilson	—	\$0
Gregory H. Trepp	—	\$0

Stock Options

The Compensation Committee did not grant any stock options under the Company's 1975 Stock Option Plan or 1981 Stock Option Plan during the fiscal year ended December 31, 2011 to any person, including the Named Executive Officers. The Compensation Committee has not granted stock options since 1989 in the belief that the likely value realized is unclear both in amount and in its relationship to performance. At December 31, 2011, there were no outstanding options to purchase shares of Class A Common or Class B Common.

Potential Payments Upon Termination/Change in Control

As discussed in “- Employment and Severance Agreements and Change in Control Payments” on page 36, none of the Named Executive Officers is a party to an employment agreement or a severance agreement. As discussed in more detail in the “- Compensation Discussion and Analysis” beginning on page 14, the following change in control provisions are contained in our incentive compensation and U.S. nonqualified defined contribution retirement plans: the account balances as of the date of the change in control under the subsidiary long-term incentive compensation plans and all of the U.S. nonqualified defined contribution plans will automatically be paid in the form of a lump sum payment in the event of a change in control of the Company or the participant's employer; and the change in control provisions under our long-term and short-term incentive compensation plans, in addition to providing for the immediate payment of the account balance (plus interest) as of the date of the change in control (if any), also provide for the payment of a pro-rated target award for the year of the change in control.

A “change in control” for purposes of these plans generally consists of any of the following; provided that the event otherwise qualifies as a change in control under the regulations issued under Section 409A of the Internal Revenue Code:

(1) An acquisition of more than 50% of the voting securities of the Company (for those plans that cover the employees of the Company) or the voting securities of the subsidiary (for those plans which cover the employees of the subsidiary); other than acquisitions directly from the Company or the subsidiary, as applicable, involving:

any employee benefit plan;

the Company;

the applicable subsidiary or one of its affiliates; or

the parties to the stockholders' agreement discussed under “- Amount and Nature of Beneficial Ownership - Class B Common Stock” on page 64;

(2) The members of the Company's current Board of Directors (and their approved successors) ceasing to constitute a majority of the Company's Board of Directors or, if applicable, the board of directors of a successor of the Company;

(3) For those plans that cover the employees of a subsidiary, the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the subsidiary and its affiliates, excluding a business combination pursuant to which the individuals and entities who beneficially owned, directly or indirectly, more than 50% of the combined voting power of the applicable entity immediately prior to such business combination continue to hold at least 50% of the voting securities of the successor;

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(4) For all plans, the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation, or other transaction involving the Company excluding, however, a business combination pursuant to which both of the following apply: the individuals and entities who beneficially owned, directly or indirectly, more than 50% of the combined voting power of the Company immediately prior to such business combination continue to hold at least 50% of the voting securities of the successor; and

at the time of the execution of the initial agreement, or of the action of the Board of Directors of the Company providing for such business combination, at least a majority of the members of the Board of Directors of the Company were incumbent directors.

For purposes of calculating the amount of any potential payments to the Named Executive Officers under the table provided below, we have assumed that a change in control occurred on December 31, 2011. We believe that the remaining assumptions listed below, which are necessary to produce these estimates, are reasonable individually and in the aggregate. However, there can be no assurance that a change in control would produce the same or similar results as those described if it occurs on any other date or if any assumption is not correct in fact.

POTENTIAL PAYMENTS UPON TERMINATION/CHANGE IN CONTROL

Name	Estimated Total Value of Payments Based on Incentive Plan Award Targets in Year of Change in Control (\$)(1)	Estimated Total Value of Cash Payments Based on Accrued Balance in Long-Term Plans in Year of Change in Control (\$)(2)	Estimated Total Value of Cash Payments Based on Accrued Balance in Nonqualified U.S. Deferred Compensation Plans(\$)(3)	Estimated Total Value of all Payments (\$)
Alfred M. Rankin, Jr.	\$4,056,773	N/A	\$15,641,588	\$19,698,361
Kenneth C. Schilling	\$299,910	N/A	\$82,714	\$382,624
Michael P. Brogan	\$1,388,420	\$680,259	\$1,405,552	\$3,474,231
Colin Wilson	\$760,800	\$358,749	\$1,635,821	\$2,755,370
Gregory H. Trepp	\$1,075,590	\$776,681	\$87,159	\$1,939,430

This column reflects the award targets for the Named Executive Officers under the short-term and long-term incentive compensation plans for 2011. Under the change in control provisions of the plans, they would have been entitled to receive their award targets for 2011 if a change in control had occurred on December 31, 2011. Awards (1) under the NACCO Long-Term Plan are denominated in dollars and the amounts shown in the above-table reflect the dollar-denominated 2011 target awards. As described in note (4) to the Grants of Plan-Based Awards table, Messrs. Rankin and Schilling would receive approximately 35% of the value of the award in cash, and the remainder in shares of restricted Class A Common.

This column reflects the December 31, 2011 account balances under the subsidiary long-term plans, excluding the 2011 award (which is reflected in Column (1)). Under the change in control provisions of those plans, these Named Executive Officers would have been entitled to receive the acceleration of the payment of their entire account (2) balances under those plans if a change in control had occurred on December 31, 2011. The amounts shown were earned for services performed in years prior to 2011 and were 100% vested prior to December 31, 2011. No additional amounts are paid due to a change in control. There are no accrued balances under the Company's long-term plans.

(3) This column reflects the account balances of the Named Executive Officers as of December 31, 2011 under all of the U.S. defined contribution, nonqualified deferred compensation plans. Under the change in control provisions of those plans, the Named Executive Officers would have been entitled to receive payment of their entire account balances under those plans if a change in control had occurred on December 31, 2011. The majority of the amounts shown were earned for services performed in years prior to 2011 and were 100% vested prior to December 31, 2011. Only a small portion of the account balance represents benefits earned for services performed in 2011. No

additional amounts are paid due to a change in control. These plans are discussed in more detail under “Nonqualified Deferred Compensation Benefits” below.

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Nonqualified Deferred Compensation Benefits

The following table sets forth information concerning benefits earned by, and paid to, the Named Executive Officers under our nonqualified defined contribution, deferred compensation plans.

NONQUALIFIED DEFERRED COMPENSATION

For Fiscal Year Ended December 31, 2011

Name	Nonqualified Deferred Compensation Plan	Executive Contributions in 2011 (\$)(1)	Employer Contributions in 2011 (\$)	Aggregate Earnings in 2011 (\$)(2)	Aggregate Withdrawals/ Distributions in 2011 (\$)	Aggregate Balance at December 31, 2011 (\$)
Alfred M. Rankin, Jr.	Frozen NACCO Unfunded Plan	\$0(3)	\$0(3)	\$705,302	\$705,302(4)	\$4,812,018(5)
	Frozen Rankin Retirement Plan	\$0(3)	\$0(3)	\$1,475,869	\$1,475,869(4)	\$10,069,313(6)
	NACCO Excess Plan	\$96,642	\$561,306(7)	\$102,308	\$406,834(8)	\$760,256(9)
Kenneth C. Schilling	NACCO Excess Plan	\$26,476	\$46,747(7)	\$9,491	\$40,439(8)	\$82,714(9)
Michael P. Brogan	NMHG Excess Plan	\$51,260	\$174,664(7)	\$35,679	\$60,312(8)	\$261,603(10)
	Frozen NMHG Unfunded Plan	\$0(3)	\$0(3)	\$117,218	\$117,218(4)	\$1,143,949(11)
	Frozen NMHG Long-Term Plan	\$0(3)	\$0(3)	\$0	\$832,744(12)	\$0(12)
	NMHG Long-Term Plan	\$0(3)	\$747,854	\$88,391	\$0	\$1,428,113(13)
Colin Wilson	NMHG Excess Plan	\$54,653	\$115,460(7)	\$24,584	\$47,458(8)	\$194,697(10)
	Frozen NMHG Unfunded Plan	\$0(3)	\$0(3)	\$126,497	\$126,497(4)	\$1,441,124(11)
	Frozen NMHG Long-Term Plan	\$0(3)	\$0(3)	\$0	\$451,358(12)	\$0(12)
	NMHG Long-Term Plan	\$0(3)	\$394,427	\$46,615	\$0	\$753,176(13)
Gregory H. Trepp	HBB Excess Plan	\$0(3)	\$75,739(7)	\$11,420	\$78,935(8)	\$87,159(14)
	Frozen HBB Long-Term Plan	\$0(3)	\$0(3)	\$0	\$138,278(12)	\$0(12)
	HBB Long-Term Plan	\$0(3)	\$434,935	\$100,920	\$0	\$1,211,616(15)

(1) These amounts, which were otherwise payable in 2011 but were deferred at the election of the executives, are also included in the "Salary" or "Non-Equity Incentive Plan Compensation" columns of the Summary Compensation Table.

The above-market earnings portion of the amounts shown in this column is also reflected in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column and described in note (5) of the Summary Compensation Table.

(3) As described in more detail in the "- Compensation Discussion and Analysis" beginning on page 14, the Frozen NACCO Unfunded Plan, the Frozen Rankin Retirement Plan and the Frozen NMHG Unfunded Plan were each frozen effective December 31, 2007 and we refer to these plans collectively as the Frozen Unfunded Plans. No additional contributions (other than interest credits) will be made to these plans or the Frozen NMHG or HBB Long-Term Plans. No employee contributions are made to the NMHG or HBB Long-Term Plans or the HBB

Excess Plan.

The Named Executive Officers who participate in the Frozen Unfunded Plans will receive payment of their December 31, 2007 account balances upon the earlier of a change in control or termination of employment (with a six month delay if required by Section 409A of the Internal Revenue Code). However, the interest that is accrued (4) under the Frozen Unfunded Plans each calendar year is paid to those Named Executive Officers no later than March 15th of the following year. Because the interest that was credited to their accounts for 2010 was paid in 2011, it is reflected as a distribution for 2011.

The account balance under the Frozen NACCO Unfunded Plan includes all above-market earnings that are also (5) required to be disclosed in the Summary Compensation Table. Of Mr. Rankin's December 31, 2011 account balance,

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\$575,747 is reported as nonqualified deferred compensation earnings for 2011 in the Summary Compensation Table. In addition, \$3,377,631 of the account balance was previously reported in prior Summary Compensation Tables.

The account balance under the Frozen Rankin Retirement Plan includes all above-market earnings that are also required to be disclosed in the Summary Compensation Table. Of Mr. Rankin's December 31, 2011 account (6) balance, \$1,204,771 is reported as nonqualified deferred compensation earnings for 2011 in the Summary Compensation Table. In addition, \$7,029,960 of the account balance was previously reported in prior Summary Compensation Tables.

(7) These amounts are also reflected in the "All Other Compensation" column of the Summary Compensation Table and specifically identified in note (6) to the Summary Compensation Table.

The Named Executive Officers will each receive payment of the amounts earned under the active U.S. nonqualified defined contribution deferred compensation plans for each calendar year (including interest) no later than March (8) 15th of the following year. Because the payments for 2010 were made in 2011, they are reflected as a distribution in 2011. Because the payments for 2011 were made in 2012, they are reflected in the Named Executive Officer's aggregate balance as of December 31, 2011 and are not reflected as a distribution in 2011.

The account balance under the NACCO Industries, Inc. Excess Retirement Plan, which we refer to as the NACCO Excess Plan, includes all employer and employee contributions and above-market earnings that are also required to be disclosed in the Summary Compensation Table. Of their December 31, 2011 account balances, \$748,953 of Mr. (9) Rankin's account balance and \$81,584 of Mr. Schilling's account balance is reported in the Summary Compensation Table for 2011. Because the account balance under the NACCO Excess Plan is paid out each year, none of their current account balances was previously reported in prior Summary Compensation Tables.

The account balance under the NACCO Materials Handling Group, Inc. Excess Retirement Plan, which we refer to as the NMHG Excess Plan, includes all employer contributions and above-market earnings that are also required to be disclosed in the Summary Compensation Table. Of their December 31, 2011 (10) account balances, \$255,215 of Mr. Brogan's account balance and \$190,122 of Mr. Wilson's account balances is reported in the Summary Compensation Table for 2011. Because the account balance under the NMHG Excess Plan is paid out each year, none of their current account balances was previously reported in prior Summary Compensation Tables.

The account balance under the Frozen NMHG Unfunded Plan includes all above-market earnings that are also required to be disclosed in the Summary Compensation Table. Of their December 31, 2011 account balances, (11) \$84,828 of Mr. Brogan's account balance and \$85,024 of Mr. Wilson's account balance is reported as nonqualified deferred compensation earnings for 2011 in the Summary Compensation Table. In addition, \$569,234 of Mr. Brogan's account balance and none of Mr. Wilson's account balance was previously reported in prior Summary Compensation Tables.

The awards under the Frozen NMHG and HBB Long-Term Compensation Plans for pre-2008 award periods were (12) subject to a three-year holding period. The Named Executive Officers from NMHG and HBB each received payment of their 2007 award in 2011. No further amounts are owed under the Frozen NMHG and HBB Long-Term Compensation Plans.

Messrs. Brogan and Wilson are participants in the NMHG Long-Term Plan. This amount reflects the value of the awards they received under the plan for 2011 performance, which awards are also reflected in both the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table and in the Grants of (13) Plan-Based Awards Table. The NMHG Long-Term Plan account balance includes all employer contributions and above-market earnings that are also required to be disclosed in the Summary Compensation Table for 2011. \$815,573 of Mr. Brogan's account balance and \$431,195 of Mr. Wilson's account balance is reported as non-equity incentive plan compensation and above-market earnings for 2011 in the Summary Compensation Table. \$591,868 of Mr. Brogan's account balance and none of Mr. Wilson's account balance was previously reported in prior Summary Compensation Tables.

(14) The account balance under the Hamilton Beach Brands, Inc. Excess Retirement Plan, which we refer to as the HBB Excess Plan, includes all employer contributions and above-market earnings that are also required to be disclosed in the Summary Compensation Table. \$85,981 of Mr. Trepp's December 31, 2011 account balance is

reported in the Summary Compensation Table for 2011. Because the account balance under the HBB Excess Plan is paid out each year, none of his current account balance was previously reported in prior Summary Compensation Tables.

Mr. Trepp is a participant in the HBB Long-Term Plan. This amount reflects the value of the award he received under the plan for 2011 performance, which award is also reflected in both the “Non-Equity Incentive Plan (15) Compensation” column of the Summary Compensation Table and in the Grants of Plan-Based Awards Table. The HBB Long-Term Plan account balance includes all employer contributions and above-market earnings that are also required to be

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disclosed in the Summary Compensation Table for 2011. \$526,316 of Mr. Trepp's account balance is reported as non-equity incentive plan compensation and above-market earnings for 2011 in the Summary Compensation Table. \$675,761 of Mr. Trepp's account balance was previously reported in a prior Summary Compensation Table.

Description of Nonqualified Deferred Compensation Plans

Refer to the "Retirement Plans" portion of the "- Compensation Discussion and Analysis" beginning on page 14 for a detailed discussion of the terms of our nonqualified deferred compensation plans.

The following is a summary of special rules that apply under each nonqualified deferred compensation plan that are not otherwise described in the "- Compensation Discussion and Analysis."

NACCO Excess Retirement Plan and Frozen Rankin Retirement Plan

In addition to the restoration profit sharing benefits described in the "Compensation Discussion and Analysis," the NACCO Excess Retirement Plan also provides a transitional benefit. The transitional benefit is a specified dollar amount that is credited annually to Mr. Rankin's account. The amount of this benefit is \$62,850 per year.

Frozen NMHG Unfunded Plan

From August 1, 1999 through September 20, 2002, Mr. Brogan was not eligible to participate in a qualified 401(k) plan and from January 1, 2000 through May 31, 2000, Mr. Wilson was not eligible to participate in a qualified 401(k) plan. Instead, they deferred a portion of their salary and bonus under the Frozen NMHG Unfunded Plan. When they became participants in the qualified 401(k) plan, these additional deferrals ceased.

Defined Benefit Pension Plans

The following table sets forth information concerning defined benefit pension benefits earned by, and paid to, the Named Executive Officers under our qualified and nonqualified pension plans.

PENSION BENEFITS

As of Fiscal Year Ended December 31, 2011

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Alfred M. Rankin, Jr.	N/A (1)	N/A	N/A	N/A
Kenneth C. Schilling	Part I of Combined Plan	2.1	(2) \$38,416	\$0
	The SERP	2.1	(2) \$3,295	\$0
Michael P. Brogan	The UK Plan	15.10	(3) \$980,422	\$0
	The UK Excess Plan	18.25	(3) \$87,407	\$0
Colin Wilson	The UK Plan	6.6	(4) \$277,449	\$0
Gregory H. Trepp	N/A (1)	N/A	N/A	N/A

(1) Messrs. Rankin and Trepp never participated in any of our defined benefit pension plans.

(2) For Mr. Schilling, the number of years of credited service taken into account to determine pension benefits was frozen as of December 31, 1993.

For Mr. Brogan, the number of years of credited service taken into account to determine pension benefits under the statutorily-approved pension plan for U.K. employees, which is referred to as the UK Plan, was frozen as of (3) October 1, 2002 and the number of years of credited service taken into account to determine pension benefits under a nonqualified U.S. plan for Mr. Brogan, which is referred to as the UK Excess Plan, was frozen as of December 31, 2005.

(4) For Mr. Wilson, the number of years of credited service taken into account to determine pension benefits was frozen as of May 31, 1995.

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Description of Pension Plans

The Named Executive Officers no longer actively participate in any defined benefit pension benefits that are sponsored by us or our subsidiaries and the pension benefits of the Named Executive Officers were frozen at various times from 1993 to 2005.

The qualified U.S. pension benefits for Mr. Schilling are provided under Part I of the Combined Defined Benefit Plan of NACCO Industries, Inc. and its Subsidiaries, which we refer to as the Combined Plan. Messrs. Rankin and Trepp are not eligible to receive any pension benefits and Messrs. Brogan and Wilson do not receive any qualified U.S. pension benefits.

Pensions under the U.S. plans are based on the executives' earnings prior to the applicable freeze date, which generally included only base salary, cash in lieu of perquisites and annual incentive compensation payments and which excluded all other forms of compensation, including severance payments, relocation allowances and other similar fringe benefits.

Pension benefits under most of the plans are 100% vested after five years of service. However, benefits under the UK Plan vest after two years of service and benefits under the nonqualified pension plan for employees of the Company, which we refer to as the SERP, and the UK Excess Plan are immediately 100% vested.

The normal form of payment under all U.S. plans is a single life annuity for unmarried participants and a 50% or 75% joint and survivor annuity for married participants. Other forms of annuity payments are also available. If a participant elects a joint and survivor annuity form of benefit, the amount of the benefit is reduced to reflect the survivorship protection. Subject to Internal Revenue Service limitations, lump sum benefit payments are generally only available for cash balance benefits payable to employees of NMHG. Lump sum benefits are calculated using legally or contractually required interest rates and mortality assumptions.

The amounts shown above were determined as of December 31, 2011, which is the measurement date for pension benefits that is used in the Company's financial statements. In determining the present value of the pension benefits for the U.S. plans and the UK Excess Plan in the Pension Table shown above, the following material assumptions were used:

- a discount rate of 4.55% for the Combined Plan and 4.30% for the SERP and UK Excess Plan;
- the RP2000 mortality table with mortality improvement projected to 2019 and no collar adjustment; and
- assumed retirement age of 65 with no pre-retirement decrement.

In determining the present value of the pension benefits for the UK Plan, the following material assumptions were used:

- a discount rate of 4.90%;
- the SAPS series mortality table, year of use 2011, with a 1.1 multiplier;
- an annual cost-of-living adjustment of 2.05% (in-payment and in-deferment); and
- assumed retirement age of 65 with no pre-retirement decrement.

NACCO Pension Plans (Including Part I of Combined Plan)

Certain employees of NACCO (other than Mr. Rankin) are eligible for frozen pension benefits under the qualified Combined Plan. Some highly compensated employees were also participants in the SERP. The SERP provides the pension benefits that the highly compensated employees would have received under the Combined Plan, absent applicable Internal Revenue Service limits and non-discrimination requirements.

Effective December 31, 1993, pension accruals for all employees of NACCO were frozen. Therefore, any compensation or service earned after December 31, 1993 is not taken into account for purposes of computing pension benefits for NACCO employees. Benefits that were accrued under the Combined Plan and the SERP as of December 31, 1993 for NACCO employees were subject to an annual 4% per year cost-of-living adjustment through December 31, 2010.

Pension benefits for employees of NACCO under the Combined Plan and the SERP are generally computed under the following formula: 1.1% of "final average pay" multiplied by years of credited service as of the applicable freeze date (not in excess of 30 years). Additional benefits are paid for earnings in excess of "covered compensation" taken into account for Federal Social Security purposes. "Final average pay" is based on the average annual earnings for the

highest five consecutive years during the last ten years prior to the applicable freeze date.

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Subsidized early retirement benefits are available to participants who terminate employment at or after age 55 with at least ten years of vesting service. Mr. Schilling is not yet eligible for subsidized early retirement benefits.

NMHG Pension Plans

Mr. Brogan was a participant in the UK Plan for periods prior to October 1, 2002 and Mr. Wilson was a participant in the UK Plan for periods prior to May 31, 1995. Pension benefits under their category of membership in the UK Plan are generally computed under the following formula: 1/45th of “final average pay” multiplied by years of credited service before June 30, 2004 plus 1/60th of “final average pay” multiplied by years of credited service after June 30, 2004. For computing pension benefits under the UK Plan, “final average pay” is based on the highest annual average of pay in any period of three consecutive years in the ten years immediately preceding October 1, 2002 in Mr. Brogan's case and the ten year's preceding May 31, 1995 in Mr. Wilson's case. For purposes of the UK Plan, “pay” is generally a participant's annual salary excluding bonuses, commissions, overtime payments and shift allowances less a U.K. based national insurance contributions deduction.

Early retirement benefits under the UK Plan for deferred participants such as Messrs. Brogan and Wilson are available to participants on request at or after age 55. However, trustee consent is required if the participant is under age 60. Mr. Brogan is eligible for reduced early retirement benefits under the UK Plan. The current early retirement reduction is 5.7% for each year that the pension commencement date precedes age 65 (age 60 for benefits earned during the period from May 17, 1990 through October 1, 1994). However, these factors may be recalculated from time to time and are not guaranteed. Mr. Wilson is not yet eligible for early retirement benefits but will be eligible for unreduced early retirement benefits at age 60.

For periods on and after October 1, 2002, Mr. Brogan became a participant in the UK Excess Plan. Effective December 31, 2005, benefit accruals under the UK Excess Plan were permanently frozen. Therefore, any compensation or service earned after December 31, 2005 will not be taken into account for purposes of computing Mr. Brogan's pension benefits under the UK Excess Plan. Mr. Brogan's pension benefit under the UK Excess Plan is equal to the benefit that would have been payable under the UK Plan had Mr. Brogan continued to participate in such Plan until December 31, 2005, reduced by the actual UK Plan benefit and the actuarial equivalent of certain of the U.S. retirement benefits provided under the NMHG qualified 401(k) plan and the NMHG Unfunded Plan.

The benefits under the UK Excess Plan are automatically paid in the form of a monthly annuity, commencing at Mr. Brogan's termination of employment for amounts accrued before January 1, 2005 (and six months after termination for amounts accrued thereafter). Alternatively, Mr. Brogan may elect a lump sum payment (less a 10% penalty) for amounts that had accrued as of January 1, 2005. Mr. Wilson is not a participant in the UK Excess Plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership of such securities with the SEC and the New York Stock Exchange. Officers, directors and greater than ten percent beneficial owners are required by applicable regulations to furnish us with copies of all Section 16(a) forms they file.

Based upon the review of the copies of Section 16(a) forms received by us, and upon written representations from reporting persons concerning the necessity of filing a Form 5 Annual Statement of Changes in Beneficial Ownership, we believe that, during 2011, all filing requirements applicable for reporting persons were met, except as follows: Reports for Alfred M. Rankin, Jr., Charles A. Bittenbender, J.C. Butler, Jr., Kenneth C. Schilling, Lauren E. Miller, Suzanne S. Taylor and Mary D. Maloney for shares earned under the NACCO Long-Term Plan and the corresponding reports for Victoire Rankin and Helen Butler were not reported timely on Form 4 due to an administrative error; David F. Taplin filed a report on Form 4 that identified two transactions that should have been reported earlier on Form 4s and Harry B. Tipton filed a report on Form 4 that identified one transaction that should have been reported earlier on a Form 4.

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Equity Compensation Plan Information

The following table sets forth information as of December 31, 2011 with respect to our compensation plans (including individual compensation arrangements) under which equity securities are authorized for issuance:

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
	(a)	(b)	(c)
Class A Shares:			
Equity compensation plans approved by security holders	—	N/A	501,073
Equity compensation plans not approved by security holders	—	N/A	—
Total	—	N/A	501,073
Class B Shares:			
Equity compensation plans approved by security holders	—	N/A	80,100
Equity compensation plans not approved by security holders	—	N/A	—
Total	—	N/A	80,100

Approval, for purposes of Section 162(m) of the Internal Revenue Code and Section 303A.08 of the New York Stock Exchange's listing standards, of the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan (Amended and Restated Effective March 1, 2012)

In 2001, 2006 and 2010, the Compensation Committee and the Board of Directors of the Company adopted, and the stockholders of the Company approved, a NACCO Long-Term Plan for senior management employees employed by the Company. The amended and restated plans were adopted to satisfy the requirements of Code Section 162(m). Effective January 1, 2012, the employees of the Company were transferred to an NMHG payroll. However, certain former Company employees will continue to participate in the NACCO Long-Term Plan. The Compensation Committee intends for the NACCO Long-Term Plan to continue to meet the criteria for the federal income tax deductibility of all or a portion of the long-term compensation that is paid to covered employees under Code Section 162(m) who continue to participate in the NACCO Long-Term Plan. Stockholder approval of the amended and restated NACCO Long-Term Plan is required in order to comply with the requirement under Code Section 162(m) that the material terms of the plan be approved every five years, or earlier in the event of any material change to the terms of the plan. In addition, Section 303A.08 of the New York Stock Exchange's listing standards requires that stockholders approve all material revisions to equity compensation plans. The New York Stock Exchange considers a change in the eligibility provisions and the expansion of the permitted performance objectives available under a plan, among other things, material revisions to the plan.

While the amended and restated NACCO Long-Term Plan is not intended to provide new or additional compensation benefits to its participants, the following significant changes, among others, have been made to the NACCO Long-Term Plan: (1) the classification of employees eligible to participate in the NACCO Long-Term Plan has been expanded to include employees of the Company's subsidiaries on a U.S. payroll; (2) the types of permitted performance objectives have been expanded; (3) the plan clarifies that different groups of participants may be subject to different performance objectives for the same performance period and (4) the maximum amount that may be paid to a participant in a single year as a result of awards under the plan has been increased from \$10,000,000 to the greater of \$12,000,000 or the fair market value of 500,000 Award Shares, as defined below, determined at the time of payment. The following summary of the amended and restated NACCO Long-Term Plan is qualified in its entirety by reference

to the NACCO Long-Term Plan attached to this Proxy Statement as Appendix A.

Purpose. The purpose of the NACCO Long-Term Plan continues to be to further our long-term profits and growth by enabling the Company and its subsidiaries to attract and retain key employees by offering the opportunity to provide long-term incentives to those key employees of the Company and its subsidiaries in the U.S. who will be in a position to make significant contributions to such profits and growth while at the same time preserving the deductibility of all or a portion of the long-term incentive compensation awards that may be made under the NACCO Long-Term Plan for 2012 and future years to such employees.

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Administration and Eligibility. The NACCO Long-Term Plan will continue to be administered by the Compensation Committee. Salaried employees of the Company and its subsidiaries on a U.S. payroll who, in the judgment of the Compensation Committee, occupy executive positions are eligible to participate in the NACCO Long-Term Plan. As of March 13, 2012, there were eleven individuals who the Compensation Committee designated as participants in the NACCO Long-Term Plan. The Compensation Committee will identify NACCO Long-Term Plan participants and applicable performance objectives for each year prior to the 90th day of each year, although new participants may be added at a later date, subject to restrictions under Code Section 162(m).

Awards. Each year, the Compensation Committee establishes a dollar-denominated target level of long-term incentive opportunity for each participant. The awards are expressed in a dollar amount equal to a percentage of the participant's salary midpoint based on the number of Hay points assigned to the participant's position and the Hay Group's long-term incentive compensation recommendations for that Hay point level. These amounts are then increased by 15% to account for the immediately taxable nature of the awards. No minimum or threshold award levels will be established. However, maximum award levels will be established for certain performance objectives. The maximum award level represents the maximum amount of an incentive award that may be paid to a participant for a performance period, even if the maximum performance level is exceeded. Under no circumstances will the amount paid to any participant in a single calendar year as a result of awards under the NACCO Long-Term Plan exceed the greater of \$12,000,000 or the fair market value of 500,000 Award Shares, determined at the time of payment.

Final awards under the NACCO Long-Term Plan will be made to participants for performance periods of one or more years (or portions thereof) in amounts determined pursuant to performance goals and a formula which will be based upon specified performance objectives of us and/or our subsidiaries. Different participants may be subject to different performance goals and formulas. The performance objectives for any award (or portion thereof) that is designated by the Compensation Committee to be a "qualified performance-based award" under Code Section 162(m) will be established by the Compensation Committee not later than the 90th day of the performance period on which the award is to be based. The Compensation Committee must certify that the performance thresholds and any other material terms were met or exceeded prior to payment of any final award. However, the Compensation Committee retains discretionary authority to increase or decrease the amount of any award that would otherwise be payable to a participant (except with respect to awards for covered employees under Code Section 162(m), which may only be decreased).

In the event of a change in control (as defined in the NACCO Long-Term Plan), participants will be entitled to receive a pro-rata award for the year, in an amount equal to the target award for the year, pro-rated to reflect the period of time the participant was employed prior to the change in control.

Awards are allocated by the Compensation Committee between a cash component, to be paid in cash, and the equity component, to be paid in shares of the Company's Class A Common, which we refer to as Award Shares. The number of Award Shares issued to a participant in any award will be determined by taking the dollar value of the stock portion of the award and dividing it by the average share price. For all awards, the average share price used to calculate the number of Award Shares will be the lesser of (i) the average closing price of Class A Common on the New York Stock Exchange at the end of each week during the year preceding commencement of the award year (or such other previous calendar year as determined by the Compensation Committee) or (ii) the average closing price of Class A Common on the New York Stock Exchange at the end of each week of the applicable performance period. Once awarded, Award Shares are not subject to any forfeiture or risk of forfeiture under any circumstances. Accordingly, when a participant receives Award Shares as part of an award, he/she will immediately be entitled to all of the rights of a stockholder, including voting, dividend and other ownership rights, except that the transferability of the Award Shares is restricted in a manner and to the extent prescribed by the Compensation Committee for a period of time, which will generally be ten years from the end of the performance period.

Under the terms of the NACCO Long-Term Plan, a maximum of 300,000 shares of Class A Common (subject to adjustment for stock splits or similar changes) were available to be issued as Award Shares, of which, 77,552 shares of Class A Common had been issued and 222,448 shares of Class A Common remained available for issuance as of March 1, 2012. The full amount of each final award, including the value of the Award Shares, is fully taxable to the participant when received.

Final 2011 Awards and Target 2012 Awards. Final awards under the NACCO Long-Term Plan for the performance period ended December 31, 2011 with respect to the Named Executive Officers are shown in the Summary Compensation Table on page 40 and are further explained in note (3) to the Summary Compensation Table. Final Awards under the NACCO Long-Term Plan for performance periods beginning in 2012 and thereafter (and for the performance period ending December 31, 2012) are not currently determinable. Accordingly, the following are target awards for the performance period ending December 31, 2012 for the Named Executive Officers, all of our executive officers as a group, all of our non-executive directors as a group and all of our non-executive officer employees as a group.

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NACCO Long-Term Plan

Name and Position	Dollar Value(s)	
Alfred M. Rankin, Jr. - Chairman, President and Chief Executive Officer of the Company	\$3,166,928	(1)(2)
Kenneth C. Schilling - Vice President and Controller of the Company and Vice President and Chief Financial Officer of NMHG	\$182,563	(1)(2)
Michael P. Brogan - President and Chief Executive Officer of NMHG	\$—	(2)
Colin Wilson - Vice-President, Chief Operating Officer and President, Americas of NMHG	\$—	(2)
Gregory H. Trepp - President and Chief Executive Officer of HBB and Chief Executive Officer of KC	\$—	(2)
Executive Officer Group (30 persons)	\$4,204,460	(1)(2)
Non-Executive Director Group (8 persons)	\$—	(3)
Non-Executive Officer Employee Group (8,870 persons)	\$161,075	(1)(2)

The amounts include the 15% increase from the Hay-recommended long-term target awards that the Compensation (1)Committee applies each year to account for the immediately taxable nature of the NACCO Long-Term Plan awards. See “- Long-Term Incentive Compensation - NACCO Long-Term Incentive Compensation.”

Only certain executive officers and non-executive officer employees designated by the Compensation Committee each year are eligible to participate in the NACCO Long-Term Plan. As of March 13, 2012, the Compensation (2)Committee designated only eleven employees, all of whom are former Company employees currently employed by NMHG, including Messrs. Rankin and Schilling, as plan participants. Messrs. Brogan, Wilson and Trepp are not eligible to participate in the NACCO Long-Term Plan during 2012.

(3) Directors who are not employees of NACCO or its subsidiaries are not eligible to participate in the NACCO Long-Term Plan.

The Compensation Committee will designate participants and adopt the performance objectives and targets for the awards that will be earned for the one-year performance period ending December 31, 2012 no later than March 30, 2012. Under the terms of the NACCO Long-Term Plan, the permissible performance objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual participant or any subsidiary, division, business unit, department or function of the Company. Performance objectives may be measured on an absolute or relative basis. Different groups of participants may be subject to different performance objectives for the same performance period. Relative performance may be measured by a group of peer companies or by a financial market index. Performance objectives shall be based on one or more, or a combination, of the following criteria, or the attainment of specified levels of growth or improvement in one or more of the following criteria: return on equity, return on total capital employed, diluted earnings per share, total earnings, earnings growth, return on capital, return on assets, return on sales, earnings before interest and taxes, revenue, revenue growth, gross margin, net or standard margin, return on investment, increase in the fair market value of shares, share price (including, but not limited to, growth measures and total stockholder return), operating profit, net earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), inventory turns, financial return ratios, market share, earnings measures/ratios, economic value added, balance sheet measurements (such as receivable turnover), internal rate of return, customer satisfaction surveys or productivity, net income, operating profit or increase in operating profit, market share, increase in market share, sales value increase over time, economic value income, economic value increase over time, new project development or net sales.

Stockholder Vote. In accordance with the New York Stock Exchange's listing standards, the affirmative vote of a majority of votes cast is required to approve this proposal, provided that the total votes cast on this proposal represents over 50% of the total voting power of all the shares entitled to vote on this proposal. For purposes of approval under the New York Stock Exchange listing standards, abstentions will be treated as votes cast, so any abstentions for this proposal will have the same effect as a vote against this proposal, but broker non-votes will not be treated as votes cast, so broker non-votes will not effect the outcome. Broker non-votes, however, are considered to be entitled to vote and, therefore, could impair our ability to satisfy the requirement that votes cast represent at least 50% of the total

voting power of all shares entitled to vote on this proposal. The affirmative vote of a majority of the votes cast is required to approve this proposal for purposes of Code Section 162(m). In accordance with our Bylaws, the affirmative vote of the holders of a majority of the voting power of our stock that is present in person or represented by proxy, and that is actually voted on this proposal, is required to approve this proposal. As a result, other than as set forth above, abstentions and broker non-votes in respect of this proposal will not be counted for purposes of determining whether this proposal has received the requisite approval under the Bylaws by our stockholders.

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THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE PROPOSAL TO APPROVE, FOR PURPOSES OF SECTION 162(m) OF THE INTERNAL REVENUE CODE AND SECTION 303A.08 OF THE NEW YORK STOCK EXCHANGE'S LISTING STANDARDS, THE NACCO INDUSTRIES, INC. EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN (AMENDED AND RESTATED EFFECTIVE MARCH 1, 2012).

It is intended that the shares represented by proxies in the enclosed form(s) will be voted for the proposal to approve the amended and restated NACCO Long-Term Plan, unless contrary instructions are received. If the amended and restated NACCO Long-Term Plan is not approved by the stockholders of the Company, no payments will be made under the plan with respect to performance periods commencing with January 1, 2012 and thereafter.

Approval, for purposes of Section 303A.08 of the New York Stock Exchange's listing standards, of the NACCO 3. Industries, Inc. Supplemental Executive Long-Term Incentive Bonus Plan (Amended and Restated Effective March 1, 2012)

In 2006, the Compensation Committee and the Board of Directors of the Company adopted, and the stockholders of the Company approved, the NACCO Supplemental Long-Term Plan for senior management employees of the Company. The plan was adopted to allow the Compensation Committee to provide discretionary equity awards to eligible employees of the Company and was approved by stockholders of the Company in accordance with Section 303A.08 of the New York Stock Exchange's listing standards.

Effective January 1, 2012, the employees of the Company were transferred to an NMHG payroll. The Compensation Committee wishes to maintain the ability to provide discretionary equity awards to employees of the Company's subsidiaries. Stockholder approval of the amended and restated NACCO Supplemental Long-Term Plan is required in order to comply with the requirement under Section 303A.08 of the New York Stock Exchange's listing standards that stockholders must approve all equity compensation plans and any material revision to such plans. The New York Stock Exchange considers a change in the eligibility provisions and an increase in the number of shares available under a plan to be material revisions to the plan.

While the amended and restated NACCO Supplemental Long-Term Plan is not intended to provide new or additional compensation benefits to its participants, the following significant changes, among others, have been made to the plan: (1) the classification of employees eligible to participate in the plan has been expanded to include salaried employees of the Company's subsidiaries on a U.S. payroll and (2) the number of shares available for issuance pursuant to awards under the plan has been increased by 17,567 shares of Class A Common to a total of 100,000 shares of Class A Common. The following summary of the amended and restated NACCO Supplemental Long-Term Plan is qualified in its entirety by reference to the amended and restated NACCO Supplemental Long-Term Plan attached to this Proxy Statement as Appendix B.

Purpose. The purpose of the NACCO Supplemental Long-Term Plan continues to be to further our long-term profits and growth by enabling the Company and its subsidiaries to attract, retain and reward employees by offering the opportunity to provide long-term incentive to those employees of the Company and its subsidiaries who will be in a position to make significant contributions to such profits and growth.

Administration and Eligibility. The NACCO Supplemental Long-Term Plan will continue to be administered by the Compensation Committee. Salaried employees of the Company and its subsidiaries on a U.S. payroll who, in the judgment of the Compensation Committee, contributed to the profits or growth of the Company during a calendar year are eligible to participate in the NACCO Supplemental Long-Term Plan. As of March 1, 2012, 8,900 employees are eligible to participate in the NACCO Supplemental Long-Term Plan. The Compensation Committee will identify plan participants for each year (if any) when an award is granted under the plan.

Awards. Each year, the Compensation Committee will determine whether any employee deserves a discretionary equity incentive award for the prior award year. The Compensation Committee is not required to grant any awards under the plan for any award year and has only granted awards under the plan twice since it became effective in 2006. If the Compensation Committee determines that an award is warranted, it will specify the amount thereof. However, the maximum award under the plan for any calendar year may not exceed \$1 million dollars (prior to division of the award between cash and Supplemental Award Shares, as defined below). If an award is granted for an award year, it will be paid no later than two and one-half months after the end of the award year.

Awards are allocated by the Compensation Committee between a cash component, to be paid in cash, and the equity component, to be paid in shares of the Company's Class A Common, which we refer to as Supplemental Award Shares. The number of Supplemental Award Shares issued to a participant in any award year will be determined by taking the dollar value of the stock portion of the award and dividing it by the average share price. For all awards, the average share price used to

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calculate the number of Supplemental Award Shares will be the lesser of (i) the average closing price of Class A Common on the New York Stock Exchange at the end of each week during the year preceding commencement of the award year (or such other previous calendar year as determined by the Compensation Committee) or (ii) the average closing price of Class A Common on the New York Stock Exchange at the end of each week of the applicable award year. Once awarded, Supplemental Award Shares are not subject to any forfeiture or risk of forfeiture under any circumstances. Accordingly, when a participant receives Supplemental Award Shares as part of an award, he/she will immediately be entitled to all of the rights of a stockholder, including voting, dividend and other ownership rights, except that the transferability of the Supplemental Award Shares is restricted in a manner and to the extent prescribed by the Compensation Committee for a period of time, which will generally be ten years from the end of the award year.

Under the terms of the NACCO Supplemental Long-Term Plan, a maximum of 100,000 shares of Class A Common (subject to adjustment for stock splits or similar changes) were available to be issued as Supplemental Award Shares, of which, 17,567 shares of Class A Common had been issued and 82,433 shares of Class A Common remained available for issuance as of March 1, 2012. Upon approval of the amended and restated Supplemental Long-Term Plan, the maximum number of shares available for future issuance as Supplemental Award Shares under the NACCO Supplemental Long-Term Plan will be an aggregate of 100,000 shares of Class A Common (subject to adjustments for stock splits or similar changes), which was the number of shares of Class A Common that was authorized under the plan when it was originally approved by stockholders in 2006. The full amount of each final award, including the value of the Supplemental Award Shares, is fully taxable to the participant when received.

Final 2011 Awards and Target 2012 Awards. No awards were granted under the NACCO Supplemental Long-Term Plan for the year ended December 31, 2011. Awards under the NACCO Supplemental Long-Term Plan for 2012 and future award years (and for the 2012 award year) are purely discretionary and are not currently determinable. There are no target awards for the 2012 award year for the Named Executive Officers, all of our executive officers as a group, all of our non-executive directors as a group and all of our non-executive officer employees as a group.

NACCO Supplemental Long-Term Plan

Name and Position	Dollar Value(s)	
Alfred M. Rankin, Jr. - Chairman, President and Chief Executive Officer of the Company	\$0	
Kenneth C. Schilling - Vice President and Controller of the Company and Vice President and Chief Financial Officer of NMHG	\$0	
Michael P. Brogan - President and Chief Executive Officer of NMHG	\$0	
Colin Wilson - Vice-President, Chief Operating Officer and President, Americas of NMHG	\$0	
Gregory H. Trepp - President and Chief Executive Officer of HBB and Chief Executive Officer of KC	\$0	
Executive Officer Group (30 persons)	\$0	
Non-Executive Director Group (8 persons)	\$0	(1)
Non-Executive Officer Employee Group (8,870 persons)	\$0	

(1) Directors who are not employees of NACCO or its subsidiaries are not eligible to participate in the NACCO Supplemental Long-Term Plan.

The Compensation Committee will not make a determination regarding possible awards for participants for the period from January 1, 2012 to December 31, 2012 (which would be paid in 2013) until after the conclusion of the award year. Awards (if any) would be paid partly in shares of Class A Common and partly in cash. Participants will only receive one award for any calendar year. The cash-denominated award received by a participant under the NACCO Supplemental Long-Term Plan in any calendar year may not exceed \$1 million dollars (before division of the award between cash and Supplemental Award Shares).

Stockholder Vote. In accordance with the New York Stock Exchange's listing standards, the affirmative vote of a majority of votes cast is required to approve this proposal, provided that the total votes cast on this proposal represents

over 50% of the total voting power of all the shares entitled to vote on this proposal. For purposes of approval under the New York Stock Exchange listing standards, abstentions will be treated as votes cast, so any abstentions for this proposal will have the same effect as a vote against this proposal, but broker non-votes will not be treated as votes cast, so broker non-votes will not effect the outcome. Broker non-votes, however, are considered to be entitled to vote and, therefore, could impair our ability to satisfy the requirement that votes cast represent at least 50% of the total voting power of all shares entitled to vote on this proposal. In accordance with our Bylaws, the affirmative vote of the holders of a majority of the voting power of our stock that is present in person or represented by proxy, and that is actually voted on this proposal, is required to approve this proposal. As

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a result, other than as set forth above, abstentions and broker non-votes in respect of this proposal will not be counted for purposes of determining whether this proposal has received the requisite approval under our Bylaws by our stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE PROPOSAL TO APPROVE, FOR PURPOSES OF SECTION 303A.08 OF THE NEW YORK STOCK EXCHANGE'S LISTING STANDARDS, THE NACCO INDUSTRIES, INC. SUPPLEMENTAL EXECUTIVE LONG-TERM INCENTIVE BONUS PLAN (AMENDED AND RESTATED EFFECTIVE MARCH 1, 2012).

It is intended that the shares represented by proxies in the enclosed form(s) will be voted for the proposal to approve the amended and restated NACCO Supplemental Long-Term Plan, unless contrary instructions are received. If the amended and restated NACCO Supplemental Long-Term Plan is not approved by the stockholders of the Company, no payments will be made under the amended and restated NACCO Supplemental Long-Term Plan with respect to grants made on or after March 1, 2012.

Approval, for purposes of Section 162(m) of the Internal Revenue Code, of the NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (Amended and Restated Effective as of January 1, 2012)

In 2010, the Compensation Committee of the Board of Directors of NMHG adopted, and the stockholders of the Company approved, a replacement long-term incentive compensation plan for management employees of NMHG.

The replacement plan was adopted to satisfy the requirements of Code Section 162(m).

Effective January 1, 2012, the employees of the Company were transferred to an NMHG payroll and some of the former Company employees began participating in the NMHG Long-Term Plan. The NMHG Compensation Committee intends for the NMHG Long-Term Plan to meet the criteria for federal income tax deductibility of all or a portion of the long-term compensation that is paid to covered employees under Code Section 162(m) who are employed by NMHG and its subsidiaries. Stockholder approval of the amended and restated NMHG Long-Term Plan is required in order to comply with the requirement under Code Section 162(m) that the material terms of the NMHG Long-Term Plan be approved every five years or earlier in the event of any material change to the terms of the plan. While the amended and restated NMHG Long-Term Plan is not intended to provide new or additional compensation benefits to its participants, the following significant changes, among others, have been made to the NMHG Long-Term Plan: (1) the types of permitted performance objectives have been expanded; (2) the plan has been clarified to provide that different classifications of employees may be subject to different performance objectives; (3) the maximum amount that can be paid to a participant in a single year as a result of awards under the Plan has been increased from \$5,000,000 (\$7,000,000 with interest) to \$6,000,000 (\$8,000,000 with interest); and (4) target awards will be changed mid-year due to changes in a participant's employment status. The following summary of the NMHG Long-Term Plan is qualified in its entirety by reference to the amended and restated NMHG Long-Term Plan attached to this Proxy Statement as Appendix C.

Purpose. The purpose of the NMHG Long-Term Plan is to further the long-term profits and growth of NMHG by enabling it to attract and retain key management employees of NMHG by offering the opportunity to provide long-term incentive to those management employees who will be in a position to make significant contributions to such profits and growth, while at the same time preserving the deductibility of all or a portion of the long-term incentive compensation awards that may be made under the NMHG Long-Term Plan for 2012 and future years to such employees.

Administration and Eligibility. The NMHG Long-Term Plan is administered by the NMHG Compensation Committee. Employees of NMHG or its subsidiaries, including directors of NMHG who are also employees of NMHG or its subsidiaries, who in the judgment of the NMHG Compensation Committee occupy key management positions within NMHG, are eligible to participate in the NMHG Long-Term Plan. As of March 1, 2012, there were 185 individuals who participated in the NMHG Long-Term Plan. The NMHG Compensation Committee will identify NMHG Long-Term Plan participants and applicable performance objectives for each award term prior to the 90th day of each award term, although new participants may be added at a later date, subject to restrictions under Code Section 162(m) and provided they are employed for at least 90 days during the award term.

Awards. Each year, the NMHG Compensation Committee establishes a dollar-denominated target level of long-term incentive opportunity for each participant. The awards are expressed in a dollar amount equal to a percentage of the

participant's salary midpoint based on the number of Hay points assigned to the participant's position and the Hay Group's long-term incentive compensation recommendations for that Hay point level. No minimum or threshold award levels will be established. However, maximum award levels will be established for certain performance objectives. The maximum award level represents the maximum amount of incentive award that may be paid to a participant for an award term, even if the maximum performance level is exceeded. Under no circumstances will any participant receive a final award under the NMHG Long-Term Plan for any award term exceeding \$6,000,000 (\$8,000,000 with interest credited as described below).

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Final awards under the NMHG Long-Term Plan for each participant are calculated based on the performance of (i) the individual or (ii) any subsidiary, division, business unit, department or function of NACCO or NMHG over the award term compared to the performance objectives and targets established by the NMHG Compensation Committee. The performance objectives and target for any award (or portion thereof) that is designated by the NMHG Compensation Committee to be a “qualified performance-based award” under Code Section 162(m) will be established by the Compensation Committee not later than the 90th day of the award term on which the award is to be based. The NMHG Compensation Committee must certify that the performance thresholds and any other material terms were met or exceeded prior to payment of any final award. However, the NMHG Compensation Committee retains discretionary authority to increase or decrease the amount of awards that would otherwise be payable to participants (except with respect to awards for the covered employees under Code Section 162(m), which may only be decreased). In the event of a change in control (as defined in the NMHG Long-Term Plan), participants will be entitled to receive a pro-rata award for the year, in an amount equal to the target award for the year, pro-rated to reflect the period of time the participant was employed during the year prior to the change in control.

All awards granted are immediately vested as of the grant date of the award (which is the January 1st following the end of the award term) and, once granted, awards are not subject to any forfeiture or risk of forfeiture under any circumstances.

Once the final amount of an award is approved by the NMHG Compensation Committee, the award will be credited to a separate sub-account established for each participant. The sub-account will be credited with interest generally based on the greater of 5% or NMHG's ROTCE for the year, which is capped at a maximum of 14%. Subject to delayed payment rules for key employees under Section 409A of the Internal Revenue Code, each sub-account will be paid at the earliest of death, disability, retirement, a change in control or on the third anniversary of the grant date of the award.

Final 2011 Awards and Target 2012 Awards. Final awards under the NMHG Long-Term Plan for the award term ending December 31, 2011 with respect to the Named Executive Officers are shown in the Summary Compensation Table on page 40. Final awards under the NMHG Long-Term Plan for award terms beginning in 2012 and thereafter (and for the award term ending December 31, 2012) are not currently determinable. Accordingly, the following are target awards for the award term ending December 31, 2012 for our Named Executive Officers, all of our executive officers as a group, all non-executive directors as a group and all non-executive officer employees as a group.

NMHG Long-Term Plan

Name and Position	Dollar Value(s)	
Alfred M. Rankin, Jr. - Chairman, President and Chief Executive Officer of the Company	\$—	(1)
Kenneth C. Schilling - Vice President and Controller of the Company and Vice President and Chief Financial Officer of NMHG	\$—	(1)
Michael P. Brogan - President and Chief Executive Officer of NMHG	\$997,650	
Colin Wilson - Vice-President, Chief Operating Officer and President, Americas of NMHG	\$526,155	
Gregory H. Trepp - President and Chief Executive Officer of HBB and Chief Executive Officer of KC	\$—	(1)
Executive Officer Group (30 persons)	\$1,318,686	(1)
Non-Executive Director Group (8 persons)	\$—	(2)
Non-Executive Officer Employee Group (8,870 persons)	\$4,655,999	(1)

(1) Employees (i) who are participants in the NACCO Long-Term Plan for 2012 or (ii) who are not employed by NMHG or its subsidiaries are not eligible to participate in the NMHG Long-Term Plan for 2012. Consequently, Messrs. Rankin, Schilling and Trepp are not eligible to participate in the NMHG Long-Term Plan for 2012.

(2) Directors who are not employees of NMHG or its subsidiaries are not eligible to participate in the NMHG Long-Term Plan.

The NMHG Compensation Committee will adopt no later than March 30, 2012 the performance objectives and targets for the awards that will be earned for the one-year award term ending December 31, 2012. Under the terms of the amended and restated NMHG Long-Term Plan, the permissible performance objectives may be described in terms of NACCO-wide or NMHG-wide objectives or objectives that are related to the performance of (i) the individual participant, (ii) any subsidiary, division, business unit, department or function of NACCO or (iii) any subsidiary, division, business unit, department or function of NMHG. Performance objectives may be measured on an absolute or relative basis. Different groups of participants may be subject to different performance objectives for the same award term. Relative performance may be measured by a

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group of peer companies or by a financial market index. Performance objectives shall be based on one or more, or a combination, of the following criteria, or the attainment of specified levels of growth or improvement in one or more of the following criteria: return on equity, return on total capital employed, diluted earnings per share, total earnings, earnings growth, return on capital, return on assets, return on sales, earnings before interest and taxes, revenue, revenue growth, gross margin, net or standard margin, return on investment, increase in the fair market value of shares, share price (including, but not limited to, growth measures and total stockholder return), operating profit, net earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), inventory turns, financial return ratios, market share, earnings measures/ratios, economic value added, balance sheet measurements (such as receivable turnover), internal rate of return, customer satisfaction surveys or productivity, net income, operating profit or increase in operating profit, market share, increase in market share, sales value increase over time, economic value income, economic value increase over time, new project development, or net sales.

Stockholder Vote. The affirmative vote of a majority of the votes cast is required to approve this proposal for purposes of Code Section 162(m). In accordance with our Bylaws, the affirmative vote of the holders of a majority of the voting power of our stock that is present in person or represented by proxy, and that is actually voted on this proposal, is required to approve this proposal. As a result, other than as set forth above, abstentions and broker non-votes in respect of this proposal will not be counted for purposes of determining whether this proposal has received the requisite approval under our Bylaws by our stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE PROPOSAL TO APPROVE, FOR PURPOSES OF SECTION 162(m) OF THE INTERNAL REVENUE CODE, THE NACCO MATERIALS HANDLING GROUP, INC. LONG-TERM INCENTIVE COMPENSATION PLAN (AMENDED AND RESTATED EFFECTIVE AS OF JANUARY 1, 2012).

It is intended that the shares represented by proxies in the enclosed form(s) will be voted for the proposal to approve the amended and restated NMHG Long-Term Plan, unless contrary instructions are received. If the amended and restated NMHG Long-Term Plan is not approved by the stockholders of the Company, no awards will be made under the NMHG Long-Term Plan with respect to award terms commencing with January 1, 2012 and thereafter.

5. Approval, for purposes of Section 162(m) of the Internal Revenue Code, of the NACCO Annual Incentive Compensation Plan (Effective January 1, 2012)

For periods prior to 2012, (1) the annual incentive compensation that was paid to the employees of the Company was paid under the NACCO Short-Term Plan, which was approved by the Company's stockholders in accordance with Code Section 162(m) and (2) the annual incentive compensation that was paid to the employees of NMHG was paid under an annual incentive compensation plan that was adopted each year that was not approved by stockholders.

Effective January 1, 2012, the employees of the Company were transferred to an NMHG payroll. The Compensation Committee wishes to replace the prior short-term compensation plans of the Company and NMHG with a single plan sponsored by NMHG that is intended to meet the criteria for federal income tax deductibility of all or a portion of the short-term incentive compensation awards paid to covered employees under Code Section 162(m). As a result, the Compensation Committee (i) terminated the NACCO Short-Term Plan effective December 31, 2011 and (ii) adopted a new NMHG annual incentive plan. Stockholder approval of the NACCO Annual Incentive Compensation Plan (Effective January 1, 2012), which we refer to as the NACCO Annual Plan, is required in order to comply with the requirements under Code Section 162(m).

While the NACCO Annual Plan is not intended to provide new or additional compensation benefits to the employees of NMHG (or former employees of NACCO), the following significant changes, among others, have been made from the prior NACCO and NMHG short-term plans: (1) eligibility has been changed from employees in salary grade 22 and above to employees in salary grade 24 and above; (2) the types of permitted performance objectives have been expanded; (3) the plan has been clarified to provide that different groups of participants may be subject to different performance objectives for the same performance period; and (4) the maximum amount that can be paid to a participant in a single year as a result of awards under the NACCO Annual Plan is \$8,000,000. The following summary of the NACCO Annual Plan is qualified in its entirety by reference to the NACCO Annual Plan attached to this Proxy Statement as Appendix D.

Purpose. The purpose of the NACCO Annual Plan continues to be to further the profits and growth of NACCO and NMHG by enabling them to attract and retain employees by offering the opportunity to earn annual incentive compensation to those employees who will be in a position to make significant contributions to such profits and growth, while at the same time preserving the deductibility of all or a portion of the short-term incentive compensation awards that may be made under the NACCO Annual Plan for 2012 and future years to covered employees under Code Section 162(m).

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Administration and Eligibility. The NACCO Annual Plan will be administered by the NMHG Compensation Committee. Salaried employees of NMHG and its subsidiaries in salary grades 24 and above, including directors of NMHG who are also employees of NMHG, who in the judgment of the NMHG Compensation Committee, occupy key positions in which their efforts may significantly contribute to the profits or growth of NMHG and/or the Company are eligible to participate in the NACCO Annual Plan. As of March 13, 2012, there were 315 individuals who participated in the NMHG Annual Plan. The NMHG Compensation Committee identifies NMHG Annual Plan participants and applicable performance objectives for each year not later than the 90th day of each year, although new participants may be added at a later date, subject to restrictions under Code Section 162(m) and provided they are employed for at least 90 days during a performance period.

Awards. Each year, the NMHG Compensation Committee establishes a dollar-denominated target level of short-term incentive opportunity for each participant. The awards are expressed in a dollar amount equal to a percentage of the participant's salary midpoint based on the number of Hay points assigned to the participant's position and the Hay Group's short-term incentive compensation recommendations for that Hay point level. No minimum or threshold award levels will be established. However, maximum award levels will be established for certain performance objectives. The maximum award level represents the maximum amount of incentive award that may be paid to a participant for a performance period, even if the maximum performance level is exceeded. Under no circumstances will any participant receive a final award under the NACCO Annual Plan in any calendar year exceeding \$8,000,000. Final awards under the NACCO Annual Plan are made to participants for one-year performance periods in amounts determined pursuant to performance goals and formulas which will be based upon specified performance objectives of the participants, NACCO and/or its subsidiaries or NMHG and/or its subsidiaries. The performance objectives for any award (or portion thereof) that is designated by the NMHG Compensation Committee to be a "qualified performance-based award" under Code Section 162(m) will be established by the NMHG Compensation Committee not later than the 90th day of the performance period on which the award is to be based. The NMHG Compensation Committee must certify that the performance thresholds and any other material terms were met or exceeded prior to payment of any final award. However, the NMHG Compensation Committee retains discretionary authority to increase or decrease the amount of any award that would otherwise be payable to a participant (except with respect to awards for the covered employees under Code Section 162(m) which may only be decreased).

In the event of a change in control (as defined by the NACCO Annual Plan), participants will be entitled to receive a pro-rata award for the year, in an amount equal to the target award for the year, pro-rated to reflect the period of time the participant was employed during such year prior to the change in control.

Awards are paid in cash during the period from January 1st through March 15th of the calendar year following the end of each performance period.

Final 2011 Awards and Target 2012 Awards. Final awards under the current NACCO and NMHG short-term incentive compensation plans for 2011 with respect to the Named Executive Officers are shown in the Summary Compensation Table on page 40. Although final awards under the NACCO Annual Plan for 2012 and thereafter are not currently determinable, the following are target awards for 2012 for our Named Executive Officers, all of our executive officers as a group, all non-executive directors as a group and all non-executive officer employees as a group.

NACCO Annual Plan

Name and Position	Dollar Value(s)	
Alfred M. Rankin, Jr. - Chairman, President and Chief Executive Officer of the Company	\$1,001,400	
Kenneth C. Schilling - Vice President and Controller of the Company and Vice President and Chief Financial Officer of NMHG	\$127,000	
Michael P. Brogan - President and Chief Executive Officer of NMHG	\$465,570	
Colin Wilson - Vice-President, Chief Operating Officer and President, Americas of NMHG	\$275,605	
Gregory H. Trepp - President and Chief Executive Officer of HBB and Chief Executive Officer of KC	\$—	(1)

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Executive Officer Group (30 persons)	\$3,075,354	(1)
Non-Executive Director Group (8 persons)	\$—	(2)
Non-Executive Officer Employee Group (8,870 persons)	\$8,911,164	(1)

(1) Employees who are not employed by NMHG or its subsidiaries in 2012 are not eligible to participate in the NACCO Annual Plan.

(2) Directors who are not employees of NMHG or its subsidiaries are not eligible to participate in the NACCO Annual Plan.

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The NMHG Compensation Committee will adopt no later than March 30, 2012 the performance objectives and targets for the awards that will be earned for the one-year performance period ending December 31, 2012. Under the terms of the NACCO Annual Plan, the permissible performance objectives may be described in terms of NACCO-wide or NMHG-wide objectives or objectives that are related to the performance of (i) the individual participant, (ii) any subsidiary, division, business unit, department or function of NACCO or (iii) any subsidiary, division, business unit, department or function of NMHG. Performance objectives may be measured on an absolute or relative basis. Different groups of participants may be subject to different performance objectives for the same performance period. Relative performance may be measured by a group of peer companies or by a financial market index. Performance objectives shall be based on one or more, or a combination, of the following criteria, or the attainment of specified levels of growth or improvement in one or more of the following criteria: return on equity, return on total capital employed, diluted earnings per share, total earnings, earnings growth, return on capital, return on assets, return on sales, earnings before interest and taxes, revenue, revenue growth, gross margin, net or standard margin, return on investment, increase in the fair market value of shares, share price (including, but not limited to, growth measures and total stockholder return), operating profit, net earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), inventory turns, financial return ratios, market share, earnings measures/ratios, economic value added, balance sheet measurements (such as receivable turnover), internal rate of return, customer satisfaction surveys or productivity, net income, operating profit or increase in operating profit, market share, increase in market share, sales value increase over time, economic value income, economic value increase over time, new project development, or net sales.

Stockholder Vote. The affirmative vote of a majority of the votes cast is required to approve this proposal for purposes of Code Section 162(m). In accordance with our Bylaws, the affirmative vote of the holders of a majority of the voting power of our stock that is present in person or represented by proxy, and that is actually voted on this proposal, is required to approve this proposal. As a result, other than as set forth above, abstentions and broker non-votes in respect of this proposal will not be counted for purposes of determining whether this proposal has received the requisite approval under our Bylaws by our stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE PROPOSAL TO APPROVE, FOR PURPOSES OF SECTION 162(m) OF THE INTERNAL REVENUE CODE, THE NACCO ANNUAL INCENTIVE COMPENSATION PLAN (EFFECTIVE JANUARY 1, 2012).

It is intended that the shares represented by proxies in the enclosed form(s) will be voted for the proposal to approve the NACCO Annual Plan, unless contrary instructions are received. If the NACCO Annual Plan is not approved by the stockholders of the Company, no payments will be made under the NACCO Annual Plan with respect to 2012 and thereafter.

6. Confirmation of Appointment of the Independent Registered Public Accounting Firm of the Company for the Current Fiscal Year

Ernst & Young LLP has been selected by the Audit Review Committee as the principal independent registered public accounting firm for the current fiscal year for us and certain of our subsidiaries. The appointment of Ernst & Young LLP as our independent registered public accounting firm is not required to be submitted to a vote of our stockholders for confirmation. However, our Board of Directors believes that obtaining stockholder confirmation is a sound governance practice.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE CONFIRMATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR THE CURRENT FISCAL YEAR.

It is expected that representatives of Ernst & Young LLP will attend the Annual Meeting, with the opportunity to make a statement if they so desire, and, if a representative is in attendance, the representative will be available to answer appropriate questions.

If our stockholders fail to vote on an advisory basis in favor of the appointment of Ernst & Young LLP, the Audit Review Committee will take such actions as it deems necessary as a result of such stockholder vote.

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Audit Fees

2011 - Ernst & Young LLP billed or will bill us \$4.0 million, in the aggregate, for professional services rendered by Ernst & Young LLP for the audit of our annual financial statements and internal controls for the fiscal year ended December 31, 2011 and the reviews of the interim financial statements included in our Forms 10-Q filed during the fiscal year ended December 31, 2011, as well as for services provided in connection with statutory audits and regulatory filings with the SEC.

2010 - Ernst & Young LLP billed us \$4.2 million, in the aggregate, for professional services rendered by Ernst & Young LLP for the audit of our annual financial statements and internal controls for the fiscal year ended December 31, 2010 and the reviews of the interim financial statements included in our Forms 10-Q filed during the fiscal year ended December 31, 2010, as well as for services provided in connection with statutory audits and regulatory filings with the SEC.

Audit-Related Fees

2011 - Ernst & Young LLP billed or will bill us \$0.1 million, in the aggregate, for assurance and related services rendered by Ernst & Young LLP in 2011, primarily related to services for accounting advisory services and audits of certain employee benefit plans.

2010 - Ernst & Young LLP billed us \$0.1 million, in the aggregate, for assurance and related services rendered by Ernst & Young LLP in 2010, primarily related to services for accounting advisory services and audits of certain employee benefit plans.

Tax Fees

2011 - Ernst & Young LLP did not provide services and has not billed and will not bill us for professional tax services rendered by Ernst & Young LLP in 2011.

2010 - Ernst & Young LLP did not provide services and has not billed and will not bill us for professional tax services rendered by Ernst & Young LLP in 2010.

All Other Fees

2011 and 2010 - Ernst & Young LLP did not provide services and has not billed and will not bill us fees for services provided by Ernst & Young LLP, other than the services reported under "Audit Fees," "Audit-Related Fees" and "Tax Fees" during the fiscal years ended December 31, 2011 and 2010.

Except as set forth above and approved by the Audit Review Committee pursuant to our pre-approval policies and procedures, no assurance or related services, tax compliance, tax advice or tax planning services were performed by the principal independent registered public accounting firm for us during the last two fiscal years.

Pre-Approval Policies and Procedures

Under our pre-approval policies and procedures, only audit, audit-related services and limited tax services will be performed by our principal independent registered public accounting firm. All audit, audit-related, tax and other accounting services to be performed for us must be pre-approved by our Audit Review Committee. In furtherance of this policy, for 2011, the Audit Review Committee authorized us to engage Ernst & Young LLP for specific audit, audit-related and tax services up to specified fee levels. The Audit Review Committee has delegated to the Chairman of the Audit Review Committee and one other Audit Review Committee member the authority to approve services other than audit, review or attest services, which approvals are reported to the Audit Review Committee at its next meeting. We provide a summary of authorities and commitments at each general meeting of the Audit Review Committee.

The Audit Review Committee has considered whether the providing of the non-audit services to us by Ernst & Young LLP is compatible with maintaining its independence. In addition, as a result of the recommendation of the Audit Review Committee, we have adopted policies limiting the services provided by our independent registered public accounting firm that are not audit or audit-related services.

BENEFICIAL OWNERSHIP OF CLASS A COMMON AND CLASS B COMMON

Set forth in the following tables is the indicated information as of February 28, 2012 (except as otherwise indicated) with respect to (1) each person who is known to us to be the beneficial owner of more than five percent of the Class A Common, (2) each person who is known to us to be the beneficial owner of more than five percent of the Class B Common and

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(3) the beneficial ownership of Class A Common and Class B Common by our directors, principal executive officer, principal financial officer and the three other most highly compensated executive officers during 2011 and all of our executive officers and directors as a group. Beneficial ownership of Class A Common and Class B Common has been determined for this purpose in accordance with Rules 13d-3 and 13d-5 under the Exchange Act. Accordingly, the amounts shown in the tables do not purport to represent beneficial ownership for any purpose other than compliance with SEC reporting requirements. Further, beneficial ownership as determined in this manner does not necessarily bear on the economic incidence of ownership of Class A Common or Class B Common.

Holders of shares of Class A Common and Class B Common are entitled to different voting rights with respect to each class of stock. Each share of Class A Common is entitled to one vote per share. Each share of Class B Common is entitled to ten votes per share. Holders of Class A Common and holders of Class B Common generally vote together as a single class on matters submitted to a vote of our stockholders. Shares of Class B Common are convertible into shares of Class A Common on a one-for-one basis, without cost, at any time at the option of the holder of the Class B Common.

Amount and Nature of Beneficial Ownership

Class A Common Stock

Name	Title of Class	Sole Voting and Investment Power	Shared Voting or Investment Power	Aggregate Amount	Percent of Class(1)
Dimensional Fund Advisors LP (2) 1299 Ocean Avenue Santa Monica, CA 90401	Class A	454,465	(2) —	454,465 (2)	6.69 %
LSV Asset Management (3) 155 N. Wacker Drive, Suite 4600 Chicago, IL 60606	Class A	366,732	(3) —	366,732 (3)	5.40 %
Beatrice B. Taplin Suite 300 5875 Landerbrook Drive Cleveland, OH 44124-4069	Class A	353,213	—	353,213	5.20 %
The Vanguard Group, Inc. (4) 100 Vanguard Blvd. Malvern, PA 19355	Class A	334,031	(4) 9,201	343,232 (4)	5.05 %
John P. Jumper (5)	Class A	—	—	—	— %
Dennis W. LaBarre (5)	Class A	8,734	—	8,734	0.13 %
Richard de J. Osborne (5)	Class A	5,269	—	5,269	— %
Alfred M. Rankin, Jr.	Class A	222,954	540,602 (6)	763,556 (6)	11.24 %
Michael E. Shannon (5)	Class A	5,561	—	5,561	— %
Britton T. Taplin (5)	Class A	36,213	6,055 (7)	42,268 (7)	0.62 %
David F. Taplin (5)	Class A	14,324	37,000 (8)	51,324 (8)	0.76 %
John F. Turben (5)	Class A	6,664	—	6,664	— %
Eugene Wong (5)	Class A	5,198	—	5,198	— %
Kenneth C. Schilling	Class A	11,221	—	11,221	0.17 %
Michael P. Brogan	Class A	—	—	—	— %
Colin Wilson	Class A	—	—	—	— %
Gregory H. Trepp	Class A	—	—	—	— %
All executive officers and directors as a group (38 persons)	Class A	377,240	584,449 (9)	961,689 (9)	14.16 %

(1) Less than 0.10%, except as otherwise indicated.

(2)

A Schedule 13G/A filed with the SEC with respect to Class A Common on February 14, 2012 reported that Dimensional Fund Advisors LP, which is referred to as Dimensional, may be deemed to beneficially own the shares of Class A Common reported above as a result of being an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 that furnishes investment advice to four investment companies registered under the Investment Company Act of 1940 and serving as an investment manager to certain other commingled group trusts and separate accounts, which are referred to collectively as the Dimensional Funds, which own the shares of Class A Common. In its role as investment adviser or manager, Dimensional possesses the sole power to vote 444,089 shares of Class A Common and the sole power to invest 454,465 shares of Class A Common owned by the Dimensional

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Funds. However, all shares of Class A Common reported above are owned by the Dimensional Funds. Dimensional disclaims beneficial ownership of all such shares.

A Schedule 13G filed with the SEC with respect to Class A Common on February 3, 2012 reported that LSV Asset (3) Management may be deemed to beneficially own the shares of Class A Common reported above as a result of being an investment adviser.

A Schedule 13G filed with the SEC with respect to Class A Common on February 8, 2012 reported that The (4) Vanguard Group, Inc. may be deemed to beneficially own the shares of Class A Common reported above as a result of being an investment adviser.

Pursuant to our Non-Employee Directors' Plan, each non-employee director has the right to acquire additional shares of Class A Common within 60 days after February 28, 2012. The shares each non-employee director has the right to receive are not included in the table because the actual number of additional shares will be determined on (5) April 1, 2012 by taking the amount of such director's quarterly retainer required to be paid in shares of Class A Common plus any voluntary portion of such director's quarterly retainer, if so elected, divided by the average of the closing price per share of Class A Common on the Friday (or if Friday is not a trading day, the last trading day before such Friday) for each week of the calendar quarter ending on March 31, 2012.

Alfred M. Rankin, Jr. may be deemed to be a member of Rankin Associates II, L.P., which is referred to as Associates, which is made up of the individuals and entities holding limited partnership interests in Associates and Rankin Management, Inc., which is referred to as RMI, the general partner of Associates. Associates may be deemed to be a "group" as defined under the Exchange Act and therefore may be deemed as a group to beneficially own 338,295 shares of Class A Common held by Associates. Although Associates holds the 338,295 shares of Class A Common, it does not have any power to vote or dispose of such shares of Class A Common. RMI has the sole power to vote such shares and shares the power to dispose of such shares with the other individuals and entities holding limited partnership interests in Associates. RMI exercises such powers by action of its board of directors, which acts by majority vote and consists of Alfred M. Rankin, Jr., Thomas T. Rankin, Claiborne R. Rankin and Roger F. Rankin, the individual trusts of whom are the shareholders of RMI. Under the terms of the (6) Limited Partnership Agreement of Associates, Associates may not dispose of Class A Common without the consent of RMI and the approval of the holders of more than 75% of all of the partnership interests of Associates. As a result of holding through his trust, of which he is trustee, partnership interests in Associates, Mr. Rankin may be deemed to beneficially own, and share the power to dispose of, 338,295 shares of Class A Common held by Associates. In addition, Mr. Rankin may be deemed to be a member of a group, as defined under the Exchange Act, as a result of holding through his trust, of which he is trustee, partnership interests in Rankin Associates IV, L.P., which we refer to as Rankin IV. As a result, the group consisting of Mr. Rankin, the other general and limited partners of Rankin IV and Rankin IV may be deemed to beneficially own, and share the power to vote and dispose of, 105,272 shares of Class A Common held by Rankin IV. Mr. Rankin disclaims beneficial ownership of 513,971 shares of Class A Common held by (a) members of Mr. Rankin's family, (b) charitable trusts, (c) trusts for the benefit of members of Mr. Rankin's family and (d) Associates and Rankin IV to the extent in excess of his pecuniary interest in each such entity.

Britton T. Taplin is deemed to share with his spouse voting and investment power over 6,055 shares of Class A (7) Common held by Mr. Taplin's spouse; however, Mr. Taplin disclaims beneficial ownership of such shares.

Mr. Taplin has pledged 2,169 shares of Class A Common.

David F. Taplin is deemed to share with his step-sister the power to vote and dispose of 37,000 shares of Class A (8) Common as a result of being a co-trustee of a trust; however, Mr. Taplin has disclaimed beneficial ownership of such shares to the extent in excess of his pecuniary interest in such shares.

(9) The aggregate amount of Class A Common beneficially owned by all executive officers and directors and the aggregate amount of Class A Common beneficially owned by all executive officers and directors as a group for which they have shared voting or investment power include the shares of Class A Common of which Mr. Rankin has disclaimed beneficial ownership in note (6) above, Mr. B. Taplin has disclaimed beneficial ownership in note (7) above and Mr. D. Taplin has disclaimed beneficial ownership in note (8) above. As described in note (5) above, the aggregate amount of Class A Common beneficially owned by all executive officers and directors as a group as

set forth in the table above does not include shares that the non-employee directors have the right to acquire within 60 days after February 28, 2012 pursuant to the Non-Employee Directors' Plan.

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Class B Common Stock

Name	Title of Class	Sole Voting and Investment Power	Shared Voting or Investment Power	Aggregate Amount	Percent of Class(1)
Clara Taplin Rankin, et al. (2) c/o PNC Bank, N.A. 3550 Lander Road Pepper Pike, OH 44124	Class B	(2)	(2)	1,542,757	(2) 96.87 %
Rankin Associates I, L.P., et al. (3) Suite 300 5875 Landerbrook Drive Cleveland, OH 44124-4069	Class B	(3)	(3)	472,371	(3) 29.66 %
Beatrice B. Taplin Suite 300 5875 Landerbrook Drive Cleveland, OH 44124-4069	Class B	337,310 (4)	—	337,310	(4) 21.18 %
Rankin Associates IV, L.P., et al. (5) Suite 300 5875 Landerbrook Drive Cleveland, OH 44124-4069	Class B	(5)	(5)	294,728	(5) 18.51 %
John P. Jumper	Class B	—	—	—	—
Dennis W. LaBarre	Class B	100	—	100	—
Richard de J. Osborne	Class B	—	—	—	—
Alfred M. Rankin, Jr.	Class B	63,052 (6)	767,099	(6) 830,151	(6) 52.13 %
Michael E. Shannon	Class B	—	—	—	—
Britton T. Taplin	Class B	—	—	—	—
David F. Taplin	Class B	15,883 (7)	—	15,883	(7) 1.00 %
John F. Turben	Class B	—	—	—	—
Eugene Wong	Class B	—	—	—	—
Kenneth C. Schilling	Class B	—	—	—	—
Michael P. Brogan	Class B	—	—	—	—
Colin Wilson	Class B	—	—	—	—
Gregory H. Trepp	Class B	—	—	—	—
All executive officers and directors as a group (38 persons)	Class B	80,910 (8)	767,099	(8) 848,009	(8) 53.25 %

(1) Less than 0.10%, except as otherwise indicated.

(2) A Schedule 13D, which was filed with the SEC with respect to Class B Common and most recently amended on February 14, 2012, which is referred to as the Stockholders 13D, reported that, except for NACCO and PNC Bank, N.A., as depository, the signatories to the stockholders' agreement, together in certain cases with trusts and custodianships, which are referred to collectively as the Signatories, may be deemed to be a "group" as defined under the Exchange Act, and therefore may be deemed as a group to beneficially own all of the Class B Common subject to the stockholders' agreement, which is an aggregate of 1,542,757 shares. The stockholders' agreement requires that each Signatory, prior to any conversion of such Signatory's shares of Class B Common into Class A Common or prior to any sale or transfer of Class B Common to any permitted transferee (under the terms of the Class B Common) who has not become a Signatory, offer such shares to all of the other Signatories on a pro-rata basis. A Signatory may sell or transfer all shares not purchased under the right of first refusal as long as they first are converted into Class A Common prior to their sale or transfer. The shares of Class B Common subject to the

stockholders' agreement constituted 96.87% of the Class B Common outstanding on February 28, 2012 or 67.90% of the combined voting power of all Class A Common and Class B Common outstanding on such date. Certain Signatories own Class A Common, which is not subject to the stockholders' agreement. Under the stockholders' agreement, NACCO may, but is not obligated to, buy any of the shares of Class B Common not purchased by the Signatories following the trigger of the right of first refusal. The stockholders' agreement does not restrict in any respect how a Signatory may vote such Signatory's shares of Class B Common.

A Schedule 13D, which was filed with the SEC with respect to Class B Common and most recently amended on (3)February 14, 2012, reported that Rankin Associates I, L.P., which is referred to as Rankin I, and the trusts holding limited partnership interests in Rankin I may be deemed to be a "group" as defined under the Exchange Act and

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therefore may be deemed as a group to beneficially own 472,371 shares of Class B Common held by Rankin I. Although Rankin I holds the 472,371 shares of Class B Common, it does not have any power to vote or dispose of such shares of Class B Common. Alfred M. Rankin, Jr., Thomas T. Rankin, Claiborne R. Rankin and Roger F. Rankin, as trustees and primary beneficiaries of trusts acting as general partners of Rankin I, share the power to vote such shares of Class B Common. Voting actions are determined by the general partners owning at least a majority of the general partnership interests of Rankin I. Each of the trusts holding general and limited partnership interests in Rankin I share with each other the power to dispose of such shares. Under the terms of the Second Amended and Restated Limited Partnership Agreement of Rankin I, Rankin I may not dispose of Class B Common or convert Class B Common into Class A Common without the consent of the general partners owning more than 75% of the general partnership interests of Rankin I and the consent of the holders of more than 75% of all of the partnership interests of Rankin I. The Stockholders 13D reported that the Class B Common beneficially owned by Rankin I and each of the trusts holding limited partnership interests in Rankin I is also subject to the stockholders' agreement.

Beatrice B. Taplin has the sole power to vote and dispose of 337,310 shares of Class B Common held in trusts. The (4) Stockholders 13D reported that the Class B Common beneficially owned by Beatrice B. Taplin is subject to the stockholders' agreement.

A Schedule 13D, which was filed with the SEC with respect to Class B Common and most recently amended on February 14, 2012, reported that the trusts holding limited partnership interests in Rankin IV may be deemed to be a "group" as defined under the Exchange Act and therefore may be deemed as a group to beneficially own 294,728 shares of Class B Common held by Rankin IV. Although Rankin IV holds the 294,728 shares of Class B Common, it does not have any power to vote or dispose of such shares of Class B Common. Alfred M. Rankin, Jr., Thomas T. Rankin, Claiborne R. Rankin and Roger F. Rankin, as trustees and primary beneficiaries of trusts acting as general partners of Rankin IV, share the power to vote such shares of Class B Common. Voting actions are

(5) determined by the general partners owning at least a majority of the general partnership interests of Rankin IV.

Each of the trusts holding general and limited partnership interests in Rankin IV share with each other the power to dispose of such shares. Under the terms of the Amended and Restated Limited Partnership Agreement of Rankin IV, Rankin IV may not dispose of Class B Common or convert Class B Common into Class A Common without the consent of the general partners owning more than 75% of the general partnership interests of Rankin IV and the consent of the holders of more than 75% of all of the partnership interests of Rankin IV. The Stockholders 13D reported that the Class B Common beneficially owned by Rankin IV and each of the trusts holding limited partnership interests in Rankin IV is also subject to the stockholders' agreement.

Alfred M. Rankin, Jr. may be deemed to be a member of the group described in note (3) above as a result of holding through his trust, of which he is trustee, partnership interests in Rankin I and therefore may be deemed to beneficially own, and share the power to vote and dispose of, 472,371 shares of Class B Common held by Rankin I. In addition, Mr. Rankin may be deemed to be a member of the group described in note (5) above as a result of (6) holding through his trust, of which he is trustee, partnership interests in Rankin IV and therefore may be deemed to beneficially own, and share the power to vote and dispose of, 294,728 shares of Class B Common held by Rankin IV. Mr. Rankin disclaims beneficial ownership of 612,155 shares of Class B Common held by Rankin I and Rankin IV to the extent in excess of his pecuniary interest in each such entity. The Stockholders 13D reported that the Class B Common beneficially owned by Alfred M. Rankin, Jr. is subject to the stockholders' agreement.

(7) The Stockholders 13D reported that the Class B Common beneficially owned by David F. Taplin is subject to the stockholders' agreement.

(8) The aggregate amount of Class B Common beneficially owned by all executive officers and directors as a group and the aggregate amount of Class B Common beneficially owned by all executive officers and directors as a group for which they have shared voting or investment power include the shares of Class B Common of which Mr. Rankin has disclaimed beneficial ownership in note (6) above.

Beatrice B. Taplin is the sister-in-law of Clara Taplin Rankin. Britton T. Taplin is the son of Beatrice B. Taplin, and David F. Taplin is a nephew of Beatrice B. Taplin and Clara Taplin Rankin. Clara Taplin Rankin is the mother of Alfred M. Rankin, Jr. J.C. Butler, Jr., an executive officer of NACCO, is the son-in-law of Alfred M. Rankin, Jr. The combined beneficial ownership of such persons shown in the foregoing tables equals 1,273,699 shares, or 18.75%, of

the Class A Common and 1,183,344 shares, or 74.30%, of the Class B Common outstanding on February 28, 2012. The combined beneficial ownership of all our directors, together with Beatrice B. Taplin, and all of our executive officers whose beneficial ownership of Class A Common and Class B Common must be disclosed in the foregoing tables in accordance with Rule 13d-3 under the Exchange Act, equals 1,354,064 shares, or 19.93%, of the Class A Common and 1,185,319 shares, or 74.43%, of the Class B Common

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outstanding on February 28, 2012. Such shares of Class A Common and Class B Common together represent 58.13% of the combined voting power of all Class A Common and Class B Common outstanding on such date.

SUBMISSION OF STOCKHOLDER PROPOSALS

Proposals of stockholders intended to be eligible for inclusion in our Proxy Statement and form of proxy relating to our next annual meeting must be received at our executive offices on or before November 16, 2012. Such proposals must be addressed to the Company, 5875 Landerbrook Drive, Cleveland, Ohio 44124-4069, Attention: Secretary. Any stockholder intending to propose any matter at the next annual meeting but not intending for us to include the matter in our Proxy Statement and proxy related to the next annual meeting must notify us on or after December 16, 2012 but on or before January 15, 2013 of such intention in accordance with the procedures set forth in our Bylaws. If we do not receive such notice within that timeframe, the notice will be considered untimely. Our proxy for the next annual meeting will grant authority to the persons named therein to exercise their voting discretion with respect to any matter of which we did not receive notice between December 16, 2012 and January 15, 2013. Notices should be submitted to the address set forth above.

COMMUNICATIONS WITH DIRECTORS

Our security holders and other interested parties may communicate with our Board of Directors as a group, with the non-management directors as a group, or with any individual director by sending written communications to NACCO Industries, Inc., 5875 Landerbrook Drive, Cleveland, Ohio 44124-4069, Attention: Secretary. Complaints regarding accounting, internal accounting controls or auditing matters will be forwarded directly to the Chairman of the Audit Review Committee. All other communications will be provided to the individual director(s) or group of directors to whom they are addressed. Copies of all communications will be provided to all other directors; provided, however, that any such communications that are considered to be improper for submission to the intended recipients will not be provided to the directors. Examples of communications that would be considered improper for submission include, without limitation, customer complaints, solicitations, communications that do not relate, directly or indirectly, to our or our subsidiaries business or communications that relate to improper or irrelevant topics.

SOLICITATION OF PROXIES

We will bear the costs of soliciting proxies from our stockholders. In addition to the use of the mails, proxies may be solicited by our directors, officers and employees by personal interview, telephone or telegram. Such directors, officers and employees will not be additionally compensated for such solicitation, but may be reimbursed for out-of-pocket expenses incurred in connection therewith. Arrangements will also be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of Class A Common and Class B Common held of record by such persons, and we will reimburse such brokerage houses, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred in connection therewith.

OTHER MATTERS

The directors know of no other matters which are likely to be brought before the meeting. The enclosed proxy card grants to the persons named in the proxy card the authority to vote in their best judgment regarding all other matters properly raised at the Annual Meeting.

Charles A. Bittenbender

Secretary

Cleveland, Ohio

March 16, 2012

It is important that the proxies be returned promptly. Stockholders who do not expect to attend the meeting are urged to fill out, sign, date and mail the enclosed form of proxy in the enclosed envelope, which requires no postage if mailed in the United States, or in the alternative, vote your shares electronically either over the internet (www.investorvote.com/NC) or by touch-tone telephone (1-800-652-8683). Stockholders who hold both Class A Common and Class B Common only have to fill out, sign, date and return the single enclosed form of proxy or vote once via the internet or telephone. For information on how to obtain directions to be able to attend the annual meeting and vote in person, please contact our Associate General Counsel at 5875 Landerbrook Drive, Cleveland, Ohio 44124-4069, or call (440) 449-9600 or email ir@naccoind.com.

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Appendix A

NACCO INDUSTRIES, INC.

EXECUTIVE LONG-TERM INCENTIVE COMPENSATION PLAN

(Amended and Restated Effective March 1, 2012)

1. Purpose of the Plan

The purpose of this Executive Long-Term Incentive Plan (this “Plan”) is to further the long-term profits and growth of NACCO Industries, Inc. (the “Company”) by enabling the Company and/or its wholly-owned subsidiaries (together with the Company, the “Employers”) to attract, retain and reward executive employees of the Employers by offering long-term incentive compensation to those executive employees who will be in a position to make significant contributions to such profits and growth. This incentive compensation is in addition to annual compensation and is intended to encourage enhancement of the Company's stockholder value.

2. Definitions

“Average Award Share Price” means the lesser of (i) the average of the closing price per share of Class A Common Stock on the New York Stock Exchange on the Friday (or if Friday is not a trading day, the last trading day before such Friday) for each week during the calendar year preceding the commencement of the Performance Period (or such other previous calendar year as determined by the Committee and specified in the Guidelines; provided, (a) however, that with respect to any Qualified Performance-Based Award, such determination shall be made not later than 90 days after the commencement of the applicable Performance Period) or (ii) the average of the closing price per share of Class A Common Stock on the New York Stock Exchange on the Friday (or if Friday is not a trading day, the last trading day before such Friday) for each week of the applicable Performance Period.

“Award” means an award paid to a Participant under this Plan for a Performance Period (or portion thereof) in an amount determined pursuant to a formula based upon the achievement of Performance Objectives which is established by the Committee; provided, however, that with respect to any Qualified Performance-Based Award, such formula shall be established not later than 90 days after the commencement of the Performance Period on which the Award is based and prior to the completion of 25% of such Performance Period. The Committee shall (b) allocate the amount of an Award between the cash component, to be paid in cash, and the equity component, to be paid in Award Shares, pursuant to a formula which is established by the Committee; provided, however, that with respect to any Qualified Performance-Based Award, such formula shall be established not later than 90 days after the commencement of the Performance Period on which the Award is based and prior to the completion of 25% of such Performance Period.

“Award Shares” means fully-paid, non-assessable shares of Class A Common Stock that are issued pursuant to, and (c) with such restrictions as are imposed by, the terms of this Plan and the Guidelines. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing and, in the discretion of the Company, may be issued as certificated or uncertificated shares.

“Change in Control” means the occurrence of an event described in Appendix 1 (d) hereto.

“Class A Common Stock” means the Company's Class A Common Stock, par value \$1.00 per share. (e)

“Committee” means the Compensation Committee of the Company's Board of Directors or any other committee appointed by the Company's Board of Directors to administer this Plan in accordance with Section 3, so long as any (f) such committee consists of not less than two directors of the Company and so long as each member of the Committee (i) is an “outside director” for purposes of Section 162(m) and (ii) is a “non-employee director” for purposes of Rule 16b-3.

“Covered Employee” means any Participant who is a “covered employee” for purposes of Section 162(m) or any (g) Participant who the Committee determines in its sole discretion could become a “covered employee.”

“Guidelines” means the guidelines that are approved by the Committee for the administration of the Awards granted (h) under this Plan. To the extent that there is any inconsistency between the Guidelines and this Plan, the Guidelines will control.

“Participant” means any person who is classified as a salaried employee of the Employers on a U.S. payroll (including (i) directors of the Employers who are also salaried employees of the Employers) who, in the judgment of the

Committee, occupies an executive position in which his efforts may significantly contribute to the profits or growth of the Company.

- (j) "Payment Period" means, with respect to any Performance Period, the period from January 1 to March 15 of the calendar year immediately following the calendar year in which such Performance Period ends.

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“Performance Period” means any period of one or more years (or portion thereof) on which an Award is based, as established by the Committee. Any Performance Period(s) applicable to a Qualified Performance-Based Award (k) shall be established by the Committee not later than 90 days after the commencement of the Performance Period on which such Qualified Performance-Based Award will be based and prior to completion of 25% of such Performance Period.

“Performance Objectives” shall mean the performance objectives established pursuant to this Plan for Participants. Performance Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or any subsidiary, division, business unit, department or function of the Company. Performance Objectives may be measured on an absolute or relative basis. Different groups of Participants may be subject to different Performance Objectives for the same Performance Period. Relative performance may be measured by a group of peer companies or by a financial market index. Any Performance Objectives applicable to a Qualified Performance-Based Award shall be based on one or more, or a combination, of the following criteria, or the attainment of specified levels of growth or improvement in one or more of the (l) following criteria: return on equity, return on total capital employed, diluted earnings per share, total earnings, earnings growth, return on capital, return on assets, return on sales, earnings before interest and taxes, revenue, revenue growth, gross margin, net or standard margin, return on investment, increase in the fair market value of shares, share price (including, but not limited to, growth measures and total stockholder return), operating profit, net earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), inventory turns, financial return ratios, market share, earnings measures/ratios, economic value added, balance sheet measurements (such as receivable turnover), internal rate of return, customer satisfaction surveys or productivity, net income, operating profit or increase in operating profit, market share, increase in market share, sales value increase over time, economic value income, economic value increase over time, new project development or net sales.

“Qualified Performance-Based Award” shall mean any Award or portion of an Award granted to a Covered (m) Employee that is intended to satisfy the requirements for “qualified performance-based compensation” under Section 162(m).

“Retire” means a termination of employment that entitles the Participant to immediate commencement of his pension (n) benefits under The Combined Defined Benefit Plan of NACCO Industries, Inc. and its Subsidiaries or, for Participants who are not members of such plan, a termination of employment after reaching age 60 with at least 15 years of service with one or more of the Employers.

“Rule 16b-3” means Rule 16b-3 promulgated under the Securities Exchange Act of 1934 (or any successor rule to the (o) same effect), as in effect from time to time.

“Salary Points” means the salary points assigned to a Participant by the Committee for the applicable Performance (p) Period pursuant to the Hay salary point system, or any successor salary point system adopted by the Committee.

“Section 162(m)” means Section 162(m) of the Internal Revenue Code of 1986, as amended, or any successor (q) provision.

“Target Award” means a dollar amount calculated by multiplying (i) the designated salary midpoint that corresponds (r) to a Participant's Salary Points by (ii) the long-term incentive compensation target percent for those Salary Points for the applicable Performance Period, as determined by the Committee. The Target Award is the award that would be paid to a Participant under this Plan if each Performance Objective was met.

3. Administration

This Plan shall be administered by the Committee. The Committee shall have complete authority to interpret all provisions of this Plan consistent with law, to prescribe the form of any instrument evidencing any Award granted under this Plan, to adopt, amend and rescind general and special rules and regulations for its administration (including, without limitation, the Guidelines), and to make all other determinations necessary or advisable for the administration of this Plan. Notwithstanding the foregoing, no such action may be taken by the Committee that would cause any Qualified Performance-Based Awards to be includable as “applicable employee remuneration” of such Participant, as such term is defined in Section 162(m) (i.e., to no longer qualify for the exception for “qualified performance-based compensation” under Code Section 162(m)). A majority of the Committee shall constitute a quorum, and the action of

members of the Committee present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the act of the Committee. All acts and decisions of the Committee with respect to any questions arising in connection with the administration and interpretation of this Plan, including the severability of any or all of the provisions hereof, shall be conclusive, final and binding upon the Employers and all present and former Participants, all other employees of the Employers, and their respective descendants, successors and assigns. No member of the Committee shall be liable for any such act or decision made in good faith.

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4. Eligibility

Each Participant shall be eligible to participate in this Plan and receive Awards in accordance with Section 5; provided, that, except as otherwise determined by the Committee or as provided in Section 7 below, (a) a Participant must be employed by an Employer on the last day of the Performance Period (or die, become permanently disabled or Retire during such Performance Period) in order to be eligible to receive an Award for such Performance Period and (b) the Award of a Participant who is described in the preceding clause or who is employed on the last day of the Performance Period but is not employed during the entire Performance Period shall be paid in a pro-rated amount based on the number of days the Participant was actually employed by an Employer during such Performance Period. Notwithstanding the foregoing, the Committee shall have the discretion to grant an Award to a Participant who does not meet the foregoing requirements; provided that no such action may be taken by the Committee that would cause any Qualified Performance-Based Awards to be includable as applicable employee remuneration of such Participant, as such term is defined in Section 162(m) (i.e., to no longer qualify for the exception for “qualified performance-based compensation” under Code Section 162(m)).

5. Awards

The Committee may, from time to time and upon such conditions as it may determine, authorize the payment of Awards to Participants, which shall be consistent with, and shall be subject to all of the requirements of, the following provisions:

The Committee shall approve (i) a Target Award to be granted to each Participant and (ii) a formula for determining the amount of each Award, which formula is based upon the Company's achievement of Performance Objectives; provided, however, that with respect to any Qualified Performance-Based Award, the Committee shall (a) approve the foregoing not later than the 90th day of the applicable Performance Period and prior to the completion of 25% of such Performance Period. Each grant shall specify an initial allocation between the cash portion of the Award and the equity portion of the Award.

Prior to the end of the Payment Period, the Committee shall approve (i) a preliminary calculation of the amount of each Award based upon the application of the formula and actual performance to the Target Awards previously determined in accordance with Section 5(a); and (ii) a final calculation of the amount of each Award to be paid to each Participant for the Performance Period. Such approval shall be certified by the Committee before any amount is paid under any Award with respect to that Performance Period. Notwithstanding the foregoing, the Committee shall have the power to (1) decrease the amount of any Award below the amount determined in accordance with Section 5(b)(i); (2) increase the amount of any Award above the amount determined in accordance with Section (b) 5(b)(i); and/or (3) adjust the allocation between the cash portion of the Award and the equity portion of the Award; provided, however, that (A) no such decrease may occur following a Change in Control and (B) no such increase, change or adjustment may be made that would cause any Qualified Performance-Based Award to be includable as “applicable employee remuneration” of such Participant, as such term is defined in Section 162(m) (i.e., to no longer qualify for the exception for “qualified performance-based compensation” under Code Section 162(m)). No Award, including any Award equal to the Target Award, shall be payable under this Plan to any Participant except as determined by the Committee.

Each Award shall be fully paid during the Payment Period and shall be paid partly in cash and partly in Award Shares. The number of Award Shares to be issued to a Participant shall be determined by dividing the equity portion of the Award by the Average Award Share Price (subject to adjustment as described in Subsection (b) above). The Company shall pay any and all brokerage fees and commissions incurred in connection with any (c) purchase by the Company of shares which are to be issued as Award Shares and the transfer thereto to Participants. Awards shall be paid subject to all withholdings and deductions pursuant to Section 6. Notwithstanding any other provision of this Plan, the maximum amount paid to a Participant in a single calendar year as a result of Awards under this Plan shall not exceed the greater of (i) \$12,000,000 or (ii) the fair market value of 500,000 Award Shares, determined at the time of payment.

(d) At such time as the Committee approves a Target Award and formula for determining the amount of each Award, the Committee shall designate whether all or any portion of the Award is a Qualified Performance-Based Award.

6. Withholding Taxes

To the extent that an Employer is required to withhold federal, state or local taxes in connection with any Award paid to a Participant under this Plan, and the amounts available to the Employer for such withholding are insufficient, it shall be a condition to the receipt of such Award that the Participant make arrangements satisfactory to the Company for the payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such Award. The Company and a Participant may also make similar arrangements with respect to the payment of any other taxes derived from or related to the Award with respect to which withholding is not required.

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7. Change in Control

- (a) The following provisions shall apply notwithstanding any other provision of this Plan to the contrary.
- Amount of Award for Year of Change In Control. In the event of a Change in Control during a Performance Period, the amount of the Award payable to a Participant who is employed by an Employer on the date of the Change in Control (or who died, become permanently disabled or Retired during such Performance Period and prior to the Change in Control) for such Performance Period shall be equal to the Participant's Target Award for such Performance Period, multiplied by a fraction, the numerator of which is the number of days during the Performance Period during which the Participant was employed by the Employers prior to the Change in Control and the denominator of which is the number of days in the Performance Period.
- (b) Time of Payment. In the event of a Change in Control, the payment date of all outstanding Awards (including, without limitation, the pro-rata Target Award for the Performance Period during which the Change in Control occurred) shall be the date that is between two days prior to, or within 30 days after, the date of the Change in Control, as determined by the Committee in its sole and absolute discretion.
- (c)

8. Award Shares Terms and Restrictions

- Award Shares granted to a Participant shall entitle such Participant to voting, dividend and other ownership rights. Each payment of Award Shares shall be evidenced by an agreement executed on behalf of the Company by an authorized officer and delivered to and accepted by such Participant. Each such agreement shall contain such terms and provisions, consistent with this Plan, as the Committee may approve, including, without limitation, prohibitions and restrictions regarding the transferability of Award Shares.
- (a) Except as otherwise set forth in this Section, Award Shares shall not be assigned, transferred, exchanged, pledged, hypothecated or encumbered (a "Transfer") by a Participant or any other person, voluntarily or involuntarily, other than a Transfer of Award Shares (i) by will or the laws of descent and distribution, (ii) pursuant to a domestic relations order meeting the definition of a qualified domestic relations order under Section 206(d)(3)(B) of the Employee Retirement Income Security Act of 1974, as amended ("QDRO"), (iii) to a trust for the benefit of a Participant or his spouse, children or grandchildren (provided that Award Shares transferred to such trust shall continue to be Award Shares subject to the terms of this Plan) or (iv) with the consent of the Committee, after the substitution by a Participant of a number of shares of Class A or Class B Common Stock (the "New Shares") for an equal number of Award Shares, whereupon the New Shares shall become and be deemed for all purposes to be Award Shares, subject to all of the terms and conditions imposed by this Plan and the Guidelines on the shares for which they are substituted, including the restrictions on Transfer, and the restrictions hereby imposed on the shares for which the New Shares are substituted shall lapse and such shares shall no longer be subject to this Plan or the Guidelines. The Company shall not honor, and shall instruct the transfer agent not to honor, any attempted Transfer and any attempted Transfer shall be invalid, other than Transfers described in clauses (i) through (iv) above. Each Award shall provide that a Transfer of the Award Shares shall be prohibited or restricted for a period of ten years from the last day of the Performance Period, or such other shorter or longer period as may be determined by the Committee (in its sole and absolute discretion) from time to time. Notwithstanding the foregoing, such restrictions shall automatically lapse on the earliest of (i) the date the Participant dies or becomes permanently disabled, (ii) five years (or earlier with the approval of the Committee) after the Participant Retires, (iii) an extraordinary release of restrictions pursuant to Subsection (d) below, or (iv) a release of restrictions as determined
- (b) by the Committee in its sole and absolute discretion (including, without limitation, a release caused by a termination of this Plan). Following the lapse of restrictions pursuant to this Subsection or Subsection (d) below, the shares shall no longer be "Award Shares" and, at the Participant's request, the Company shall take all such action as may be necessary to remove such restrictions from the stock certificates, or other applicable records with respect to the uncertificated shares, representing the Award Shares, such that the resulting shares shall be fully paid, nonassessable and unrestricted by the terms of this Plan.
- (c)
- (d) Extraordinary Release of Restrictions. At any time following the third anniversary of the date Award Shares are issued, a Participant may request in writing that the Committee authorize the lapse of restrictions on a Transfer of such Award Shares if the Participant desires to dispose of such Award Shares for (i) the purchase of a principal

residence for the Participant, (ii) payment of medical expenses for the Participant, his spouse or his dependents, (iii) payment of expenses for the education of the Participant, his spouse or his dependents or (iv) any other extraordinary reason which the Committee has previously approved in writing, provided that the restrictions on no more than 20% of such Award Shares may be released pursuant to this Subsection. The Committee shall have the sole power to grant or deny any such request. Upon the granting of any such request, the Company shall cause the release of restrictions in the manner described in Subsection (c) of such number of Award Shares as the Committee shall authorize.

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- (e) Legend. The Company shall cause an appropriate legend, to be placed on each certificate, or other applicable records with respect to uncertificated shares, for the Award Shares, reflecting the foregoing restrictions.

9. Amendment, Termination and Adjustments

The Committee, subject to approval by the Board of Directors of the Company, may alter or amend this Plan from time to time or terminate it in its entirety; provided, however, that no such action shall, without the consent of a Participant, affect the rights in (i) an outstanding Award of a Participant that was previously approved by the (a) Committee for a Performance Period but has not yet been paid or (ii) any Award Shares that were previously issued to a Participant under this Plan. Unless otherwise specified by the Committee, all Award Shares that were issued prior to the termination of this Plan shall continue to be subject to the terms of this Plan following such termination; provided that the transfer restrictions on such Shares shall lapse as otherwise provided in Section 8.

The Committee may make or provide for such adjustment in the total number of Award Shares to be issued under this Plan specified in Section 10 as the Committee in its sole discretion, exercised in good faith, may determine is equitably required to reflect (i) any stock dividend, stock split, combination of shares, recapitalization or any other change in the capital structure of the Company, (ii) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to (b) purchase securities, or (iii) any other corporate transaction or event having an effect similar to any of the foregoing (collectively, the “Extraordinary Events”). Any securities that are distributed in respect to Award Shares in connection with any of the Extraordinary Events shall be deemed to be Award Shares and shall be subject to the transfer restrictions set forth herein to the same extent and for the same period as if such securities were the original Award Shares with respect to which they were issued, unless such restrictions are waived or otherwise altered by the Committee.

Notwithstanding the provisions of Subsection (a) or Subsection (b), without further approval by the stockholders of the Company, no such action shall (i) increase the maximum number of Award Shares to be issued under this Plan specified in Section 10 (except that adjustments and additions expressly authorized by this Section shall not be (c) limited by this clause (i)), (ii) cause Rule 16b-3 to become inapplicable to this Plan or (iii) cause any amount of any Qualified Performance-Based Award to be includable as “applicable employee remuneration” of such Participant, as such term is defined in Section 162(m) (i.e., to no longer qualify for the exception for “qualified performance-based compensation” under Code Section 162(m)).

10. Award Shares Subject to Plan

Subject to adjustment as provided in this Plan, the total number of shares of Class A Common Stock that may be issued as Award Shares under this Plan (including this Plan as in effect prior to the effective date of this amendment and restatement) shall be 300,000.

11. Approval by Stockholders

This amended and restated Plan will be submitted for approval by the stockholders of the Company. If such approval has not been obtained by July 1, 2012, all grants of Target Awards made on or after March 1, 2012 for Performance Periods beginning on or after January 1, 2012 will be rescinded.

12. General Provisions

No Right of Employment. Neither the adoption or operation of this Plan, nor any document describing or referring to this Plan, or any part thereof, shall confer upon any employee any right to continue in the employ of the (a) Employers, or shall in any way affect the right and power of the Employers to terminate the employment of any employee at any time with or without assigning a reason therefor to the same extent as the Employers might have done if this Plan had not been adopted.

(b) **Governing Law.** The provisions of this Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

(c) **Miscellaneous.** Headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such headings, numbering and paragraphing shall not in any case be deemed in any way material or relevant to the construction of this Plan or any provisions thereof. The use of the masculine gender shall also include within its

meaning the feminine. The use of the singular shall also include within its meaning the plural, and vice versa.
Limitation on Rights of Employees. No Trust. No trust has been created by the Employers for the payment of
(d) Awards under this Plan; nor have the employees been granted any lien on any assets of the Employers to secure
payment of such benefits. This Plan represents only an unfunded, unsecured promise to pay by the Company and a
participant hereunder is a mere unsecured creditor of the Company.

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- (e) Non-transferability of Awards. Awards shall not be transferable by a Participant. Award Shares paid pursuant to an Award shall be transferable, subject to the restrictions described in Section 8.
- Section 409A of the Internal Revenue Code. This Plan is intended to be exempt from the requirements of Section (f)409A of the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations issued thereunder, and shall be administered in a manner that is consistent with such intent.

13. Effective Date

This amended and restated Plan is effective March 1, 2012.

Appendix 1. Change in Control.

Change in Control. The term "Change in Control" shall mean the occurrence of (i), (ii) or (iii) below; provided that such occurrence occurs on or after March 1, 2012 and meets the requirements of Treasury Regulation Section 1.409A-3(i)(5) (or any successor or replacement thereto) with respect to a Participant:

i. Any "Person" (as such term is used in Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the then outstanding voting securities of NACCO Industries, Inc. ("NACCO"), other than any direct or indirect acquisition, including but not limited to an acquisition by purchase, distribution or otherwise, of voting securities:

(A) directly from NACCO that is approved by a majority of the Incumbent Directors (as defined below); or

(B) by any Person pursuant to an Excluded NACCO Business Combination (as defined below);

provided, that if at least a majority of the individuals who constitute Incumbent Directors determine in good faith that a Person has become the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of more than 50% of the combined voting power of the outstanding voting securities of NACCO inadvertently, and such Person divests as promptly as practicable a sufficient number of shares so that such Person is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of 50% or less of the combined voting power of the outstanding voting securities of NACCO, then no Change in Control shall have occurred as a result of such Person's acquisition; or

ii. a majority of the Board of Directors of NACCO ceases to be comprised of Incumbent Directors; or

iii. the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of NACCO or the acquisition of assets of another corporation, or other transaction involving NACCO ("NACCO Business Combination") excluding, however, such a Business Combination pursuant to which both of the following apply (such a Business Combination, an "Excluded NACCO Business Combination"):

(A) the individuals and entities who beneficially owned, directly or indirectly, NACCO immediately prior to such NACCO Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the entity resulting from such NACCO Business Combination (including, without limitation, an entity that as a result of such transaction owns NACCO or all or substantially all of the assets of NACCO, either directly or through one or more subsidiaries); and

(B) at the time of the execution of the initial agreement, or of the action of the Board of Directors of NACCO, providing for such NACCO Business Combination, at least a majority of the members of the Board of Directors of NACCO were Incumbent Directors.

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Definitions. The following terms as used herein shall be defined as follow:

1. "Incumbent Directors" means the individuals who, as of December 31, 2011, are Directors of NACCO and any individual becoming a Director subsequent to such date whose election, nomination for election by NACCO's stockholders, or appointment, was approved by a vote of at least a majority of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of NACCO in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board of Directors of NACCO occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of NACCO.
2. "Permitted Holders" shall mean, collectively, (i) the parties to the Stockholders' Agreement, dated as of March 15, 1990, as amended from time to time, by and among National City Bank, (Cleveland, Ohio), as depository, the Participating Stockholders (as defined therein) and NACCO; provided, however, that for purposes of this definition only, the definition of Participating Stockholders contained in the Stockholders' Agreement shall be such definition in effect of the date of the Change in Control, (ii) any direct or indirect subsidiary of NACCO and (iii) any employee benefit plan (or related trust) sponsored or maintained by NACCO or any direct or indirect subsidiary of NACCO.

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Appendix B

NACCO INDUSTRIES, INC.
SUPPLEMENTAL EXECUTIVE LONG-TERM INCENTIVE BONUS PLAN
(Amended and Restated Effective March 1, 2012)

1. Purpose of the Plan

The purpose of this Supplemental Executive Long-Term Incentive Bonus Plan (the “Plan”) is to further the long-term profits and growth of NACCO Industries, Inc. (this “Company”) by enabling the Company and/or its wholly-owned subsidiaries (together with the Company, the “Employers”) to attract, retain and reward employees of the Employers by providing a long-term incentive compensation opportunity to those employees who the Committee determines are in a position to make significant contributions to such profits and growth. This incentive compensation is in addition to annual compensation and other long-term incentive compensation and is intended to reward extraordinary individual effort and/or results and encourage enhancement of the Company's stockholder value.

2. Definitions

“Average Award Share Price” means the lesser of (i) the average of the closing price per share of Class A Common Stock on the New York Stock Exchange on the Friday (or if Friday is not a trading day, the last trading day before such Friday) for each week during the calendar year preceding the commencement of the Award Year (or such other previous calendar year as determined in advance by the Committee) or (ii) the average of the closing price per share of Class A Common Stock on the New York Stock Exchange on the Friday (or if Friday is not a trading day, the last trading day before such Friday) for each week of the applicable Award Year.

“Award” means an award paid to a Participant under this Plan for an Award Year (if any) in an amount determined by the Committee. The Committee shall allocate the amount of an Award between the cash component, to be paid in cash, and the equity component, to be paid in Award Shares.

“Award Shares” means fully-paid, non-assessable shares of Class A Common Stock that are issued pursuant to, and with such restrictions as are imposed by, the terms of this Plan. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing and, in the discretion of the Company, may be issued as certificated or uncertificated shares.

“Award Year” means the calendar year on which an Award is based.

“Class A Common Stock” means the Company's Class A Common Stock, par value \$1.00 per share.

“Committee” means the Compensation Committee of the Company's Board of Directors or any other committee appointed by the Company's Board of Directors to administer this Plan in accordance with Section 3, so long as any such committee consists of not less than two directors of the Company and so long as each member of the Committee (i) is not an employee of the Company or any of its subsidiaries and (ii) is a “disinterested person” within the meaning of Rule 16b-3.

“Participant” means any person who is classified as a salaried employee of the Employers on a U.S. payroll who, in the judgment of the Committee, contributed to the profits or growth of the Employers during an Award Year.

“Retire” means a termination of employment that entitles the Participant to immediate commencement of his pension benefits under The Combined Defined Benefit Plan of NACCO Industries, Inc. and Its Subsidiaries or, for Participants who are not members of such plan, a termination of employment after reaching age 60 with at least 15 years of service with one or more of the Employers.

“Rule 16b-3” means Rule 16b-3 promulgated under the Securities Exchange Act of 1934 (or any successor rule to the same effect), as in effect from time to time.

3. Administration

This Plan shall be administered by the Committee. The Committee shall have complete authority to interpret all provisions of this Plan consistent with law, to prescribe the form of any instrument evidencing any Award granted under this Plan, to adopt, amend and rescind general and special rules and regulations for its administration, and to make all other determinations necessary or advisable for the administration of this Plan. A majority of the Committee shall constitute a quorum, and the act of a majority of members of the Committee present at any meeting at which a

quorum is present, unless a greater number is required by law, the Company's Certificate of Incorporation or its Bylaws, or acts unanimously approved in writing, shall be the act of the Committee. All acts and decisions of the Committee with respect to any questions arising in connection with the administration and interpretation of this Plan, including the severability of any or all of the provisions hereof, shall be conclusive, final and binding upon the Employers and all present and former Participants, all other employees

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of the Employers, and their respective descendants, successors and assigns. No member of the Committee shall be liable for any such act or decision made in good faith.

4. Eligibility

Each Participant may be eligible to participate in this Plan and receive Awards in accordance with Section 5.

5. Awards

The Committee may, from time to time and upon such conditions as it may determine in its sole and absolute discretion, authorize the payment of Awards to Participants, which shall be consistent with, and shall be subject to all of the requirements of, the following provisions:

No later than March 15th following each Award Year, the Committee shall determine whether any Awards will be granted hereunder to any Participant and the amount thereof. When making such determination, the Committee shall take into account such factors as (i) individual performance and contributions towards various goals of the (a) Employers, (ii) extraordinary results and (iii) any extraordinary events. The Committee shall have the power to specify the allocation between the cash portion of the Award and the equity portion of the Award. Notwithstanding the foregoing, no Award shall be payable under this Plan to any Participant except as determined by the Committee.

Each Award shall be fully paid prior to March 15th of the year following the Award Year and shall be paid partly in cash and partly in Award Shares. The number of Award Shares to be issued to a Participant shall be based upon the number of shares of Class A Common Stock that can be purchased with the equity portion of the Award at the Average Award Share Price. The Company shall pay any and all brokerage fees and commissions incurred in (b) connection with the purchase by the Company of shares which are to be issued as Award Shares and the transfer thereto to Participants. Awards shall be paid subject to all withholdings and deductions pursuant to Section 6.

Notwithstanding any other provision of this Plan, the maximum cash-denominated Award granted to a Participant in a single calendar year under this Plan (prior to the division of the Award between cash and Award Shares) shall not exceed \$1,000,000.

Except as otherwise set forth in this Section, Award Shares shall not be sold, assigned, transferred, exchanged, pledged, hypothecated or encumbered (collectively, a "Transfer") by a Participant or any other person, voluntarily or involuntarily, other than a Transfer of Award Shares (i) by will or the laws of descent and distribution, (ii) pursuant to a domestic relations order meeting the definition of a qualified domestic relations order under (c) Section 206(d)(3)(B) of the Employee Retirement Income Security Act of 1974, as amended ("QDRO") or (iii) to a trust for the benefit of a Participant or his spouse, children or grandchildren (provided that Award Shares transferred to such trust shall continue to be Award Shares subject to the terms of this Plan). The Company shall not honor, and shall instruct the transfer agent not to honor, any attempted Transfer and any attempted Transfer shall be invalid, other than Transfers described in clauses (i) through (iii) above.

Award Shares shall entitle such Participant to voting, dividend and other ownership rights. Each Award shall provide that a Transfer of the Award Shares shall be prohibited or restricted in the manner and to the extent prescribed by the Committee at the date of payment for a period of ten years from the last day of the Award Year, (d) or such other shorter or longer period as may be determined by the Committee (in its sole and absolute discretion) from time to time. Notwithstanding the foregoing, such restrictions shall automatically lapse on the earliest of (i) the date the Participant dies or becomes permanently disabled, (ii) five years (or earlier with the approval of the Committee) after the Participant Retires or (iii) a release of restrictions as determined by the Committee in its sole and absolute discretion (including, without limitation, a release caused by a termination of this Plan).

(e) The Company shall cause an appropriate legend to be placed on each certificate, or other applicable records with respect to uncertificated shares, for the Award Shares, reflecting the foregoing restrictions.

(f) Each payment of Award Shares shall be evidenced by an agreement executed on behalf of the Company by an authorized officer and delivered to and accepted by such Participant. Each such agreement shall contain such terms and provisions, consistent with this Plan, as the Committee may approve, including, without limitation, prohibitions and restrictions regarding the Transfers of Award Shares. Following the lapse of restrictions in accordance with this Section, the shares shall no longer be "Award Shares" and, at the Participant's request, the Company shall take all such action as may be necessary to remove such restrictions from the stock certificates, or other applicable records

with respect to any uncertificated shares, representing the Award Shares, such that the resulting shares shall be fully paid, nonassessable and unrestricted by the terms of this Plan.

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6. Withholding Taxes

To the extent that an Employer is required to withhold federal, state or local taxes in connection with any Award paid to a Participant under this Plan, and the amounts available to the Employer for such withholding are insufficient, it shall be a condition to the receipt of such Award that the Participant make arrangements satisfactory to the Company for the payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such Award. The Company and a Participant may also make similar arrangements with respect to the payment of any other taxes derived from or related to the Award with respect to which withholding is not required.

7. Amendment, Termination and Adjustments

The Committee, subject to the approval of the Board of Directors of the Company, may alter or amend this Plan from time to time or terminate it in its entirety; provided, however, that no such action shall, without the consent of a Participant, affect the rights in any Award Shares that were previously issued to a Participant under this Plan.

(a) Unless otherwise specified by the Committee, all Award Shares that were issued prior to the termination of this Plan shall continue to be subject to the terms of this Plan following such termination; provided that the transfer restrictions on such Award Shares shall lapse in accordance with Section 5.

Notwithstanding the provisions of Subsection (a) or Subsection (c), without further approval by the stockholders of the Company, no such action shall (i) increase the maximum number of Award Shares to be issued under this Plan specified in Section 8 (except that adjustments and additions expressly authorized by this Section 7 shall not be limited by this clause (i)) or (ii) cause Rule 16b-3 to become inapplicable to this Plan.

(b) The Committee may make or provide for such adjustment in the total number of Award Shares to be issued under this Plan specified in Section 8 as the Committee in its sole discretion, exercised in good faith, may determine is equitably required to reflect (i) any stock dividend, stock split, combination of shares, recapitalization or any other change in the capital structure of the Company, (ii) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to (c) purchase securities, or (iii) any other corporate transaction or event having an effect similar to any of the foregoing (collectively, the "Extraordinary Events"). Any securities that are distributed in respect to Award Shares in connection with any of the Extraordinary Events shall be deemed to be Award Shares and shall be subject to the transfer restrictions set forth herein to the same extent and for the same period as if such securities were the original Award Shares with respect to which they were issued, unless such restrictions are waived or otherwise altered by the Committee.

8. Award Shares Subject to Plan

Subject to adjustment as provided in this Plan, the total number of shares of Class A Common Stock that are available for future issuance as Award Shares under this Plan as of the effective date of this Plan specified in Section 11 shall be 100,000.

9. Approval by Stockholders

This amended and restated Plan will be submitted for approval by the stockholders of the Company. If such approval has not been obtained by July 1, 2012, all grants of Award Shares made on or after March 1, 2012 will be rescinded.

10. General Provisions

No Right of Employment. Neither the adoption or operation of this Plan, nor any document describing or referring to this Plan, or any part thereof, shall confer upon any employee any right to continue in the employ of the (a) Employers, or shall in any way affect the right and power of the Employers to terminate the employment of any employee at any time with or without assigning a reason therefor to the same extent as the Employers might have done if this Plan had not been adopted.

(b) **Governing Law.** The provisions of this Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

(c) **Miscellaneous.** Headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such headings, numbering and paragraphing shall not in any case be deemed in any way material or relevant to the construction of this Plan or any provisions thereof. The use of the masculine gender shall also include within its

meaning the feminine. The use of the singular shall also include within its meaning the plural, and vice versa.

(d) Limitation on Rights of Employees. No Trust. No trust has been created by the Employers for the payment of Awards under this Plan; nor have the employees been granted any lien on any assets of the Employers to secure payment of such benefits. This Plan represents only an unfunded, unsecured promise to pay by the Company and a Participant hereunder is a mere unsecured creditor of the Company.

(e) Non-transferability of Awards. Awards shall not be transferable by a Participant. Award Shares paid pursuant to an Award shall be transferable, subject to the restrictions described in Section 5.

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Section 409A of the Internal Revenue Code. This Plan is intended to be exempt from the requirements of Section (f)409A of the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations issued thereunder, and shall be administered in a manner that is consistent with such intent.

11. Effective Date

This amended and restated Plan is effective March 1, 2012.

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Appendix C

NACCO MATERIALS HANDLING GROUP, INC.
LONG-TERM INCENTIVE COMPENSATION PLAN
(Amended and Restated Effective as of January 1, 2012)

1. Effective Date

Subject to Section 15, the effective date of this amended and restated NACCO Materials Handling Group, Inc. Long-Term Incentive Compensation Plan (the “Plan”) is January 1, 2012.

2. Purpose of the Plan

The purpose of this Plan is to further the long-term profits and growth of NACCO Materials Handling Group, Inc. (the “Company”) by enabling the Company and its Subsidiaries (together with the Company, the “Employers”) to attract and retain key management employees by offering long-term incentive compensation to those key management employees who will be in a position to make significant contributions to such profits and growth. This incentive is in addition to all other compensation.

3. Code Section 409A

It is intended that the compensation arrangements under the Plan be in full compliance with the requirements of Code Section 409A. The Plan shall be interpreted and administered in a manner to give effect to such intent.

Notwithstanding the foregoing, the Employers do not guarantee to Participants or Beneficiaries any particular tax treatment under Code Section 409A.

4. Definitions

“Account” shall mean the record maintained by the Employer in accordance with Section 7 to reflect the Participants’

(a) Awards under the Plan (plus interest thereon). The Account shall be further sub-divided into various Sub-Accounts as described in Section 8.

(b) “Award” shall mean the cash awards granted to a Participant under this Plan for the Award Terms.

“Award Term” shall mean the period of one or more years on which an Award is based, as established by the Committee and specified in the Guidelines. Any Award Term(s) applicable to a Qualified Performance-Based

(c) Award shall be established by the Committee not later than 90 days after the commencement of the Award Term on which such Qualified Performance-Based Award will be based and prior to the completion of 25% of such Award Term.

(d) “Beneficiary” shall mean the person(s) designated in writing (on a form acceptable to the Committee) to receive the payment of a Participant's Sub-Accounts hereunder in the event of his death. In the absence of such a designation and at anytime when there is no existing Beneficiary hereunder, a Participant's Beneficiary shall be his surviving legal spouse or, if none, his estate.

(e) “Change in Control” shall mean the occurrence of an event described in Appendix 1 hereto.

(f) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(g) “Committee” shall mean the Compensation Committee of the Company's Board of Directors, any other committee appointed by the Company's Board of Directors, or any sub-committee appointed by the Compensation Committee

(g) to administer this Plan in accordance with Section 5 so long as any such committee or sub-committee consists of not less than two directors of the Company and so long as each such member of the committee or sub-committee is an “outside director” for purposes of Code Section 162(m).

(h) “Covered Employee” shall mean any Participant who is a “covered employee” for purposes of Code Section 162(m) or any Participant who the Committee determines in its sole discretion is likely to become such a covered employee.

(i) “Disability” or “Disabled.” A Participant shall be deemed to have a “Disability” or be “Disabled” if the Participant is determined to be totally disabled by the Social Security Administration or if the Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement

benefits for a period of not less than 3 months under an Employer sponsored accident and health plan.

- (j) "Grant Date" shall mean the effective date of an Award, which is the Januaryst following the end of the Award Term.
- (k) "Guidelines" shall mean the guidelines that are approved by the Committee for each Award Term for the administration of the Awards granted under the Plan. To the extent that there is any inconsistency between

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the Guidelines and this Plan on matters other than the time and form of payment of the Awards, the Guidelines shall control. If there is any inconsistency between the Guidelines and the Plan regarding the time and form of payment of the Awards, the Plan shall control.

(l) “Hay Salary Grade” shall mean the salary grade or Salary Points assigned to a Participant by the Employers pursuant to the Hay Salary System, or any successor salary system subsequently adopted by the Employers.

(m) “Key Employee.” A Participant shall be classified as a Key Employee if he meets the following requirements:

The Participant, with respect to the Participant's relationship with the Employers and their affiliates, met the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (without regard to Section 416(i)(5) thereof) and the Treasury Regulations issued thereunder at any time during the 12-month period ending on the most recent Identification Date (defined below) and his Termination of Employment occurs during the 12-month period beginning on the most recent Effective Date (defined below). When applying the provisions of Code Sections 416(i)(1)(A)(i), (ii) or (iii) for this purpose: (i) the definition of “compensation” (A) shall be as defined under Treasury Regulation Section 1.415(c)-2(d)(4) (i.e., the wages and other compensation for which the Employer is required to furnish the Employee with a Form W-2 under Code Sections 6041, 6051 and 6052, plus amounts deferred at the election of the Employee under Code Sections 125, 132(f)(4) or 401(k)) and (B) shall apply the rule of Treasury Regulation Section 1.415(c)-2(g)(5)(ii) which excludes compensation of non-resident alien employees and (ii) the number of officers described in Code Section 416(i)(1)(A)(i) shall be 60 instead of 50.

The Identification Date for Key Employees is each December 31st and the Effective Date is the following April 1st. As such, any Employee who is classified as a Key Employee as of December 31st of a particular calendar year shall maintain such classification for the 12-month period commencing on the following April 1st.

Notwithstanding the foregoing, a Participant shall not be classified as a Key Employee unless the stock of NACCO Industries, Inc. (the “Parent Company”) (or a related entity) is publicly traded on an established securities market or otherwise on the date of the Participant's Termination of Employment.

(n) “Maturity Date” shall mean the date established in Section 10(a)(i) for each Sub-Account under the Plan.

“Non-U.S. Participant” shall mean a Participant who is classified by the Committee as a non-resident alien with no U.S.-earned income. Such classification shall be determined as of the Grant Date of each particular Award. Once a

(o) Participant is classified by the Committee as a Non-U.S. Participant with respect to a particular Award, such classification shall continue in effect until such Award is paid, regardless of any subsequent change in classification.

(p) “Participant” shall mean any person who meets the eligibility criteria set forth in Section 6 and who is granted an Award under the Plan or a person who maintains an Account balance hereunder.

(q) “Performance Objectives” shall mean the performance objectives established pursuant to the Plan for Participants. Performance Objectives may be described in terms of Parent Company-wide or Company-wide objectives or objectives that are related to the performance of (i) the individual Participant, (ii) any subsidiary, division, business unit, department or function of the Parent Company or (iii) any Subsidiary, division, business unit, department or function of the Company. Performance Objectives may be measured on an absolute or relative basis. Different groups of Participants may be subject to different Performance Objectives for the same Award Term. Relative performance may be measured by a group of peer companies or by a financial market index. Any Performance Objectives applicable to a Qualified Performance-Based Award shall be based on one or more, or a combination, of the following criteria, or the attainment of specified levels of growth or improvement in one or more of the following criteria: return on equity, return on total capital employed, diluted earnings per share, total earnings, earnings growth, return on capital, return on assets, return on sales, earnings before interest and taxes, revenue, revenue growth, gross margin, net or standard margin, return on investment, increase in the fair market value of shares, share price (including, but not limited to, growth measures and total stockholder return), operating profit, net earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), inventory turns, financial return ratios, market share, earnings measures/ratios, economic value added, balance sheet measurements (such as receivable turnover), internal rate of return, customer satisfaction surveys or productivity, net income, operating profit or increase in operating profit, market share, increase in market share, sales value increase over time, economic value income, economic value increase over time, new project development, adjusted standard

margin or net sales.

“Qualified Performance-Based Award” shall mean any Award or portion of an Award granted to a Covered

(r) Employee that is intended to satisfy the requirements for “qualified performance-based compensation” under Code Section 162(m).

(s) “Retirement” or “Retire” shall mean the (i) termination of a U.S. Participant's employment with the Employers after the Participant has reached age 60 and completed at least 15 years of service, or

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- (ii) termination of a Non-U.S. Participant's employment with the Employers after the Non-U.S. Participant has reached age 60 and completed at least 15 years of service or, if earlier, a termination that qualifies as a retirement under local practices and procedures and/or which qualifies the Non-U.S. Participant for foreign retirement benefits.
- (t) "ROTCE" shall mean the return on total capital employed of the Company, as determined for a particular calendar year.
- (u) "Salary Points" means the salary points assigned to a Participant by the Committee for the applicable Award Term pursuant to the Hay salary point system, or any successor salary point system adopted by the Committee.
- (v) "Subsidiary" shall mean any corporation, partnership or other entity, the majority of the outstanding voting securities of which is owned, directly or indirectly, by the Company.
- "Target Award" shall mean a dollar amount calculated by multiplying (i) the designated salary midpoint that corresponds to a Participant's Hay Salary Grade by (ii) the long-term incentive compensation target percent for (w) that Hay Salary Grades for the applicable Award Term, as determined by the Committee. The Target Award is the Award that would be paid to a Participant under the Plan if each Performance Objective is met exactly at target level.
- (x) "Termination of Employment" shall mean, with respect to any Participant's relationship with the Employers and their affiliates, a separation from service as defined in Code Section 409A (and the regulations and guidance issued thereunder).
- (y) "U.S. Participant" shall mean, with respect to any Award, any Participant who is not a Non-U.S. Participant.

5. Administration

- This Plan shall be administered by the Committee. A majority of the Committee shall constitute a quorum, and the action of members of the Committee present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the act of the Committee. All acts and decisions of the Committee with respect to any (a) questions arising in connection with the administration and interpretation of this Plan, including the severability of any or all of the provisions hereof, shall be conclusive, final and binding upon the Employers and all present and former Participants, all other employees of the Employers, and their respective descendants, successors and assigns. No member of the Committee shall be liable for any such act or decision made in good faith.
- The Committee shall have complete authority to interpret all provisions of this Plan, to prescribe the form of any instrument evidencing any Award granted under this Plan, to adopt, amend and rescind general and special rules and regulations for its administration (including, without limitation, the Guidelines) and to make all other (b) determinations necessary or advisable for the administration of this Plan. Notwithstanding the foregoing, no such action may be taken by the Committee that would cause any Qualified Performance-Based Awards to be treated as "applicable employee remuneration" of such Participant, as such term is defined in Code Section 162(m) (i.e., to no longer qualify for the exception for "qualified performance-based compensation" under Code Section 162(m)).

6. Eligibility

Any person who is classified by an Employer as a salaried employee of an Employer (including any Subsidiary acquired after adoption of this Plan) generally at a Hay Salary Grade of 25 or above (or a compensation level equivalent thereto), who in the judgment of the Committee occupies an officer or other key executive position in which his efforts may significantly contribute to the profits or growth of an Employer, may be eligible to participate in the Plan; provided, however, that (i) leased employees (as defined in Code Section 414) and (ii) persons who are participants in the NACCO Industries, Inc. Executive Long-Term Incentive Compensation Plan for a particular Award Term shall not be eligible to participate in this Plan for the same Award Term. A person shall become a Participant in the Plan when granted an Award under Section 8(b)(ii).

7. Accounts and Sub-Accounts.

Each Employer shall establish and maintain on its books an Account for each Participant who is or was employed by the Employer which shall reflect the Awards described in Section 8 hereof. Such Account shall also (a) reflect credits for the interest described in Section 10(b) and debits for any distributions and (b) be divided into the Sub-Accounts

specified in Section 8(d).

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8. Granting of Awards/Crediting of Sub-Accounts.

The Committee may, from time to time and upon such conditions as it may determine, authorize the granting of Awards to Participants for each Award Term, which shall be consistent with, and shall be subject to all of the requirements of, the following provisions:

- The Committee shall approve (i) a Target Award to be granted to each Participant and (ii) a formula for determining the amount of each Award for such Award Term, which formula is based upon the achievement of Performance Objectives, as set forth in the Guidelines; provided, however, that with respect to any Qualified Performance-Based Award, the Committee shall approve the foregoing not later than the ninetieth day of the applicable Award Term and prior to the completion of 25% of such Award Term. At such time, the Committee shall designate whether the Award is a Qualified Performance-Based Award.
- (a) Effective no later than April 30th of the calendar year following the end of the Award Term, the Committee shall approve (i) a preliminary calculation of the amount of each Award based upon the application of the formula and actual performance to the Target Awards previously determined in accordance with Section 8(a); and (ii) a final calculation and approval of the amount of each Award to be granted to each Participant for the Award Term (with the specified "Grant Date" of such Award being January 1st of the calendar year following the end of the Award Term). Such approval shall be certified in writing by the Committee before any amount is paid for any Award granted with respect to an Award Term. Notwithstanding the foregoing, (1) the Committee shall have the power to decrease the amount of any Award below the amount determined in accordance with the foregoing provisions and (b)(2) the Committee shall have the power to increase the amount of any Award above the initial amount determined in accordance with the foregoing provisions or adjust the amount of thereof in any other manner determined by the Committee in its sole and absolute discretion. Notwithstanding the foregoing, (X) no such decrease may occur following a Change in Control; (Y) no such increase, adjustment or any other change may be made that would cause any Qualified Performance-Based Award to be includable as "applicable employee remuneration" of such Participant, as such term is defined in Code Section 162(m) (i.e., to no longer qualify for the exception for "qualified performance-based compensation" under Code Section 162(m)) and (Z) no Award, including any Award equal to the Target Award, shall be payable under the Plan to any Participant except as determined and approved by the Committee.
- Calculations of Target Awards for U.S. Participants for an Award Term shall initially be based on the Participant's Hay Salary Grade as of January 1st of the first year of the Award Term. Calculations of Target Awards for Non-U.S. Participants for an Award Term shall be determined in accordance with the Guidelines in effect for such Award Term. However, such Target Awards shall be changed during or after the Award Term under the following circumstances: (i) if a Participant receives a change in Hay Salary Grade, salary midpoint and/or long-term incentive compensation target percentage during an Award Term, such change shall be reflected in a pro-rata Target Award, (ii) employees hired into or promoted into a position eligible to participate in the Plan (as specified in Section 6 above) during an Award Term will be assigned a pro-rated Target Award based on their length of service during the Award Term; provided that the employees have been employed by the Employers for at least 90 days during the Award Term and (iii) the Committee may increase or decrease the amount of the Target Award at (c) any time, in its sole and absolute discretion; provided, however, that (X) no such decrease may occur following a Change in Control and (Y) no such increase, adjustment or any other change may be made that would cause any Qualified Performance-Based Award to be includable as "applicable employee remuneration" of such Participant, as such term is defined in Code Section 162(m) (i.e., to no longer qualify for the exception for "qualified performance-based compensation" under Code Section 162(m)). Unless otherwise determined by the Committee (in its sole and absolute discretion), in order to be eligible to receive an Award for an Award Term, the Participant must be employed by an Employer and must be a Participant on December 31st of the last year of an Award Term. Notwithstanding the foregoing, if a Participant dies, becomes Disabled or Retires during the Award Term, the Participant shall be entitled to a pro-rata portion of the Award for such Award Term, calculated based on actual performance for the entire Award Term in accordance with Section 8(b)(ii) above and the number of days the Participant was actually employed by the Employers during the Award Term.
- (d)

After approval by the Compensation Committee, each Award shall be credited to the Participant's Account in accordance with the following rules. The cash value of each Award for each Award Term shall be credited to a separate Sub-Account for each Participant. Such Sub-Accounts shall be classified based on the Grant Date of the particular Award. For example, the cash value of the Awards with a Grant Date of 1/1/12 shall be credited to the 2012 Sub-Account, the cash value of the Awards with a Grant Date of 1/1/13 shall be credited to the 2013 Sub-Account, etc.

- (e) Notwithstanding any other provision of the Plan, (1) the maximum cash value of the Awards granted to a Participant under this Plan for any Award Term shall not exceed \$6,000,000 and (2) the maximum cash value

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of the payment from the Sub-Account that holds the Awards for any Award Term (including interest) shall not exceed \$8,000,000.

(f) Multiple Awards may be granted to a Participant; provided, however, that no two Awards to a Participant may have identical performance periods.

(g) All determinations under this Section shall be made by the Committee. Each Qualified Performance-Based Award shall be granted and administered to comply with the requirements of Code Section 162(m).

9. Vesting

All Awards granted hereunder shall be immediately 100% vested as of the Grant Date. Participants shall be 100% vested in all amounts credited to their Accounts hereunder.

10. Payment of Sub-Account Balances/Interest

(a) Payment Dates.

Maturity Dates. The Maturity Date of each Sub-Account shall be the third anniversary of the Grant Date of the Award that was credited to such Sub-Account. For example, the Maturity Date of the 2012 Sub-Account (containing Awards with a Grant Date of 1/1/12) shall be 1/1/15. Subject to the provisions of clause (ii) below, the balance of each Sub-Account shall be paid to the Participant on the Maturity Date of such Sub-Account.

Other Payment Dates. Notwithstanding the foregoing, but subject to the provisions of Section 11 hereof, (A) the payment date of amounts that were credited to a particular Sub-Account while a Participant was a Non-U.S. Participant may be any earlier date determined by the Committee and (B) in the event a Participant dies, becomes Disabled, or incurs a Termination of Employment as a result of Retirement prior to the applicable Maturity Date, (X) the payment date of all amounts credited to the Participant's Sub-Accounts as of the date of death, Disability, or such Termination of Employment shall be the date of such death, Disability, or Termination of Employment and (Y) the Award earned for the Award Term in which the date of death, Disability, or Termination of Employment occurs shall be paid during the period from January 1st through April 30th of the calendar year following the last day of the Award Term; provided, however, that if a Participant who incurs a Termination of Employment on account of Retirement is a Key Employee, the Participant's payment date shall not be any earlier than the 1st day of the 7th month following the date of his Termination of Employment (or, if earlier, the date of the Participant's death).

Interest. The Participant's Sub-Accounts shall be credited with interest as follows; provided, however, that (1) no interest shall be credited to a Sub-Account after the Maturity Date of the Sub-Account, (2) no interest shall be credited to a Sub-Account following a Participant's Termination of Employment prior to a Maturity Date (except as described in Section 10(c)(ii) with respect to delayed payments made to Key Employees on account of a Termination of Employment), (3) no interest shall be credited to the Sub-Accounts after the last day of the month preceding the payment date of such Sub-Account and (4) no interest in excess of 14% shall be credited to any Sub-Account.

Interest Rate for Non-Covered Employees. At the end of each calendar month during a calendar year, the Sub-Accounts of Participants who are not Covered Employees shall be credited with an amount determined by multiplying the Participant's Sub-Account balances during such month by 5%. In addition, as of the end of each calendar year in which the ROTCE for such calendar year exceeds 5%, the Sub-Accounts shall also be credited with an additional amount determined by multiplying the Participant's Sub-Account balances during each month of such calendar year by the excess of the ROTCE rate over 5%, compounded monthly. In the event that, prior to an applicable Maturity Date, a Participant who is not a Covered Employee (1) incurs a Termination of Employment or (2) becomes eligible for a payment from a Sub-Account hereunder, the foregoing interest calculations shall be made as of the last day of the month prior to such date. When making such calculations, the ROTCE rate shall be equal to the year-to-date ROTCE rate as of the last day of the prior month.

(ii)

Interest Rate for Covered Employees. At the end of each calendar month during a calendar year, the Sub-Accounts of Participants who are Covered Employees shall be credited with an amount determined by multiplying the Participant's Sub-Account balances during such month by 14%. In the event that, prior to an applicable Maturity Date, a Participant who is a Covered Employee (1) incurs a Termination of Employment or (2) becomes eligible for a payment from a Sub-Account hereunder, the foregoing interest calculation shall be made as of the last day of the month prior to such date. Notwithstanding the foregoing, the Committee shall have the power to decrease the

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interest rate set forth in the first sentence of this Section 10(b)(ii) at any time, in its sole and absolute discretion, to the greater of (A) 5% or (B) the year-to-date ROTCE rate as of the last day of the prior month.

Changes. The Committee may change (or suspend) the interest rate credited on Accounts hereunder at any time.

Notwithstanding the foregoing, no such change may be made in a manner that would cause any Qualified

(iii) Performance-Based Award to be includable as “applicable employee remuneration” of such Participant, as such term is defined in Code Section 162(m) (i.e., to no longer qualify for the exception for “qualified performance-based compensation” under Code Section 162(m)).

(c) Payment Date, Form of Payment and Amount.

Payment Date and Form. Except as otherwise described in Section 11 hereof, the Participant's Employer or former

(i) Employer shall deliver to the Participant (or, if applicable, his Beneficiary), a check in full payment of each Sub-Account within 90 days of the applicable payment date of such Sub-Account.

Amount. Each Participant shall be paid the entire balance of each Sub-Account (including interest). If a Participant who incurs a Termination of Employment on account of Retirement is a Key Employee whose payment is delayed until the 1st day of the 7th month following such Termination of Employment, such Participant's Sub-Accounts shall continue to be credited with interest (in accordance with the rules specified in Section 10(b) but at the rate of

(ii) 5%) through the last day of the month prior to the payment date. Any amounts that would otherwise be payable to the Key Employee prior to the 1st day of the 7th month following Termination of Employment shall be accumulated and paid in a lump sum make-up payment within 30 days following such delayed payment date. Amounts that are payable to the Non-U.S. Participants shall be converted from U.S. dollars to local currency in accordance with the terms of the Guidelines.

11. Change in Control

(a) The following provisions shall apply notwithstanding any other provision of the Plan to the contrary.

Amount of Award for Year of Change In Control. In the event of a Change in Control during an Award Term, the amount of the Award payable to a Participant who is employed by the Employers on the date of the Change in Control (or who died, became Disabled or Retired during such Award Term and prior to the Change in Control) for

(b) such Award Term shall be equal to the Participant's Target Award for such Award Term, multiplied by a fraction, the numerator of which is the number of days during the Award Term during which the Participant was employed by the Employers prior to the Change in Control and the denominator of which is the number of days in the Award Term.

Time of Payment. In the event of a Change in Control, the payment date of all amounts credited to the Participant's Sub-Accounts (including, without limitation, the pro-rata Target Award for the Award Term during which the

(c) Change in Control occurred) shall be the date that is between two days prior to, or within 30 days after, the date of the Change in Control, as determined by the Committee in its sole and absolute discretion.

12. Amendment, Termination and Adjustments

The Committee, in its sole and absolute discretion, may alter or amend this Plan from time to time; provided, however, that without the written consent of the affected Participant, no such amendment shall, (i) reduce a Participant's Account balance as in effect on the date of the amendment, (ii) reduce the amount of any outstanding

(a) Award that was previously approved by the Committee but not yet paid as of the date of the amendment, (iii) modify Section 11(b) hereof or (iv) alter the time of payment provisions described in Sections 10 and 11 of the Plan, except for any amendments that accelerate the time of payment as permitted under Code Section 409A or are required to bring such provisions into compliance with the requirements of Code Section 409A and, in either case, are permitted by Code Section 409A and the regulations issued thereunder.

(b) The Committee, in its sole and absolute discretion, may terminate this Plan in whole or in part at any time; provided that, such termination is permitted under Code Section 409A and, without the written consent of the affected Participant, no such termination shall, (i) reduce a Participant's Account balance as in effect on the date of the termination, (ii) reduce the amount of any outstanding Award that was previously approved by the Committee

but not yet paid as of the date of termination or (iii) alter the time of payment provisions described in Sections 10 and 11 of the Plan, except for modifications that accelerate the time of payment or are required to bring such provisions into compliance with the requirements of Code Section 409A and, in either case, are permitted by Code Section 409A.

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Notwithstanding the foregoing, upon a complete termination of the Plan, the Committee, in its sole and absolute discretion, shall have the right to change the time of distribution of Participants' Sub-Accounts under the Plan, (c) including requiring that all such Sub-Accounts be immediately distributed in the form of lump sum cash payments (but only to the extent such change is permitted by Code Section 409A).

No amendment may cause any Qualified Performance-Based Award to be includable as "applicable employee (d)remuneration" of such Participant, as such term is defined in Code Section 162(m) (i.e., to no longer qualify for the exception for "qualified performance-based compensation" under Code Section 162(m)).

Any amendment or termination of the Plan shall be in the form of a written instrument executed by an officer of the (e)Company on the order of the Committee. Such amendment or termination shall become effective as of the date specified in the instrument or, if no such date is specified, on the date of its execution.

13. General Provisions

No Right of Employment. Neither the adoption or operation of this Plan, nor any document describing or referring to this Plan, or any part thereof, shall confer upon any employee any right to continue in the employ of an (a)Employer, or shall in any way affect the right and power of an Employer to terminate the employment of any employee at any time with or without assigning a reason therefor to the same extent as the Employer might have done if this Plan had not been adopted.

Governing Law. The provisions of this Plan shall be governed by and construed in accordance with the laws of the (b) State of Delaware, except when preempted by federal law.

Expenses. Expenses of administering the Plan shall be paid by the Employers, as directed by the Parent Company. Assignability. No amount payable to a Participant under this Plan shall be assignable or transferable by him for any (c) reason whatsoever, or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in (d) any manner be liable for or subject to the debts or liabilities of the Participant or Beneficiary; provided, however, that upon the death of a Participant the right to the amounts payable hereunder shall be paid to the Participant's Beneficiary.

Taxes. There shall be deducted from each payment under the Plan the amount of any tax required by any (e) governmental authority to be withheld and paid over to such governmental authority for the account of the person entitled to such payment.

Limitation on Rights of Participants; No Trust. No trust has been created by the Employers for the payment of any benefits under this Plan; nor have the Participants been granted any lien on any assets of the Employers to secure (f) payment of such benefits. This Plan represents only an unfunded, unsecured promise to pay by the Employer or former Employer of the Participant, and the Participants and Beneficiaries are merely unsecured creditors of the Participant's Employer or former Employer.

Payment to Guardian. If a Sub-Account balance is payable to a minor, to a person declared incompetent or to a person incapable of handling the disposition of his property, the Committee may direct payment of such (g) Sub-Account to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require such proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to the distribution of such Sub-Account. Such distribution shall completely discharge the Employers from all liability with respect to such Sub-Account.

(h) Miscellaneous.

Headings. Headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such (i) headings, numbering and paragraphing shall not in any case be deemed in any way material or relevant to the construction of this Plan or any provisions thereof.

(ii) Construction. The use of the masculine gender shall also include within its meaning the feminine. The use of the singular shall also include within its meaning the plural, and vice versa.

(iii) Acceleration of Payments. Notwithstanding any provision of the Plan to the contrary, to the extent permitted under Code Section 409A and the Treasury Regulations issued thereunder, payments of Sub-Accounts hereunder may be accelerated (1) to the extent necessary to comply with federal, state, local or foreign ethics or conflicts of interest laws or agreements, (2) to the extent necessary to pay the FICA taxes imposed under Code Section 3101, and the

income withholding taxes related thereto or (3) if the Plan (or a portion thereof) fails to satisfy the requirements of Code Section 409A; provided that the amount of such payment may not exceed the amount required to be included as income as a result of the failure to comply with Code Section 409A

Delayed Payments due to Solvency Issues. Notwithstanding any provision of the Plan to the contrary (but except as otherwise provided in Section 14), an Employer shall not be required to make any payment hereunder to any (iv) Participant or Beneficiary if the making of the payment would jeopardize the ability of the Employer to continue as a going concern; provided that any missed payment is made during the first calendar year in which the funds of the Employer are sufficient to

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make the payment without jeopardizing the going concern status of the Employer.

Payments Violating Applicable Law. Notwithstanding any provision of the Plan to the contrary, the payment of all or any portion of the amounts payable hereunder will be deferred to the extent that the Employer reasonably anticipates that the making of such payment would violate Federal securities laws or other applicable law (provided (v) that the making of a payment that would cause income taxes or penalties under the Code shall not be treated as a violation of applicable law). The deferred amount shall become payable at the earliest date at which the Employer reasonably anticipates that making the payment will not cause such violation.

14. Liability of Employers, Transfers and Guarantees.

(a) In general. The provisions of this Section shall apply notwithstanding any other provision of the Plan to the contrary.

(b) Liability for Payment/Transfers of Employment.

(i) Subject to the provisions of clause (ii) of this Section, the Employers shall each be solely liable for the payment of amounts due hereunder to or on behalf of the Participants who are (or were) its employees.

(ii) Notwithstanding the foregoing, if the benefits that are payable to or on behalf of a Participant are based on the Participant's employment with more than one Employer, the following provisions shall apply:

Upon a transfer of employment, the Participant's Sub-Accounts shall be transferred from the prior Employer to the new Employer and interest shall continue to be credited to the Sub-Accounts following the transfer (to the extent (1) otherwise required under the terms of the Plan). Subject to Section 14(b)(ii)(2)(C), the last Employer of the Participant shall be responsible for processing the payment of the entire amount which is allocated to the Participant's Sub Accounts hereunder; and

Notwithstanding the provisions of clause (1), (A) each Employer shall be solely liable for the payment of the amounts credited to a Participant's Account which were earned by the Participant while he was employed by that Employer; (B) each Employer (unless it is insolvent) shall reimburse the last Employer for its allocable share of the Participant's distribution; (C) if any responsible Employer is insolvent at the time of distribution, the last Employer (2) shall not be required to make a distribution to the Participant with respect to amounts which are allocable to service with that Employer (until the payment date specified in Section 13(h)(v)); and (4) each Employer shall (to the extent permitted by applicable law) receive an income tax deduction for the Employer's allocable share of the Participant's distribution.

Notwithstanding the foregoing, in the event that an Employer is unable or refuses to satisfy its obligations hereunder with respect to the payment of benefits under this Plan to a Participant whose Awards are based in whole (c) or in part on Parent Company Performance Objectives, the Parent Company (unless it is insolvent) shall guarantee and be responsible for the payment thereof.

15. Approval by Stockholders

This amended and restated Plan shall be submitted for approval by the stockholders of the Parent Company. If such approval has not been obtained by July 1, 2012, all grants of Target Awards made on or after January 1, 2012 for Award Terms beginning on or after January 1, 2012 shall be rescinded.

Appendix 1. Change in Control.

Change in Control. The term "Change in Control" shall mean the occurrence of any of the events listed in I or II, below; provided that such occurrence meets the requirements of Treasury Regulation Section 1.409A-3(i)(5) (or any successor or replacement thereto) with respect to a Participant :

I. Any "Person" (as such term is used in Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than one or more Permitted Holders (as defined below), is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the then outstanding voting securities of a Related Company (as defined below) entitled to vote generally in the election of directors (the "Outstanding Voting Securities"), other than any direct or indirect acquisition, including but not limited to an acquisition by purchase, distribution or otherwise, of

voting securities by any Person pursuant to an Excluded Business Combination (as defined below); or

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The consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of any Related Company or the acquisition of assets of another corporation, or other transaction involving a Related Company (“Business Combination”) excluding, however, such a Business Combination pursuant to which (such a Business Combination, an “Excluded Business Combination”) the individuals and entities who

ii. beneficially owned, directly or indirectly, more than 50% of the combined voting power of any Related Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then Outstanding Voting Securities of the entity resulting from such Business Combination (including, without limitation, an entity that as a result of such transaction owns any Related Company or all or substantially all of the assets of any Related Company, either directly or through one or more subsidiaries).

Any “Person” (as such term is used in Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), other than one or more Permitted Holders, is or becomes the “beneficial owner”(as

II. defined in Rules 13d-3 and 13d-5 of the Exchange Act), directly or indirectly, of more than 50% of the combined

i. voting power of the then Outstanding Voting Securities of NACCO Industries, Inc. (“NACCO”), other than any direct or indirect acquisition, including but not limited to an acquisition by purchase, distribution or otherwise, of voting securities:

(A) directly from NACCO that is approved by a majority of the Incumbent Directors (as defined below); or

(B) by any Person pursuant to an Excluded NACCO Business Combination (as defined below);

provided, that if at least a majority of the individuals who constitute Incumbent Directors determine in good faith that a Person has become the “beneficial owner”(as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of more than 50% of the combined voting power of the Outstanding Voting Securities of NACCO inadvertently, and such Person divests as promptly as practicable a sufficient number of shares so that such Person is the “beneficial owner”(as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of 50% or less of the combined voting power of the Outstanding Voting Securities of NACCO, then no Change in Control shall have occurred as a result of such Person's acquisition;

or

ii. a majority of the Board of Directors of NACCO ceases to be comprised of Incumbent Directors; or

the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all

iii. of the assets of NACCO or the acquisition of assets of another corporation, or other transaction involving NACCO (“NACCO Business Combination”) excluding, however, such a Business Combination pursuant to which both of the following apply (such a Business Combination, an “Excluded NACCO Business Combination”):

(A) the individuals and entities who beneficially owned, directly or indirectly, NACCO immediately prior to such NACCO Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then Outstanding Voting Securities of the entity resulting from such NACCO Business Combination (including, without limitation, an entity that as a result of such transaction owns NACCO or all or substantially all of the assets of NACCO, either directly or through one or more subsidiaries); and

(B) at the time of the execution of the initial agreement, or of the action of the Board of Directors of NACCO, providing for such NACCO Business Combination, at least a majority of the members of the Board of Directors of NACCO were Incumbent Directors.

III. Definitions. The following terms as used herein shall be defined as follow:

1. "Incumbent Directors" means the individuals who, as of December 31, 2011, are Directors of NACCO and any individual becoming a Director subsequent to such date whose election, nomination for election by NACCO's stockholders, or appointment, was approved by a vote of at

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least a majority of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of NACCO in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board of Directors of NACCO occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of NACCO.

2. "Permitted Holders" shall mean, collectively, (i) the parties to the Stockholders' Agreement, dated as of March 15, 1990, as amended from time to time, by and among National City Bank, (Cleveland, Ohio), as depository, the Participating Stockholders (as defined therein) and NACCO; provided, however, that for purposes of this definition only, the definition of Participating Stockholders contained in the Stockholders' Agreement shall be such definition in effect of the date of the Change in Control, (ii) any direct or indirect subsidiary of NACCO and (iii) any employee benefit plan (or related trust) sponsored or maintained by NACCO or any direct or indirect subsidiary of NACCO.

3. "Related Company" means NMHG Holding Co. and its successors ("NMHG"), any direct or indirect subsidiary of NMHG and any entity that directly or indirectly controls NMHG.

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Appendix D

NACCO ANNUAL INCENTIVE COMPENSATION PLAN

(Effective January 1, 2012)

1. Purpose of the Plan

The purpose of the NACCO Annual Incentive Compensation Plan (the “Plan”) is to further the profits and growth of NACCO Materials Handling Group, Inc. (the “Company”) and NACCO Industries, Inc. (the “Parent Company”) by enabling the Company and its wholly-owned subsidiaries (together with the Company, the “Employers”) to attract and retain employees by offering annual incentive compensation to those employees who will be in a position to help the Company and the Parent Company to meet their financial and business objectives. The Company is the sponsor of this Plan.

2. Definitions

(a) “Award” means cash paid to a Participant under the Plan for a Performance Period in an amount determined in accordance with Section 5.

(b) “Change in Control” means the occurrence of an event described in Appendix 1 hereto.

“Committee” means the Compensation Committee of the Company's Board of Directors or any other committee appointed by the Company's Board of Directors to administer this Plan in accordance with Section 3, so long as any (c) such committee consists of not less than two directors of the Company and so long as each member of the Committee is (i) an “outside director” for purposes of Section 162(m) and (ii) is not an employee of the Company or any of its subsidiaries.

(d) “Covered Employee” means any Participant who is a “covered employee” for purposes of Section 162(m) or any Participant who the Committee determines in its sole discretion could become a “covered employee.”

(e) “Disability” means an approved application for disability benefits under the Company's long-term disability plan or under any applicable government program.

(f) “Guidelines” means the guidelines that are approved by the Committee for the administration of the Awards granted under the Plan. To the extent that there is any inconsistency between the Guidelines and the Plan, the Guidelines will control.

(g) “Hay Salary Grade” shall mean the salary grade or Salary Points assigned to a Participant by the Employers pursuant to the Hay Salary System, or any successor salary system subsequently adopted by the Employers.

“Participant” means any person who is classified by the Employers as a salaried employee in Hay Salary Grade 24 or above, who in the judgment of the Committee occupies a key position in which his efforts may significantly contribute to the profits or growth of the Company and/or the Parent Company; provided, however, that the Committee may select any employee who is expected to contribute, or who has contributed, significantly to the profitability of the Company and/or the Parent Company to participate in the Plan and receive an Award hereunder; and further provided, however, that following the end of the Performance Period, the Committee may make one or more discretionary Awards to employees of the Employers who were not previously designated as Participants. (h) Directors of the Employers who are also employees of the Employers are eligible to participate in the Plan.

Notwithstanding the foregoing, (i) the Committee may delegate to the Chief Executive Officer and/or the Chairman of the Company the right to designate Participants in Hay Salary Grades 27 and below who are not Covered Employees or officers and (ii) employees of the Employers may not participate in this Plan and the Company's marketing incentive compensation plans during the same time period.

(i) “Payment Period” means, with respect to any Performance Period, the period from January 1 to March 15 of the calendar year immediately following the calendar year in which such Performance Period ends.

(j) “Performance Period” means any period of one year (or portion thereof) on which an Award is based, as established by the Committee. Any Performance Period(s) applicable to a Qualified Performance-Based Award shall be

established by the Committee not later than 90 days after the commencement of the Performance Period on which such Qualified Performance-Based Award will be based and prior to completion of 25% of such Performance Period.

“Performance Objectives” shall mean the performance objectives established pursuant to the Plan for Participants. Performance Objectives may be described in terms of Parent Company-wide or Company-wide objectives or objectives that are related to the performance of (i) the individual Participant, (ii) any subsidiary, division, business (k) unit, department or function of the Parent Company or (iii) any Subsidiary, division, business unit, department or function of the Company. Performance Objectives may be measured on an absolute or relative basis. Different groups of Participants may be subject to different Performance Objectives for the same Performance Period. Relative performance may be measured by a group of peer

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companies or by a financial market index. Any Performance Objectives applicable to a Qualified Performance-Based Award shall be based on one or more, or a combination, of the following criteria, or the attainment of specified levels of growth or improvement in one or more of the following criteria: return on equity, return on total capital employed, diluted earnings per share, total earnings, earnings growth, return on capital, return on assets, return on sales, earnings before interest and taxes, revenue, revenue growth, gross margin, net or standard margin, return on investment, increase in the fair market value of shares, share price (including, but not limited to, growth measures and total stockholder return), operating profit, net earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), inventory turns, financial return ratios, market share, earnings measures/ratios, economic value added, balance sheet measurements (such as receivable turnover), internal rate of return, customer satisfaction surveys or productivity, net income, operating profit or increase in operating profit, market share, increase in market share, sales value, sales value increase over time, economic value income, economic value increase over time, new project development, adjusted standard margin or net sales.

- (l) "Qualified Performance-Based Award" shall mean any Award or portion of an Award granted to a Covered Employee that is intended to satisfy the requirements for "qualified performance-based compensation" under Section 162(m). "Retire." For U.S. Participants, "Retire" means a termination of employment that entitles the Participant to immediate commencement of his pension benefits under The Combined Defined Benefit Plan of NACCO Industries, Inc. and its Subsidiaries or, for U.S. Participants who are not members of such plan, a termination of employment with the (m) Employers after reaching age 60 with at least 15 years of service. For non-U.S. Participants, "Retire" means the earlier of age 60 with at least 15 years of service with the Employers or the termination of a non-U.S. Participant's employment with the Employers that qualifies as retirement under local practices and procedures and/or which qualifies the non-U.S. Participant for foreign retirement benefits.
- (n) "Salary Points" means the salary points assigned to a Participant by the Committee for the applicable Performance Period pursuant to the Hay salary point system, or any successor salary point system adopted by the Committee.
- (o) "Section 162(m)" means Section 162(m) of the Internal Revenue Code of 1986, as amended, or any successor provision.
- (p) "Subsidiary" shall mean any corporation, partnership or other entity, the majority of the outstanding voting securities of which is owned, directly or indirectly, by the Company.
- (q) "Target Award" shall mean the designated salary midpoint that corresponds to a Participant's Salary Points, multiplied by the short-term incentive compensation target percent for those Salary Points for the applicable Performance Period, as determined by the Committee. The Target Award is the Award that would be paid to a Participant under the Plan if each Performance Objective is met exactly at target level. Calculations of Target Awards for a Performance Period shall initially be based on the Participant's Hay Salary Grade as of January 1st of the first year of the Performance Period. However, such Target Awards shall be changed during or after the Performance Period under the following circumstances: (i) if a Participant receives a change in Salary Points, salary midpoint and/or short-term incentive compensation target percentage during a Performance Period, such change shall be reflected in a pro-rata Target Award, (ii) employees hired into or promoted into a position eligible to participate in the Plan during a Performance Period will be assigned a pro-rated Target Award based on their length of service during the Performance Period and (iii) the Committee may increase or decrease the amount of the Target Award at any time, in its sole and absolute discretion; provided, however, that (X) no such decrease may occur following a Change in Control and (Y) no such increase, adjustment or any other change may be made that would cause any Qualified Performance-Based Award to be includable as "applicable employee remuneration" of such Participant, as such term is defined in Code Section 162(m) (i.e., to no longer qualify for the exception for "qualified performance-based compensation" under Code Section 162(m)).

3. Administration

This Plan shall be administered by the Committee. The Committee shall have complete authority to interpret all provisions of this Plan consistent with law, to prescribe the form of any instrument evidencing any Award granted under this Plan, to adopt, amend and rescind general and special rules and regulations for its administration (including, without limitation, the Guidelines), and to make all other determinations necessary or advisable for the administration

of this Plan. Notwithstanding the foregoing, no such action may be taken by the Committee that would cause any Qualified Performance-Based Awards to be includable as “applicable employee remuneration” of such Participant, as such term is defined in Section 162(m) (i.e., to no longer qualify for the exception for “qualified performance-based compensation” under Code Section 162(m)). A majority of the Committee shall constitute a quorum, and the action of members of the Committee present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the act of the Committee. All acts and decisions of the Committee with respect to any questions arising in connection with the administration and interpretation of this

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Plan, including the severability of any or all of the provisions hereof, shall be conclusive, final and binding upon the Employers and all present and former Participants, all other employees of the Employers, and their respective descendants, successors and assigns. No member of the Committee shall be liable for any such act or decision made in good faith.

4. Eligibility

Each Participant shall be eligible to participate in this Plan and receive Awards in accordance with Section 5; provided, however, that, unless otherwise determined by the Committee or as otherwise provided in Section 6 below, (a) a Participant must be employed by the Employers on the last day of the Performance Period (or die, become Disabled or Retire during such Performance Period) in order to be eligible to receive an Award for such Performance Period and (b) the Award of a Participant who is described in the preceding clause or who is employed on the last day of the Performance Period but is not employed during the entire Performance Period shall be paid in a pro-rated amount based on the number of days the Participant was actually employed by the Employers during such Performance Period. Notwithstanding the foregoing, the Committee shall have the discretion to grant an Award to a Participant who does not meet the foregoing requirements; provided that (i) the Participant has been employed by the Employers for at least 90 days during the Performance Period and (ii) no such action may be taken by the Committee that would cause any Qualified Performance-Based Awards to be includable as applicable employee remuneration of such Participant, as such term is defined in Section 162(m) (i.e., to no longer qualify for the exception for “qualified performance-based compensation” under Code Section 162(m)).

5. Awards

The Committee may, from time to time and upon such conditions as it may determine, authorize the payment of Awards to Participants, which shall be consistent with, and shall be subject to all of the requirements of, the following provisions:

The Committee shall approve (i) a Target Award to be granted to each Participant and (ii) a formula for determining the amount of each Award, which formula is based upon the achievement of Performance Objectives (a) as set forth in the Guidelines; provided, however, that with respect to any Qualified Performance-Based Award, the Committee shall approve the foregoing not later than the ninetieth day of the applicable Performance Period and prior to the completion of 25% of such Performance Period.

Prior to the end of the Payment Period, the Committee shall approve (i) a preliminary calculation of the amount of each Award based upon the application of the formula and actual performance to the Target Awards previously determined in accordance with Section 5(a); and (ii) a final calculation of the amount of each Award to be paid to each Participant for the Performance Period. Such approval shall be certified by the Committee before any amount is paid under any Award with respect to that Performance Period. Notwithstanding the foregoing, the Committee shall have the power to (1) decrease the amount of any Award below the amount determined in accordance with (b) Section 5(b)(i); and/or (2) increase the amount of any Award above the amount determined in accordance with Section 5(b)(i); provided, however, that (A) no such decrease may occur following a Change in Control and (B) no such increase, change or adjustment may be made that would cause any Qualified Performance-Based Award to be includable as “applicable employee remuneration” of such Participant, as such term is defined in Section 162(m) (i.e., to no longer qualify for the exception for “qualified performance-based compensation” under Code Section 162(m)). No Award, including any Award equal to the Target Award, shall be payable under the Plan to any Participant except as determined by the Committee.

Each Award shall be fully paid during the Payment Period and shall be paid in cash. Awards shall be paid subject to all withholdings and deductions pursuant to Section 7. Notwithstanding any other provision of the Plan, the maximum amount paid to a Participant in a single calendar year as a result of Awards under this Plan shall not exceed \$8,000,000 or such lesser amount specified in the Guidelines.

(d) At such time as the Committee approves a Target Award and formula for determining the amount of each Award, the Committee shall designate whether all or any portion of the Award is a Qualified Performance-Based Award.

6. Change in Control

(a) The following provisions shall apply notwithstanding any other provision of the Plan to the contrary.

Amount of Award for Year of Change In Control. In the event of a Change in Control during a Performance Period, the amount of the Award payable to a Participant who is employed by the Employers on the date of the Change in Control (or who died, become Disabled or Retired during such Performance Period and prior to the (b)Change in Control) for such Performance Period shall be equal to the Participant's Target Award for such Performance Period, multiplied by a fraction, the numerator of which is the number of days during the Performance Period during which the Participant was employed by the Employers prior to the Change in Control and the denominator of which is the number of days in the Performance Period.

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(c) Time of Payment. In the event of a Change in Control, the payment date of all outstanding Awards (including, without limitation, the pro-rata Target Award for the Performance Period during which the Change in Control occurred) shall be the date that is between two days prior to, or within 30 days after, the date of the Change in Control, as determined by the Committee in its sole and absolute discretion.

7. Withholding Taxes

Any Award paid to a Participant under this Plan, shall be subject to all applicable federal, state and local income tax, social security and other standard withholdings and deductions.

8. Amendment and Termination

The Committee may alter or amend this Plan (including the Guidelines) from time to time or terminate it in its entirety; provided, however, that no such increase, change or adjustment may be made that would cause a Qualified Performance-Based Award to be includable as “applicable employee remuneration” of a Covered Employee, as such term is defined in Section 162(m) (i.e., to no longer qualify for the exception for “qualified performance-based compensation” under Code Section 162(m)).

9. Approval by Stockholders

The Plan will be submitted for approval by the stockholders of the Parent Company. If such approval has not been obtained by July 1, 2012, all grants of Target Awards made on or after January 1, 2012 for Performance Periods beginning on or after January 1, 2012 will be rescinded.

10. General Provisions

(a) No Right of Employment. Neither the adoption or operation of this Plan, nor any document describing or referring to this Plan, or any part thereof, shall confer upon any employee any right to continue in the employ of the Employers, or shall in any way affect the right and power of the Employers to terminate the employment of any employee at any time with or without assigning a reason therefor to the same extent as the Employers might have done if this Plan had not been adopted.

(b) Governing Law. The provisions of this Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

(c) Miscellaneous. Headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such headings, numbering and paragraphing shall not in any case be deemed in any way material or relevant to the construction of this Plan or any provisions thereof. The use of the masculine gender shall also include within its meaning the feminine. The use of the singular shall also include within its meaning the plural, and vice versa.

(d) American Jobs Creation Act. It is intended that this Plan be exempt from the requirements of Section 409A of the Internal Revenue Code, as enacted by the American Jobs Creation Act, and the Plan shall be interpreted and administered in a manner to give effect to such intent.

(e) Limitation on Rights of Participants; No trust. No trust has been created by the Employers for the payment of Awards granted under this Plan; nor have the Participants been granted any lien on any assets of the Employers to secure payment of such benefits. This Plan represents only an unfunded, unsecured promise to pay by the Participant's Employers, and the Participants hereunder are unsecured creditors of their Employer.

(f) Payment to Guardian. If an Award is payable to a minor, to a person declared incompetent or to a person incapable of handling the disposition of his property, the Committee may direct payment of such Award to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require such proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to the distribution of such Award. Such distribution shall completely discharge the Company from all liability with respect to such Award.

11. Liability of Employers, Transfers and Guarantees.

(a) In general. The provisions of this Section shall apply notwithstanding any other provision of the Plan to the contrary.

(b) Liability for Payment/Transfers of Employment.

(i)

Subject to the provisions of clause (ii) of this Section, the Employers shall each be solely liable for the payment of amounts due hereunder to or on behalf of the Participants who are (or were) its employees.

- (ii) Notwithstanding the foregoing, if the benefits that are payable to or on behalf of a Participant are based on the Participant's employment with more than one Employer, the following provisions shall apply:

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- Upon a transfer of employment, the Participant's Award shall be transferred from the prior Employer to the new (1) Employer. Subject to Section 11(b)(ii)(2)(C), the last Employer of the Participant shall be responsible for processing the payment of the entire amount of the Participant's Award hereunder; and Notwithstanding the provisions of clause (i), (A) each Employer shall be solely liable for the payment of the portion of the Participant's Award that was earned by the Participant while he was employed by that Employer; (B) each Employer (unless it is insolvent) shall reimburse the last Employer for its allocable share of the Participant's (2) distribution; (C) if any responsible Employer is insolvent at the time of distribution, the last Employer shall not be required to make a distribution to the Participant with respect to amounts which are allocable to service with that Employer; and (4) each Employer shall (to the extent permitted by applicable law) receive an income tax deduction for the Employer's allocable share of the Participant's distribution.
- Notwithstanding the foregoing, in the event that an Employer is unable or refuses to satisfy its obligations (c) hereunder with respect to the payment of benefits under this Plan to a Participant whose Awards are based in whole or in part on Parent Company Performance Objectives, the Parent Company (unless it is insolvent) shall guarantee and be responsible for the payment thereof.

12. Effective Date

This amended and restated Plan shall be effective January 1, 2012.

Appendix 1. Change in Control.

Change in Control. The term "Change in Control" shall mean the occurrence of any of the events listed in I or II, below; provided that such occurrence meets the requirements of Treasury Regulation Section 1.409A-3(i)(5) (or any successor or replacement thereto) with respect to a Participant:

- I. Any "Person" (as such term is used in Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than one or more Permitted Holders (as defined below), is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the then outstanding voting securities of a Related Company (as defined below) entitled to vote generally in the election of directors (the "Outstanding Voting Securities"), other than any direct or indirect acquisition, including but not limited to an acquisition by purchase, distribution or otherwise, of voting securities by any Person pursuant to an Excluded Business Combination (as defined below); or

- ii. The consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of any Related Company or the acquisition of assets of another corporation, or other transaction involving a Related Company ("Business Combination") excluding, however, such a Business Combination pursuant to which (such a Business Combination, an "Excluded Business Combination") the individuals and entities who immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then Outstanding Voting Securities of the entity resulting from such Business Combination (including, without limitation, an entity that as a result of such transaction owns any Related Company or all or substantially all of the assets of any Related Company, either directly or through one or more subsidiaries).

- II. i. Any "Person" (as such term is used in Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the then Outstanding Voting Securities of NACCO Industries, Inc. ("NACCO"), other than any direct or indirect acquisition, including but not limited to an acquisition by purchase, distribution or otherwise, of voting securities:

(A) directly from NACCO that is approved by a majority of the Incumbent Directors (as defined below); or

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(B) by any Person pursuant to an Excluded NACCO Business Combination (as defined below);

provided, that if at least a majority of the individuals who constitute Incumbent Directors determine in good faith that a Person has become the “beneficial owner”(as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of more than 50% of the combined voting power of the Outstanding Voting Securities of NACCO inadvertently, and such Person divests as promptly as practicable a sufficient number of shares so that such Person is the “beneficial owner”(as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of 50% or less of the combined voting power of the Outstanding Voting Securities of NACCO, then no Change in Control shall have occurred as a result of such Person's acquisition; or

ii. a majority of the Board of Directors of NACCO ceases to be comprised of Incumbent Directors; or

the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of NACCO or the acquisition of assets of another corporation, or other transaction involving NACCO

iii. (“NACCO Business Combination”) excluding, however, such a Business Combination pursuant to which both of the following apply (such a Business Combination, an “Excluded NACCO Business Combination”):

(A) the individuals and entities who beneficially owned, directly or indirectly, NACCO immediately prior to such NACCO Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then Outstanding Voting Securities of the entity resulting from such NACCO Business Combination (including, without limitation, an entity that as a result of such transaction owns NACCO or all or substantially all of the assets of NACCO, either directly or through one or more subsidiaries); and

(B) at the time of the execution of the initial agreement, or of the action of the Board of Directors of NACCO, providing for such NACCO Business Combination, at least a majority of the members of the Board of Directors of NACCO were Incumbent Directors.

III. Definitions. The following terms as used herein shall be defined as follow:

1. “Incumbent Directors” means the individuals who, as of December 31, 2011, are Directors of NACCO and any individual becoming a Director subsequent to such date whose election, nomination for election by NACCO's stockholders, or appointment, was approved by a vote of at least a majority of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of NACCO in which such person is named as a nominee for director, without objection to such nomination); provided, however, that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board of Directors of NACCO occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of NACCO.

2. “Permitted Holders” shall mean, collectively, (i) the parties to the Stockholders' Agreement, dated as of March 15, 1990, as amended from time to time, by and among National City Bank, (Cleveland, Ohio), as depository, the Participating Stockholders (as defined therein) and NACCO; provided, however, that for purposes of this definition only, the definition of Participating Stockholders contained in the Stockholders' Agreement shall be such definition in effect of the date of the Change in Control, (ii) any direct or indirect subsidiary of NACCO and (iii) any employee benefit plan (or related trust) sponsored or maintained by NACCO or any direct or indirect subsidiary of NACCO.

3. “Related Company” means NMHG Holding Co. and its successors (“NMHG”), any direct or indirect subsidiary of NMHG and any entity that directly or indirectly controls NMHG.

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